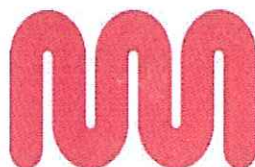


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China Automation Group Limited

中國自動化集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 569)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules. The Board wishes to inform the shareholders of the Company and potential investors that it is anticipated that the profit to be recorded by the Company for the six months ended 30 June 2012 will decrease as compared with that for the corresponding period last year. The information contained in this announcement is only based on the unaudited management accounts and preliminary estimation of the Group, which have not been audited or reviewed by the Company's auditors.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Automation Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary estimation of the Company's management, the profit to be recorded by the Company for the six months ended 30 June 2012 will decrease as compared with that for the corresponding period last year.

Based on the analysis of the information available, the deterioration in the

Group's results was mainly attributable to: (i) the majority of the projects in relation to national railways awarded to the Group having either been suspended, slowed down or delayed due to slow resumption of national railway industries following the train accident in Wenzhou, Zhejiang Province on 23 July 2011; (ii) foreign exchange loss incurred by the Group resulting from the devaluation of RMB during the six months ended 30 June 2012; and (iii) the increase in finance costs for the six months ended 30 June 2012 resulting from the significant interest expenses incurred in connection with the senior notes in the aggregate principal amount of USD200 million issued by the Company in April 2011.

The Company has yet to finalize the interim results of the Group for the six months ended 30 June 2012. The information contained in this announcement is only based on the unaudited management accounts and preliminary estimation of the Group, which have not been audited or reviewed by the Company's auditors. Further details of the financial information of the Group will be disclosed as and when the annual results of the Group for the six months ended 30 June 2012 are released.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board

China Automation Group Limited

Xuan Rui Guo

Chairman

18 July, 2012

As at the date of this announcement,, the executive Directors of the Company are Mr. Xuan Rui Guo, Mr. Kuang Jian Ping, Mr. Huang Zhi Yong, and the independent non-executive Directors are Mr. Wang Tai Wen, Mr. Sui Yong Bin, and Mr. Ng Wing Fai