

China Auto Electronics Group Ltd

(Company Registration No: 34300)

Announcement on the discharge of mutual guarantee arrangement

Reference is made to the announcement dated 20 November 2012. The Company would like to announce that its fully own subsidiary, Henan Tianhai Electric Co Ltd (“Henan Tianhai”), and Wei Hua Group Co Ltd (“卫华集团有限公司” or “Wei Hua”) had mutually agreed to discontinue the RMB300 million mutual guarantee arrangement (the “Mutual Guarantee Arrangement”). All bank loans attributable to the Mutual Guarantee Arrangement taken up by both parties had been fully repaid.

Accordingly, all the shares that were pledged by the major shareholders of the Company, namely Zoro Express International Ltd (178,735,557 shares representing 26.22% of the Company) and Shine Sound Investments Ltd (132,724,727 shares representing 19.47% of the Company) for the aforesaid Mutual Guarantee Agreement had also been fully discharged by Wei Hua on 18 November 2014.

BY ORDER OF THE BOARD

Cheong How Onn
Company Secretary
19 September 2014