



Rising Power Group Holdings Limited
昇力集團控股有限公司*

(Formerly known as "China Neng Xiao Technology (Group) Limited
中國能效科技(集團)有限公司")

Third Quarterly Report
2013-2014

(Incorporated in Bermuda with limited liability)
(Stock Code : 8047)

* For identification purposes only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached other than companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of Rising Power Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report 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 report misleading.

HIGHLIGHTS

For the nine months ended 31 December 2013

- the turnover of the Group was approximately HK\$11,099,000 as compared to the turnover of approximately HK\$30,068,000 recorded in the corresponding period last year.
- the loss of the Group was approximately HK\$26,354,000 (2012: profit of approximately HK\$1,836,000).
- the loss attributable to equity holders of the Company was approximately HK\$21,839,000 (2012: loss of approximately HK\$9,721,000).
- the directors do not recommend the payment of any dividend (2012: Nil).
- the loss per share of the Company was approximately HK5.51 cents (2012: loss of approximately HK3.18 cents (adjusted)).

FINANCIAL RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2013 together with the comparative unaudited figures for the corresponding periods in 2012 respectively as follows:

Consolidated Statement of Comprehensive Income (Unaudited)

For the three months and nine months ended 31 December 2013

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Turnover	3	11,099	30,068	935	23,314
Cost of services rendered and cost of good sold		(9,847)	(9,315)	(691)	(8,251)
Gross profit		1,252	20,753	244	15,063
Other revenue	3	418	74	201	17
Other income	4	234	-	-	-
Selling and distribution costs		(1,802)	(5,226)	(606)	(2,421)
Administrative expenses		(25,670)	(20,241)	(9,680)	(9,347)
Finance costs		-	(9)	-	(3)
Loss on disposal of subsidiaries		-	(6,701)	-	(6,701)
Share of results of associates		(786)	2,627	(429)	2,627
Loss before taxation		(26,354)	(8,723)	(10,270)	(765)
Income tax expenses	5	-	(2,969)	-	(2,967)
Loss for the period from continuing operations		(26,354)	(11,692)	(10,270)	(3,732)
Discontinued operations					
Profit for the period from discontinued operations	6	-	13,528	-	4,726
(Loss)/profit for the period		(26,354)	1,836	(10,270)	994

Consolidated Statement of Comprehensive Income (Unaudited)
(continued)

For the three months and nine months ended 31 December 2013

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Other comprehensive income for the period, net of tax					
Exchange differences on consolidation		162	333	–	333
Total comprehensive income (loss) for the period		(26,192)	2,169	(10,270)	1,327
Profit (loss) for the period attributable to:					
Equity holders of the Company		(21,839)	(9,721)	(8,331)	(5,634)
Non-controlling interests		(4,515)	11,557	(1,939)	6,628
		(26,354)	1,836	(10,270)	994
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(21,677)	(9,525)	(8,331)	(5,438)
Non-controlling interests		(4,515)	11,694	(1,939)	6,765
		(26,192)	2,169	(10,270)	1,327
Dividends	9	–	–	–	–
			(adjusted)		(adjusted)
Loss per share					
From continuing and discontinued operations	7				
– Basic (cent)		(5.51)	(3.18)	(1.89)	(1.73)
– Diluted (cent)		(5.51)	(3.18)	(1.89)	(1.73)
From continuing operations					
– Basic (cent)		(5.51)	(5.39)	(1.89)	(2.45)
– Diluted (cent)		(5.51)	(5.39)	(1.89)	(2.45)

Notes:

1. CORPORATE INFORMATION

Rising Power Group Holdings Limited (formerly known as China Neng Xiao Technology (Group) Limited) (the “Company”) is a limited liability company incorporated in Bermuda on 7 June 2001 as an exempted company with limited liability under the Bermuda Companies Act of 1981. The Company’s shares are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Unit 1603, 16/F., Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are the provision of integrated solutions for lightning electromagnetic pulse protection business, the provision of payment gateway business and the provision of energy management business.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The accounting policy adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2013.

Notes:

3. TURNOVER AND REVENUE

An analysis of the Group's turnover and revenue during the period is as follow:

	Nine months ended 31 December		Three months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
	Rendering of services	11,099	30,068	935
Turnover	11,099	30,068	935	23,314
Interest income	418	74	201	17
Other revenue	418	74	201	17
Total turnover and revenue	11,517	30,142	1,136	23,331

4. OTHER INCOME

	Nine months ended 31 December		Three months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
	Reversal of allowance bad and doubtful debt	152	–	–
Sundry Income	82	–	–	–
	234	–	–	–

5. TAXATION

Hong Kong Profit Tax has not been provided as the Group incurred a loss for taxation purposes for the period (2012: Nil).

The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practises in respect thereof.

	Nine months ended 31 December		Three months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
	Current tax – other jurisdictions	-	2,969	-
Tax charge for the period	-	2,969	-	2,967

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the balance sheet date (2012: Nil).

6. DISCONTINUED OPERATIONS

On 12 September 2012, China Optic Communication Technology Limited ("China Optic BVI"), a non-wholly owned subsidiary of the Company which manufactures and trades products related to optimal optical fibers, electric power network systems and equipment and provides associated services, entered into a subscription agreement with an independent third party (the "Investor") pursuant to which China Optic BVI would allot and issue and the Investor would subscribe for approximately 4.85% of issued share capital of China Optic BVI, at a consideration of HK\$7 million (the "Deemed Disposal"). Upon completion of the Deemed Disposal on 15 December 2012, the Group's equity interest in China Optic BVI was diluted from 50.1% to 47.67%.

Notes:

Management considers China Optic BVI whereby the Group had control had been discontinued and thereby constituted discontinued operations. Accordingly, certain comparative figures in the consolidated statement of comprehensive income have been re-presented to separately reflect the results of the continuing operations and discontinued operations. The results of the discontinued operations for the period ended 31 December 2012 have been analysed as follows:

Profit for the period from discontinued operations

	Nine months ended 31 December 2012 (Unaudited) HK\$'000
Turnover	23,991
Cost of services rendered and cost of goods sold	<u>(4,029)</u>
	19,962
Other revenue	887
Selling and distribution costs	(154)
Administrative expenses	<u>(1,491)</u>
	19,204
Profit before taxation	19,204
Income tax expenses	<u>(5,676)</u>
	13,528
Profit for the period	13,528
Loss on deemed disposal of subsidiaries	<u>–</u>
	–
Profit for the period from discontinued operations	<u>13,528</u>

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company for continuing and discontinued operations and the weighted average number of the Company's ordinary shares in issue during the period as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Loss attributable to equity holders of the Company from continuing and discontinued operations	(21,839)	(9,721)	(8,331)	(5,634)
Loss attributable to equity holders of the Company from continuing operations	(21,839)	(16,499)	(8,331)	(8,002)
Weighted average number of ordinary shares in issue during the period	396,082,192	306,012,433	441,817,348	326,014,230

The number of shares for the purpose of calculating basic loss per share for the period ended 31 December 2012 has been adjusted to reflect (i) the bonus element of open offer of shares completed in February 2013 and (ii) the impact of the capital reorganisation completed in May 2013.

For the period ended 31 December 2013, diluted loss per share is same as basic loss per share as there were no dilutive potential ordinary shares.

For the period ended 31 December 2012, diluted loss per share is the same as basic loss per share as the potential ordinary shares issuable under the unlisted warrants have anti-dilutive effects on the basic loss per share.

Notes:

8. RESERVES

	Reserves										
	Issued share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	profits/ (Accumulated losses) (Unaudited) HK\$'000	Total reserves (Unaudited) HK\$'000	Sub-total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2012	69,039	139,706	252,576	8,866	240	3,064	(364,366)	40,026	109,065	13,365	122,430
Profit (loss) for the period	-	-	-	-	-	-	(9,721)	(9,721)	(9,721)	11,557	1,836
Other comprehensive income	-	-	-	196	-	-	-	196	196	137	333
Total comprehensive income (loss) for the period	-	-	-	196	-	-	(9,721)	(9,525)	(9,525)	11,694	2,169
Issue of Consideration share	17,250	23,805	-	-	-	-	-	23,805	41,055	-	41,055
Acquisition of Subsidiaries	-	-	-	-	-	-	-	-	-	(2,658)	(2,658)
Issue of unlisted warrants	-	-	-	-	1,350	-	-	1,350	1,350	-	1,350
Capital reorganization	(69,031)	(163,511)	232,542	-	-	-	-	69,031	-	-	-
Disposal of subsidiaries	-	-	-	(384)	-	(643)	-	(1,027)	(1,027)	(17,614)	(18,641)
Exercise of unlisted warrants	2,700	21,600	-	-	(1,350)	-	-	20,250	22,950	-	22,950
At 31 December 2012	19,958	21,600	485,118	8,618	240	2,421	(374,087)	143,910	163,868	4,787	168,655
At 1 April 2013	33,387	55,357	485,118	8,428	240	2,438	(441,394)	110,187	143,574	4,272	147,846
Loss for the period	-	-	-	-	-	-	(21,839)	(21,839)	(21,839)	(4,515)	(26,354)
Other comprehensive income	-	-	-	-	-	-	-	162	162	-	162
Total comprehensive income (loss) for the period	-	-	-	-	-	-	(21,839)	(21,677)	(21,677)	(4,515)	(26,192)
Issue of share upon placing	4,223	79,641	-	-	-	-	-	79,641	83,864	-	83,864
Capital reduction and share consolidation	(33,192)	(76,396)	109,588	-	-	-	-	33,192	-	-	-
At 31 December 2013	4,418	58,602	594,706	8,590	240	2,438	(463,233)	201,343	205,761	(243)	205,518

9. DIVIDENDS

The directors do not recommend the payment of any dividend for the nine months ended 31 December 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operational review

Energy conservation (saving) and emission reduction (“Energy Emission Reduction”) is a new line of business developed by the Group. During the period under review, the Group provided resources management services on the infrastructures or facilities for certain telecommunication operators in the PRC. The related projects were completed in Hubei (湖北) and Jiangsu (江蘇). The Energy Emission Reduction business has contributed a turnover of over HK\$9.7 million. In addition, contractual works for China Unicom in Liaoning (遼寧) and Hunan (湖南) and state-owned electricity enterprises in Liaoning (遼寧) are expected to be completed in the coming quarters.

In respect of the electromagnetic pulse protection business and energy management business, contractual works have already commenced for China Unicom in Shanxi (山西) and Hubei (湖北). Such projects are expected to be completed in the coming quarters. During the period, the Group has also obtained tenders for contracts in Anhui (安徽) and Liaoning (遼寧) which will contribute a significant turnover to the Group.

Financial review

The Group recorded a decrease in turnover from continuing operations of approximately 63% to approximately HK\$11.1 million for the nine months period ended 31 December 2013 as compared to approximately HK\$30.1 million for the corresponding period in 2012. The decrease in turnover was due to the delay in the commencement of certain projects of electromagnetic pulse protection business.

During the reporting period, administrative expenses incurred by the Group were approximately HK\$25.7 million (2012: HK\$20.2 million). The increase was mainly due to the increase in professional fee associated with the potential acquisition. Net loss attributable to equity holders of the Company for the nine months period ended 31 December 2013 amounted to approximately HK\$21.8 million (2012: HK\$9.7 million).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2013, the interests and short position of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange, were as follows:

(i) interests in shares:

Name of director	Nature of interests	Number of the shares held	Approximate percentage of issued share capital
Wu Zhinan	Beneficial	5,900,000(L)	1.34%

(L) denotes long position

Save as disclosed above, as at 31 December 2013, none of the directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2013, other than the interests of directors of the Company as disclosed under the heading "Directors and chief executive's interests in shares, underlying shares and debentures" above, the interests and short positions of persons, in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interests	Number of the shares held	Approximate percentage of issued share capital
Starryland Profits Limited (Note 1)	Beneficial	51,960,702(L)	11.76%
Lau Kim Hung, Jack (Note 1)	Interests in controlled corporation	51,960,702(L)	11.76%
	Beneficial	672,480(L)	0.15%
	Deemed	322,000(L)	0.07%
Chan Yiu Kan, Katie (Note 1)	Deemed	52,633,182(L)	11.91%
	Beneficial	322,000(L)	0.07%

(L) denotes long position

Note:

1. Starryland Profits Limited, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. Lau Kim Hung, Jack ("Mr. Lau"). Mr. Lau is deemed to be interested in 51,960,702 shares held by Starryland Profits Limited. In addition, by virtue of being the spouse of Ms. Chan Yiu Kan, Katie ("Ms. Chan"), he is also deemed to be interested in 322,000 shares held by Ms. Chan.

Ms. Chan, being the spouse of Mr. Lau, is deemed to be interested in 51,960,702 shares held by Starryland Profits Limited and 672,480 shares held by Mr. Lau.

Mr. Lau and Ms. Chan is the father-in-law and the mother-in-law of Mr. Tsang Ho Ka, Eugene, the Company's chairman and non-executive director.

Save as disclosed above, as at 31 December 2013, the directors of the Company were not aware of any other person (other than the directors of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures" above, at no time since incorporation of the Company were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors, their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the nine months ended 31 December 2013, there were no purchases, sales or redemptions of the Company's listed shares by the Company or any of its subsidiaries.

DIRECTORS' INTEREST IN COMPETING INTERESTS

None of the directors or the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Bye-laws of the Company, or the Bye-laws of Bermuda, which would oblige the Company to offer new shares on a pro rate basis to existing shareholders.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Throughout the period ended 31 December 2013, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the period ended 31 December 2013.

NOMINATION COMMITTEE

A nomination committee has been established with written terms of reference in compliance with the GEM Listing Rules. The nomination committee comprises five members, of which one executive director, namely Mr. Chan Francis Ping Kuen and four independent non-executive directors namely Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, Mr. Cheung Chi Hwa, Justin and Mr. Tam Chak Chi. The chairman of the committee is Mr. Kwok Chi Sun, Vincent.

The nomination committee is mainly responsible for making recommendations to the Board on appointment of directors and succession planning for the directors. The Board took into consideration criteria such as expertise, experience, the market situation and applicable laws and regulations when considering new director appointments.

REMUNERATION COMMITTEE

The remuneration committee was established in January 2006 with written terms of reference in compliance with the code provision. The remuneration committee consists of five members, of which four are independent non-executive directors, namely Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, Mr. Cheung Chi Hwa, Justin and Mr. Tam Chak Chi and one is executive director being Mr. Chan Francis Ping Kuen. The chairman of the committee is Mr. Kwok Chi Sun, Vincent.

The role and function of the remuneration committee include the determination of the specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors.

AUDIT COMMITTEE

The Company set up an audit committee on 18 October 2001, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. During the period, the audit committee comprises the four independent non-executive directors of the Company, namely, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, Mr. Cheung Chi Hwa, Justin and Mr. Tam Chak Chi.

The unaudited financial statements of the Group for the period ended 31 December 2013 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
Rising Power Group Holdings Limited
Mr. Tsang Ho Ka, Eugene
Chairman and Non-executive Director

Hong Kong, 12 February 2014

As at the date of this report, the executive Directors are Mr. Wu Zhinan, Mr. Chan Francis Ping Kuen and Mr. Chan Hin Wing, James. The non-executive Director is Mr. Tsang Ho Ka, Eugene. The independent non-executive Directors are Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, Mr. Cheung Chi Hwa, Justin and Mr. Tam Chak Chi.