

CHINA AUTO ELECTRONICS GROUP LIMITED

(Incorporated in Bermuda with limited liability on 8 October 2003)

(Bermuda Company Registration Number 34300)



China Auto Electronics Group Limited

MANDATORY UNCONDITIONAL CASH OFFER MADE BY THB AUTO ELECTRONICS LIMITED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Auto Electronics Group Limited (the “**Company**”) wishes to announce that Stirling Coleman Capital Limited (“**SCCL**”) had on 24 October 2016 (the “**Offer Announcement Date**”) announced, for and on behalf of THB Auto Electronics Limited (the “**Offeror**”), that the Offeror intends to make a mandatory unconditional cash offer (the “**Offer**”) for all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror (the “**Offer Shares**”).

A copy of the announcement made by SCCL for and on behalf of the Offeror (the “**Offer Announcement**”) is attached to this announcement. Shareholders are advised to refer to the full text of the Offer Announcement for the principal terms of the Offer.

2. OFFER DOCUMENT

The Offer Announcement states that the formal offer document (the “**Offer Document**”) setting out the terms and conditions of the Offer and enclosing the relevant form(s) of acceptance will be despatched to shareholders of the Company (the “**Shareholders**”) not earlier than 14 days and not later than 21 days from the Offer Announcement Date.

3. INDEPENDENT FINANCIAL ADVISER

In connection with the Offer, an independent financial adviser (“**IFA**”) will be appointed to advise the directors of the Company who are regarded as independent for the purposes of the Offer under the Singapore Code on Take-overs and Mergers (the “**Independent Directors**”).

A circular containing the advice of the IFA and the recommendation of the Independent Directors will be sent to Shareholders within 14 days from the date of the despatch of the Offer Document to be issued by or on behalf of the Offeror.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests and to exercise caution when dealing in the Shares, until they or their advisers have considered the information and the recommendation of the Independent Directors, as well as the advice of the IFA, which will be set out in the circular to be issued by the Company in due course.

4. RESPONSIBILITY STATEMENT

The directors of the Company (including any who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this announcement (excluding those relating to the Offeror and parties acting in concert with it) are fair and accurate, and that no material facts have been omitted from this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility

accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement), the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information has been accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

BY ORDER OF THE BOARD

Sim Hong Boon
Lead Independent Director

24 October 2016