

MANDATORY UNCONDITIONAL CASH OFFER

by



STIRLING COLEMAN

施霖高诚

www.stirlingcoleman.com

STIRLING COLEMAN CAPITAL LIMITED

(Company Registration Number: 200105040N)

(Incorporated in the Republic of Singapore)

for and on behalf of

THB AUTO ELECTRONICS LIMITED

(Company Registration Number: 1909352)

(Incorporated in the British Virgin Islands)

to acquire all the issued and paid-up ordinary shares in the capital of

CHINA AUTO ELECTRONICS GROUP LIMITED

(Company Registration Number: 34300)

(Incorporated in Bermuda)

other than those already owned, controlled or agreed to be acquired by

THB Auto Electronics Limited

DESPATCH OF OFFER DOCUMENT

1. INTRODUCTION

Stirling Coleman Capital Limited ("**Stirling Coleman**") refers to the announcement issued by Stirling Coleman, for and on behalf of THB Auto Electronics Limited (the "**Offeror**") on 24 October 2016, 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 China Auto Electronics Group Limited (the "**Company**"), other than those already owned, controlled or agreed to be acquired by the Offeror (the "**Offer Shares**").

All capitalised terms used in this Announcement shall have the same meanings as defined in the Offer Document (as defined herein), unless otherwise expressly defined herein or the context otherwise requires.

2. DESPATCH OF OFFER DOCUMENT

Stirling Coleman wishes to announce, 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 ("**FAA**") and/or Form of Acceptance and Transfer for Offer Shares ("**FAT**", and together with the FAA, referred to as the "**Acceptance Forms**"), has been despatched today to the shareholders of the Company ("**Shareholders**").

An electronic copy of the Offer Document will be made available on the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") at www.sgx.com.

3. REQUEST FOR OFFER DOCUMENT AND ACCEPTANCE FORMS

If you are a Shareholder and you do not receive the Offer Document and the relevant Acceptance Form within a week of the date of this Announcement, please contact The Central Depository (Pte) Limited ("**CDP**") (if you hold Offer Shares that are deposited with the CDP) or B.A.C.S. Private Limited, the Company's share registrar in Singapore (if you hold Offer Shares in scrip form), as the case may be, immediately at the addresses set out below:

The Central Depository (Pte) Limited

9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Tel: (65) 6535 7511

B.A.C.S. Private Limited

8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848

4. CLOSING DATE

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 (the "Closing Date").

Full details of the procedures for acceptance of the Offer are set out in **Appendix 6** to the Offer Document and in the accompanying FAA and/or FAT (as applicable).

5. OVERSEAS SHAREHOLDERS

The availability of the Offer to Shareholders, whose addresses are outside Singapore, as shown on the register of members of the Company or, as the case may be, in the records of CDP (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as the Offer Document, the FAAs and the FATs have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending the Offer Document, the FAAs and/or the FATs to any overseas jurisdictions, the Offeror, Stirling Coleman and CDP each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom the Offer Document, the FAAs and/or the FATs have not been, or may not be, sent.**

Copies of the Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the laws of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

Overseas Shareholders may, nonetheless, obtain copies of the Offer Document, the FAAs and/or the FATs and any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, B.A.C.S. Private Limited at 8 Robinson Road #03-00, ASO Building, Singapore 048544, or The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588.

Alternatively, an Overseas Shareholder may write to the Offeror through B.A.C.S. Private Limited at the address listed above or The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, to request for copies of the Offer Document, the FAAs and/or the FATs and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three (3) Market Days prior to the Closing Date.

It is the responsibility of any Overseas Shareholder who wishes to (a) request for copies of the Offer Document, the FAAs and/or the FATs and/or any related documents, or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including Stirling Coleman) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including Stirling Coleman) may be required to pay. In (i) requesting for copies of the Offer Document, the FAAs and/or the FATs and any related documents and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and Stirling Coleman that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.**

The Offeror and Stirling Coleman each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement.

6. INDEPENDENT ADVICE

Stirling Coleman is acting for and on behalf of the Offeror and does not purport to advise the Shareholders and/or any other person. In preparing the Offer Document and the Acceptance Forms for and on behalf of the Offeror, Stirling Coleman has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs

and constraints of any individual Shareholder.

The views of the directors of the Company who are considered to be independent for the purposes of the Offer ("**Independent Directors**") and the independent financial adviser to the Independent Directors on the Offer will be made available to Shareholders by the Company in due course and in any event, the Independent Directors are required under the Code to despatch their views within 14 days of the posting of the Offer Document. Shareholders may wish to consider their views before taking any action in relation to the Offer. If any Shareholder is in any doubt about the Offer, he should consult his stockbroker, bank manager, solicitor or other professional adviser immediately.

7. RESPONSIBILITY STATEMENT

The directors of the Offeror (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading, and they jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

Issued by
Stirling Coleman Capital Limited
For and on behalf of
THB Auto Electronics Limited

8 November 2016

Any enquiries relating to this Announcement or the Offer should be directed during office hours to:

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Yap Yeong Keen
Managing Director, Corporate Finance Advisory
Tel: +65 63275706
Fax: +65 65385700
Address: 4 Shenton Way, #07-03 SGX Centre 2, Singapore 068807