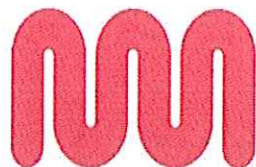


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China Automation Group Limited

中國自動化集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 569)

PROFIT WARNING REGARDING 2011 ANNUAL RESULTS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules. The Board wishes to inform the shareholders of the Company and potential investors that it is anticipated that the profit to be recorded by the Company for the year ended 31 December 2011 will decrease when compared with the profit recorded by the Company for the year ended 31 December 2010. The information contained in this announcement is only based on the unaudited management accounts and preliminary estimation of the Group, which have not been audited or reviewed by the Company's auditors.

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

This announcement is made by China Automation Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary estimation of the Company's management, the profit to be recorded by the Company for the year ended 31 December 2011 will decrease when compared with the profit recorded by the Company for the year ended 31 December 2010.

Based on the analysis of the information available, the deterioration in the Group's results was mainly attributable to two factors. Firstly, it was due to the hold-up in the execution of the existing contracts (and therefore causing significant delays in the delivery of signaling systems) as well as the signing of new contracts in the railway sector, which is attributable to a series of negative events that occurred in this sector, in particular, the deadly collision between two trains in Wenzhou, Zhejiang Province, the People's Republic of China (the "PRC") on 23 July 2011. Since then, the Ministry of Railway of the PRC has ordered the slowing down of the speed of trains, announced a thorough review of the safety of the railway system, postponed approvals of new high-speed rail lines, as well as revisited the overall capital investment plan in infrastructure. Secondly, the finance costs of the Company increased significantly for the year ended 31 December 2011 which were resulted from the significant interest expenses incurred in connection with the senior notes in the aggregate principal amount of USD200 million issued by the Company in April 2011.

The Company has yet to finalize the annual results of the Group for the year ended 31 December 2011. The information contained in this announcement is only based on the unaudited management accounts and preliminary estimation of the Group, which have not been audited or reviewed by the Company's auditors. Further details of the financial information of the Group will be disclosed as and when the annual results of the Group for the year ended 31 December 2011 are released.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

16 January, 2012

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