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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)

**(1) TOP-UP PLACING OF EXISTING SHARES
AND TOP-UP SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE;
AND
(2) PLACING OF NEW SHARES
UNDER SPECIFIC MANDATE**

Financial adviser to the Company



INCU Corporate Finance Limited

Placing Agent

Cheong Lee

昌利證券
昌利期貨

Cheong Lee Securities Limited

* For identification purpose only

THE TOP-UP PLACING AND THE TOP-UP SUBSCRIPTION

On 28 February 2013 after trading hours, the Company entered into the Top-up Placing and Subscription Agreement with the Placing Agent and the Subscriber pursuant to which the Subscriber agreed to place, through the Placing Agent on a best effort basis, up to 345,000,000 Top-up Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are Independent Third Parties at a Top-up Placing Price of HK\$0.072 per Top-up Placing Share. Pursuant to the Top-up Placing and Subscription Agreement, the Subscriber agreed to subscribe for such number of Top-up Subscription Shares, which is equivalent to the number of Top-up Placing Shares actually placed under the Top-up Placing at a price of HK\$0.072 per Top-up Subscription Share.

The Top-up Placing Shares represent, in aggregate, (i) approximately 11.52% of the existing issued share capital of the Company; (ii) approximately 10.33% of the issued share capital of the Company as enlarged by the Top-up Subscription; and (iii) approximately 9.35% of the issued share capital of the Company as enlarged by the Top-up Subscription and the New Placing.

Assuming that the Top-up Placing Shares are fully placed under the Top-up Placing, the gross proceeds to be received by the Company from the Top-up Placing will be approximately HK\$24.84 million in aggregate.

NEW PLACING

On 28 February 2013 after trading hours, the Company entered into the conditional New Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place, on a best effort basis, 349,480,000 new Shares at the New Placing Price of HK\$0.072 per New Placing Share on behalf of the Company to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties.

The New Placing Shares represent, in aggregate, (i) approximately 11.67% of the existing issued share capital of the Company; (ii) approximately 10.45% of the issued share capital of the Company as enlarged by the New Placing; and (iii) approximately 9.48% of the issued share capital of the Company as enlarged by the New Placing and the Top-up Subscription.

The New Placing Shares are to be issued under the specific mandate to be sought at the SGM.

Assuming that the New Placing Shares are fully placed under the New Placing, the gross proceeds to be received by the Company from the New Placing will be approximately HK\$25.16 million in aggregate.

The net proceeds from the Top-up Placing and the New Placing, after deducting the commission from the Top-up Placing Shares and the New Placing and related fees and expenses, of approximately HK\$48.25 million will be applied towards potential acquisitions and the possible acquisition in the announcement dated 8 February 2013 and 14 February 2013 or for the general working capital of the Group.

GENERAL

The Top Up Placing and Subscription Agreement and the New Placing Agreement are not inter-conditional.

A SGM will be convened for the Shareholders to consider and, if thought fit, to pass the resolutions to approve the New Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, details of the New Placing and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

Shareholders and potential investors should note that the Top-up Subscription and the New Placing is subject to conditions under the Top-up Placing and Subscription Agreement and the New Placing Agreement to be fulfilled. As the Top-up Subscription and New Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

I. THE TOP-UP PLACING AND SUBSCRIPTION AGREEMENT

Date	:	28 February 2013 (after trading hours)
Issuer	:	The Company
Placing Agent	:	The Placing Agent, an Independent Third Party
Subscriber	:	Starryland Profits Limited, a substantial Shareholder of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Top-up Placing and Subscription Agreement, the Subscriber agreed to place, through the Placing Agent on a best effort basis, an aggregate of up to 345,000,000 Top-up Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are Independent Third Parties at the Top-up Placing Price of HK\$0.072 per Top-up Placing Share and the Subscriber will subscribe the Top-up Subscription Shares at the Top-up Subscription Price of HK\$0.072 per Top-up Subscription Share. Details of the Top-up Placing and the Top-up Subscription are set out below.

THE TOP-UP PLACING

Placees

The Top-up Placing Shares will be placed on a best effort basis to not less than six Placees who and whose ultimate beneficial owners(s) are Independent Third Party(ies).

It is expected that none of the Placees will become a substantial Shareholder of the Company immediately after completion of the Top-up Placing.

Placing commission

The Placing Agent will receive a placing commission of 2.5% of the aggregate Top-up Placing Price of the Top-up Placing Shares actually placed by the Placing Agent which was arrived at after arm's length negotiations between the Company and the Placing Agent. The placing commission will be reimbursed by the Company. The Directors consider that the placing commission is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Top-up Placing Shares

The number of 345,000,000 Top-up Placing Shares represent, in aggregate, (i) approximately 11.52% of the existing issued share capital of the Company; (ii) approximately 10.33% of the issued share capital of the Company as enlarged by the Top-up Subscription; and (iii) approximately 9.35% of the issued share capital of the Company as enlarged by the Top-up Subscription and the New Placing.

The Top-up Placing Shares rank pari passu among themselves and with the other Shares in issue as at the date of this announcement.

The Top-up Placing Price

The Top-up Placing Price (or the Top-up Subscription Price) of HK\$0.072 was arrived at after arm's length negotiations among the Company, the Subscriber and the Placing Agent with reference to the market prices of the Shares and represents:

- (i) a discount of approximately 11.11% to the closing price of HK\$0.081 per Share as quoted on the Stock Exchange on 28 February 2013, being the date of the Top-up Placing and Subscription Agreement; and
- (ii) a discount of approximately 10.89% to the average of the closing prices of approximately HK\$0.0808 per Share for the last 5 consecutive trading days up to and including 27 February 2013, being the last trading day immediately before the entering into of the Top-up Placing and Subscription Agreement.

The Directors consider that the Top-up Placing Price and the terms and conditions of the Top-up Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Top-up Placing

The Top-up Placing is unconditional.

Completion of the Top-up Placing

Completion of the Top-up Placing shall take place on 13 March 2013 (or such other date as may be agreed by the Subscriber and the Placing Agent).

THE TOP-UP SUBSCRIPTION

The Top-up Subscription Shares

Pursuant to the terms and subject to the conditions under the Top-up Placing and Subscription Agreement, the Subscriber has irrevocably agreed to subscribe for up to 345,000,000 Top-up Subscription Shares, which is equivalent to the number of Top-up Placing Shares actually placed by the Placing Agent under the Top-up Placing. The Top-up Subscription Shares represent, assuming the maximum of 345,000,000 Top-up Subscription Shares are subscribed, (i) approximately 11.52% of the existing issued share capital of the Company; (ii) approximately 10.33% of the issued share capital of the Company as enlarged by the Top-up Subscription; and (iii) approximately 9.35% of the issued share capital of the Company as enlarged by the Top-up Subscription and the New Placing.

The Top-up Subscription Shares will rank pari passu among themselves and with the other Shares in issue as at the date of the allotment and issue of the Top-up Subscription Shares.

General mandate to issue the Top-up Subscription Shares

The Top-up Subscription Shares will be allotted and issued pursuant to the Current General Mandate. The maximum number of Shares that can be issued under the Current General Mandate is 345,159,131 Shares. As at the date of this announcement, (i) save for the Top-up Placing and the Top-up Subscription, no portion of the Current General Mandate was utilised; (ii) the Company has not allotted and issued any Shares pursuant to the Current General Mandate; and (iii) the Current General Mandate is sufficient for the allotment and issue of the Top-up Subscription Shares. Accordingly, the allotment and issue of the Top-up Subscription Shares is not subject to Shareholders' further approval. The maximum amount of the 345,000,000 Shares to be allotted and issued under the Top-up Placing and the Top-up Subscription will utilise approximately 99.95% of the said general mandate.

Top-up Subscription Price

The Top-up Subscription Price of HK\$0.072 per Top-up Subscription Share represents:

- (i) a discount of approximately 11.11% to the closing price of HK\$0.081 per Share as quoted on the Stock Exchange on 28 February 2013, being the date of the Top-up Placing and Subscription Agreement; and
- (ii) a discount of approximately 10.89% to the average of the closing prices of approximately HK\$0.0808 per Share for the last 5 consecutive trading days up to and including 27 February 2013, being the last trading day immediately before the entering into of the Top-up Placing and Subscription Agreement.

The Top-up Subscription Price, which is equal to the Top-up Placing Price, was arrived at after arm's length negotiations among the Company, the Subscriber and the Placing Agent with reference to the recent market prices. The Directors consider that the Top-up Subscription Price and the terms and conditions of the Top-up Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Assuming that the Top-up Placing Shares are fully placed under the Top-up Placing, the net price per Top-up Subscription Shares is approximately HK\$0.0713.

Conditions precedent

The Top-up Subscription is conditional upon the following:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Top-up Subscription Shares; and
- (ii) the completion of the Top-up Placing.

None of the conditions are waivable. In the event that the conditions of the Top-up Subscription are not fulfilled on or before 20 March 2013 (or such other date as may be agreed between the Company and the Subscriber), all rights, obligations and liabilities of the parties to the Top-up Placing and Subscription Agreement in relation to the Top-up Subscription shall cease and determine and none of the Company, the Subscriber and the Placing Agent shall have any claim against the others under the Top-up Placing and Subscription Agreement in respect of the Top-up Subscription save for rights and remedies accrued prior to such termination.

Completion of the Top-up Subscription

Completion of the Top-up Subscription will take place within the next Business Days (or such other date as may be agreed by the Company and the Subscriber) after the conditions of the Top-up Subscription have been fulfilled. The Top-up Subscription must be completed on or before 20 March 2013, being 14 days from the date of the Top-up Placing and Subscription Agreement. If the Top-up Subscription is to be completed thereafter, it will constitute a connected transaction under the GEM Listing Rules and require compliance with all the relevant requirements under Chapter 20 of the GEM Listing Rules, including but not limited to, the issue of a separate announcement and approval by the independent Shareholders.

Force majeure

The Placing Agent may, in its reasonable opinion, terminate the Top-up Placing and Subscription Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Top-up Placing if:

- (i) there is any significant change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Top-up Placing; or

- (ii) there is any material breach of the warranties, representations and undertakings given by the Company and/or the Subscriber in the Top-up Placing and Subscription Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Top-up Placing; or
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Top-up Placing or makes it inadvisable or inexpedient for the Top-up Placing to proceed; or
- (iv) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Top-up Placing.

Upon termination of the Top-up Placing and Subscription Agreement pursuant to the above mentioned force majeure factors, all liabilities of the parties thereto shall cease and no party of the Top-up Placing and Subscription Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Top-up Placing and Subscription Agreement save of any antecedent breach of any obligation under the Top-up Placing and Subscription Agreement.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Top-up Subscription Shares.

II. NEW PLACING AGREEMENT

Date : 28 February 2013 (after trading hours)

Issuer : The Company

Placing Agent : The Placing Agent, an Independent Third Party

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its respective ultimate beneficial owners are Independent Third Parties.

On 28 February 2013 after trading hours, the Company entered into the conditional New Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place, on a best effort basis, 349,480,000 new Placing Shares, at the New Placing Price of HK\$0.072 per New Placing Share on behalf of the Company to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties.

The Placees

The New Placing Shares will be placed on a best effort basis to not less than six Placees who and whose ultimate beneficial owner(s) are Independent Third Party(ies).

It is expected that none of the Placees will become a substantial Shareholder of the Company immediately after completion of the New Placing.

Placing commission

The Placing Agent will receive a placing commission of 2.5% of the aggregate New Placing Price of the New Placing Shares actually placed by the Placing Agent which was arrived at after arm's length negotiations between the Company and the Placing Agent. The placing commission will be reimbursed by the Company. The Directors consider that the placing commission is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Number of New Placing Shares

The New Placing Shares represent, in aggregate, (i) approximately 11.67% of the existing issued share capital of the Company; (ii) approximately 10.45% of the issued share capital of the Company as enlarged by the New Placing; and (iii) approximately 9.48% of the issued share capital of the Company as enlarged by the New Placing and the Top-up Subscription.

The New Placing Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the New Placing Shares.

New Placing Price

The New Placing Price of HK\$0.072 per New Placing Share represents:

- (i) a discount of approximately 11.11% to the closing price of HK\$0.081 per Share as quoted on the Stock Exchange on 28 February 2013, being the date of the New Placing Agreement; and
- (ii) a discount of approximately 10.89% to the average of the closing prices of approximately HK\$0.0808 per Share for the last 5 consecutive trading days up to and including 27 February 2013, being the last trading day immediately before the entering into of the New Placing Agreement.

The New Placing Shares are to be issued under the specific mandate to be sought at the SGM.

The New Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares.

Assuming the 349,480,000 Placing Shares are subscribed in full, the aggregate nominal value of the New Placing Shares is HK\$25.16 million.

Conditions of the New Placing

The New Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the New Placing Shares;
- (ii) the passing of necessary resolution(s) by the Shareholders at the SGM to approve the New Placing Agreement and the transactions contemplated thereunder, including but not limited to the issue and allotment of the New Placing Shares; and
- (iii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the New Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that the condition of the Placing is not fulfilled by 30 April 2013 (or such later date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the parties to the New Placing Agreement in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other party in respect of the New Placing save for any antecedent breaches.

Completion of the New Placing

Completion of the New Placing shall take place on the third Business Days after the fulfillment of the conditions set out in the New Placing Agreement (or such other date as may be agreed by the Company and the Placing Agent).

Force majeure

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the New Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the New Placing if:

- (i) there is any significant change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the New Placing; or
- (ii) there is any material breach of the warranties, representations and undertakings given by the Company in the New Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the New Placing; or
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the New Placing or makes it inadvisable or inexpedient for the New Placing to proceed; or
- (iv) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the New Placing.

Upon termination of the New Placing Agreement pursuant to the above mentioned force majeure factors, all liabilities of the parties thereto shall cease and no party of the New Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the New Placing Agreement save of any antecedent breach of any obligation under the New Placing Agreement.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Placing Shares.

III. REASONS FOR THE TOP-UP PLACING, THE TOP-UP SUBSCRIPTION, NEW PLACING AND THE USE OF PROCEEDS

The Board considers that the Top-up Placing, the Top-up Subscription and the New Placing represent opportunities to raise capital for the Group while broadening its Shareholder base, strengthen the capital base and financial position for the Group's future business developments. Further, the Directors consider that the Top-up Placing, the Top-up Subscription and the New Placing are currently preferred methods of fund raising as compared with other equity fund raising exercises based on time and costs involved.

Assuming that the Top-up Placing Shares are fully placed under the Top-up Placing, the gross proceeds to be received by the Company from the Top-up Placing will be approximately HK\$24.84 million. Assuming that the New Placing Shares are fully placed under the New Placing, the gross proceeds to be received by the Company from the New Placing will be approximately HK\$25.16 million. Accordingly, the gross proceeds from the Top-up Placing, Top-up Subscription and the New Placing will be approximately HK\$ 50 million in aggregate.

The net proceeds from the Top-up Placing and the New Placing, after deducting the commission and related fees and expenses, of approximately HK\$48.25 million will be applied towards potential acquisitions and the possible acquisition in the announcement dated 8 February 2013 and 14 February 2013 or for the general working capital of the Group. Save for the Group entered into a non-legally binding memorandum of understanding dated 8 February 2013 in relation to the possible acquisition of majority interest in Hong Kong Automobile Restoration Group Limited, the Group has no other potential acquisition as at the date of this announcement. For details of this potential acquisition, please refer to the announcement of the Company dated 8 February 2013 and 14 February 2013.

The Directors (including the independent non-executive Directors) consider that the Top-up Placing and Subscription Agreement and the New Placing Agreement are entered into under normal commercial terms following arm's length negotiations between the Company and the Placing Agent in relation to the Top-up Placing and Subscription Agreement and the New Placing Agreement and that the terms of the Top-up Placing and Subscription Agreement and the New Placing Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

IV. FUND RAISING ACTIVITIES IN PAST 12 MONTHS

The followings are the equity fund raising activities conducted by the Group in the past 12 months immediately preceding the date of this announcement:

- (i) A private placing of 270,000,000 non-listed warrants at an issue price of HK\$0.005 per warrant as stated in the announcement of the Company dated 12 July 2012. The net proceeds of approximately HK\$24.3 million were intended to apply for business development of the existing business of the Company and for future potential investment opportunities and general working capital of the Company. The Company has fully utilized / reserved as general working capital as planned; and
- (ii) An open offer of 997,897,828 offer shares at HK\$0.025 per Share on the basis of one offer share for every two then existing Shares as stated in the announcements of the Company 11 December 2012 and 14 December 2012. The net proceeds of approximately HK\$22.97 million were intended to apply as to (i) approximately 15% (approximately HK\$3.45 million) will be used to finance future investments in the provision of energy management business especially in the marketing activities in the telecommunication sectors in the PRC with approximately HK\$2 million will be used for future investments to achieve business expansion and the remaining amount will be used in marketing activities; (ii) approximately 15% (approximately HK\$3.45 million) will be used to finance future investments in the provision of integrated solutions for lightning electromagnetic pulse protection business especially in the marketing activities in the private sector of the telecommunication industry in the PRC with approximately HK\$2 million will be used for future investments to achieve business expansion and the remaining amount will be used in marketing activities; (iii) approximately 40% (approximately HK\$9.18 million) will be used in the investment of other telecommunication enhancement related business of the Group; and (iv) the remaining 30% (approximately HK\$6.89 million) will be used as general working capital of the Group, in which approximately HK\$2 million will be used for expanding the team for the energy management business to accommodate the aforesaid business expansion; approximately HK\$2 million will be used for expanding the team for the electromagnetic pulse protection business to accommodate the aforesaid business expansion; approximately HK\$1.5 million will be used for setting up representative offices in other cities in the PRC and the remaining will be reserved for future needs. As at the date of this announcement, none of the proceeds from the open offer is utilized.

V. CHANGES OF SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Top-up Placing, the Top-up Subscription and the New Placing are as follows:

Shareholders	Issued share capital as at the date of this announcement		Issued share capital immediately after the Top-up Placing and the Top-up Subscription but before the New Placing		Issued share capital immediately after the Top-up Placing, the Top-up Subscription and the New Placing	
	<i>Approximate percentage</i>		<i>Approximate percentage</i>		<i>Approximate percentage</i>	
	<i>No. of Shares</i>	<i>(%)</i>	<i>No. of Shares</i>	<i>(%)</i>	<i>No. of Shares</i>	<i>(%)</i>
The Subscriber (<i>Note 1</i>)	519,607,023	17.36	519,607,023	15.56	519,607,023	14.09
Mr. Lau (<i>Note 1</i>)	6,724,800	0.23	6,724,800	0.20	6,724,800	0.18
Ms. Chan Yiu Kan, Katie (<i>Note 2</i>)	2,220,000	0.07	2,220,000	0.07	2,220,000	0.06
Other parties acting in concert with Mr. Lau	1,613,332	0.05	1,613,332	0.05	1,613,332	0.04
Brilliant Bloom Investments Limited	487,500,000	16.28	487,500,000	14.60	487,500,000	13.22
Public						
Placees of the Top-up Placing	-	-	345,000,000	10.33	345,000,000	9.35
Placees of the New Placing	-	-	-	-	349,480,000	9.47
Other public Shareholders	1,976,028,329	66.01	1,976,028,329	59.19	1,976,028,329	53.59
Total	<u>2,993,693,484</u>	<u>100.00</u>	<u>3,338,693,484</u>	<u>100.00</u>	<u>3,688,173,484</u>	<u>100.00</u>

Notes:

1. The Subscriber, a company incorporated in the British Virgin Islands with limited liability, is wholly and beneficially owned by Mr. Lau. Mr. Lau is deemed to be interested in 519,607,023 Shares held by the Subscriber under the SFO. In addition, by virtue of being the spouse of Ms. Chan Yiu Kan Katie, Mr. Lau is also deemed to be interested in 2,220,000 Shares held by Chan Yiu Kan, Katie under the SFO.
2. Ms. Chan Yiu Kan, Katie, being the spouse of Mr. Lau is deemed to be interested in 519,607,023 Shares held by the Subscriber and 6,724,800 Shares held by Mr. Lau under the SFO.

VI. GENERAL

The Top-up Placing and Subscription Agreement and the New Placing Agreement are not inter-conditional.

A SGM will be convened for the Shareholders to consider and, if thought fit, to pass the resolutions to approve the New Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, details of the New Placing and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholders have a material interest in the New Placing and accordingly no Shareholders are required to abstain from voting at the SGM.

Shareholders and potential investors should note that the Top-up Subscription and the New Placing are subject to conditions under the Top-up Placing and Subscription Agreement and the New Placing Agreement to be fulfilled. As the Top-up Subscription and the New Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

VII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Neng Xiao Technology (Group) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM

“connected person(s)”	has the same meaning as defined in the GEM Listing Rules
“Current General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 23 August 2012, authorising the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at that date
“Directors”	directors of the Company
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules
“Listing Committee”	the listing sub-committee of GEM for considering applications for listing and the granting of listing
“Mr. Lau”	Mr. Lau Kim Hung, Jack
“New Placing”	the placing of up to 349,480,000 New Placing Shares pursuant to the terms of the New Placing Agreement
“New Placing Agreement”	the conditional placing agreement dated 28 February 2013 entered into among the Company and the Placing Agent in relation to the New Placing

“New Placing Price”	HK\$0.072 per New Placing Shares
“New Placing Share(s)”	up to 349,480,000 new Shares to be placed pursuant to the New Placing Agreement
“Placees”	any individuals, corporate, institutional investors or other investors or any of their respective subsidiaries or associates procured by or on behalf of the Placing Agent to subscribe for any of the Top-up Placing Share or New Placing Share pursuant to the Placing Agent’s obligations under the Top-up Placing and Subscription Agreement or the New Placing Agreement
“Placing Agent”	Cheong Lee Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“PRC”	The People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“SGM”	the special general meeting of the Company to be held and convened for approving the New Placing Agreement and the transactions contemplated thereunder, including but not limited to the issue and allotment of the New Placing Shares
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Starryland Profits Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Lau
“Top-up Placing”	the placing of up to 345,000,000 existing Shares beneficially owned by the Subscriber pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Placing and Subscription Agreement”	the agreement dated 28 February 2013 entered into among the Subscriber, the Company and the Placing Agent in relation to the Top-up Placing and Top-up Subscription
“Top-up Placing Price”	HK\$0.072 per Top-up Placing Share
“Top-up Placing Share(s)”	up to 345,000,000 existing Shares beneficially owned by the Subscriber and to be placed pursuant to the Top-up Placing and Subscription Agreement
“Top-up Subscription”	the subscription of up to 345,000,000 Top-up Subscription Shares by the Subscriber pursuant to the terms of the Top-up Placing and Subscription Agreement
“Top-up Subscription Price”	HK\$0.072 per Top-up Subscription Share
“Top-up Subscription Share(s)”	up to 345,000,000 new Shares to be subscribed by the Subscriber pursuant to the Top-up Placing and Subscription Agreement

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong
“%” per cent.

By order of the Board
China Neng Xiao Technology (Group) Limited
Chan Francis Ping Kuen
Chairman

Hong Kong, 28 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.