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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)

**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**”) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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 POSSIBLE OFFERS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform its shareholders that it received a letter (the “**Letter**”) from Mr. Xuan Rui Guo (“**Mr. Xuan**”), the chairman of the Company and an executive Director, and Ascendent Capital Partners II, L.P. (“**Ascendent**” and together with Mr. Xuan, the “**Potential Joint Offerors**” and each, a “**Potential Joint Offeror**”) on 11 April 2016, in which the Potential Joint Offerors have informed the Board that they are interested in, and are currently considering the feasibility of, making through one or more special purpose vehicles controlled by either Potential Joint Offeror or their respective affiliates, a voluntary conditional general offer for all the outstanding ordinary shares of the Company (the “**Shares**”, each a “**Share**”) and share options granted by the Company (in each case, other than those already owned by the Potential Joint Offerors or any parties acting in concert with them) (the “**Possible Offers**”).

The Potential Joint Offerors have indicated in the Letter that among other things, based on a preliminary analysis, it is currently contemplated that if they decide to proceed with the Possible Offers, the offer price would be HK\$1.20 in cash for each Share issued by the Company (other than

those already owned by the Potential Joint Offerors or any parties acting in concert with any of them) except where it is decreased to take into account the amount of any dividend per Share declared by the Company (if any). The Potential Joint Offerors have also indicated in the Letter that it is expected that a comparable offer will also be made for the cancellation of all outstanding share options in the Company (other than those already owned by the Potential Joint Offerors or any parties acting in concert with them) in accordance with the Takeovers Code.

For the shareholders' information, no dividend has been declared by the Company for the year ended 31 December 2015.

Shareholders and potential investors should be aware that the Potential Joint Offerors are not obliged to make the Possible Offers so there is no assurance that the Possible Offers will proceed. Shareholders 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 Possible Offers 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).

INTERESTS IN SHARES

As at the date of this announcement, Mr. Xuan owns 1,000,000 Shares and Consen Group Holding Inc. (a company owned as to 93.80% by Consen Investments Holding Inc. which is in turn owned as to 50% by a company wholly owned by Mr. Xuan) owns 457,933,541 Shares, in aggregate representing approximately 44.72% of the issued share capital of the Company. Ascendent does not own any Shares as at the date of this announcement.

DISCLOSURE OF DEALINGS

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprised 1,026,263,729 Shares in issue and 102,626,000 outstanding share options as at the date of this announcement. 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 of Hong Kong Limited (the “**Stock Exchange**”) was halted with effect from 3:12 p.m. on Monday, 11 April 2016 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 13 April 2016.

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

Hong Kong, 12 April 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xuan Rui Guo, Mr. Kuang Jian Ping and Mr. Huang Zhi Yong; and three independent non-executive Directors, namely Mr. Wang Tai Wen, Mr. Sui Yong Bin and Mr. Ng Wing Fai.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, 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 statements in this announcement misleading.