

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA NENG XIAO TECHNOLOGY (GROUP) LIMITED

中國能效科技(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 8047)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE ACQUISITION OF MAJORITY INTEREST IN HONG KONG AUTOMOBILE RESTORATION GROUP LIMITED

This announcement is made pursuant to Rule 17.10(2) of the GEM Listing Rules.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

The Board announces that on 8 February 2013 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into a non-legally binding MOU with the Vendors in relation to the Possible Acquisition.

The Board wishes to emphasis that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materialises, it will constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event that any Formal Agreement has been signed.

This announcement is made pursuant to Rule 17.10(2) of the GEM Listing Rules.

* *For identification purpose only*

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

Reference is made to the announcement of the Company dated 18 January 2013.

The Board announces that the Purchaser, a wholly-owned subsidiary of the Company, entered into the non-legally binding MOU with the Vendors in relation to the Possible Acquisition and the details are as follows:

Date: 8 February 2013 (after trading hours)

Parties:

- (i) The purchaser: the Purchaser, a wholly-owned subsidiary of the Company
- (ii) The vendors: the Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and their respective associates is not a connected person of the Company and is an Independent Third Party.

Major terms of the MOU

Under the MOU, it is proposed that the Purchaser (or its nominee) will acquire the majority interests in the Target Company from the Vendors.

Under the MOU, both the Purchaser (or its nominee) and the Vendors will proceed to the negotiation for and enter into a legally binding Formal Agreement as soon as possible within 90 days from the date of the MOU (or such later date to be agreed by the parties thereto).

It is also agreed that the Vendors will not, for a period of 90 days from the date of the MOU (or such later date to be agreed by the parties thereto), negotiate with any party for the Possible Acquisition.

The consideration for the Possible Acquisition (including the method of payment) shall be subject to further negotiation between the parties to the MOU and the due diligence to be conducted by the Group on the Target Group.

The MOU does not constitute legally-binding commitment of the parties to the MOU in respect of the Possible Acquisition. The Possible Acquisition is subject to the execution and completion of the Formal Agreement.

If the Formal Agreement is entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the GEM Listing Rules. In this regard, the Company will comply with the reporting, announcement and/or Shareholders' approval requirements under the GEM Listing Rules as applicable.

Reasons for the Possible Acquisition

The Purchaser is an investment holding company. The Group is principally engaged in the provision of payment gateway business, the provision of energy management business, and the provision of integrated solutions for lightning electromagnetic pulse protection business. The Group also have investment in an associate engaging in the manufacturing and trading of products related to optimal optical fibres.

The Target Group is principally engaged in motor vehicles beauty services including cars detailing, repairing and maintenance services in Hong Kong, Macau and Taiwan. The Directors consider that the Possible Acquisition, if materializes, represents a good opportunity for the Group to diversify its business and seek new revenue stream. The Directors consider the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interests of the Company and Shareholders as a whole.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition materializes, it will constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event that any Formal Agreement has been signed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associates”	having the meaning as ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors from time to time

“Business Day”	a day (other than a Saturday, a Sunday and a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Neng Xiao Technology (Group) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“connected persons”	having the meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company (including the independent non-executive directors) from time to time
“First Vendor”	Lofty East Limited, a company incorporated in the British Virgin Islands with limited liability, which is interested in 35% of the issued share capital of the Target Company and an Independent Third Party
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“Fourth Vendor”	Davisons Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is interested in 5% of the issued share capital of the Target Company and an Independent Third Party
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party independent of and not connected to the Company and its connected persons

“MOU”	the non-legally binding memorandum of understanding dated 8 February 2013 entered into among the Vendors, and the Purchaser setting out the preliminary understanding in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Group from the Vendors of the majority interests in the Target Company as contemplated in the MOU
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Upper Power Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
“Second Vendor”	Mr. Wong Wai Sing, who is interested in 45% of the issued share capital of the Target Company and an Independent Third Party
“Shareholder(s)”	holders of the issued Shares from time to time
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hong Kong Automobile Restoration Group Limited which is a company incorporated in the British Virgin Islands with limited liability, the shares of which are wholly-owned by the Vendors
“Target Group”	the Target Company and its subsidiaries
“Third Vendor”	Creation Era Limited, a company incorporated in the British Virgin Islands with limited liability, which is interested in 15% of the issued share capital of the Target Company and an Independent Third Party

“Vendors” collectively, the First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 8 February 2013

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.