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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)

PROFIT ALERT

This announcement is made by China Automation Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts, the Group is expected to record a loss attributable to equity owners of the Company in the range of approximately RMB15 million to approximately RMB35 million for the year ended 31 December 2018 (“**Year 2018**”) as compared to the loss attributable to equity owners of the Company of approximately RMB208.2 million for the year ended 31 December 2017 (“**Year 2017**”). The significant decrease in loss attributable to equity owners of the Company was mainly attributed to, among others, the combined effect of the following factors:

- (a) a substantial decrease in loss for the petrochemical segment in Year 2018 as compared to Year 2017 resulting from the increase in contracts awarded to the Group following market recovery in the petrochemical industry;
- (b) a significant increase in revenue for Year 2018 which was mainly contributed by the hospital business whereas it only contributed to the revenue for about five months in Year 2017 as the acquisition was completed on 26 July 2017 (the “**Acquisition**”); and
- (c) the profits contributed by the above factors were offset by the loss resulting from the increase in non-cash fair value on the derivative financial instrument based on the preliminary assessment on the valuation of the convertible bonds issued by the Company in connection with the Acquisition.

The Company has yet to finalize the Group’s annual results for the year ended 31 December 2018. The information contained in this announcement is only based on the unaudited management accounts of the Group and the preliminary estimation by the Board, which have not been reviewed or audited by the Company’s auditors or the audit committee of the Board.

Further details of the Group's financial results and performance will be disclosed in the annual results announcement of the Company for the year ended 31 December 2018 which is expected to be released on or about 21 March 2019.

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

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

Hong Kong, 1 March 2019

As at the date of this announcement, the Board 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.