

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

- APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER
 - DESPATCH OF OFFER DOCUMENT
-

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Auto Electronics Group Limited (the “**Company**”) refers to the Company’s announcement dated 24 October 2016, and the announcement dated 24 October 2016 made by Stirling Coleman Capital Limited (“**SCCL**”), for and on behalf of THB Auto Electronics Limited (the “**Offeror**”), in relation to 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**”).

Unless expressly defined herein, capitalised terms used in the announcement shall have the definitions ascribed to them in the Company’s announcement dated 24 October 2016.

2. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board wishes to inform shareholders of the Company (the “**Shareholders**”) that **KPMG Corporate Finance Pte Ltd** has been appointed as independent financial adviser (“**IFA**”) to advise the directors of the Company who are considered independent for the purposes of the Offer under the Singapore Code on Take-overs and Mergers (the “**Independent Directors**”).

3. DESPATCH OF OFFER DOCUMENT

The Board also wishes to inform Shareholders that SCCL has today announced, for and on behalf of the Offeror, that the offer document dated 8 November 2016 (the “**Offer Document**”) which contains, *inter alia*, details of the Offer, together with the accompanying Form of Acceptance and Authorisation for Offer Shares and/or Form of Acceptance and Transfer for Offer Shares, has been despatched today to the Shareholders. An electronic copy of the Offer Document will be made available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com.

4. CLOSING DATE

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.

5. OFFEREE CIRCULAR

A circular (the “**Offeree Circular**”) containing, *inter alia*, the advice of the IFA to the Independent Directors, and the recommendations of the Independent Directors on the Offer, will be sent to Shareholders within 14 days from the date of despatch of the Offer Document, i.e. no later than 22 November 2016. The Company will make an announcement to inform Shareholders of the despatch of the Offeree Circular in due course.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests and to exercise caution when dealing in the Shares, until they or their advisers have considered the information and the recommendation of the Independent Directors, as well as the advice of the IFA, which will be set out in the Offeree Circular to be issued by the Company in due course. Shareholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

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

8 November 2016