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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)

**ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE
AND RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION
PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES
ORDINANCE
AND
RESUMPTION OF TRADING**

This announcement is made by China Automation Group Limited (the “**Company**”) pursuant to Rule 3.7 of The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform its shareholders that it received a letter (the “**Letter**”) dated 2 May 2019 from Brightex Enterprises Limited (“**Brightex**”), which is wholly-owned by Mr. Xuan Rui Guo (“**Mr. Xuan**”), the chairman of the Company and an executive Director, and Ascendent Capital Partners, II L.P., a substantial shareholder of the Company (“**Ascendent**”, and together with Brightex, the “**Potential Joint Offerors**”), in which the Potential Joint Offerors have informed the Board that they are interested in, and are currently considering the feasibility of, putting forward a proposal for the privatisation of the Company by way of a scheme of arrangement (the “**Scheme**”) under Section 86 of the Companies Law (2016 Revision) of the Cayman Islands which involves the cancellation of the shares of the Company (the “**Shares**”) other than those held by the Potential Joint Offerors and their concert parties (the “**Proposal**”). As at the date of this announcement, the Potential Joint Offerors and their concert parties are interested in 764,931,296 Shares, representing approximately 74.54% of the total issued share capital of the Company.

The Proposal is still being finalised and is subject to, among other things, discussion between the Potential Joint Offerors and the Company on the detailed terms of the Scheme and the execution of financing documents with financial institutions for the fund required for implementing the Proposal.

There is no assurance that the Proposal will eventually be materialised and the Potential Joint Offerors and the Company are not obliged to effect the Scheme under the Proposal. The Proposal, if materializes, could lead to the delisting of the Company from the Stock Exchange. Shareholders of the Company and potential investors are therefore advised to exercise caution when dealing in the Shares and/or other securities of the Company.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Proposal will be made until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

RELEVANT SECURITIES OF THE COMPANY

As at the date of this announcement, the authorised share capital of the Company was HK\$30,000,000 divided into 3,000,000,000 Shares and the Company had 1,026,263,729 Shares in issue.

As at the date of this announcement, Brightex, through its wholly-owned subsidiary, Araco Investment Limited, indirectly owns 515,696,164 Shares (representing approximately 50.25% of total issued share capital of the Company). Mr. Xuan, directly owns 1,000,000 Shares (representing approximately 0.1% of the total issued share capital of the Company). Ascendent holds 248,235,132 Shares (representing approximately 24.19% of the total issued share capital of the Company).

DISCLOSURE OF DEALINGS

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprised (i) 1,026,263,729 Shares in issue; and (ii) convertible bonds in the principal amount of RMB675,588,000 which, based on the initial conversion price of RMB1.0640 (equivalent to approximately HK\$1.20) per share, can be converted into 634,951,127 Shares. Save for the aforesaid, the Company has no other relevant securities as at the date hereof.

Associates (as defined in the Takeovers Code and including, among others, persons who own or control 5% or more of the relevant securities) of the Company and each of the Potential Joint Offerors are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 1:00 p.m. on 2 May 2019 pending the release of this announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 6 May 2019.

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

Hong Kong, 3 May 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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.