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CHINA NENG XIAO TECHNOLOGY (GROUP) LIMITED
中國能效科技(集團)有限公司*

(formerly known as Palmpay China (Holdings) Limited 中國掌付(集團)有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock code: 8047)

VOLUNTARY ANNOUNCEMENT
NON- FULFILLMENT OF PROFIT GUARANTEE

This announcement is issued by China Neng Xiao Technology (Group) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

Reference is made to the announcement of the Company dated 4 October 2011 (the “**Announcement**”) in relation to the acquisition of 51% equity interests in Viva Champion Limited for a consideration of HK\$31,295,000. Unless otherwise stated herein, terms used in the Announcement shall have the same meaning as used herein.

The Board would like to inform the Shareholders that the Profit Guarantee (i.e. the audited consolidated net profits after taxation of Viva Champion Limited for the financial year ending 31 December 2012 shall not be less than RMB6,500,000 equivalent to approximately HK\$7,995,000) will not likely to be fulfilled. The actual amount of profit of Viva Champion Limited and the compensation is yet to be ascertained, subject to finalization of the consolidated management account for the year ending 31 December 2012 and the confirmation by the auditors of the Company. The Company will commence negotiation with the Vendor with regard to the settlement pursuant to the terms of the Agreement. The Company will publish a further announcement on any update on the non-fulfillment of profit guarantee as and when appropriate.

* *For identification purpose only*

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

By order of the Board
China Neng Xiao Technology (Group) Limited
Mr. Chan Francis Ping Kuen
Executive Director

Hong Kong, 31 December 2012

As at the date of this announcement, the executive Directors are Mr. Chan Francis Ping Kuen and Mr. Chan Hin Wing, James. The independent non-executive Directors are Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan and Mr. Cheung Chi Hwa, Justin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its posting and the Company’s website at www.nengxiao.com.hk