

CHINA AUTO ELECTRONICS GROUP LIMITED

(Incorporated in Bermuda)

**RESPONSE TO SGX'S QUERIES ON THE ANNUAL REPORT FOR FINANCIAL YEAR ENDED
31ST December 2013**

In response to the query from Singapore Exchange Securities Trading Limited (SGX) in their email dated 16 April 2014, the Board of Directors of the Company wishes to provide the information as set out below:

Queries

- a. Paragraph 11.3 of the Code of Corporate Governance 2012 (the "Code") states that the Board should also comment in the Company's Annual Report on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.

As required under Listing Rule 710, please make disclosures as recommended in the Code or otherwise explain the reason(s) for the deviation.

The Board confirms that it has received the assurance from the CEO and CFO as stated in paragraph 11.3 of the Code.

- b. Paragraph 9.2 of the Code states that the Company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the Company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

As the Company is required under Listing Rule 1207(12) to make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation, please disclose the remuneration of each individual director and the CEO on a named basis with reference to page 18 of the Annual Report 2013; or otherwise explain the reason(s) for the deviation from the recommendation.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interest of the Group not to disclose the exact remuneration of the directors and CEO in the annual report.

- c. Paragraph 9.3 of the Code states that the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As the Company is required under Listing Rule 1207(12) to make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation, please disclose the aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) or otherwise explain the reason(s) for the deviation from the recommendation.

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interest of the Group not to disclose the exact remuneration of the Key Executives in the annual report.

21 April 2014

Company Secretary
Cheong How Onn