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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)

## **CHARGE OF SHARES BY CONTROLLING SHAREHOLDER AND EXCHANGE RIGHT**

This announcement is made by China Automation Group Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The Company has been notified by Araco Investment Limited (“**Araco**”), a controlling shareholder (as defined under the Listing Rules) of the Company, that it has executed a facility agreement (the “**Facility Agreement**”) on 17 December 2018 with Ascendent Automation (Cayman) Limited (the “**Lender**”), a substantial shareholder (as defined under the Listing Rules) of the Company. Pursuant to the terms of the Facility Agreement, the Lender will advance a loan in the principal amount of HK\$360,000,000 (the “**Loan**”) to Araco, and prior to provision of the Loan, Araco will execute a share charge to create a charge over 300,000,000 shares of the Company (the “**Charged Shares**”) owned by it in favour of the Lender as security.

Pursuant to the Facility Agreement, the Lender has the right to exchange (the “**Exchange Right**”) in full the outstanding loan amount for the Charged Shares at the exchange price of HK\$1.2 per share (subject to adjustment) at any time after the utilisation date of the Loan but on or before the final exchange date (i.e. 31 December 2023), and such Exchange Right may be exercised on one occasion. If the Lender does not exercise the Exchange Right before the final exchange date, Araco shall repay the Loan together with all outstanding amounts under the finance documents (including the Facility Agreement) in full on the final exchange date.

Araco is indirectly wholly-owned by Mr. Xuan Rui Guo (the chairman, executive director and chief executive officer of the Company). As at the date of this announcement, Araco holds a total of 515,696,164 shares of the Company (the “**Shares**”), representing approximately 50.25% of the total issued Shares, whereas the Charged Shares represent approximately 29.23% of the total issued Shares.

The above charge of Shares does not fall within the scope of Rule 13.17 of the Listing Rules.

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

Hong Kong, 17 December 2018

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

\* *For identification purpose only*