

THB AUTO ELECTRONICS LIMITED
(Company Registration Number: 1909352)
(Incorporated in the British Virgin Islands)

NOTICE OF COMPULSORY ACQUISITION
(pursuant to Section 102(1) of the Companies Act 1981 of Bermuda)

And

OWNERSHIP NOTICE
(pursuant to Section 102(2)(a) of the Companies Act 1981 of Bermuda)

1. INTRODUCTION

- 1.1. **Offer.** THB Auto Electronics Limited (the “**Offeror**”) refers to the exit offer in cash (the “**Offer**”) by the Offeror to acquire all the issued ordinary shares (“**Shares**”) in the capital of China Auto Electronics Group Limited (the “**Company**”) other than those already owned, controlled or agreed to be acquired by the Offeror (the “**Offer Shares**”), for a consideration in cash of S\$0.16 for each Offer Share and on the terms and conditions set out in the offer document dated 8 November 2016 (the “**Offer Document**”).

Unless otherwise defined, capitalised terms in this Notice shall have the same meanings given to them in the Offer Document.

- 1.2. **Shareholding of Offeror.** As at the close of the Offer at 5.30 p.m. (Singapore time) on 20 December 2016 (the “**Closing Date**”), the Offeror had acquired, pursuant to the Offer or otherwise, an aggregate of 1,269,830,785 Offer Shares, representing approximately 94.18% of the total number of Shares.
- 1.3. **Notice.** This Notice is given by the Offeror to you as a person named as (i) a member (a “**Remaining Member**”) on the register of members of the Company or (ii) a depositor on the Depositors Registry maintained by The Central Depository (Pte) Limited (“**CDP**”) (a “**Remaining Depositor**”) and who, as of the Closing Date, has not accepted the Offer and contains important information relating to the holding by the Offeror of Shares and the consequences thereof under Sections 102(1) and 102(2) of the Companies Act 1981 of Bermuda (the “**Bermuda Companies Act**”).

2. NOTICE OF COMPULSORY ACQUISITION

- 2.1. **Compulsory Acquisition.** As at the date of the Offer, the Offeror did not hold any Shares. As at the Closing Date, being a date within four (4) months of the making of the Offer, the Offer has been approved by the holders (other than the Offeror, its subsidiaries and their respective nominees) of not less than 90% in value of the Offer Shares.

NOTICE IS HEREBY GIVEN THAT in accordance with section 102(1) of the Bermuda Companies Act, the Offer has been approved by the holders of not less than 90% in value of the Shares (other than Shares already held, at the date of the Offer, by the Offeror, the Offeror’s subsidiaries, and nominees of the Offeror or its subsidiaries), and that the Offeror intends to

exercise its right under section 102(1) of the Companies Act 1981 of Bermuda to acquire the Shares held by the Remaining Members (the “**Compulsory Acquisition**”) on the same terms and conditions as that set out in the Offer.

Please refer to the Offer Document (a copy of which is available from the website of the Singapore Exchange Securities Trading Limited at www.sgx.com) for the terms and conditions of the Offer.

- 2.2. **Acquisition Terms.** Shares of all Remaining Members are being acquired on the same terms. Shares will be acquired at the Completion Date (as defined below) on the same terms and conditions as set out in the Offer.
- 2.3. **Completion Date.** The Compulsory Acquisition is expected to be completed on or about 31 January 2017 (the “**Completion Date**”) unless, pursuant to Section 102(1) of the Bermuda Companies Act, a Remaining Member applies to the Supreme Court of Bermuda (the “**Court**”) within one (1) month from the date on which this Notice is given.

Pursuant to Section 102(1) of the Bermuda Companies Act, a Remaining Member is entitled within one (1) month of the Offeror giving this Notice to apply to the Court to seek an order as the Court may see fit to issue.

- 2.4. **Appendix 1.** The provisions of Section 102 of the Bermuda Companies Act are set out in Appendix 1 to this Notice.

Remaining Members should consult their legal advisers if they wish to exercise their rights under Section 102(1) of the Bermuda Companies Act.

3. OWNERSHIP NOTICE

- 3.1. **Shareholding of Offeror.** Pursuant to the provisions of Section 102(2)(a) of the Bermuda Companies Act, the Offeror is required, within one (1) month of the Offeror and its nominees acquiring nine-tenths in value of Shares, to give notice of that fact to the Remaining Members.

NOTICE IS HEREBY GIVEN BY THE OFFEROR THAT as at 15 December 2016, 35,293,099 Offer Shares had been transferred to the Offeror, and those Offer Shares together with Shares already held by the Offeror and its nominee as at the date of the said transfer comprise or include not less than nine-tenths in value of all Shares.

- 3.2. **Remaining Member’s Right to Require Acquisition.** Under Section 102(2)(b) of the Bermuda Companies Act, any Remaining Member may, within three (3) months of the date of this Notice, give notice in writing to the Offeror requiring the Offeror to acquire Shares registered in that Remaining Member’s name.
- 3.3. **Transfer and Settlement.** Where a Remaining Member gives such notice, the Offeror shall be entitled and bound to acquire that Remaining Member’s Shares on the terms of the Offer or on such other terms as may be agreed or as the Court, on the application of either a Remaining Member or the Offeror, thinks fit to order. If no application is made to the Court by a Remaining Member or the Offeror, the transfer and settlement of that Remaining Member’s Shares will be effected in accordance with paragraph 4.2 of this Notice.

As the Offeror will be proceeding to compulsorily acquire all Shares held by the Remaining Members on the terms set out in this Notice, the Remaining Members need not take any action in relation to their right to require the Offeror to acquire Shares registered in their respective names. The Remaining Members who nonetheless wish to exercise their right under Section 102(2) of the Bermuda Companies Act should consult their legal advisers.

4. PROCEDURE FOR TRANSFER AND SETTLEMENT FOR COMPULSORY ACQUISITION

- 4.1. **Transfer of Shares.** If no application is made to the Court by a Remaining Member pursuant to Section 102(1) of the Bermuda Companies Act, the Offeror will on the Completion Date procure that Shares of the Remaining Members are transferred to the Offeror pursuant to Section 102 of the Bermuda Companies Act. The Offeror will, pursuant to Section 102 of the Bermuda Companies Act, deliver to the Company instruments of transfer executed by someone appointed by the Offeror on behalf of the Remaining Members as transferor.
- 4.2. **Settlement of Consideration.** The consideration representing the price payable by the Offeror for Shares which the Offeror is entitled and bound to acquire pursuant to Section 102 of the Bermuda Companies Act will be paid or transferred to the Company, which will then pay the consideration to the Remaining Members and CDP for distribution to the Remaining Depositors. The cut-off date for determining the consideration payable by the Offeror to the Remaining Members and the Remaining Depositors under the Compulsory Acquisition will be 5.30 p.m. (Singapore time) on 31 January 2017.
- 4.3. CDP will, as soon as practicable after the Completion Date, in respect of Shares that are held through Securities Accounts, send cheques for the amount due to the Remaining Depositors by ordinary post to the Remaining Depositors at their own risk at their respective addresses as maintained in the records of CDP or in such manner as the relevant Remaining Depositor may have agreed with CDP for the payment of any cash distributions.
- 4.4. **Untraceable Remaining Members or Remaining Depositors.** Any cheques or consideration due to the Remaining Members which are returned or which are unclaimed will be held by the Company in a separate non-interest bearing bank account for the benefit of the relevant Remaining Members. Any cheques or consideration due to the Remaining Depositors which are returned or which are unclaimed will be held by CDP for a period of six (6) months after the date the Company is delisted and thereafter they shall be returned to the Company to be held in a separate non-interest bearing bank account for the benefit of the relevant Remaining Depositors.

Any monies or consideration unclaimed after a period of six (6) years from the Completion Date shall be forfeited and belong to the Company absolutely.

5. GENERAL

- 5.1. **Transmission to Purchaser.** If you have sold or otherwise transferred all your Shares, you should immediately send this Notice to the purchaser or transferee or to the bank, stockbroker

or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

- 5.2. **Mode of Delivery.** All communications, notices, forms of transfer, share certificates, transfer receipts, cheques and other documents of title and remittances to be delivered by or sent to the Remaining Members or the Remaining Depositors will be delivered by or sent to the Remaining Members or the Remaining Depositors by ordinary post at their own risk and none of the Offeror, CDP, the Company and the Share Transfer Agent accepts any liability for any loss which may arise as a result.
- 5.3. **Governing Law.** This Notice and all transfers of Shares pursuant thereto are governed by the laws of Bermuda.

By order of the Board

Wang Laisheng
For and on behalf of
THB AUTO ELECTRONICS LIMITED

Dated 27 December 2016

APPENDIX 1

SECTION 102 OF THE COMPANIES ACT 1981 OF BERMUDA

(1) Where a scheme or contract involving the transfer of shares or any class of shares in a company (in this section referred to as “the subject company”) to another company, whether a company within the meaning of this Act or not (in this section referred to as “the transferee company”), has, within four months after the making of the offer in that behalf by the transferee company been approved by the holders of not less than nine-tenths in value of the shares whose transfer is involved, other than shares already held at the date of the offer by, or by a nominee for, the transferee company or its subsidiary, the transferee company may, at any time within two months beginning with the date on which such approval is obtained, give notice to any dissenting shareholder that it desires to acquire his shares, and when such a notice is given the transferee company shall, unless on an application made by the dissenting shareholder within one month from the date on which the notice was given the Court thinks fit to order otherwise, be entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee company:

Provided that where shares in the subject company of the same class or classes as the shares whose transfer is involved are already held as aforesaid to a value greater than one-tenth of the aggregate of their value and that of the shares, other than those already held as aforesaid, whose transfer is involved, the foregoing provisions of this subsection shall not apply unless

- (a) the transferee company offers the same terms to all holders of the shares, other than those already held as aforesaid, whose transfer is involved, or, where those shares include shares of different classes, of each class of them; and
- (b) the holders who approve the scheme or contract, besides holding not less than nine-tenths in value of the shares, other than those already held as aforesaid, whose transfer is involved, are not less than three-fourths in number of the holders of those shares.

(2) Where, in pursuance of any such scheme or contract as aforesaid, shares in a company are transferred to another company or its nominee, and those shares together with any other shares in the first-mentioned company held by, or by a nominee for, the transferee company or its subsidiary at the date of the transfer comprise or include nine-tenths in value of the shares in the first-mentioned company or of any class of those shares, then -

- (a) the transferee company shall within one month from the date of the transfer, unless on a previous transfer in pursuance of the scheme or contract it has already complied with this requirement, give notice of that fact to the holders of the remaining shares or of the remaining shares of that class, as the case may be, who have not assented to the scheme or contract; and
- (b) any such holder may within three months from the giving of the notice to him, himself give notice requiring the transferee company to acquire the shares in question,

and where a shareholder gives notice under paragraph (b) of this subsection with respect to any shares, the transferee company shall be entitled and bound to acquire those shares on the terms on which under the scheme or contract the shares of the approving shareholders were transferred to it, or on such other terms as may be agreed or as the Court on the application of either the transferee company or the shareholder thinks fit to order.

(3) Where a notice has been given by the transferee company under subsection (1) of this section and the Court has not, on an application made by the dissenting shareholder, ordered to the contrary, the transferee company shall, on the expiration of one month from the date on which the notice has been given, or, if an application to the Court by the dissenting shareholder is then pending, after that application has been disposed of, transmit a copy of the notice to the subject company together with an instrument of transfer executed on behalf of the shareholder by any person appointed by the transferee company and on its own behalf by the transferee company, and pay or transfer to the subject company the amount or other consideration representing the price payable by the transferee company for the shares which by virtue of this section that company is entitled to acquire, the subject company shall thereupon register the transferee company as the holder of those shares.

(4) Any sums received by the subject company under this section shall be paid into a separate bank account, and any such sums and any other consideration so received shall be held by that company on trust for the several persons entitled to the shares in respect of which the said sums or other consideration were respectively received.

(5) In this section the expression "dissenting shareholder" includes a shareholder who has not assented to scheme or contract and any shareholder who has failed or refused to transfer his shares to the transferee company in accordance with the scheme or contract.