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中國自動化集團有限公司

China Automation Group Limited

(HK stock code 0569)

(Incorporated in the Cayman Islands with limited liability)

CLARIFICATION ANNOUNCEMENT ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Reference is made to the announcement of China Automation Group Limited (the “**Company**”) dated 23 March 2017 in relation to the preliminary annual results of the Company and its subsidiaries for the year ended 31 December 2016 (the “**2016 Annual Results Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2016 Annual Results Announcement.

The Company noted that there are certain inadvertent typographical errors relating to the difference in presentation as described below in the 2016 Annual Results Announcement (in both the English and Chinese versions) and wishes to make the following clarifications.

In connection with the adoption of amendment to International Accounting Standard 1 “Disclosure Initiative”, the Company reconsiders the presentation of the consolidated financial statements including aggregation and disaggregation of the account balances and reclassification, if necessary, based on the nature of the account balances and the substance of relevant transactions. The relevant cash flows from discounted bills receivable with full recourse are presented as operating cash flows in the consolidated statement of cash flow as the Company considers the cash flows are in substance, the receipts from trade customers. Comparative figures have not been restated as the amount is immaterial. As such,

1. The particulars of the consolidated statement of cash flow as disclosed in the 2016 Annual Results Announcement should read as follows with changes underlined:

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Net cash flow generated from operating activities	<u>119,662</u>	<u>98,290</u>
Net cash (used in) generated from investing activities	<u>(249,205)</u>	<u>613,184</u>
Net cash used in financing activities	<u>(296,114)</u>	<u>(507,631)</u>
Net (decrease) increase in cash and cash equivalents	(425,657)	203,843
Cash and cash equivalent at the beginning of the year	601,241	395,231
Effect of foreign exchange rates changes	3,529	2,167
Reclassified as held for sale	<u>(10,575)</u>	<u>–</u>
Cash and cash equivalent at the end of the year	<u>168,538</u>	<u>601,241</u>

2. The first and third paragraphs under the heading “Liquidity, financial resources and capital structure” as disclosed in the 2016 Annual Results Announcement should read as follows with changes underlined:

Net cash generated from the Group’s operating activities for the year ended 31 December 2016 amounted to RMB119.7 million (2015: RMB98.3 million). The Group was able to generate positive operating cashflow due to (i) the decrease in inventories; and (ii) the decrease in trade and bills receivables as well as the decrease in other receivables.

Net cash used in financing activities for the year ended 31 December 2016 decreased by RMB211.5 million to RMB296.1 million (2015: RMB507.6 million). This was mainly attributable to the repayment of the 2016 Guaranteed Notes (including the early redemption premium) amounted to RMB434.3 million.

Save for the above clarifications, all other information in the 2016 Annual Results Announcement remains unchanged.

By order of the Board of
China Automation Group Limited
Xuan Rui Guo
Chairman

Hong Kong, 13 April 2017

As at the date of this announcement, the Board comprises Mr. Xuan Rui Guo and Mr. Wang Chuenshang as executive directors of the Company; and Mr. Wang Tai Wen, Mr. Zhang Xin Zhi and Mr. Ng Wing Fai as independent non-executive directors of the Company.