

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

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

China Auto Electronics Group Limited (the “Company”) was placed on the watch-list under the Minimum Trading Price (“MTP”) Entry Criterion with effect from 3 March 2016 pursuant to Rule 1311(2) of the Listing Manual (the “Listing Manual”) of The Singapore Exchange Securities Trading Limited (the “SGX-ST” or “Exchange”).

Pursuant to Rule 1313(2) of the Singapore Exchange Securities Trading Limited Listing Manual, the Board wishes to provide the following update:

The Board has been reviewing the available options to meet the MTP Exit Criteria. However, after considering factors such as the current volatile market conditions, global economic outlook and the outcome of the measures undertaken by other companies listed on the Mainboard of the SGX-ST to meet the MTP Exit Criteria, the Board is of the opinion that it is not the opportune time to make a decision as to which option will be most beneficial to the interests of the Company’s shareholders.

Please refer to the announcement of the unaudited financial statements of the Company and its subsidiaries (collectively, the “Group”) for the first quarter ended 31 March 2016, released via the SGXNet on 14 May 2016 for an update on the Group’s financial position and material developments that may have an impact on its financial situation.

The Board will update shareholders on any material developments in due course and the Company will make further announcements as and when there are any subsequent developments

The Company would like to reassure shareholders of the Company that it has and will endeavor to seek an exit from the SGX-ST’s watch-list according to Rule 1314(2) of the Listing Manual.

Listing Rule 1314(2) states that the Company will be assessed by the Exchange for removal from the Watch-list if it has remained on the Watch-list for at least 6 months (this will exclude the time spent on the Watch-list due to the Financial Entry Criteria) and records volume-weighted average price of at least S\$0.20 over the last 6 months prior to the date of the Exchange’s review.

BY ORDER OF THE BOARD

ZHANG JINGTANG

Executive Chairman

27 May 2016