
ACQUISITION OF SUBSIDIARY

Introduction

1. Pursuant to Rule 704 (17) (c) of the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Board of Directors (the “**Board**”) of China Auto Electronics Group Limited (the “**Company**” together with its subsidiaries, the “Group”) is pleased to announce that one of its subsidiary, Henan THB Electric Co., Ltd (the “Purchaser”) has acquired 100% of the issued and paid up capital of Henan Feixun Communication Technology Co., Ltd from Shanghai Feixun Digital Communication Technology Co., Ltd for total cash consideration of RMB 9,724,300.00
2. The details of the Subsidiary are set out below:
 - (a) Name of Subsidiary: Henan Feixun Communication Technology Co., Ltd
 - (b) Place of incorporation: People’s Republic of China
 - (c) Principal Activities: manufacturing
 - (d) Paid Up Capital: RMB 13,050,000.00

Consideration and Financial Effects

3. The purchase consideration for the acquisition was RMB 9,724,300.00, the consideration was arrived at on arm’s length negotiations, on a ‘willing buyer willing seller’ basis.
4. The above transaction is funded through internal resources and is not expected to have any material impact to the Group’s net tangible assets and earnings per share of the Group for the current financial year ending 31 December 2016

Interests of Directors and Substantial Shareholders

5. Save for their shareholdings in the Purchaser, none of the directors and substantial shareholders of the Purchaser have any interest, direct or indirect, in connection with the above transaction.

BY ORDER OF THE BOARD

Zhang Jingtang
Executive Chairman

10 August 2016