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Brightex Enterprises Limited

(Incorporated in the British Virgin Islands with limited liability)

Ascendent Automation (Cayman) Limited

(Incorporated in the Cayman Islands with limited liability)



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)

**JOINT ANNOUNCEMENT
DESPATCH OF SCHEME DOCUMENT
IN RELATION TO THE PROPOSAL FOR THE PRIVATISATION OF
CHINA AUTOMATION GROUP LIMITED
BY THE JOINT OFFERORS
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)**

Financial Adviser to
The Joint Offerors



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to
China Automation Group Limited

千里碩 
ELSTONE

Reference is made to (i) the announcement jointly issued by China Automation Group Limited (the “**Company**”), Brightex Enterprises Limited and Ascendent Automation (Cayman) Limited (collectively, the “**Joint Offerors**”) dated 14 June 2019 (the “**Joint Announcement**”) in relation to, among other things, the proposed privatisation of the Company by the Joint Offerors by way of a

scheme of arrangement under Section 86 of the Companies Law, and the appointment of Elstone Capital Limited (“**Elstone**”) as the independent financial adviser; (ii) the announcement jointly issued by the Company and the Joint Offerors dated 4 July 2019 in relation to the extension of time for despatch of the Scheme Document; and (iii) the announcement jointly issued by the Company and the Joint Offerors dated 5 August 2019 in relation to monthly update on the status and progress in connection with the Proposal and the Scheme. Capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement unless the context requires otherwise.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document together with the notices of the Court Meeting and the EGM to be held on Monday, 23 September 2019 and the related forms of proxy will be despatched to the Shareholders on Saturday, 31 August 2019.

The Scheme Document contains, among other things, information on the Proposal and the Scheme, the expected timetable, the explanatory memorandum of the Scheme, financial information of the Group, the property valuation report, general information on the Group and the Joint Offerors, the letter from the Board, the recommendations from the Independent Board Committee with respect to the Proposal and the Scheme, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the notices of the Court Meeting and the EGM.

RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Wang Tai Wen, Mr. Ng Wing Fai and Mr. Zhang Xin Zhi has been established to make recommendations to the Independent Shareholders in respect of the Proposal and the Scheme.

Elstone has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Proposal and the Scheme.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that, as far as the Independent Shareholders are concerned, the terms of the Proposal (including the Cancellation Price) and the Scheme are fair and reasonable, and accordingly, it advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme.

The Independent Board Committee, having considered the terms of the Proposal and the Scheme, and having taken into account the advice of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal (including the Cancellation Price) and the Scheme are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme.

Shareholders are urged to read carefully the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in relation to the Proposal and the Scheme as set out in the letters from the Independent Board Committee and the Independent Financial Adviser as contained in the Scheme Document.

COURT MEETING AND EGM

On 28 August 2019 the Grand Court directed that the Court Meeting be held for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme.

The Court Meeting is scheduled to be held at 10:00 a.m. on Monday, 23 September 2019 at Regus Hong Kong Central Plaza, 35th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong. Holders of Scheme Shares whose names appear in the register of members of the Company as at Monday, 23 September 2019 shall be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purposes of Cayman Islands law, provided that, for the purpose of satisfying the voting requirements imposed by the Takeovers Code, only the votes in respect of the Scheme Shares of Independent Shareholders present and voting either in person or by proxy, will be counted. As such, the Ascendent Employee, being a Joint Offeror Concert Party, who holds Scheme Shares will not be entitled to vote on the Scheme at the Court Meeting.

The EGM will be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) on the same day and at the same venue. All Shareholders whose names appear in the register of members of the Company as at Monday, 23 September 2019 shall be entitled to attend and vote, in person or by proxy, on, among other things, the special resolution by the Shareholders to approve and give effect to (i) the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) the increase in the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to either Brightex (in the event the AACL Payment does not occur) or AACL (in the event the AACL Payment occurs) only such number of new Shares as is equal to the number of Scheme Shares cancelled; and (iii) the application of the credit arising in the Company's books of accounts as a result of such issued share capital reduction in paying up in full at par value the new Shares issued to Brightex or AACL only (as the case may be), credited as fully paid.

Notices of the Court Meeting and the EGM are contained in the Scheme Document.

An announcement will be jointly made by the Company and the Joint Offerors in relation to the results of the Court Meeting and the EGM on Monday, 23 September 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of holders of the Scheme Shares to attend and vote at the Court Meeting and Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 18 September 2019 to Monday, 23 September 2019 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the Company's branch share registrar in Hong Kong, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. (Hong Kong time) on Tuesday, 17 September 2019.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

Shareholders and potential investors should be aware that the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. Upon the Scheme becoming effective it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and/or the EGM.

Further announcements will be made to give details of (i) the results of the Court Meeting and the EGM and, if all the resolutions are passed at those meetings, (ii) the result of the hearing of the petitions for the sanction of the Scheme and the confirmation of the capital reduction by the Grand Court, (iii) the Record Date, (iv) the Effective Date, and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange.

EXPECTED TIMETABLE

The expected timetable for the Scheme is as follows:

Hong Kong Time

Date of despatch of the Scheme Document Saturday, 31 August 2019

Latest time for lodging transfers of Shares in order to
qualify for entitlement to attend and vote at the
Court Meeting and the EGM 4:30 p.m. on Tuesday,
17 September 2019

Register of members of the Company closed for
determination of entitlements of holders of Scheme Shares
to attend and vote at the Court Meeting and of
Shareholders to attend and vote at the EGM ^(Note 1) From Wednesday,
18 September 2019
to Monday, 23 September 2019
(both days inclusive)

Latest time for lodging forms of proxy in respect of ^(Note 2)

- Court Meeting 10:00 a.m. on Saturday,
21 September 2019
- EGM 10:30 a.m. on Saturday,
21 September 2019

Meeting Record Date Monday, 23 September 2019

Court Meeting ^(Notes 3 and 4) 10:00 a.m. on Monday,
23 September 2019

EGM ^(Notes 3 and 4) 10:30 a.m. on Monday,
23 September 2019
(or immediately after the conclusion or
adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and
the EGM posted on the website of the Stock Exchange no later than 7:00 p.m.
on Monday,
23 September 2019

Expected latest time for trading in the Shares on the Stock Exchange 4:00 p.m.
on Thursday,
10 October 2019

Latest time for lodging transfers of Shares in order to
qualify for entitlements under the Scheme 4:30 p.m. on Thursday,
17 October 2019

Register of members of the Company closed for determining
entitlements to qualify under the Scheme ^(Note 5) From Friday, 18 October 2019
onwards

Grand Court hearing of the petitions to sanction the Scheme
and to confirm the capital reduction Tuesday, 22 October 2019
(Cayman Islands time)

Announcement of the results of the Grand Court hearing of
the petitions to sanction the Scheme and to confirm
the capital reduction, the expected Effective Date and
the expected date of withdrawal of listing of
Shares on the Stock Exchange Thursday, 24 October 2019

Record Date Thursday, 24 October 2019

Effective Date ^(Note 6) Thursday, 24 October 2019
(Cayman Islands time)

Announcement of the Effective Date and the withdrawal of
the listing of the Shares on the Stock Exchange Friday, 25 October 2019

Withdrawal of the listing of Shares on the Stock Exchange
becomes effective ^(Note 7) 4:00 p.m. on Monday,
28 October 2019

Latest time to despatch cheques for cash payment
under the Scheme ^(Note 8) on or before Monday,
4 November 2019

Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the holders of Scheme Shares to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. This book closure period is not for determining entitlements under the Scheme.
- (2) Forms of proxy should be lodged with the office of the Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event no later than the times and date(s) stated above. In order to be valid, the **pink** form of proxy for the Court Meeting and the **white** form of proxy for the EGM must be lodged no later than the latest times and date(s) stated above. Completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a holder of Scheme Shares and a Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

- (3) The Court Meeting and the EGM will be held at Regus Hong Kong Central Plaza, 35th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong at the times and date specified above. Please see the notice of Court Meeting set out in Appendix V. to the Scheme Document and the notice of EGM set out in Appendix VI. to the Scheme Document for details.
- (4) In the event that a tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at 8:00 a.m. on Monday, 23 September 2019, the Court Meeting and the EGM will be adjourned to Wednesday, 25 September 2019 at 10:00 a.m. and 10:30 a.m. (or immediately after the Court Meeting shall have been concluded or adjourned) respectively, or at a time on an alternative day to be announced that falls within fourteen days of the original date scheduled for the Court Meeting and the EGM. You may call the hotline at +852 2598 0050 during business hours from 9:00 a.m. to 5:00 p.m. on Monday to Friday, excluding public holidays or visit the website of the Company at www.cag.com.hk for details of alternative meeting arrangements. The Court Meeting and the EGM will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

You should make your own decision as to whether you would attend the Court Meeting and the EGM under bad weather conditions bearing in mind your own situation and if you should choose to do so, you are advised to exercise care and caution.

- (5) The register of members of the Company will be closed as from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (6) The Scheme shall become effective upon all the Conditions set out in the paragraph headed “3. *Conditions of the Proposal and the Scheme*” in Part VII. – Explanatory Memorandum of the Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).
- (7) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Monday, 28 October 2019.
- (8) Cheques for cash payment under the Scheme will be despatched by ordinary post within seven (7) business days (as defined under the Takeovers Code) from the Effective Date.

Warnings:

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective.

Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By Order of the sole director of
Brightex Enterprises Limited
Xuan Rui Guo
Sole Director

By Order of the sole director of
Ascendent Automation (Cayman) Limited
Meng Liang
Sole Director

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

Hong Kong, 30 August 2019

As of the date of this announcement, the sole director of Brightex is Mr. Xuan. The sole director of Brightex accepts full responsibility for the accuracy of the information contained in this announcement (other than those relating to AACL and the Group), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement has been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to AACL and the Group) the omission of which would make any statement in this announcement misleading.

As of the date of this announcement, the sole director of AACL is Meng Liang, who is also the sole director of Ascendent Capital Partners II GP Limited (which is the general partner of the general partner of the limited partnership which wholly-owns AACL). Mr. Meng Liang accepts full responsibility for the accuracy of the information contained in this announcement (other than those relating to Brightex, Mr. Xuan and the Group), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement has been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to Brightex, Mr. Xuan and the Group) the omission of which would make any statement in this announcement misleading.

As of the date of this announcement, the board of directors of the Company comprises Mr. Xuan 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 of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to Brightex, AACL and their respective concert parties (excluding the Group)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Joint Offerors and their concert parties (excluding the Group)) have been arrived at after due and careful

consideration and there are no other facts not contained in this announcement (other than those relating to Brightex, ACL and their respective concert parties (excluding the Group)) the omission of which would make any statement in this announcement misleading.