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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)

DISCLOSEABLE TRANSACTIONS

(1) DEEMED DISPOSAL OF EQUITY INTEREST IN WUZHONG INSTRUMENT (2) GRANT OF OPTION

On 21 December 2015, Beijing Consen, Wuzhong Instrument (both subsidiaries of the Company) and the Investor entered into the Agreement, pursuant to which, among others, the Investor conditionally agreed to make a capital contribution of RMB100,000,000 (equivalent to approximately HK\$119,617,230) in cash to Wuzhong Instrument. As at the date of the announcement, Wuzhong Instrument is wholly-owned by Beijing Consen and its registered capital is RMB320,000,000 (equivalent to approximately HK\$382,775,120). Beijing Consen is in the process of making a capital contribution of additional RMB280,000,000 (equivalent to approximately HK\$334,928,230) to the registered capital of Wuzhong Instrument, completion of which is expected to take place before Completion of the Deemed Disposal, whereupon the registered capital of Wuzhong Instrument will be increased to RMB600,000,000 (equivalent to approximately HK\$717,703,350).

Upon completion of the Capital Injection by Beijing Consen and Completion of the Deemed Disposal, the registered capital of Wuzhong Instrument will be increased to RMB700,000,000 (equivalent to approximately HK\$837,320,570) and the equity interest of Beijing Consen and the Investor in Wuzhong Instrument will be 85.71% and 14.29% respectively.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Deemed Disposal are above 5% but less than 25%, the Deemed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The exercise of the Call Option is at the discretion of Beijing Consen. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option, only the premium (which is nil) will be taken into consideration for calculating the percentage ratios. The Company will comply with the relevant Listing Rules on the exercise of the Call Option (where required).

The exercise of the Put Option is not at the discretion of Beijing Consen. According to Rule 14.74(1) of the Listing Rules, on the grant of the Put Option, the transaction will be classified as if the Put Option has been exercised. The grant of the Put Option would be treated as a transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. Since the applicable percentage ratios for the grant of the Put Option are greater than 5% but less than 25%, the grant of the Put Option to the Investor constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DEEMED DISPOSAL

On 21 December 2015, Beijing Consen, Wuzhong Instrument (both subsidiaries of the Company) and the Investor entered into the Agreement, pursuant to which, among others, the Investor conditionally agreed to make a capital contribution of RMB100,000,000 (equivalent to approximately HK\$119,617,230) in cash to Wuzhong Instrument. As at the date of the announcement, Wuzhong Instrument is wholly-owned by Beijing Consen and its registered capital is RMB320,000,000 (equivalent to approximately HK\$382,775,120). Beijing Consen is in the process of making a capital contribution of additional RMB280,000,000 (equivalent to approximately HK\$334,928,230) to the registered capital of Wuzhong Instrument, completion of which is expected to take place before Completion of the Deemed Disposal, whereupon the registered capital of Wuzhong Instrument will be increased to RMB600,000,000 (equivalent to approximately HK\$717,703,350).

Upon completion of the Capital Injection by Beijing Consen and Completion of the Deemed Disposal, the registered capital of Wuzhong Instrument will be increased to RMB700,000,000 (equivalent to approximately HK\$837,320,570) and the equity interest of Beijing Consen and the Investor in Wuzhong Instrument will be 85.71% and 14.29% respectively, such percentages are subject to finalization with reference to the valuation on Wuzhong Instrument mutually accepted by Beijing Consen and the Investor.

The principal terms of the Agreement are set out below:–

Date: 21 December 2015

Parties:

- (i) The Investor;
- (ii) Beijing Consen; and
- (iii) Wuzhong Instrument.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Investor and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Subject matter: The Investor has agreed to make a capital contribution of RMB100,000,000 (equivalent to approximately HK\$119,617,230) in cash to Wuzhong Instrument. Such amount will be used for the Investment Project.

Consideration: The consideration for the Capital Contribution will be payable by the Investor in cash in one lump sum or by installments within 5 business days from the date on which all conditions precedent below are fulfilled or waived and in any event no later than 31 December 2015.

The Consideration (being the amount of the Capital Contribution) was determined after arm's length negotiation between the parties to the Agreement with reference to the registered capital of Wuzhong Instrument. The final percentage of the equity interest of Beijing Consen and the Investor in Wuzhong Instrument will be based on the investment value of Wuzhong Instrument as assessed by independent valuer adopting the book value approach and mutually acceptable by Beijing Consen and the Investor. Beijing Consen and Wuzhong Instrument will ensure that the valuation on Wuzhong Instrument will complete within 3 months of the entering into of the Agreement.

Wuzhong Instrument will apply for and handle the registration of change in the registered capital of Wuzhong Instrument and the Investor as a shareholder of Wuzhong Instrument with the relevant department of administration for industry and commerce after the Investor's payment of the total amount of Capital Contribution and complete the registration of change within 3 months of the entering into of the Agreement.

Completion: Completion of the making of Capital Contribution will take place on the Completion Date.

Completion of the Deemed Disposal shall take place on the date the registration of change in the registered capital of Wuzhong Instrument as a result of the Capital Contribution and the Investor as a shareholder of Wuzhong Instrument with the relevant department of administration for industry and commerce is completed.

Conditions precedent:

The Investor's payment of the total amount of Capital Contribution is subject to the fulfillment and/or waiver as applicable of all the following conditions:

- (1) Wuzhong Instrument having approved and amended its articles of association in such form and substance pursuant to the Agreement;
- (2) Wuzhong Instrument having passed the resolution(s) approving the Capital Contribution, the Agreement and other related agreements; and Beijing Consen having issued written confirmation to waive its pre-emptive right in relation to the Capital Contribution;
- (3) The Investor and Beijing Consen having obtained their respective internal authorization under relevant laws and/or their respective articles of association regarding the Capital Contribution and the Agreement;
- (4) All the representations, warranties and undertakings given by Beijing Consen and Wuzhong Instrument in the Agreement remaining true, accurate and not misleading from the date of the Agreement to the Completion Date;
- (5) There being no occurrence of events which may have a material adverse effect on the financial condition, prospects, assets or obligations of Wuzhong Instrument from the date of the Agreement to the Completion Date;
- (6) There being no law, regulations, rules, order or notice having been promulgated, formulated or enforced by any governmental departments or regulatory authorities in the PRC from the date of the Agreement to the Completion Date which would prohibit or restrict the Capital Contribution;
- (7) There being no pending litigation, arbitration, dispute, investigation or other legal proceedings or matters against Beijing Consen which would prohibit or have a material adverse effect on the Capital Contribution or render the Agreement void or unenforceable;

- (8) The existing laws and regulations or policies in the PRC and changes to the interpretations or implementations of such laws and regulations or policies actively considered by the relevant PRC governmental authorities (if any), according to the Investor's reasonable anticipation, not having a material adverse effect on the Capital Contribution, other legal rights and benefits that the Investor has in Wuzhong Instrument, or the financial position, business and operation of Wuzhong Instrument;
- (9) the feasibility study report on the proposed Investment Project having been approved by the relevant development and reform department; and
- (10) the issue of a letter of undertaking by the local government upon the Investor's request that Wuzhong Instrument will complete external approval procedures, confirm the Investor's equity interest in Wuzhong Instrument after the Capital Contribution and complete the registration procedures for changes with the relevant department of administration for industry and commerce no later than 3 months after the entering into of the Agreement.

In the event the above conditions precedent will not have been fulfilled and/or waived by the Investor on or before 31 December 2015 or such later date by mutual agreement of parties to the Agreement (as the case may be), the Investor will not be bound to make the Capital Contribution and may, by notice in writing, terminate the Agreement, without any liability for breach of agreement between parties to the Agreement.

Investment Return:

During the Investment Period, the Investor is entitled to an annual Investment Return calculated based on the following formula:-

Annual Investment Return = (the amount of Capital Contribution + any actual further investment in Wuzhong Instrument by the Investor (if any) – any principal amount of investment in Wuzhong Instrument already recovered by the Investor) x annualized return rate of 1.2%.

The Investment Return may be realized by the Investor in the following ways:-

(i) Dividends

Provided that the laws are not contravened, Wuzhong Instrument will distribute cash dividends yearly, to ensure the Investor's Investment Return per year, unless Wuzhong Instrument distributes no dividends with the Investor's consent.

In the event that Wuzhong Instrument distributes no dividends or the cash distribution received by the Investor in a particular year is less than the Investment Return for that year, the Investor will make up the shortfall from the cash distribution received by Beijing Consen that year.

Beijing Consen is entitled to all the remaining distributable profits of Wuzhong Instrument which exceeds the Investment Return for that year.

(ii) Obligations of Beijing Consen to make up for the Investor's Investment Return

In the event that Wuzhong Instrument distributes no dividends or the cash distribution received by the Investor from Wuzhong Instrument in a particular year is less than the Investment Return for that year, Beijing Consen undertakes to make up for the Investor in lawful and practicable ways (including but not limited to premium payable on purchasing the Investor's equity interest in Wuzhong Instrument) to ensure that the Investor realizes its expected Investment Return.

**Investment recovery
by the Investor:**

The Investor is entitled at its option to recover its principal amount of investment in Wuzhong Instrument by exercising the Put Option and/or by way of the Capital Reduction; and/or requesting Beijing Consen and Wuzhong Instrument to complement the Investor in the Investor's exit of Wuzhong Instrument through the Market Exit Mechanism.

1. Put Option

Put Option in Installment

After the expiry of the Project Construction Period, the Investor is entitled to require Beijing Consen to purchase the Investor's equity interest in Wuzhong Instrument from 21 October 2021 to 20 December 2030 in 10 equal installments in accordance with the terms of the Agreement, at the consideration of RMB 10,000,000 (equivalent to approximately HK\$11,961,720) per each installment (the **"Put Option in Installment Price"**).

If Beijing Consen fails to pay the Put Option in Installment Price before the completion date of an installment for any reasons, Beijing Consen shall pay to the Investor liquidated damages calculated at a daily rate of 0.05% of the relevant Put Option in Installment Price from the date of default until the date on which Beijing Consen pays the relevant Put Option in Installment Price in full.

Call Option

Beijing Consen is entitled at its discretion to acquire all or part of the Investor's equity interest in Wuzhong Instrument at a price not less than the proportional Put Option in Installment Price by giving one month's prior written notice to the Investor. Exercise of the Call Option by Beijing Consen will not affect its outstanding obligations under the Put Option.

In the event that Beijing Consen exercises the Call Option during the Project Construction Period, Beijing Consen will ensure that the Investor will receive the Investment Return during the actual Investment Period.

Early Put Option

During the period when the Investor holds equity interest in Wuzhong Instrument, in the event that any of the following events occurs, the Investor is entitled at its discretion to forthwith require Beijing Consen to purchase all or part of its equity interest in Wuzhong Instrument at a price not less than the proportional Put Option in Installment Price in accordance with the terms of the Agreement:–

- (i) the shut down, dissolution, liquidation or insolvency of Wuzhong Instrument;
- (ii) Wuzhong Instrument and/or Beijing Consen has misappropriated funds from the Capital Contribution;
- (iii) failure to register and record collateral within the agreed timeframe (where applicable); and
- (iv) occurrence of other events which might have a material adverse effect on the Investor's interests.

2. Capital Reduction

After the expiry of the Project Construction Period, the Investor may recover its principal amount of investment in Wuzhong Instrument through the capital reduction of Wuzhong Instrument yearly from 21 October 2021 to 20 December 2030 in 10 equal installments in accordance with the terms of the Agreement, at the consideration of RMB10,000,000 (equivalent to approximately HK\$11,961,720) per each installment, until the Investor has fully recovered its principal amount of investment in Wuzhong Instrument (the “**Capital Reduction**”).

The Investor may only exit Wuzhong Instrument through the Capital Reduction when the Investor first exercises the Put Option in Installment but Beijing Consen refuses or is not able to purchase the Investor's equity interest.

3. Market Exit Mechanism

After the expiry of the Project Construction Period, in the event that Beijing Consen and/or Wuzhong Instrument is in breach of the Agreement, the Investor may, instead of requiring Beijing Consen to purchase its equity interest in Wuzhong Instrument, exit Wuzhong Instrument through market exit mechanism such as listing of Wuzhong Instrument, transfer of its equity interest in Wuzhong Instrument to third parties or asset securitisation (the “**Market Exit Mechanism**”).

In the event that the Investor proposes to transfer its equity interest in Wuzhong Instrument to third parties, Beijing Consen will have a right of first refusal on the same terms.

**Subsequent capital
contribution to
Wuzhong Instrument:**

Wuzhong Instrument may increase its capital with the Investor’s prior written consent. The Investor is entitled to contribute to the increased registered capital in proportion to its shareholding percentage on the same conditions.

First right to sell:

If a third party proposes to purchase the equity interest in Wuzhong Instrument, the Investor shall have a right to transfer its equity interest in Wuzhong Instrument to the third party in priority to Beijing Consen on the same terms.

Right of First Refusal:

In the event that Beijing Consen or any other shareholder of Wuzhong Instrument proposes to dispose of any of its equity interest in Wuzhong Instrument, it will give written notice to the Investor of such intention. The Investor is entitled to purchase such equity interest in proportion to its shareholding percentage on the same conditions as offered by Beijing Consen or such shareholder (the “**Right of First Refusal**”).

Right of co-sale:

In the event that the Investor does not exercise its Right of First Refusal, the Investor shall have a right of co-sale to participate in such sale on the same terms and conditions. Beijing Consen and any other shareholder of Wuzhong Instrument will not dispose of the subject equity interest if the Investor’s offer to dispose of its equity interest is not accepted by such third party.

Default and termination:

In the event that:–

- (i) the registration of change in the registered capital of Wuzhong Instrument and the Investor as a shareholder of Wuzhong Instrument, the confirmation of the percentage of equity interest in Wuzhong Instrument or the valuation on Wuzhong Instrument is not completed within the agreed timeframe due to reasons on the part of Beijing Consen or Wuzhong Instrument, the Investor is entitled to require Beijing Consen or Wuzhong Instrument to complete the relevant work within a certain period of time and/or to pay to the Investor liquidated damages calculated at a daily rate of 0.05% until Beijing Consen or Wuzhong Instrument performs its obligations, or purchase the Investor's equity interest in Wuzhong Instrument through the Put Option or the Call Option and pay for the Investment Return; and
- (ii) Beijing Consen fails to perform its obligations in relation to the Put Option or its obligations to make up for the Investor's Investment Return, and the Company fails to perform its guarantee obligations under the Guarantee; and the Investor fails to recover its principal amount of investment in Wuzhong Instrument or the Investment Return in time as a result, the Investor is entitled to liquidated damages calculated at a daily rate of 0.05% of the sum of the Investor's total amount of Capital Contribution to Wuzhong Instrument and the Investment Return to which it is entitled under the Agreement less the costs of investment and the Investment Return already realized by the Investor, from the date of default until the date on which the Investor recovers the Investment Return on its actual investment in Wuzhong Instrument.

If there are false representations or material omission in the matters disclosed in the Agreement by Beijing Consen and Wuzhong Instrument, or Beijing Consen and Wuzhong Instrument breach the warranties and undertakings in the Agreement, and as a result, the Agreement cannot be performed further, the Investor is entitled to terminate the Agreement and Wuzhong Instrument will forthwith return to the Investor the amount of the Capital Contribution, a capital cost of the Capital Contribution at a rate of 1.2% per annum calculated from the date on which the Capital Contribution was made by the Investor to the date on which Wuzhong Instrument returns to the Investor the cost of the Capital Contribution and the amount of relevant tax borne by the Investor. If Wuzhong Instrument fails to pay the aforesaid amount in full, Beijing Consen shall make up for the shortfall in time.

In the event that Beijing Consen or Wuzhong Instrument is declared in default of any other debt contracts or agreements, which the Investor considers, will jeopardise or could jeopardise its interests under the Agreement, the Investor may declare Beijing Consen or Wuzhong Instrument to be in default of the Agreement and request compensation from Beijing Consen and Wuzhong Instrument or terminate the Agreement.

GUARANTEE

The Company has executed a guarantee in favour of the Investor (the “**Guarantee**”) to guarantee the due and punctual performance of obligations in relation to, among other things, the Put Option and Investment Return of Beijing Consen contained in the Agreement. The Company also covenants with the Investor that, among other things:-

- (a) it will obtain prior written consent from the Investor in the following events:-
 - (i) the Company transfers its operating assets which exceed 30% of its total assets;
 - (ii) mergers, divisions, joint stock restructuring, system reform and other material changes in asset and equity structure. Such changes should not prejudice the Investor’s legal rights and benefits under the Guarantee;
 - (iii) the Company provides guarantee to third parties and the amount of guarantee, in aggregate, exceeds RMB100,000,000 or 30% of the net assets shown in its latest financial statements; and
- (b) it will not sign any document or engage in any act which may prejudice the Investor’s interests.

INFORMATION OF THE INVESTOR

The Investor is a limited liability company incorporated under the laws of the PRC on 25 August 2015 and wholly-owned by China Development Bank Corporation. Its principal businesses are investment in non-securities business, investment management and consultancy services.

CERTAIN FINANCIAL INFORMATION OF WUZHONG INSTRUMENT AND FINANCIAL EFFECT OF THE DEEMED DISPOSAL ON THE GROUP

Based on its audited consolidated financial statements prepared in accordance with the PRC GAAP, the profit before and after taxation for the years ended 31 December 2013 and 2014 of Wuzhong Instrument were are set out below:—

	For the year ended 31 December	
	2013 (RMB)	2014 (RMB)
Profit before taxation	90,982,640 (equivalent to approximately HK\$108,830,910)	71,976,930 (equivalent to approximately HK\$86,096,810)
Profit after taxation	83,327,430 (equivalent to approximately HK\$99,673,960)	68,910,400 (equivalent to approximately HK\$82,428,710)

Based on the same audited consolidated financial statements of Wuzhong Instrument, its net asset value as at 31 December 2014 was approximately RMB463,751,700 (equivalent to approximately HK\$554,726,910).

There is no expected gain or loss for the Deemed Disposal.

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL, THE PUT OPTION AND THE USE OF PROCEEDS

The Group is principally engaged in the system design, integration and sale of safety and critical control systems for petrochemical, railway industries and others, provision of maintenance and engineering services, trading of equipment, software design and sales.

Wuzhong Instrument is principally engaged in the manufacture of industry automatic control valves. Control valves are valves used to control conditions such as flow, pressure, temperature, and liquid level by fully or partially opening or closing in response to signals received from controllers.

Wuzhong Instrument has commenced the new plant construction for the Investment Project since 1 March 2015 and it will receive funding through the Capital Contribution which can be used for such plant construction as well as equipment and machineries procurement for capacity expansion in connection with the Investment Project.

The net proceeds from the Deemed Disposal are estimated to be approximately RMB100,000,000 (equivalent to approximately HK\$119,617,230) and are intended to be applied for the Investment Project.

Taking into account the above-mentioned factors, the Directors consider that the terms of the Agreement (including the Consideration, the Call Option and the Put Option) are fair and reasonable and the Deemed Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Deemed Disposal are above 5% but less than 25%, the Deemed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The exercise of the Call Option is at the discretion of Beijing Consen. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option, only the premium (which is nil) will be taken into consideration for calculating the percentage ratios. The Company will comply with the relevant Listing Rules on the exercise of the Call Option (where required).

The exercise of the Put Option is not at the discretion of Beijing Consen. According to Rule 14.74(1) of the Listing Rules, on the grant of the Put Option, the transaction will be classified as if the Put Option has been exercised. The grant of the Put Option would be treated as a transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. Since the applicable percentage ratios for the grant of the Put Option are greater than 5% but less than 25%, the grant of the Put Option to the Investor constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Agreement”	the investment agreement dated 21 December 2015 entered into between the Investor, Beijing Consen and Wuzhong Instrument in relation to the Capital Contribution
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“Beijing Consen”	北京康吉森自動化設備技術有限責任公司 (Beijing Consen Automation Control Co., Ltd.*), a company established in the PRC on 26 April 1999 with limited liability and was subsequently converted into a wholly foreign-owned enterprise on 21 December 2005 and an indirect wholly-owned subsidiary of the Company
“Call Option”	Beijing Consen’s option to acquire all or part of the Investor’s equity interest in Wuzhong Instrument and the transactions contemplated under such option as described in the section headed “Call Option” in this announcement
“Capital Contribution”	the capital contribution of RMB100,000,000 (equivalent to approximately HK\$119,617,230) in cash by the Investor to Wuzhong Instrument pursuant to the Agreement
“Capital Injection by Beijing Consen”	the capital contribution of additional RMB280,000,000 (equivalent to approximately HK\$334,928,230) in cash by Beijing Consen to the registered capital of Wuzhong Instrument
“Capital Reduction”	the capital reduction of Wuzhong Instrument as described in the section headed “Capital Reduction” in this announcement
“Company”	China Automation Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion of the Deemed Disposal”	the completion of the registration of change in the registered capital of Wuzhong Instrument as a result of the Capital Contribution and the Investor as a shareholder of Wuzhong Instrument with the relevant department of administration for industry and commerce
“Completion Date”	the date on which the Investor makes the Capital Contribution in full
“Consideration”	RMB100,000,000 (equivalent to approximately HK\$119,617,230)
“Deemed Disposal”	the deemed disposal through the dilution of interest in Wuzhong Instrument of the Group from 100% to 85.71% (subject to finalization) as a result of the Capital Contribution by the Investor pursuant to the Agreement
“Directors”	the directors of the Company

“Early Put Option”	the Investor’s option to require Beijing Consen to purchase all or part of its equity interest in Wuzhong Instrument and the transactions contemplated under such option as described in the section headed “Early Put Option” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Investor”	國開發基金有限公司 (CDB Development Fund Limited*)
“Investment Period”	the period of 15 years from the Completion Date, or if the Investor recovers its principal amount of investment in Wuzhong Instrument in full on an earlier date, such period will expire on such earlier date
“Investment Project”	the high-end intelligent control valves industrialization project, that is, to acquire required production equipments such as computer numerical control machine tools, computer numerical control turning center and computer numerical control vertical lathe, construct ancillary living facilities and manufacture intelligent automatic control valves including special control valves such as regulating valves with large diameter used in large-scale coal chemical industry, petrochemical industry, deepwater oil and gas exploration and development and West East Gas Pipeline project
“Investment Return”	the dividends and premium payable on purchasing the Investor’s equity interest in Wuzhong Instrument and other return to be received by the Investor pursuant to the Agreement (excluding the amount of Capital Contribution)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Market Exit Mechanism”	the Investor’s market exit mechanism as described in the section headed “Market Exit Mechanism” in this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“PRC GAAP”	generally accepted accounting principles in the PRC

“Project Construction Period”	1 March 2015 to 1 March 2018
“Put Option”	the Put Option in Installment and the Early Put Option
“RMB”	Renminbi, the lawful currency of the PRC
“Put Option in Installment”	the Investor’s option to require Beijing Consen to purchase all or part of its equity interest in Wuzhong Instrument and the transactions contemplated under such option as described in the section headed “Put Option in Installment” in this announcement
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Wuzhong Instrument”	吳忠儀表有限責任公司(Wuzhong Instrument Company Limited*), a sino-foreign owned enterprise established under the laws of the PRC on 27 January 2010 with limited liability and is a wholly-owned subsidiary of Beijing Consen and an indirect wholly-owned subsidiary of the Company

Notes: In this announcement, amounts denominated in RMB have been translated into HK\$ at the rate of RMB0.836 = HK\$1.000. No representation is made that any amounts in HK\$ or RMB have been or could have been or can be converted at the above rates or at any other rates or at all.

** English names of the PRC established companies in this announcement are only translations of their official Chinese names solely for identification purpose. In case of inconsistency, the Chinese names prevail.*

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

Hong Kong, 21 December 2015

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.