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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Automation Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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中國自動化

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)

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of China Automation Group Limited (the “Company”) to be held at Regus Hong Kong Central Plaza, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 29th May, 2017 at 3:00 p.m. is set out on pages 14 to 17 of this circular. Shareholders are advised to read the notice and to complete and return the accompanying form of proxy for use at the annual general meeting in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude the shareholders from attending and voting at the meeting if they so wish.

Hong Kong, 26th April, 2017

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held at Regus Hong Kong Central Plaza, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 29th May, 2017 at 3:00 p.m., notice of which is set out on pages 14 to 17 of this circular
“Board”	the board of Directors
“Companies Law”	the Companies Law of the Cayman Islands for the time being in force
“Company”	China Automation Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Existing Scheme”	the existing share option scheme adopted by the Company on 16th June, 2007
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	20th April, 2017, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the total number of issued Shares at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no.4 of the notice of the Annual General Meeting

DEFINITIONS

“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon the exercise of all options to be granted under the Existing Scheme, which shall not in aggregate exceed 10% of the Shares in issue as at the date of passing of ordinary resolution no.7
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share (s)”	share (s) of HK\$0.01 each in the share capital of the Company
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Shareholder (s)”	holder (s) of Share (s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent

LETTER FROM THE CHAIRMAN



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)

Directors:

Executive Directors:

Mr. Xuan Rui Guo (*Chairman*)

Mr. Wang Chuensheng

Independent Non-Executive Directors:

Mr. Wang Tai Wen

Mr. Ng Wing Fai

Mr. Zhang Xin Zhi

Company Secretary:

Mr. Chow Chiu Chi

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Suite 3205B-3206, 32nd Floor,
Office Tower, Convention Plaza,

No. 1 Harbour Road,

Wanchai, Hong Kong.

Hong Kong, 26th April, 2017

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 27th May, 2016, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares of the Company. Such mandate will lapse at the conclusion of the forthcoming Annual General Meeting. It is therefore proposed to seek your approval of an ordinary resolution to be proposed at the forthcoming Annual General Meeting to give a fresh general mandate to the Directors to exercise the powers of the Company to repurchase Shares not exceeding 10% of the total number of issued Shares at the date of the resolution (i.e. not exceeding 102,626,372 Shares based on 1,026,263,729 Shares as at the Latest Practicable Date and assuming that such total number of issued Shares remains the same at the date of passing the resolution).

An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I hereto.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO ISSUE SHARES

It will be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares at the date of the resolution (i.e. not exceeding 205,252,745 Shares based on 1,026,263,729 issued Shares as at the Latest Practicable Date and assuming that such total number of issued Shares remains the same at the date of passing the resolution) and adding to such general mandate so granted to the Directors any Shares representing the number of the Shares repurchased by the Company after the granting of the general mandate to repurchase Shares pursuant to the Repurchase Resolution.

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors were Mr. Xuan Rui Guo and Mr. Wang Chuensheng and the independent non-executive Directors were Mr. Wang Tai Wen, Mr. Ng Wing Fai and Mr. Zhang Xin Zhi.

Pursuant to article 86 and 87 of the articles of association of the Company, Mr. Wang Chuensheng, Mr. Zhang Xin Zhi and Mr. Ng Wing Fai shall retire from office by rotation at the Annual General Meeting and shall be eligible for re-election.

Up to the date of this circular, Mr. Ng Wing Fai has served as an independent non-executive Director for more than nine years since 2007. Pursuant to code provision A.4.3 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, (a) such service to the Company for more than nine years could be relevant to the determination of an independent non-executive director's independence and (b) if an independent non-executive director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by Shareholders.

The Company has received from Mr. Ng Wing Fai a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Mr. Ng has not engaged in any executive management of the Group. Taking into consideration of his independent scope of work during his term of service, the Directors consider that Mr. Ng remains independent under the Listing Rules notwithstanding the length of his service. Accordingly, Mr. Ng shall be subject to retirement by rotation and re-election by way of a separate resolution to be approved by the Shareholders at the Annual General Meeting.

Details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II hereto.

REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE EXISTING SCHEME

The Existing Scheme was approved and adopted on 16th June, 2007. The purpose of the Existing Scheme is to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approve from time to time.

LETTER FROM THE CHAIRMAN

Under the Existing Scheme and the applicable Listing Rules, the Board has the right to grant to the eligible participants options to subscribe for up to a maximum of 102,626,372 Shares, representing 10% of the Shares in issue as at 28th May, 2015, being the date of the annual general meeting of the Company at which the scheme mandate limit was previously refreshed, and representing approximately 10% of the total issued Shares as at the Latest Practicable Date.

Since the date of the annual general meeting of the Company on 28th May, 2015, no share options have been granted under the Existing Scheme. As such, options carrying rights to subscribe for 102,626,372 Shares may be granted under the Existing Scheme. The Directors consider that the Company should refresh the Scheme Mandate Limit in accordance with the Existing Scheme so that the Company will have flexibility to provide incentives to, and recognize the contributions of, the employees of the Company and of its subsidiaries (as defined in the Listing Rules).

On the basis of 1,026,263,729 Shares being in issue as at the Latest Practicable Date, and assuming that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be entitled to grant further options under the Existing Scheme and other share option schemes of the Company carrying rights to subscribe for up to 102,626,372 Shares.

Since the date of adoption of the Existing Scheme and up to the Latest Practicable Date, share options carrying rights to subscribe for 42,196,000 Shares have been cancelled; and share options carrying rights to subscribe for 60,430,000 Shares have been lapsed; and no share options remained outstanding and yet to be exercised. The options previously granted under the Existing Scheme (including options outstanding, cancelled, lapsed or exercised in accordance with the terms thereof) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. As at the Latest Practicable Date, the Company has not adopted any share option schemes other than the Existing Scheme.

An ordinary resolution will therefore be proposed to the Shareholders at the Annual General Meeting to refresh the Scheme Mandate Limit so as to allow the Directors to grant share options entitling holders thereof to subscribe for up to 10% of the total issued Shares as at the date of passing the relevant resolution at the Annual General Meeting. Details of the refreshment of Scheme Mandate Limit are set out in ordinary resolution no.7.

The number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Existing Scheme and all other share options schemes of the Company must not, in aggregate, exceed 30% of the total issued Shares from time to time. The Directors consider that the refreshment of the Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole.

The refreshment of the Scheme Mandate Limit is conditional upon:

1. the passing of an ordinary resolution by the Shareholders at the Annual General Meeting to approve the refreshment of the Scheme Mandate Limit; and

LETTER FROM THE CHAIRMAN

2. the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of passing the ordinary resolution of refreshment of Scheme Mandate Limit at the Annual General Meeting) which may fall to be issued upon the exercise of the options to be granted under the Existing Scheme and any other share option schemes of the Company.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and the permission to deal in the Shares which may be issued upon the exercise of the options to be granted under the aforesaid refreshed limit of the Existing Scheme.

ANNUAL GENERAL MEETING

Set out on pages 14 to 17 of this circular is the notice convening the Annual General Meeting.

For determining the entitlement of Shareholders to attend and vote at the Annual General Meeting, the register of members will be closed from Wednesday, 24th May, 2017 to Monday, 29th May, 2017, both days inclusive. In order to be eligible to attend and vote at the Annual General Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23rd May, 2017.

At the Annual General Meeting, resolutions will be proposed to the Shareholders in respect of ordinary business to be considered at the Annual General Meeting, including re-election of Directors, Repurchase Proposal and the general mandate for Directors to issue new Shares and special business to be considered at the Annual General Meeting, being the ordinary resolutions proposed to approve the extension of the general mandate to issue new Shares and refreshment of Scheme Mandate Limit.

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed herewith. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's principal place of business in Hong Kong at Suite 3205B-3206, 32nd Floor, Office Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of a form of proxy will not prevent you from attending and voting in person at the Annual General Meeting if you so wish.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the meeting will therefore demand a poll for every resolution put to the vote at the Annual General Meeting pursuant to article 66 of the articles of association of the Company and the Company will announce results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE CHAIRMAN

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors believe that the Repurchase Proposal, proposed general mandate for Directors to issue new Shares, proposed extension of the general mandate to issue new Shares, refreshment of Scheme Mandate Limit and proposed re-election of retiring Directors are all in the best interest of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of all resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
China Automation Group Limited
Xuan Rui Guo
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the total number of issued Shares as at the date of the Repurchase Resolution.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,026,263,729 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares will be issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Proposal to repurchase a maximum of 102,626,372 Shares representing not more than 10% of the total number of issued Shares as at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Law. The Companies Law provides that the amount to be repaid in connection with a share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the annual report for the year ended 31st December, 2016 in the event that the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The table below is a summary of the monthly highest and lowest prices in each of the previous twelve months before the Latest Practicable Date:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2016	1.20	0.91
May 2016	1.15	1.03
June 2016	1.19	1.04
July 2016	1.23	1.18
August 2016	1.20	1.14
September 2016	1.62	1.15
October 2016	1.52	1.24
November 2016	1.57	1.35
December 2016	1.56	1.31
January 2017	1.37	1.30
February 2017	1.32	1.21
March 2017	1.43	1.26
April 2017 (up to the Latest Practicable Date)	1.39	1.24

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Xuan Rui Guo and his associates were interested in 764,931,296 Shares (representing approximately 74.54% of the total issued shares of the Company as at the Latest Practicable Date). In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Proposal, then (if the present shareholdings remains the same) the attributable interests of Mr. Xuan and his associates would be increased to approximately 82.82% of the total issued shares of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of an exercise of the Repurchase Proposal. The Directors have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would result in such takeover obligation.

The Directors have no immediate intention to repurchase Shares which would result in the number of Shares held by the public being reduced to less than 25%.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out as follows:–

Mr. Wang Chuensheng (王春生) (“Mr. Wang”)

Mr. Wang, aged 57, has been appointed an executive Director since 26th August, 2016. He obtained his Bachelor of Engineering degree in hydraulic and offshore oil construction engineering from Tianjin University* (天津大學) in 1981. From 1982 to 1985, he served as a teaching assistant in Tianjin University, and subsequently joined the Shenzhen branch office of Eastman Christensen (subsequently acquired by Baker Hughes Incorporated) in 1985 and worked as a technical manager till 1987. Mr. Wang obtained his Master of Engineering in petroleum engineering from the University of Alaska Fairbanks in 1990, and subsequently joined Sperry-Sun Drilling Services (subsequently acquired by Halliborton Company) in the United States of America and served as a technical manager till 1997. Mr. Wang was the Chairman of Hayden Inc. in the United States of America from 1997 to 2000, and has been the Chairman of Beijing Haidun New Technology Company Limited* (北京海頓新技術有限公司) since 2000. He is a member of nomination committee and remuneration committee of the Company.

Save as disclosed herein, as at the Latest Practicable Date, Mr. Wang had not held any directorship in any listed public companies in the last three years nor held any position in any members of the Group.

As at the Latest Practicable Date, Mr. Wang did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Wang does not have any relationship with any other Directors, senior management of the Company or substantial or controlling Shareholders.

Mr. Wang has entered into a service contract with the Company in relation to his appointment as an Executive Director for a term of 3 years. His appointment is subject to retirement by rotation and re-election at the annual general meeting of the Company according to the articles of association of the Company.

Mr. Wang is entitled to a director’s fee of HK\$1,000,000 per annum. The remuneration package of Mr. Wang was determined by his responsibilities, qualifications, experience and the related industry practices.

Save as disclosed above, Mr. Wang is not aware of any other matters that need to be brought to the attention of the Shareholders in connection with his re-election as a Director. There is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

* *for identification purpose only*

Mr. Ng Wing Fai (吳榮輝) (“Mr. Ng”)

Mr. Ng, aged 58, has been appointed an independent non-executive Director since 16th June, 2007. He has over 15 years’ experience in audit, taxation and consultancy in government and non-government institutes. Mr. Ng holds a bachelor’s degree of arts in accountancy and a master’s degree of arts in international accounting from City University of Hong Kong. He also holds a postgraduate diploma in British and Hong Kong law from The Manchester Metropolitan University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Accountants in England and Wales, a council member of the Society of Chinese Accountants & Auditors, and a member of the Hong Kong Securities Institute. Mr. Ng is an independent non-executive director of Evergreen International Holdings Limited, a company listed on the Stock Exchange since June 2016. He is also the chairman of audit committee and a member of remuneration committee and nomination committee of the Company.

Save as disclosed herein, as at the Latest Practicable Date, Mr. Ng had not held any directorship in any listed public companies in the last three years nor held any position in any members of the Group.

As at the Latest Practicable Date, Mr. Ng did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Ng does not have any relationship with any other Directors, senior management of the Company or substantial or controlling Shareholders.

Mr. Ng has entered into an appointment letter in relation to his appointment as an independent non-executive Director for a term of two years. The appointment is subject to retirement by rotation and re-election at the annual general meeting of the Company according to the articles of association of the Company.

Mr. Ng is entitled to a director’s fee of HK\$240,000 per annum which was reviewed by the remuneration committee of the Company and determined by the Board (with Shareholders’ authorization) with reference to his responsibilities, qualifications, experience and prevailing market practices.

Save as disclosed herein, Mr. Ng is not aware of any other matters that need to be brought to the attention of the Shareholders in connection with his re-election as a Director. There is no information that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules.

Mr. Zhang Xin Zhi (張新志) (“Mr. Zhang”)

Mr. Zhang, aged 73, has been appointed an independent non-executive Director since 26th August, 2016. He is a senior engineer and has more than 40 years of experience in the petrochemical industry. Mr. Zhang graduated from the University of Science and Technology of China in 1967. From 1967 to 1989, he served in various positions in the No. 3 Fushun Petroleum Factory, as a technical officer, engineer, vice-manager in engineer’s office and deputy plant manager. Mr. Zhang joined PetroChina Corporation in 1999, and served as a director of the refinery and chemical department, as well as a vice president of PetroChina Holdings*, the general manager of the chemical and sales branch and a deputy director of the consulting centre of PetroChina Corporation. Mr. Zhang retired in 2004. Mr. Zhang has been engaged since 2003 as an instructor for part-time doctoral students by the Dalian Institute of Chemistry and Physics, the Beijing Institute of Chemistry and the Qingdao Institute of Bioenergy and Bioprocess Technology with the Chinese Academy of Sciences. From 2006 to 2012, Mr. Zhang was appointed as the independent non-executive director of China BlueChemical Ltd.*, a company whose shares are listed on the Stock Exchange (Stock Code: 3983). From 2010 to 2015, Mr. Zhang was appointed as the chief engineer of Xuyang Chemical Industry Group Company Limited and the chief engineer of its research institute. Mr. Zhang has been appointed as the independent non-executive director of Danhua Chemical Technology Co. Ltd.,* a company whose shares are listed on the Shanghai Stock Exchange (Stock Codes: 600844 (A Shares) and 900921 (B Shares)) since 2013. In 2015, Mr. Zhang was appointed as the independent non-executive director of Gansu Lanpec Technologies Limited*, a company whose shares are listed on the Shanghai Stock Exchange (Stock Code: 601798). He is the chairman of nomination committee and a member of audit committee and remuneration committee of the Company.

Save as disclosed herein, as at the Latest Practicable Date, Mr. Zhang had not held any directorship in any listed public companies in the last three years and nor held any position in any members of the Group.

As at the Latest Practicable Date, Mr. Zhang does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Zhang does not have any relationship with any other Directors, senior management of the Company or substantial or controlling Shareholders.

Mr. Zhang has entered into an appointment letter in relation to his appointment as independent non-executive Director for a term of 2 years. The appointment is subject to retirement by rotation and re-election at the annual general meeting of the Company according to the Articles of Association of the Company.

Mr. Zhang is entitled to a monthly remuneration of HK\$15,000 which was reviewed by the remuneration committee of the Company and determined by the Board (with Shareholders’ authorization) with reference to his responsibilities, qualifications, experience and prevailing market practices.

Save as disclosed above, Mr. Zhang is not aware of any other matters that need to be brought to the attention of the Shareholders in connection with his re-election as a Director. There is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

* *for identifications purpose only*

NOTICE OF ANNUAL GENERAL MEETING



中國自動化

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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Regus Hong Kong Central Plaza, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 29th May, 2017 at 3:00 p.m. for the following purposes:-

1. To receive and consider the audited consolidated Financial Statements and the Directors' Report and Independent Auditor's Report for the year ended 31st December, 2016.
2.
 - (a) To re-elect Mr. Wang Chuensheng as an Executive Director of the Company;
 - (b) To re-elect Mr. Ng Wing Fai as an Independent Non-executive Director of the Company;
 - (c) To re-elect Mr. Zhang Xin Zhi as an Independent Non-executive Director of the Company; and
 - (d) To authorise the Board of Directors to fix the remuneration of all Directors of the Company.
3. To re-appoint Deloitte Touche Tohmatsu as Auditor of the Company and authorise the Board of Directors to fix the remuneration of Auditor.
4. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:-

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.01 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate number of shares of the Company which the Directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of the issued shares of the Company as at the date of passing of this Resolution provided that if any subsequent consolidation or subdivision of shares of the Company is effected, the maximum number of shares that may be repurchased pursuant to the approval in paragraph (a) above as a percentage of the total number of issued shares immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares shall be adjusted accordingly; and
 - (c) for the purposes of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company.”
5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**–

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; (iii) an issue of shares upon the exercise of the subscription or conversion rights under the terms of any warrants or any securities of the Company which are convertible into shares of the Company; or (iv) an issue of

NOTICE OF ANNUAL GENERAL MEETING

shares as scrip dividends pursuant to the articles of association of the Company from time to time, shall not exceed 20% of the total number of issued shares of the Company as at the date of passing this Resolution provided that if any subsequent consolidation or subdivision of shares of the Company is effected, the maximum number of shares that may be issued pursuant to the approval in paragraph (a) above as a percentage of the total number of issued shares immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares shall be adjusted accordingly; and

- (d) for the purposes of this Resolution,

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company; and

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** subject to the passing of the Resolution nos.4 and 5 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution no.5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of the number of the issued shares of the Company repurchased by the Company under the authority granted pursuant to Resolution no.4 set out in the notice convening this meeting.”

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7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** the existing scheme mandate limit in respect of the granting of share options to subscribe for shares of the Company under the share option scheme adopted by the Company on 16th June, 2007 (the “Share Option Scheme”) be refreshed and renewed provided that the total number of shares which may be allotted and issued pursuant to the grant or exercise of the share options under the Share Option Scheme (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme and other share option schemes of the Company) shall not exceed 10% of the shares of the Company in issue as at the date of passing of this Resolution (the “Refreshed Limit”), and subject to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of and permission to deal in such number of shares to be issued pursuant to the exercise of the share options granted under the Refreshed Limit and compliance with the relevant Rules Governing the Listing of Securities on the Stock Exchange, the Directors of the Company be and are hereby authorised to grant share options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with the shares pursuant to the exercise of such share options.”

By Order of the Board
China Automation Group Limited
CHOW Chiu Chi
Secretary

Hong Kong, 26th April, 2017

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy (if a member holds more than one share of the Company) to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company’s principal place of business in Hong Kong at Suite 3205B-3206, 32nd Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members will be closed from Wednesday, 24th May, 2017 to Monday, 29th May, 2017, both days inclusive. In order to be eligible to attend and vote at the Annual General Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23rd May, 2017.
4. With regard to item no.2 in this notice, details of the retiring Directors are set out in Appendix II of the circular to Shareholders dated 26th April, 2017.

As at the date of this notice, the Executive Directors are Mr. Xuan Rui Guo and Mr. Wang Chuensheng; and the Independent Non-Executive Directors are Mr. Wang Tai Wen, Mr. Ng Wing Fai and Mr. Zhang Xin Zhi.