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Araco Investment Limited
(Incorporated in the British Virgin Islands with
limited liability)



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

**(1) EXTENSION OF OFFER PERIOD IN RELATION TO
CONDITIONAL MANDATORY CASH OFFERS BY
SOMERLEY CAPITAL LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
CHINA AUTOMATION GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE CONCERT GROUP);
(2) CHANGE OF DIRECTORS; AND
(3) CHANGE OF COMPOSITION OF BOARD COMMITTEES**

Financial adviser to the Offeror



SOMERLEY CAPITAL LIMITED

EXTENSION OF THE OFFER PERIOD

The Offers became unconditional in all respects on Tuesday, 9 August 2016.

The Offeror and the Company jointly announce that the closing time and date of the Offers made by Somerley for and on behalf of the Offeror will be extended by the Offeror from 4:00 p.m. on Friday, 26 August 2016 to 4:00 p.m. on Friday, 9 September 2016 (or such other time as the Offeror may further determine and announce in accordance with the Takeovers Code). All other terms of the Offers, as set out in the Composite Document and in the Forms of Acceptance, remain unchanged.

As disclosed in the Composite Document, pursuant to the terms of the Share Option Scheme, if the Share Offer becomes or is declared unconditional, the Optionholders may exercise the Options within 21 days of the notice of the Offeror (to the extent which the Options have become exercisable on the date of the notice of the Offeror and not already exercised) to its full extent or to the extent specified in such notice. The Options not exercised at the expiry of such 21-day period shall lapse and the Options which have not become exercisable prior to the date of the aforesaid notice of the Offeror will not become exercisable as a result of the Share Offer becoming unconditional. As the Offers became unconditional in all respects on 9 August 2016 and the relevant announcement has been jointly issued by the Offer and the Company on the same date, the Options not exercised at the expiry of 21-day period of 9 August 2016, i.e. 30 August 2016, shall lapse.

No acceptance of the Option Offer may be made in relation to any Options that has lapsed.

LEVEL OF ACCEPTANCE AS AT 4:00 P.M. ON 26 AUGUST 2016

As at 4:00 p.m. on 26 August 2016, the Offeror had received (i) valid acceptances in respect of a total of 278,274,874 Offer Shares under the Share Offer, representing approximately 27.12% of the entire issued share capital of the Company as at the date of this joint announcement; and (ii) valid acceptances in respect of a total of 42,196,000 Options under the Option Offer.

CHANGE OF DIRECTORS

With effect from 26 August 2016, Mr. Wang has been appointed as an Executive Director and Mr. Zhang has been appointed as an Independent Non-Executive Director. With effect from 4:01 p.m. on 26 August 2016 being the First Closing Date, (i) Mr. Kuang has resigned as the Chief Executive Officer, an Executive Director and a member of the Nomination Committee; (ii) Mr. Huang has resigned as an Executive Director and a member of the Remuneration Committee; and (iii) Mr. Sui has resigned as an Independent Non-Executive Director, a member of the Audit Committee, a member of the Remuneration Committee and the chairman of the Nomination Committee.

CHANGE OF COMPOSITION OF BOARD COMMITTEES

With effect from 26 August 2016, (i) Mr. Sui has resigned as a member of the Audit Committee and Mr. Zhang has been appointed as a member of the Audit Committee; (ii) Mr. Sui has resigned as the chairman of the Nomination Committee and Mr. Kuang has resigned as a member of the Nomination Committee, Mr. Wang has been appointed as a member of the Nomination Committee and Mr. Zhang has been appointed as the chairman of the Nomination Committee; and (iii) Mr. Sui and Mr. Huang have resigned as members of the Remuneration Committee. Mr. Wang and Mr. Zhang have been appointed as members of the Remuneration Committee.

Reference is made to the composite offer and response document (the “**Composite Document**”) issued by Araco Investment Limited (the “**Offeror**”) and China Automation Group Limited (the “**Company**”) in relation to, among other things, the conditional mandatory cash offers by Somerley Capital Limited for and on behalf of the Offeror to acquire all the issued shares of the Company and to cancel all outstanding options of the Company (other than those already owned by the Offeror, Ascendent Automation (Cayman) Limited and parties acting in concert with any of them). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

EXTENSION OF THE OFFER PERIOD

The Offers became unconditional in all respects on Tuesday, 9 August 2016.

The Offeror and the Company jointly announce that the closing time and date of the Offers made by Somerley for and on behalf of the Offeror will be extended by the Offeror from 4:00 p.m. on Friday, 26 August 2016 to 4:00 p.m. on Friday, 9 September 2016 (or such other time as the Offeror may further determine and announce in accordance with the Takeovers Code). All other terms of the Offers, as set out in the Composite Document and in the Forms of Acceptance, remain unchanged.

As disclosed in the Composite Document, pursuant to the terms of the Share Option Scheme, if the Share Offer becomes or is declared unconditional, the Optionholders may exercise the Options within 21 days of the notice of the Offeror (to the extent which the Options have become exercisable on the date of the notice of the Offeror and not already exercised) to its full extent or to the extent specified in such notice. The Options not exercised at the expiry of such 21-day period shall lapse and the Options which have not become exercisable prior to the date of the aforesaid notice of the Offeror will not become exercisable as a result of the Share Offer becoming unconditional. As the Offers became unconditional in all respects on 9 August 2016 and the relevant announcement has been jointly issued by the Offer and the Company on the same date, the Options not exercised at the expiry of 21-day period of 9 August 2016, i.e. 30 August 2016, shall lapse.

No acceptance of the Option Offer may be made in relation to any Options that has lapsed.

LEVEL OF ACCEPTANCE AS AT 4:00 P.M. ON 26 AUGUST 2016

As at 4:00 p.m. on 26 August 2016, the Offeror had received (i) valid acceptances in respect of a total of 278,274,874 Offer Shares (the “**Acceptance Shares**”) under the Share Offer, representing approximately 27.12% of the entire issued share capital of the Company as at the date of this joint announcement; and (ii) valid acceptances in respect of a total of 42,196,000 Options under the Option Offer.

SETTLEMENT OF THE OFFERS

Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Share Offer) payable for the Offer Shares/Options under the Share Offer/Option Offer have been or will be posted to the accepting Shareholders/Optionholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) business days of the date of receipt by the Registrar (in the case of the Share Offer) or the company secretary of the Company (in the case of the Option Offer) of all the relevant documents render the acceptance under the Offers complete and valid in accordance with the Takeovers Code.

SHAREHOLDING STRUCTURE OF THE COMPANY

Immediately before the commencement of the Offer Period (i.e. 12 April 2016), the Concert Group owned, controlled or had direction over 458,933,541 Shares (representing approximately 44.72% of the issued capital of the Company as at the date of this joint announcement) and 11,860,000 Options. Save for the aforesaid, the Concert Group did not own, control or have direction over any other Shares or any rights over Shares.

Immediately after the first close of the Offers, taking into account the valid acceptances in respect of 278,274,874 Offer Shares under the Share Offer, the Concert Group held, controlled and had direction over 737,208,415 Shares in aggregate, representing approximately 71.83% of the entire issued share capital of the Company as at the date of this joint announcement.

Save for (i) the 1,000,000 Shares already held by Mr. Xuan, representing approximately 0.10% of the entire issued share capital of the Company as at the date of this joint announcement; (ii) the 457,933,541 Shares acquired by the Offeror from Consen Group pursuant to the SPA, representing approximately 44.62% of the entire issued share capital interest in the Company as at the date of this joint announcement; and (iii) the Acceptance Shares, the Concert Group had not acquired or agreed to acquire any Shares or rights over Shares during the Offer Period from 12 April 2016 and up to and including the date of this joint announcement. The Offeror and parties acting in concert with it have not borrowed or lent any Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period.

Set out below is the shareholding structure of the Company (i) immediately after the Completion but prior to the making of the Offers; and (ii) as at the date of this joint announcement:

	Immediately upon Completion		As at the date of this joint announcement	
	no. of Shares	approx. %	no. of Shares	approx. %
Mr. Xuan (<i>Note</i>)	1,000,000	0.10	1,000,000	0.10
Offeror (<i>Note</i>)	457,933,541	44.62	736,208,415	71.73
Mr. Huang	—	—	—	—
Mr. Kuang	—	—	—	—
AACL	—	—	—	—
Concert Group	458,933,541	44.72	737,208,415	71.83
Other Directors	—	—	—	—
<i>Public Shareholders</i>				
Employees of the Group	—	—	—	—
Other public Shareholders	567,330,188	55.28	289,055,314	28.17
Total	1,026,263,729	100.00	1,026,263,729	100.00

Note:

The Offeror was the beneficial owner of 457,933,541 Shares immediately upon Completion. As at the date of this joint announcement, the Offeror is, through Brightex, indirectly wholly-owned by Mr. Xuan.

CHANGE OF DIRECTORS

Appointment of Directors

The Board is pleased to announce that with effect from 26 August 2016, Mr. Wang Chuensheng (“**Mr. Wang**”) has been appointed as an Executive Director and Mr. ZHANG Xin Zhi (“**Mr. Zhang**”) has been appointed as an Independent Non-Executive Director. Set out below are the biographical details of Mr. Wang and Mr. Zhang:

Mr. Wang, aged 56, obtained his Bachelor of Engineering degree in hydraulic and offshore oil construction engineering from Tianjin University* (天津大學) in 1981. From 1982 to 1985, he served as a teaching assistant in Tianjin University, and subsequently joined the Shenzhen branch office of Eastman Christensen (subsequently acquired by Baker Hughes Incorporated) in 1985 and worked as a technical manager till 1987. Mr. Wang obtained his Master of Engineering in petroleum engineering from the University of Alaska Fairbanks in 1990, and subsequently joined Sperry-Sun Drilling Services (subsequently acquired by Halliborton Company) in the United States of America and served

as a technical manager till 1997. Mr. Wang was the Chairman of Hayden Inc. in the United States of America from 1997 to 2000, and has been the Chairman of Beijing Haidun New Technology Company Limited* (北京海頓新科技術有限公司) since 2000.

Mr. Wang does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this announcement, he does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Wang did not hold any directorship in other listed public companies in the three years preceding the date of this announcement. Mr. Wang does not hold any position with the Company or any subsidiaries of the Company.

Mr. Wang has entered into a service contract as an Executive Director with the Company and is appointed for a term of 3 years. The appointment is subject to retirement by rotation and re-election at general meeting of the Company according to the Articles of Association of the Company. Mr. Wang will be entitled to a director's fee of HK\$1,000,000 per annum. The remuneration package of Mr. Wang was determined by his responsibilities, qualifications, experience and the related industry practices.

Save as disclosed above, there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with Mr. Wang's appointment, and there is no other information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Zhang, aged 72, is a senior engineer and has more than 40 years of experience in the petrochemical industry. Mr. Zhang graduated from the University of Science and Technology of China in 1967. From 1967 to 1989, he served in various positions in the No. 3 Fushun Petroleum Factory, as a technical officer, engineer, vice-manager in engineer's office and deputy plant manager. Mr. Zhang joined PetroChina Corporation in 1999, and served as a director of the refinery and chemical department, as well as a vice president of PetroChina Holdings*, the general manager of the chemical and sales branch and a deputy director of the consulting centre of PetroChina Corporation. Mr. Zhang retired in 2004. Mr. Zhang has been engaged since 2003 as an instructor for part-time doctoral students by the Dalian Institute of Chemistry and Physics, the Beijing Institute of Chemistry and the Qingdao Institute of Bioenergy and Bioprocess Technology with the Chinese Academy of Sciences. From 2006 to 2012, Mr. Zhang was appointed as the independent non-executive director of China BlueChemical Ltd.*, a company whose shares are listed on the Stock Exchange (Stock Code: 3983). From 2010 to 2015, Mr. Zhang was appointed as the chief engineer of Xuyang Chemical Industry Group Company Limited and the chief engineer of its research institute. Mr. Zhang has been appointed as the independent non-executive director of Danhua Chemical Technology Co. Ltd.,* a company whose shares are listed on the Shanghai Stock Exchange (Stock Codes: 600844 (A Shares) and 900921 (B Shares)) since 2013. In 2015, Mr. Zhang was appointed as the independent non-executive director of Gansu Lanpec Technologies Limited*, a company whose shares are listed on the Shanghai Stock Exchange (Stock Code: 601798).

Mr. Zhang does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this announcement, he does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Zhang did not hold any directorship in other listed public companies in the three years preceding the date of this announcement. Mr. Zhang does not hold any position with the Company or any subsidiaries of the Company.

Mr. Zhang has entered into an appointment Letter as an Independent Non-Executive Director with the Company and is appointed for a term of 2 years. The appointment is subject to retirement by rotation and re-election at general meeting of the Company according to the Articles of Association of the Company. Mr. Zhang will receive a monthly remuneration of HK\$15,000 which was determined by his responsibilities, qualifications, experience and prevailing market practice.

Save as disclosed above, there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with Mr. Zhang's appointment, and there is no other information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Resignation of Directors

The Board announces that with effect from 4:01 p.m. on 26 August 2016 being the First Closing Date, (i) Mr. KUANG Jian Ping ("**Mr. Kuang**") has resigned pursuant to the SPA, as the Chief Executive Officer of the Company ("**Chief Executive Officer**"), an Executive Director of the Company ("**Executive Director**"), and a member of the nomination committee of the Board ("**Nomination Committee**"); (ii) Mr. HUANG Zhi Yong ("**Mr. Huang**") has resigned pursuant to the SPA, as an Executive Director and a member of the remuneration committee of the Board ("**Remuneration Committee**"); and (iii) Mr. SUI Yong Bin ("**Mr. Sui**") has resigned, due to his medical condition, as an independent non-executive director of the Company ("**Independent Non-Executive Director**"), a member of the audit committee of the Board ("**Audit Committee**"), a member of the Remuneration Committee and the chairman of the Nomination Committee.

Mr. Kuang, Mr. Huang and Mr. Sui have confirmed that they had no disagreements with the Board and there is no other matter relating to their resignations that needs to be brought to the attention of the shareholders of the Company and the Stock Exchange.

The Board would like to express its sincere gratitude to Mr. Kuang, Mr. Huang and Mr. Sui for their valuable contributions to the Company during their tenure of office.

CHANGE OF COMPOSITION OF BOARD COMMITTEES

The Board announces that, with effect from 26 August 2016:

- (a) Mr. Sui has resigned as a member of the Audit Committee and Mr. Zhang has been appointed as a member of the Audit Committee;

- (b) Mr. Sui has resigned as the chairman of the Nomination Committee and Mr. Kuang has resigned as a member of the Nomination Committee, Mr. Wang has been appointed as a member of the Nomination Committee and Mr. Zhang has been appointed as the chairman of the Nomination Committee; and
- (c) Mr. Sui and Mr. Huang have resigned as members of the Remuneration Committee and Mr. Wang and Mr. Zhang have been appointed as members of the Remuneration Committee.

By order of the board of
Araco Investment Limited
Xuan Rui Guo
Sole Director

By order of the board of
China Automation Group Limited
Wang Chuensheng
Executive Director

Hong Kong, 26 August 2016

As at the date of this joint announcement, the sole director of the Offeror is Mr. Xuan Rui Guo.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement, and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement has been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the Board comprises Mr. Xuan Rui Guo, Mr. Huang Zhi Yong (resigned with effect from 4:01 p.m. on 26 August 2016), Mr. Kuang Jian Ping (resigned with effect from 4:01 p.m. on 26 August 2016) and Mr. Wang Chuensheng as executive Directors of the Company; and Mr. Sui Yong Bin (resigned with effect from 4:01 p.m. on 26 August 2016), Mr. Wang Tai Wen, Mr. Zhang Xin Zhi and Mr. Ng Wing Fai as independent non-executive Directors.

The Directors including the Directors who have resigned with effect from 4:01 p.m. on 26 August 2016 (except for Mr. Sui Yong Bin who has been excluded from his responsibility statement due to his medical condition), jointly and severally accept full responsibility for the accuracy of the information relating to the Group contained in this joint announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the Group have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

** for identification purpose only*