

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

– DESPATCH OF OFFEREE CIRCULAR

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Auto Electronics Group Limited (the “**Company**”) refers to the announcement dated 8 November 2016 made by Stirling Coleman Capital Limited (“**SCCL**”), for and on behalf of THB Auto Electronics Limited (the “**Offeror**”), in relation to the despatch of the offer document dated 8 November 2016 (the “**Offer Document**”) containing, *inter alia*, details of the 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**”).

2. DESPATCH OF OFFEREE CIRCULAR

The Board wishes to announce that the Company will today despatch to the shareholders of the Company (the “**Shareholders**”) a circular dated 22 November 2016 (the “**Offeree Circular**”), containing *inter alia* the advice and recommendations of KPMG Corporate Finance Pte Ltd. (“**IFA**”), the independent financial adviser to the directors of the Company who are considered independent for the purposes of the Offer (the “**Independent Directors**”), and the recommendations of the Independent Directors in respect of the Offer.

An electronic copy of the Offeree Circular will be made available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com.

The Offeree Circular requires the immediate attention of Shareholders. Shareholders are advised to read and consider the Offeree Circular (in particular, the advice of the IFA to the Independent Directors, as well as the advice and recommendations of the Independent Directors) carefully. Shareholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers immediately.

3. REQUEST FOR OFFEREE CIRCULAR

Shareholders who do not receive the Offeree Circular within a week from the date hereof may obtain a copy of the same from the share transfer agent of the Company, B.A.C.S. Private Limited (the “**Share Transfer Agent**”), during normal business hours on any day (other than a public holiday, Saturday or Sunday), up to 5:30 p.m. (Singapore time) on the Closing Date (defined below), at the following address:

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

4. OVERSEAS SHAREHOLDERS

The Offeree Circular and any related documents may not be sent to certain Shareholders whose addresses are outside Singapore (“**Overseas Shareholders**”) due to the potential restrictions on sending such documents to overseas jurisdictions. Any affected Overseas Shareholder may, nonetheless, obtain a copy of the same during normal business hours on any day (other than a public holiday, Saturday or Sunday), up to 5:30 p.m. (Singapore time) on the Closing Date, from the office of the Share Transfer Agent as mentioned above. Alternatively, any Overseas Shareholder may write to the Share Transfer Agent at the aforementioned address to request for the Offeree Circular and any related documents to be sent to an address in Singapore by ordinary post at his own risk (the last date for despatch in respect of such request shall be a date falling three (3) Market Days prior to the Closing Date).

5. CLOSING DATE

Shareholders should note that, as stated in the Offer Document, the Offer will remain open for acceptance until 5.30 p.m. (Singapore Time) on 6 December 2016, or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the “**Closing Date**”).

6. 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, announcements made by or on behalf of the Offeror), the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Sim Hong Boon
Lead Independent Director

22 November 2016