RISING POWER

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

(Proposed to be renamed as "Sky Forever Supply Chain Management Group Limited 宇恒供應鏈集團有限公司")

(Incorporated in Bermuda with limited liability)

(Stock Code : 8047)

2013-2014

Annual Report

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, 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 report.

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.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Gong Dongsheng *(Chairman)*
(appointed on 13 June 2014)
Ms. Chen Nan *(Joint Chief Executive Officer)*
(appointed on 2 May 2014)
Mr. Wu Zhinan *(Joint Chief Executive Officer)*
(appointed on 13 May 2013)
Mr. Chan Francis Ping Kuen *(Deputy Chairman)*
Mr. Chan Hin Wing, James
Mr. Woo Yik Man
(appointed on 27 May 2014)
Ms. Sung Ting Yee
(appointed as executive director and chairman on 13 May 2013, resigned as chairman on 17 September 2013 and resigned on 10 January 2014)
Mr. Chum Hon Sing
(appointed on 3 July 2013 and resigned on 6 December 2013)

Non-executive Director

Mr. Tsang Ho Ka, Eugene
(appointed as executive director on 13 May 2013, re-designated as non-executive director and appointed as chairman on 17 September 2013 and resigned as chairman on 13 June 2014)

Independent Non-executive Directors

Mr. Kwok Chi Sun, Vincent
Mr. Yeung Kam Yan
Mr. Cheung Chi Hwa, Justin
Mr. Kwok Kam Tim
(appointed on 13 June 2014)
Mr. Kinley Lincoln James Lloyd
(appointed on 13 June 2014)
Mr. Yu Chon Man
(appointed on 19 June 2014)
Mr. Tam Chak Chi
(appointed on 13 May 2013 and resigned on 2 May 2014)

COMPANY SECRETARY

Mr. Law Ho Ming *ACCA, CPA*
Mr. Tsang Ho Ka, Eugene, *AICPA, ATIHK, AMA, BCom (UNSW), CPA (Aust.), CPA, CTA, MHKIoD, MHKMIPA*
(appointed on 13 May 2013 and resigned on 17 September 2013)

COMPLIANCE OFFICER

Mr. Chan Francis Ping Kuen

AUTHORISED REPRESENTATIVES

Mr. Chan Francis Ping Kuen
Mr. Law Ho Ming

AUDIT COMMITTEE

Mr. Kwok Chi Sun, Vincent *(Chairman)*
Mr. Yeung Kam Yan
Mr. Cheung Chi Hwa, Justin
Mr. Kwok Kam Tim
(appointed on 13 June 2014)
Mr. Kinley Lincoln James Lloyd
(appointed on 13 June 2014)
Mr. Yu Chon Man
(appointed on 19 June 2014)
Mr. Tam Chak Chi
(appointed on 13 May 2013 and resigned on 2 May 2014)

REMUNERATION COMMITTEE

Mr. Kwok Chi Sun, Vincent *(Chairman)*
Mr. Yeung Kam Yan
Mr. Cheung Chi Hwa, Justin
Mr. Chan Francis Ping Kuen
Mr. Kwok Kam Tim
(appointed on 13 June 2014)
Mr. Kinley Lincoln James Lloyd
(appointed on 13 June 2014)
Mr. Yu Chon Man
(appointed on 19 June 2014)
Mr. Tam Chak Chi
(appointed on 13 May 2013 and resigned on 2 May 2014)

Corporate Information

NOMINATION COMMITTEE

Mr. Kwok Chi Sun, Vincent *(Chairman)*
Mr. Yeung Kam Yan
Mr. Cheung Chi Hwa, Justin
Mr. Chan Francis Ping Kuen
Mr. Kwok Kam Tim
(appointed on 13 June 2014)
Mr. Kinley Lincoln James Lloyd
(appointed on 13 June 2014)
Mr. Yu Chon Man
(appointed on 19 June 2014)
Mr. Tam Chak Chi
(appointed on 13 May 2013 and resigned on 2 May 2014)

AUDITOR

Mazars CPA Limited
Certified Public Accountants

LEGAL ADVISER

Michael Li & Co.

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1603, 16/F.,
Tower 1,Silvercord,
30 Canton Road, Tsim Sha Tsui,
Kowloon,
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

Room 508, Huateng Building,
No. A302 Jinsong Third Zone,
Chaoyang District,
Beijing, China

SHARE REGISTRARS AND TRANSFER OFFICERS

Principal registrar
Codan Services Limited,
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Branch registrar
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.risingpower.com.hk

STOCK CODE

8047

Chairman's Statement

On behalf of the board of directors (the "Board"), I hereby present the Annual Report of Rising Power Group Holdings Limited (formerly known as China Neng Xiao Technology (Group) Limited) (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 March 2014 to our shareholders.

OPERATIONAL REVIEW

Business and operation review

Electromagnetic pulse protection (the "EPP") business

During the year, contractual works have been completed for China Unicom in provinces such as Hubei (湖北), Shanxi (山西), and stated-owned electricity enterprise in Liaoning (遼寧). Other contractual works in Hubei (湖北), Shanxi (山西) and Guizhou (貴州) are expected to be completed in the coming quarters. In addition, successful tenders have also been obtained for contracts in Tianjin (天津) and Liaoning (遼寧).

Despite the aforesaid progress, the Group recorded a decrease in turnover of approximately 57% to approximately HK$14.9 million as compared to approximately HK$34.5 million in the previous year. Keen competition in the EPP business triggered the decrease in turnover, which coupled with the increase in material costs, which further pressurised the Group's gross profit margin. Nevertheless, the Group has strengthened its presence in EPP industry by focusing on sizable projects.

As a result of the decrease in turnover and gross profit margin, the management has decided to revise the key assumptions used for goodwill valuation for the EPP business. Based on past performance and the expectation of the market development, the growth rate and the gross margin have both revised downward to 4%-7% *(2013: 6%-8%)* and 40%-57% *(2013: 67%)* respectively. Accordingly, the goodwill arising from the EPP business was impaired by HK$13.9 million for the year ended 31 March 2014.

Energy management business

The energy management business is jointly developed by Media Magic Technology Limited ("Media Magic") and Viva Champion Limited ("Viva"). Media Magic is a wholly-owned subsidiary of the Group, while Viva is 51% owned by the Group. During the year 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). Contractual works for China Union 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.

With a registered capital of RMB22,836,000, Media Magic's wholly-owned subsidiary in the PRC has successfully obtained major tender projects from the telecommunication providers during the year. In addition to the major projects, the Group also obtained some minor tender projects through Viva's wholly-owned subsidiary in the PRC which has a registered capital of US$935,000.

In light of the size of registered capital as mentioned above, Media Magic recorded a significant turnover of HK$9.5 million, accounting for 84% of the energy management business, while Viva recorded a turnover of HK$1.8 million, accounting for 16% of the energy management business.

As at 31 March 2013, the carrying amount of goodwill arising from the acquisition of 51% interest in Viva and its subsidiaries amounted to HK$18.8 million. Considering the business mode of the energy management business running by Viva, the management has decided to revise the key assumptions used for goodwill valuation for the energy management business. Based on past performance and the expectation of the market development, the gross margin and the growth rate have both revised downward to 51% *(2013: 55%-75%)* and 4%-7% *(2013: 3%-14%)* respectively. Accordingly, the goodwill arising from the energy management business was impaired by HK$17.6 million for the year ended 31 March 2014.

Chairman's Statement

PROSPECT

With the completion of the rationalisation process, the Group is well facilitated to commence a new era of the business. To further extend the scope of the business, the Group will continue to look for investment opportunities which will generate significant profitability in medium to long term.

The Group intends to develop a new business activity for the provision of supply chain management services involving the planning and implementation of an integrated solution for the effective flow of business, logistics, information and funds which can be applied for varies kinds of industry chain. The Group intends to set up new subsidiaries to start the new business activity and / or through the acquisition of company with established customer network and human resources to engage the new business as appropriate.

Finally, on behalf of the Board, I would like to take this opportunity to express my gratitude to all members of the Board and staff for their dedication and contribution to the Group and to those who have supported us. We will continue to make our best efforts in developing our businesses to produce good economic results and better return for our shareholders.

Mr. Gong Dongsheng
Chairman and Executive Director

Hong Kong, 30 June 2014

Management Discussion and Analysis

OPERATIONAL REVIEW

Business and operation review

Electromagnetic pulse protection (the "EPP") business

During the year, contractual works have been completed for China Unicom in provinces such as Hubei (湖北), Shanxi (山西), and stated-owned electricity enterprise in Liaoning (遼寧). Other contractual works in Hubei (湖北), Shanxi (山西) and Guizhou (貴州) are expected to be completed in the coming quarters. In addition, successful tenders have also been obtained for contracts in Tianjin (天津) and Liaoning (遼寧).

Despite the aforesaid progress, the Group recorded a decrease in turnover of approximately 57% to approximately HK$14.9 million as compared to approximately HK$34.5 million in the previous year. Keen competition in the EPP business triggered the decrease in turnover, which coupled with the increase in material costs, which further pressurised the Group's gross profit margin. Nevertheless, the Group has strengthened its presence in EPP industry by focusing on sizable projects.

As a result of the decrease in turnover and gross profit margin, the management has decided to revise the key assumptions used for goodwill valuation for the EPP business. Based on past performance and the expectation of the market development, the growth rate and the gross margin have both revised downward to 4%-7% *(2013: 6%-8%)* and 40%-57% *(2013: 67%)* respectively. Accordingly, the goodwill arising from the EPP business was impaired by HK$13.9 million for the year ended 31 March 2014.

Energy management business

The energy management business is jointly developed by Media Magic Technology Limited ("Media Magic") and Viva Champion Limited ("Viva"). Media Magic is a wholly-owned subsidiary of the Group, while Viva is 51% owned by the Group. During the year 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). Contractual works for China Union 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.

With a registered capital of RMB22,836,000, Media Magic's wholly-owned subsidiary in the PRC has successfully obtained major tender projects from the telecommunication providers during the year. In addition to the major projects, the Group also obtained some minor tender projects through Viva's wholly-owned subsidiary in the PRC which has a registered capital of US$935,000.

In light of the size of registered capital as mentioned above, Media Magic recorded a significant turnover of HK$9.5 million, accounting for 84% of the energy management business, while Viva recorded a turnover of HK$1.8 million, accounting for 16% of the energy management business.

As at 31 March 2013, the carrying amount of goodwill arising from the acquisition of 51% interest in Viva and its subsidiaries amounted to HK$18.8 million. Considering the business mode of the energy management business running by Viva, the management has decided to revise the key assumptions used for goodwill valuation for the energy management business. Based on past performance and the expectation of the market development, the gross margin and the growth rate have both revised downward to 51% (*2013: 55%-75%)* and 4%-7% *(2013: 3%-14%)* respectively. Accordingly, the goodwill arising from the energy management business was impaired by HK$17.6 million for the year ended 31 March 2014.

Management Discussion and Analysis

FINANCIAL REVIEW

Results

The Group recorded a decrease in turnover approximately 57% to approximately HK$14.9 million for the year ended 31 March 2014 as compared to approximately HK$34.5 million in the previous year. The decrease in turnover was due to the keen competition from the electromagnetic pulse protection business and the energy management business. The Group has continued to develop and the business relationship with the telecommunication providers in different provinces in PRC in order to increase and explore the new sources of income.

The Group recorded a decrease in gross profit from approximately HK$26.2 million in the previous year to approximately HK$2.5 million in the current year. The decrease in gross profit was mainly due to the decrease in turnover and increase in material costs of the energy management business and the electromagnetic pulse protection business. The Group will continue to control the material costs and explore new business partners so as to improve the gross profit of the Group.

Net loss attributable to equity holders of the Company for the year amounted to approximately HK$76.3 million *(2013: HK$77.7 million)*. Loss during the year was mainly due to the impairment loss of goodwill and share of loss of associate amounted to approximately HK$31.5 million and approximately HK$12.3 million respectively.

Liquidity, financial resources and capital structure

As at 31 March 2014, the Group had total assets of approximately HK$181.9 million *(2013: HK$177.9 million)*, including net cash and bank balances of approximately HK$86.7 million *(2013: HK$80.0 million)*.

For the year ended 31 March 2014, the Group financed its operations mainly with its own working capital and there was no general banking facilities *(2013: Nil)*. There was no charge on the Group's assets as at 31 March 2014 *(2013: Nil)*.

As at 31 March 2014, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero *(2013: Nil)*. The Group had no bank borrowings as at 31 March 2014 *(2013: Nil)*.

Exposure to fluctuations in exchange rates and related hedges

Most of the transactions of the Group are denominated in Hong Kong Dollar ("HKD") and Renminbi ("RMB"). The Group adopts a conservative treasury policy with most of the bank deposits being kept in HKD, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 31 March 2014, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

Charge on Group assets

As at 31 March 2014, the Group did not have any charge on its assets *(2013: Nil)*.

Segment information

The revenue of the Group comprises the provision of energy management business and the provision of integrated solutions for lightning electromagnetic pulse protection business.

As to the geographical segments, sale of the Group generated in the PRC market was approximately HK$14.9 million during the year ended 31 March 2014 *(2013: HK$58.5 million in the PRC included the discontinued operation)*.

Please also refer to note 4 to the consolidated financial statements in this annual report for details of segment information.

New products and services

During the year, the Group continued to develop new products to increase its products range and strengthen its competitive position.

Significant investments

Other than unlisted debt securities, the Group did not have any significant investment during the year *(2013: Nil).*

Please also refer to note 16 to the consolidated financial statements in this annual report for details of investment.

Material acquisitions or disposals of subsidiaries and affiliated companies

During the year, the Group did not have any material acquisitions or disposals of subsidiaries.

Future plans for material investments and expected source of funding

Other than disclosed elsewhere in the annual report, the Group did not have any plan for material investment or acquisition of material capital assets as at 31 March 2014. However, the Group is constantly looking for opportunities for investments or capital assets to enhance shareholders' value.

Contingent liabilities

The Group had no contingent liabilities as at 31 March 2014.

Employees and remuneration policies

As at 31 March 2014, the Group had 77 *(2013: 86)* employees including directors. Total staff costs (excluding directors' emoluments) amounted to approximately HK$7.5 million for the year ended 31 March 2014 *(2013: HK$9.2 million)*. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to its employees in the PRC.

Management Discussion and Analysis

Fund raising

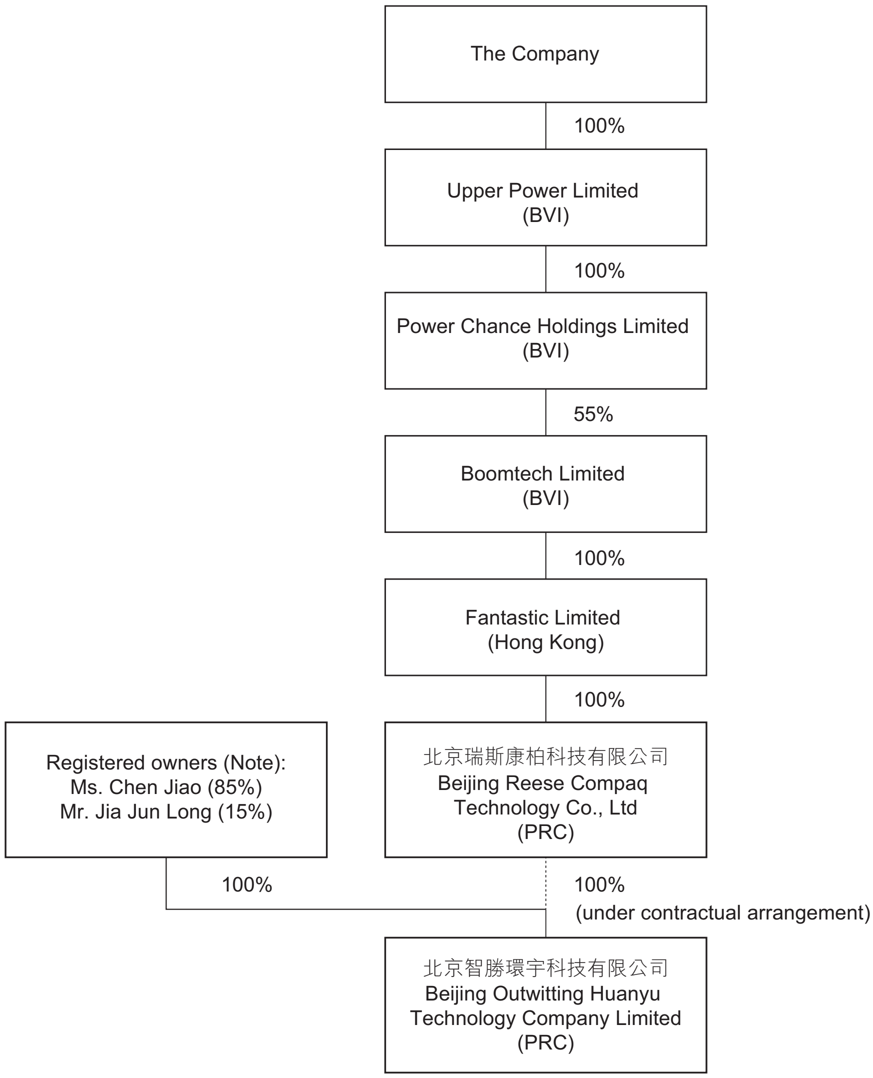
On 17 April 2013, a total of 349,480,000 ordinary shares (before the share consolidation of every 10 shares into one consolidated Share during the financial year) were issued by way of placing under specific mandate at a price of HK$0.072 per share. The market value per share at the completion date of the placing was HK$0.086. The Company raised approximately HK$25,163,000 before deducting related fee and expenses, to finance the possible acquisition of Hong Kong Automobile Restoration Group Limited (the “possible acquisition”) and other potential acquisitions and the general working capital of the Group. Related fee and expenses of approximately HK$629,000 arose from the placing was recognised in the share premium account of the Company. The net proceeds of the placing was HK$24,534,000, represented a net price of HK$0.070 per placing share. Of these net proceeds, around HK$5 million was used as the deposit for the possible acquisition, and the remaining balance of approximately HK$20 million was used as general working capital.

On 16 September 2013, a total of 32,000,000 ordinary shares were issued by way of placing under general mandate at a price of HK$0.85 per share. The market value per share at the completion date of the placing was HK$0.84. The Company raised approximately HK$27,200,000 before deducting related fee and expenses, to broaden its shareholder base and to strengthen the capital base and financial position for the Group’s future business development. Related fee and expenses of approximately HK$1,130,000 arose from the placing was recognised in the share premium account of the Company. The net proceeds of the placing was HK$26,070,000, represented a net price of HK$0.815 per placing share. Of these net proceeds, around HK$15 million was used as deposit for the acquisition (of which HK$15.83 million has been refunded by the vendor to the acquisition and the rest will be refunded by monthly instalments before March 2015), and the remaining balance of approximately HK$11 million was used as general working capital.

On 5 September 2013 and 10 September 2013, the Company completed a top-up placing and top-up subscription respectively to raise approximately HK$34,850,000 before deducting related fee and expenses, to broaden its shareholder base and to strengthen the capital base and financial position for the Group’s future business development, by way of top-up placing and top-up subscription of 41,000,000 shares under general mandate at the price of HK$0.85 per share. The market value per share at the completion date of the top-up subscription was HK$0.84. Expenses of approximately HK$1,586,000 arising from the top-up placing and top-up subscription was recognised in the share premium account of the Company. The net proceeds of the placing was HK$33,264,000, represented a net price of HK$0.811 per share. Of these net proceeds, around HK$15 million was used as deposit for the acquisition (which will be refunded by the vendor to the acquisition by monthly instalments before March 2015), and the remaining balance of approximately HK$18 million was used as general working capital.

Contractual arrangements

One of the business segments of the Group in the provision of integrated solutions for lightning electromagnetic pulse protection business is currently operated under the contractual arrangement. This business was acquired by the Group in May 2012. The following graph shows the structure of the Group conducting this business as at 31 March 2014:



Note: Subsequent to 31 March 2014, the registered owners of Outwitting Huanyu had been changed to Ms. Chen Jiao and Ms. Pei Chen Xi since 18 April 2014.

Under this business, the operators are required to obtain the Licenses (i.e. Class C qualification in lightning protection professional design and construction (防雷工程專業設計丙級資質及防雷工程專業施工丙級資質)) to conduct its business. Beijing Outwitting Huanyu Technology Company Limited ("Outwitting Huanyu") is the operating subsidiary of the business holding the License. If Beijing Reese Compaq Technology Co., Ltd ("Reese Compaq") directly interested in the equity interest in Outwitting Huanyu, there will be a change in enterprise nature of Outwitting Huanyu and that the projects that Outwitting Huanyu is eligible to participate will be restricted to the foreign invested projects and other projects. Therefore the existing construction projects that Outwitting Huanyu could undertake beyond the permitted scope mentioned above will probably be affected and its future customers will be limited.

Therefore in order to obtain the effective control on Outwitting Huanyu and the right to enjoy the economic benefits in the business and assets of Outwitting Huanyu, Reese Compaq has entered into a set of control agreements (the "Control Agreements") with Outwitting Huanyu and the existing shareholders which remains effective since 30 December 2011. The Control Agreements comprise (a) loan agreement; (b) share charge; (c) exclusive share purchase agreement; (d) management appointment agreement; (e) exclusive consultancy service agreement; (f) directors' undertakings; (g) shareholders' undertakings and power of attorney; (h) supplemental agreement; and (i) second supplemental agreement. Set out below are the major terms and other relevant information of the Control Agreements executed amongst Reese Compaq, Outwitting Huanyu and its respective shareholders and directors:

(a) Loan Agreement

Pursuant to the loan agreement executed on 30 December 2011, an interest free loan in the aggregate amount of not more than RMB12 million will be provided by Reese Compaq to the existing shareholders of Outwitting Huanyu, of which RMB2 million has been utilised for the exclusive use for repaying their contributions in the registered capital of Outwitting Huanyu and a facility of RMB10 million will be utilized for future general working capital purpose of Outwitting Huanyu if and when required. The loan is for a term of five (5) years from the date of the loan agreement. In August 2012, the Company further provided RMB1.6 million to the existing shareholders which has been used for the capital injection of Outwitting Huanyu.

It is specified in the loan agreement that in the event if there is liquidation of Outwitting Huanyu and there is still outstanding loan amount, the existing shareholders will repay Reese Compaq with all the assets obtained from the liquidation as repayment.

(b) Share Charge

Pursuant to the share charge executed on 30 December 2011, all the then existing shareholders of Outwitting Huanyu pledged their entire equity interests in Outwitting Huanyu to Reese Compaq, in which each of them will convey to Reese Compaq all their interests in the dividends, distribution, capital bonus and other assets distributed, payable or paid by Outwitting Huanyu for securing the repayment obligations of the shareholders of Outwitting Huanyu under the loan agreement.

Pursuant to the PRC rules, in the events Outwitting Huanyu liquidates, Reese Compaq as the beneficial owner of the charged share interest has the priority in recovering the repayment of the loan.

(c) *Exclusive Share Purchase Agreement*

For the purposes of obtaining the rights to purchase all (or part) of the equity interest in Outwitting Huanyu, Reese Compaq entered into the exclusive share purchase agreement on 30 December 2011 with the shareholders of Outwitting Huanyu to Reese Compaq pursuant to which, an irrevocable and exclusive right was granted by the shareholders to Outwitting Huanyu (or its nominee) to purchase all (or part) of the shareholders' equity interest in Outwitting Huanyu for a period of five (5) years from the date of the agreement (extendable at the option of Reese Compaq). The consideration will be determined based on the higher of the outstanding loan amount under the loan agreements and the minimum amount of consideration as permissible under the then PRC laws and regulations.

Pursuant to the exclusive share purchase agreement, unless with a prior written consent from Reese Compaq, the board of Outwitting Huanyu would not vote in favour of any resolutions in relation to any decision on any dividend payment or declaration. If there is any relevant dividend distribution (including but not limited to the dividend, distribution and bonus issues and other asset distribution), the shareholders of Outwitting Huanyu undertook to transfer such amount received to Reese Compaq.

(d) *Management Appointment Agreement*

Pursuant to the management appointment agreement executed on 30 December 2011, Outwitting Huanyu shall appoint the person(s) nominated by Reese Compaq as directors to the board of directors of Outwitting Huanyu thereby creating an effective control on the board of directors of Outwitting Huanyu. In addition, Reese Compaq has the right to remove directors, the general manager and legal representatives of each of Outwitting Huanyu and replace them with its nominees as it thinks fit.

(e) *Exclusive Consultancy Service Agreement*

Pursuant to the exclusive consultancy service agreement executed on 30 December 2011, Reese Compaq will provide consultancy services to Outwitting Huanyu in return for service fees for a term of five (5) years. Under the service agreement, the service charge will be agreed by Reese Compaq and Outwitting Huanyu each year after negotiation. The service charge will be agreed with reference to, among other, the amount of revenue and net profit of Outwitting Huanyu and the scope of the service to be provided and involvement.

(f) *Directors' Undertakings*

The existing director of Outwitting Huanyu undertook to pass a copy of all notices of directors' meetings received from Outwitting Huanyu to Reese Compaq and to vote in accordance with the voting instructions given by Reese Compaq on any directors' resolutions proposed at the directors' meeting respectively. The directors also procure that such other new directors to be introduced will provide the same undertakings.

(g) *Shareholders' Undertakings and Power of Attorney*

The existing shareholders of Outwitting Huanyu undertook to Reese Compaq that as the shareholders of Outwitting Huanyu, he / she irrevocably assigned their voting rights to Reese Compaq (or such other person as directed by Reese Compaq) and to vote in accordance with the directions of Reese Compaq on any resolution proposed at a general meeting of the shareholders of Outwitting Huanyu.

On 16 April 2012, each of the shareholders of Outwitting Huanyu entered into power of attorney, pursuant to which Reese Compaq is authorised to exercise the shareholders' rights in Outwitting Huanyu including exercise of voting rights, rights to nominate directors of Outwitting Huanyu, the rights to sell or transfer all or any of their respective shareholding in Outwitting Huanyu, participation in the liquidation process and the right to receive the residual assets upon dissolution of Outwitting Huanyu and all other rights as a shareholder.

(h) *Supplemental Agreement*

On 12 April 2012, the parties to the loan agreement entered into the first supplemental agreement, pursuant to which (i) the then existing shareholders of Outwitting Huanyu irrevocably authorises Reese Compaq that in the event there is liquidation of Outwitting Huanyu and there is outstanding loan amount owing by them to Reese Compaq, Reese Compaq can act on behalf of them as agent in the liquidation procedure and to receive the assets after liquidation; and (ii) all the assets after liquidation of Outwitting Huanyu will be deemed as the shareholders' repayment to the loan, Reese Compaq will become the owner of all the assets of Outwitting Huanyu after liquidation. Accordingly in the event of liquidation of Outwitting Huanyu, Reese Compaq can act on the loan agreement and the supplemental agreement to obtain all the assets after liquidation of Outwitting Huanyu for its benefits.

(i) *Second Supplemental Agreement*

On 16 April 2012, the shareholders of Outwitting Huanyu, Outwitting Huanyu and Reese Compaq entered into the second supplemental agreement, pursuant to which (i) the parties agreed that in case of a dispute, if necessary in any arbitration proceedings under the agreed-upon arbitration clause of the relevant agreement under the Control Agreements, the arbitral tribunal has the power to effect arbitration actions or awards on any shares or land or assets of Outwitting Huanyu including the grant of compensation orders, restraining orders, or winding up order; (ii) to ensure the effective performance of arbitral awards, either party has the right, when pending for establishment of the arbitral tribunal or as necessary, to apply to the arbitration commission for effective measures for property preservation. The arbitration commission shall pursuant to relevant laws submit the application to the People's Court in the jurisdiction where Outwitting Huanyu is domiciled or its property is located, for consideration and ruling by the People's Court to take appropriate measures for property preservation.

It is also set out in the loan agreement, share charge, exclusive share purchase agreement, management appointment agreement and exclusive consultancy service agreement that in case of arguments, contentions, or compensation claims between the parties thereto in relation to the interpretation and performance of the terms of these agreements, the parties shall settle the dispute through friendly negotiation. If the dispute relating to these agreements cannot be settled within thirty (30) days after one party suggested solving the same through negotiation, any party may refer the dispute to the China International Economic and Trade Arbitration Commission for arbitration according to the Commission's effective rules which prevail at the time of application. The commission's decision shall be final and binding on the parties concerned. The decision by the commission will be accepted by the court and is legally enforceable, and binding on both parties.

Saved for the change of the replacement of one of registered owners of Mr. Jia Jun Long with Ms. Pei Chen Xi, as directed by the Company and the entering into the same set of the Control Agreements in April 2014, there is no material change to the contractual structure.

In accordance with the terms of the Control Agreements, Reese Compaq is able to govern the financial and operating policies of Outwitting Huanyu and Reese Compaq can enjoy all of the economic benefits of Outwitting Huanyu because:

(i) the board of directors of Outwitting Huanyu is controlled by Reese Compaq pursuant to the management appointment agreements and the directors' undertakings;

(ii) the general meeting of Outwitting Huanyu is controlled by Reese Compaq pursuant to the shareholders' undertakings and the directors' undertakings; and

(iii) all the benefits arising from the entire equity interests in Outwitting Huanyu is entirely conveyed to Reese Compaq pursuant to the share charge, exclusive consultancy service agreement and loan agreement.

The Group believes that, notwithstanding the lack of equity ownership, the Control Agreements give the Group control over Outwitting Huanyu in substance. Accordingly, Outwitting Huanyu is accounted for as a wholly-owned subsidiary of the Group.

For the year ended 31 March 2014, this business contributed revenue of HK$3.4 million and an asset value of HK$13.8 million, representing 8% of the total assets of the Group.

Risk of the contractual arrangement

There is inherited risk of the contractual arrangement. The Group has no equity ownership interest in Outwitting Huanyu and it relies on contractual arrangements to control and operate the business of Outwitting Huanyu under the Control Agreements. However such contractual arrangements may not be as effective in providing control over Outwitting Huanyu as compared with direct ownership since (i) there is no assurance that the Control Agreements could comply with future changes in the regulatory requirements in the PRC; (ii) these contractual arrangements will not preserve Reese Compaq's control in the occurrence of certain events which may be outside the control of Outwitting Huanyu and its respective shareholders; and (iii) potential conflicts of interest between the Group and Outwitting Huanyu and its respective shareholders exists and whether the shareholders and directors of Outwitting Huanyu will act completely in the interest of the Group is outside the control of the Group. Any of the above may materially and adversely affect the validity, effectiveness and enforceability of the control of the Group and Reese Compaq on Outwitting Huanyu and its respective shareholders. Any inability, or limitation on Reese Compaq's ability to enforce the contractual arrangements with the Outwitting Huanyu and its respective shareholders or to take any legal remedies under the PRC law could disrupt the business and have a material adverse effect on the financial position, results of operations and prospects of this business. Whether such conflicts of interest could be effectively managed or otherwise be resolved in the favour of the Group and its subsidiaries will be crucial to the effectiveness of contractual arrangements. In the event the disagreement and dispute cannot be resolved under friendly negotiation and proceed to arbitration, there is no guarantee that the final decision under arbitration would be in favour of the Group.

Management Discussion and Analysis

In order to mitigate the risk of the contractual arrangement, the Group has since its acquisition of this business in May 2012 implemented the following measures to ensure the sound and effective operation of the Control Agreements:

– the Board has nominated its representatives to Reese Compaq and Outwitting Huanyu to ensure that there is a continuous and effective control over Outwitting Huanyu's operation and management. The Group has also obtained the directors' undertaking as detailed above;

– suitable management has been assigned to Outwitting Huanyu to report regularly to the Board for review in relation to major issues arising from implementation of the Control Agreements;

– suitable reporting system in line with the Group's financial reporting practice in the PRC have also been in place to ensure that the Group would be full access and control over the book and record of Outwitting Huanyu and to obtain periodic financial information to ensure proper financial record are kept;

– the proper record system for shareholders' meeting and directors' meeting of Outwitting Huanyu has worked effectively and will continue to be in place, and a copy of these notice for meeting and resolution will also be passed to Reese Compaq and the Group before and after the meeting to keep the Group informed on all important development of Outwitting Huanyu; and

– the Group has worked closely and will continue to work closely with the PRC legal advisors and the management of the Outwitting Huanyu on the update of rules and regulations of the PRC to monitor the continue compliance of the rules and regulations by Outwitting Huanyu as to its conduct of business and contractual arrangement.

In the event if the PRC government further release the restriction on project to be undertaken by foreign construction company, the Group will as soon as possible exercise the exclusive right under the Control Agreements to acquire the direct equity interest in Outwitting Huanyu and unwind the contractual structure.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Gong Dongsheng, aged 41, was appointed as the executive director and chairman of the Company on 13 June 2014. Mr. Gong holds a Bachelor degree in International and Trade (國際經濟與貿易) from the Renmin University Of China (中國人民大學). Mr. Gong has completed a training program of a certified supply chain manager (註冊供應鏈管理師(高級)) from the China Enterprise Confederation (中國企業聯合會), a training program of supply chain manager from the Council of Supply Chain Management Professionals. Mr. Gong obtained a senior logistics professional manager management certificate (物流職業經理管理證書(高級)) from the China Federation of Logistics and Purchasing (中國物流與採購聯合會). Mr. Gong is currently the managing deputy president of the Shenzhen Association of Trade in Services (深圳市服務貿易協會) and the executive chairman of Shenzhen Info-net Promotion Association (深圳市信息網絡促進會). Mr. Gong has over eight years of extensive experiences in the management and operation of supply chain management business. Prior to joining the Company, Mr. Gong holds managerial positions in different companies established in the PRC which specialised in the supply chain management.

Mr. Gong is the spouse of Ms. Chen Nan, the executive director and the joint chief executive officer of the Company.

Ms. Chen Nan, aged 31, was appointed as the executive director and vice chairman of the Company on 2 May 2014. Ms. Chen was re-designated from vice chairman to joint chief executive officer on 13 June 2014. Ms. Chen completed a training program of a certified supply chain manager (註冊供應鏈管理(高級)) from the China Enterprise Confederation (中國企業聯合會), a supply chain manager (美國註冊供應鏈管理師) from the Council of Supply Chain Manager Professionals (美國註冊供應鏈管理會) and also a senior logistics professional manager management certificate (物流職業經理管理証書(高級)) from the China Federation of Logistics and Purchasing (中國物流與採購聯合會). Ms. Chen holds a double degrees of Bachelor of Engineering and Bachelor of Law (工法學雙學士學位) majoring in bioengineering (生物工程) and legal science (法學) from the Northwest A&F University, the People's Republic of China (中國西北農林科技大學) and also a Master of Engineering majoring in Logistics Engineering (物流工程領域工程) from the Shanghai Jiao Tong University, the People's Republic of China (中國上海交通大學). Ms. Chen has over eight years experience in the logistics industry and is currently a chief executive officer of a private company established in The People's Republic of China which is principally engaged in supply chain management.

Ms. Chen is the spouse of Mr. Gong, the executive director and chairman of the Company.

Mr. Wu Zhinan, aged 38, was appointed as the executive director and chief executive officer of the Company on 13 May 2013. Mr. Wu was re-designated from chief executive officer to joint chief executive officer on 13 June 2014. Mr. Wu holds a bachelor degree of Industrial Automatic from the Information Science and Engineering Faculty of Jilin University (formerly known as Jilin University of Technology of China). Mr. Wu is the holder of the Certificate for the Qualifications of Lightning Prevention Design and Construction issued by the Beijing Meteorology Bureau. With 11 years of experience in the sales of electromagnetic security products, Mr. Wu was the Deputy General Manager of Beijing Allday Science and Technology Co., Ltd. (北京歐地安科技有限公司), and was responsible for the sales of electromagnetic security products to telecommunications companies, power companies and the PRC government. Mr. Wu was also the Chief Marketing Officer of Beijing Comtest Co., Ltd. (北京通測科技有限責任公司), and was responsible for the sales of communication testing gauges to telecommunication operators across the country. Mr. Wu is currently the directors of several subsidiaries of the Company, namely Boomtech Limited, Fantastic Limited, Beijing Reese Compaq Technology Co., Limited, Beijing Outwitting Huanyu Technology Company Limited and PalmPay Technology Co. Limited, and is responsible for the coordination of the business planning and operation.

Directors and Senior Management

Mr. Chan Francis Ping Kuen, aged 55, was appointed as the executive director and deputy chairman of the Company on 22 May 2007. Mr. Chan is also a member of the remuneration committee and the nomination committee. Mr. Chan holds a bachelor's degree in economics from the University of Sydney in Australia. Mr. Chan is an associate member of the Institute of Chartered Accountants in Australia and also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 25 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of companies listed in Hong Kong and the United States. Mr. Chan is an independent non-executive director of China Dynamics (Holdings) Limited (Stock Code: 476) and Earnest Investments Holdings Limited (Stock Code: 339). The two companies are listed on main board of the Stock Exchange.

Mr. Chan Hin Wing, James, aged 65, was appointed as the executive director of the Company on 1 November 2006, graduated from Hong Kong Polytechnic University majoring in marketing, economics and finance. Mr. Chan is also a member of American Marketing Association, British Institute of Management and Chartered Institute of Marketing. Mr. Chan has over 38 years of experience in sales, marketing, franchising, and chain store establishments in the Asia Pacific region. Mr. Chan is currently the managing director of a company principally engaging in the field of nanotechnology.

Mr. Woo Yik Man, aged 30, was appointed as the executive director of the Company on 27 May 2014. Mr. Woo holds a bachelor's degree in arts from The University of Hong Kong and a bachelor's degree in laws from University of London. Mr. Woo is the holder of practicing certificates in securities and asset management of Hong Kong Securities Institute and Financial Advisers' International Qualification of The Chartered Insurance Institute with The Institute of Financial Planners of Hong Kong. Mr. Woo has over eight years experience in legal, corporate finance and business consultancy and has previously worked in an international law firm. Mr. Woo is also the founder and currently the principal of an independent consultancy firm principally engaged in finance, business development and trading.

NON-EXECUTIVE DIRECTOR

Mr. Tsang Ho Ka, Eugene, aged 32, was appointed as the executive director on 13 May 2013, re-designated as non-executive director and appointed as chairman on 17 September 2013 and resigned as chairman on 13 June 2014. Mr. Tsang is a Certified Practising Accountant of Certified Public Accountants Australia, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, an international associate of the American Institute of Certified Public Accountants, a member of the Hong Kong Institute of Directors, an associate management accountant of the Institute of Certified Management Accountants, Australia, an associate of the Taxation Institute of Hong Kong, a full member of the Institute of Accountants Exchange, a Certified Tax Adviser of the Taxation Institute of Hong Kong and also a member of the Hong Kong Mining Investment Professionals Association. Mr. Tsang holds a bachelor's degree in commerce from the University of New South Wales, Australia and has also completed an accounting extension course in relation to Australian Taxation Law and Australian Corporations Law in the University of Sydney, Australia. Mr. Tsang has over 11 years of experience in accounting and financial management and has previously worked in an international CPA firm. Mr. Tsang is also the founder of Gattaca Company Limited, an independent consultancy company specialising in corporate restructuring and financial reengineering and also a consultant of GenNex Financial Media Limited, a company which is principally engaged in the provision of financial printing services. Also, Mr. Tsang was the company secretary and the qualified accountant of the Maxitech International Holdings Limited (now named as Richfield Group Holdings Limited) a company incorporated in the Cayman Islands with limited liability and the issued shares of which were previously listed on the GEM (stock code: 8136) and subsequently transferred to the Main Board of the Stock Exchange (stock code: 183) from March 2006 to March 2007. Mr. Tsang is also a non-executive director and vice-chairman of the Ming Kei Holdings Limited ("Ming Kei"), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which listed on the Growth Enterprise Market ("GEM") of the Stock Exchange (stock code: 8239) and an executive director and joint company secretaries of Newtree Group Holdings Limited ("Newtree"), a company incorporated in the Cayman Islands with limited liability and the issued shares of which listed on the Main Board of the Stock Exchange (stock code: 1323).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Chi Sun, Vincent, aged 51, who is also appointed as a member of the audit committee, the remuneration committee and the nomination committee, is the sole proprietor of Vincent Kwok & Co. and is a Certified Public Accountant. Mr. Kwok is also an independent non-executive director of five other listed companies in Hong Kong, i.e. Shun Ho Resources Holdings Limited, Shun Ho Technology Holdings Limited, Magnificent Estates Limited, Evergreen International Holdings Limited and China Digital Culture (Group) Limited, the former four named companies are listed on main board of the Stock Exchange while the last named company is listed on GEM.

Mr. Yeung Kam Yan, aged 62, who is also appointed as a member of the audit committee, the remuneration committee and the nomination committee, is a member of the Air & Waste Management Association-Hong Kong Section. Mr. Yeung has over 10 years of experience in accounting, sales and marketing in different international companies including Olivetti (Hong Kong) Ltd. from 1979 to 1982, O.P.D. Limited from 1982 to 1985 and Henry Boot Far East Limited from 1986 to 1990. Mr. Yeung also operated his own trading and investment business in the PRC from 1990 to 1998.

Mr. Cheung Chi Hwa, Justin, aged 60, who was also appointed as a member of the audit committee, the remuneration committee and the nomination committee, holds a bachelor degree of laws from the Manchester Metropolitan University in the United Kingdom, a master degree of laws from University of London in the United Kingdom and a master of business administration degree from California State University in the United States. Mr. Cheung is a member of the American Institute of Certified Public Accountants and has over 20 years of banking, accounting and company secretarial experiences. Mr. Cheung was previously an executive director of Ming Kei (Stock code: 8239, formerly known as Ming Kei Energy Holdings Limited) and an independent non-executive director of Richfield Group Holdings Limited (Stock code: 183, formerly known as Maxitech International Holdings Limited and FX Creations International Holdings Limited) respectively. The former named company is listed on GEM while the latter named company is listed on the Main Board of the Stock Exchange.

Mr. Kwok Kam Tim, aged 37, was appointed as independent non-executive director and a member of the audit committee, the nomination committee and the remuneration committee respectively on 13 June 2014. Mr. Kwok is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Kwok holds a Bachelor of Arts degree in Accounting from The Hong Kong Polytechnic University, a Bachelor of Engineering degree from The University of Hong Kong Science and Technology and a Master of Corporate Governance degree from the Hong Kong Polytechnic University. Mr. Kwok has over 12 years of experience in accounting and financial management and previously worked in an international accounting firm. Mr. Kwok is currently a financial controller of Loudong General Nice Resources (China) Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 988). Mr. Kwok is also an independent non-executive director of Ming Kei, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange (stock code: 8239) and an independent non-executive director of Newtree, a company incorporated in the Cayman Islands with limited liability and the issued shares of which listed on the Main Board of the Stock Exchange (stock code: 1323).

Directors and Senior Management

Mr. Kinley Lincoln James Lloyd, aged 36, was appointed as the independent non-executive director and a member of the audit committee, the nomination committee and the remuneration committee respectively on 13 June 2014. Mr. Kinley is a solicitor of the High Court of Hong Kong, a barrister and solicitor of the High Court of Australia, a solicitor of the Supreme Court of New South Wales, Australia and a barrister and solicitor of the Supreme Court of Western Australia. Mr. Kinley holds a graduate certificate in legal practice and a bachelor degree in law from the University of Technology, Sydney, Australia. Mr. Kinley has over 10 years of legal experience in both Australia and Hong Kong respectively and his practice has been focused on the areas of employment law and general commercial litigation. Mr. Kinley is currently a solicitor in a Hong Kong law firm. Mr. Kinley is an independent non-executive director of Newtree. Mr. Kinley was an non-executive director of Ming Kei from October 2009 to November 2009 and an independent non-executive director of Ming Kei from November 2009 to August 2012.

Mr. Yu Chon Man, aged 37, was appointed as the independent non-executive director and a member of the audit committee, the nomination committee and the remuneration committee respectively on 19 June 2014. Mr. Yu has approximately 16 years of experience in financial accounting. Mr. Yu is a member of the Hong Kong Institute of Certified Public Accountants and the fellow member of the Association of Chartered Certified Accountants. Mr. Yu had approximately seven years of working experience with international audit firms and was mainly responsible for financial auditing, internal control reporting and compliance advisory. Mr. Yu graduated from the Hong Kong Polytechnic University with a bachelor's degree (Hons) in accountancy in 2001. Mr. Yu is currently a financial controller, authorised representatives and company secretary of China Singyes Solar Technologies Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 750).

Mr. Tam Chak Chi, aged 37, who was also appointed as the independent non-executive director and a member of audit committee, remuneration committee and nomination committee respectively on 13 May 2013. Mr. Tam resigned on 2 May 2014. Mr. Tam holds a bachelor's degree of commerce from the University of Toronto. Mr. Tam has more than 10 years of experience in providing accounting, auditing and financial services and has served various senior positions at various private and listed companies (the shares of which have been listed on the main board and the GEM as well as NASDAQ). Mr. Tam is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a member of the international associate of the American Institute of Certified Public Accountants. Mr. Tam was previously an executive director of Seamless Green China (Holdings) Limited (stock code: 8150), a company listed on the GEM. Mr. Tam is currently the company secretary of a company listed on GEM.

SENIOR MANAGEMENT

Mr. Law Ho Ming, aged 35, is the chief financial officer and the company secretary of the Company. Mr. Law was appointed as the company secretary and authorised representative of the Company on 22 May 2007. Mr. Law is an associate member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Law holds a degree of Bachelor of Arts in Accountancy. Mr. Law was first appointed as an assistant financial controller of the Company in May 2006.

Report of the Directors

The directors herein present their annual report and the audited financial statements of Rising Power Group Holdings Limited (formerly known as China Neng Xiao Technology (Group) Limited) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2014.

CHANGE OF NAME

Pursuant to a special resolution passed at annual general meeting held on 31 July 2013, the name of the Company was changed from China Neng Xiao Technology (Group) Limited 中國能效科技（集團）有限公司 to Rising Power Group Holdings Limited 昇力集團控股有限公司.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 17 to the consolidated financial statements in this annual report.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by reporting segments and geographical areas of operations for the year is set out in note 4 to the consolidated financial statements in this annual report.

RESULTS AND DIVIDENDS

The Group's result for the year ended 31 March 2014 are set out in the consolidated statement of comprehensive income in this annual report on page 38.

The directors do not recommend the payment of any dividend during the year.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published result for continuing and discontinued operations of the Group for each of the five years ended 31 March 2014 and of the assets, liabilities and non-controlling interests of the Group as at 31 March 2014, 2013, 2012, 2011 and 2010.

Consolidated results

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**14,855**	58,520	28,516	23,786	43,409
(Loss) / Profit before taxation	**(79,662)**	(58,808)	(71,866)	(327,722)	18,064
Income tax (expenses) / credit	**(14)**	(7,865)	229	(1,412)	(2,201)
(Loss) / Profit for the year	**(79,676)**	(66,673)	(71,637)	(329,134)	15,863
Attributable to:					
Equity holders of the Company	**(76,292)**	(77,654)	(68,192)	(328,601)	13,761
Non-controlling interests	**(3,384)**	10,981	(3,445)	(533)	2,102
	(79,676)	(66,673)	(71,637)	(329,134)	15,863

Report of the Directors

Consolidated assets and liabilities and non-controlling interests

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**181,908**	177,909	152,128	167,451	392,680
Total liabilities	**(28,720)**	(30,063)	(29,698)	(43,756)	(39,884)
Non-controlling interests	**(1,176)**	(4,272)	(13,365)	(4,309)	–
	152,012	143,574	109,065	119,386	352,796

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's issued share capital are set out in note 26 to the consolidated financial statements.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any material acquisitions or disposals of subsidiaries and investments during the year.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 42 to 43 of the annual report and in note 27 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2014, the Company's reserves available for cash distribution and / or distribution in specie amounted to approximately HK$90,229,000 *(2013: HK$57,053,000)*, as computed in accordance with the Companies Act 1981 of Bermuda. In addition, the Company's share premium account has a balance of approximately HK$58,605,000 as at 31 March 2014 *(2013: HK$55,357,000)*.

EVENTS AFTER THE REPORTING PERIOD

(i) Pursuant to the special general meeting (the "SGM") held on 22 April 2014, the ordinary resolutions relevant to the proposed acquisition of 75% equity interest of Hong Kong Automobile Restoration Group Limited (the "HKARG Acquisition") were not passed. Accordingly, certain conditions under the Sale and Purchase Agreements (the "SPA") of the HKARG Acquisition had not been fulfilled. After negotiation with the vendors and the guarantors, the Company decided not to proceed with the HKARG Acquisition.

In accordance with the term of the SPA, total deposits of HK$35.5 million were paid during the year, which included non-refundable deposits of HK$5 million.

Under the terms of the SPA, one of the vendors ("Vendor B") shall return the full amount of the deposits in an aggregate amount of HK$30.5 million (the "Deposits") to the Group. On 30 April 2014, Star Engine Company Limited, a wholly owned subsidiary of the Company, and Vendor B entered into a deed of settlement and agreed that an aggregate amount of HK$30.6 million (being the Deposits together with an interest totaling HK$100,000) (the "Settlement Sum") would be returned by Vendor B in eleven installments.

As at the date of this report, the Company had received a total of HK$15.83 million from Vendor B (including the early repayment of the second and third installments which were originally scheduled to be repaid on 1 July 2014 and 1 August 2014, respectively), representing approximately 52% of the Settlement Sum.

(ii) In June 2014, the Company has disposed of all the available-for-sale financial assets with an aggregate carrying value at the end of the reporting period of HK$15,406,000 for an aggregate consideration of HK$14,944,000 resulting in a loss on disposal of approximately HK$462,000.

(iii) In June 2014, the Board proposed to change the name of the Company from "Rising Power Group Holdings Limited" to "Sky Forever Supply Chain Management Group Limited". The proposed change is subject to the approval by the shareholders by way of special resolution at the SGM to be held on 11 July 2014.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, turnover made to the Group's five largest customers accounted for 93% *(2013: 73%)* of the total turnover for the year. Turnover made to the largest customer included therein accounted for 76% *(2013: 24%)* of the total turnover for the year.

During the year, purchases from the Group's five largest suppliers accounted 78% *(2013: 43%)* of the total purchases for the year. Purchases from the Group's largest supplier included therein accounted for 41% *(2013: 11%)* of the total purchases for the year.

As far as the directors are aware, neither the directors of the Company, any of their associates nor any shareholders which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital had any beneficial interests in the Group's five largest customers and suppliers during the year.

Report of the Directors

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Gong Dongsheng *(Chairman)*	*(appointed on 13 June 2014)*
Ms. Chen Nan *(Joint Chief Executive Officer)*	*(appointed on 2 May 2014)*
Mr. Wu Zhinan *(Joint Chief Executive Officer)*	*(appointed on 13 May 2013)*
Mr. Chan Francis Ping Kuen *(Deputy Chairman)*	
Mr. Chan Hin Wing, James	
Mr. Woo Yik Man	*(appointed on 27 May 2014)*
Ms. Sung Ting Yee	*(appointed as executive director and chairman on 13 May 2013, resigned as chairman on 17 September 2013 and resigned on 10 January 2014)*
Mr. Chum Hon Sing	*(appointed on 3 July 2013 and resigned on 6 December 2013)*

Non-executive director:

Mr. Tsang Ho Ka, Eugene	*(appointed as executive director on 13 May 2013, re-designated as non-executive director and appointed as chairman on 17 September 2013 and resigned as chairman on 13 June 2014)*

Independent non-executive directors:

Mr. Kwok Chi Sun, Vincent	
Mr. Yeung Kam Yan	
Mr. Cheung Chi Hwa, Justin	
Mr. Kwok Kam Tim	*(appointed on 13 June 2014)*
Mr. Kinley Lincoln James Lloyd	*(appointed on 13 June 2014)*
Mr. Yu Chon Man	*(appointed on 19 June 2014)*
Mr. Tam Chak Chi	*(appointed on 13 May 2013 and resigned on 2 May 2014)*

In accordance with Bye-laws of the Company and the Appendix 15 of the GEM Listing Rules, one-third of the directors will retired by rotation and be eligible to offer themselves for re-election at the forthcoming annual general meeting.

The Company confirmed that it has received from each of its independent non-executive directors the annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considered them to be independent as at the date of this report.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 17 and 20 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors and independent non-executive directors of the Company has entered into a letter of appointment with the Company for a term of one year commencing from the date of appointment, will continue thereafter until terminated by either party giving not less than one month's notice in writing to the other party.

Save as aforesaid, none of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director of the Company had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

RELATED AND CONNECTED PARTY TRANSACTION

Except otherwise disclosed in note 33 to the consolidated financial statements the Group had no transactions which need to be disclosed as connected transaction in accordance with the requirements of the GEM Listing Rules.

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

As at 31 March 2014, 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	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 March 2014, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" above, at no time since the 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 or 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 or fellow 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 any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2014, other than the interests of a director 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 under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested 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*

Notes:

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 non-executive director.

Save as disclosed above, as at 31 March 2014, 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 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this report, there is sufficient public float of the Company's issued shares as required under the GEM Listing Rules throughout the year ended 31 March 2014.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year under review, none of the directors or the management shareholders or substantial shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on page 28 to page 35.

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 year, 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. During the year, the audit committee held four meetings to review and supervise the financial reporting process, and to provide advice and recommendations to the board of directors.

On 2 May 2014, Mr. Tam Chak Chi was resigned as the member of the audit committee. On 13 June 2014, Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd were appointed as members of the audit committee. On 19 June 2014, Mr. Yu Chon Man was appointed as the member of the audit committee.

The financial statements of the Group for the year ended 31 March 2014 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.

AUDITOR

The consolidated financial statements for the financial year ended 31 March 2014 were audited by Mazars CPA Limited, Certified Public Accountants. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Mazars CPA Limited as auditor of the Company.

ON BEHALF OF THE BOARD

Mr. Chan Francis Ping Kuen
Executive Director

Hong Kong
30 June 2014

Corporate Governance Report

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 year ended 31 March 2014, save and except for the following:

1. A.1.3 of the Code stipulates of at least 14 days notice should be given to all directors for a regular Board Meeting. For all other Board meetings, reasonable notice should be given. Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavours to give 14 days' advanced notifications of Board meeting to the extent practicable;

2. A.6.7 of the code stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings of the Company and develop a balanced understanding of the views of shareholders. Due to their other important engagement at the relevant time, some independent non-executive directors were unable to attend the general meetings of the Company.

3. A.4.1 of the Code stipulates that all non-executive director should be appointed for a specific term, subject to re-election. Currently, all non-executive directors are not appointed for a specific term. They are, however, subject to the retirement by rotation and re-election of directors in the Bye-laws of the Company. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 March 2014.

BOARD OF DIRECTORS AND BOARD MEETINGS

The board members during the year and up to date of the report were:

Executive directors:

Mr. Gong Dongsheng *(Chairman)*	*(appointed on 13 June 2014)*
Ms. Chen Nan *(Joint Chief Executive Officer)*	*(appointed on 2 May 2014)*
Mr. Wu Zhinan *(Joint Chief Executive Officer)*	*(appointed on 13 May 2013)*
Mr. Chan Francis Ping Kuen *(Deputy Chairman)*	
Mr. Chan Hin Wing, James	
Mr. Woo Yik Man	*(appointed on 27 May 2014)*
Ms. Sung Ting Yee	*(appointed as executive director and chairman on 13 May 2013, resigned as chairman on 17 September 2013 and resigned on 10 January 2014)*
Mr. Chum Hon Sing	*(appointed on 3 July 2013 and resigned on 6 December 2013)*

Non-executive director:

Mr. Tsang Ho Ka, Eugene	*(appointed as executive director on 13 May 2013, re-designated as non-executive director and appointed as chairman on 17 September 2013 and resigned as chairman on 13 June 2014)*

Independent non-executive directors:

Mr. Kwok Chi Sun, Vincent	
Mr. Yeung Kam Yan	
Mr. Cheung Chi Hwa, Justin	
Mr. Kwok Kam Tim	*(appointed on 13 June 2014)*
Mr. Kinley Lincoln James Lloyd	*(appointed on 13 June 2014)*
Mr. Yu Chon Man	*(appointed on 19 June 2014)*
Mr. Tam Chak Chi	*(appointed on 13 May 2013 and resigned on 2 May 2014)*

The board of directors (the "Board") is responsible for the Group's corporate policy formulation, business strategies planning, business development, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual, interim and quarterly accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The directors' biographical information is set out on pages 17 and 20 of this annual report. All executive directors have given sufficient time and attention to the affairs of the Group. Each executive director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. Mr. Gong Dongsheng is the spouse of Ms. Chen Nan, the executive director and the joint chief executive officer of the Company. Save as disclosed above, there is no relationship among the members of the Board.

The Company appointed six independent non-executive directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders. All of them have been appointed for a term of one year commencing from the date of appointment and will continue thereafter until terminated by either party giving each other not less than one month's notice. Every director should be subject to retirement by rotation at least once every three years.

Pursuant to the requirements of the GEM Listing Rules, the Company has received written confirmation from each independent non-executive director of his independence to the Company. Based on such confirmations of independence, the Company considers all of the independent non-executive directors to be independent.

The Board held a full board meeting for each quarter.

Apart from regular board meetings of the year, the Board will meet on other occasions when a board-level decision on a particular matter is required.

Corporate Governance Report

Details of the attendance of the meetings of the Board are as follows:

		Board meeting Attend / Eligible to attend	General meeting Attend / Eligible to attend
Executive directors:			
Mr. Gong Dongsheng *(Chairman)*	*(appointed on 13 June 2014)*	0/0	0/0
Ms. Chen Nan *(Joint Chief Executive Officer)*	*(appointed on 2 May 2014)*	0/0	0/0
Mr. Wu Zhinan *(Joint Chief Executive Officer)*	*(appointed on 13 May 2013)*	20/34	0/2
Mr. Chan Francis Ping Kuen *(Deputy Chairman)*		40/40	2/4
Mr. Chan Hin Wing, James		39/40	3/4
Mr. Woo Yik Man	*(appointed on 27 May 2014)*	0/0	0/0
Ms. Sung Ting Yee	*(appointed as executive director and chairman on 13 May 2013, resigned as chairman on 17 September 2013 and resigned on 10 January 2014)*	25/28	2/2
Mr. Chum Hon Sing	*(appointed on 3 July 2013 and resigned on 6 December 2013)*	12/15	0/1
Non-executive director:			
Mr. Tsang Ho Ka, Eugene	*(appointed as executive director on 13 May 2013, re-designated as non-executive director and appointed as chairman on 17 September 2013 and resigned as chairman on 13 June 2014)*	30/34	2/2
Independent non-executive directors:			
Mr. Kwok Chi Sun, Vincent		29/40	2/4
Mr. Yeung Kam Yan		28/40	3/4
Mr. Cheung Chi Hwa, Justin		26/40	0/4
Mr. Kwok Kam Tim	*(appointed on 13 June 2014)*	0/0	0/0
Mr. Kinley Lincoln James Lloyd	*(appointed on 13 June 2014)*	0/0	0/0
Mr. Yu Chon Man	*(appointed on 19 June 2014)*	0/0	0/0
Mr. Tam Chak Chi	*(appointed on 13 May 2013 and resigned on 2 May 2014)*	24/34	0/2

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As at 13 May 2013, the role of the chairman of the Group is taken up by Ms. Sung Ting Yee and the role of the chief executive officer is taken up by Mr. Wu Zhinan.

Ms. Sung Ting Yee resigned as the chairman of the Company with effect from 17 September 2013.

As at 17 September 2013, the role of the chairman of the group is taken up by Mr. Tsang Ho Ka, Eugene and the role of the chief executive officer is taken up by Mr. Wu Zhinan.

Mr. Tsang Ho Ka, Eugene resigned as the chairman and Mr. Gong Dongsheng was appointed as the chairman on 13 June 2014.

Ms. Chen Nan was re-designated from the vice chairman to the joint chief executive officer and Mr. Wu Zhinan was re-designated from the chief executive officer to the joint chief executive officer on 13 June 2014.

Hence, the role of the chairman and the chief executive officer are separated.

NON-EXECUTIVE DIRECTORS

Each of the non-executive directors and independent non-executive directors of the Company has entered into a letter of appointment with the Company for a term of one year commencing from the date of appointment, will continue thereafter until terminated by either party giving not less than one month's notice in writing to the other party.

CORPORATE GOVERNANCE FUNCTION

The Board is also responsible for performing the corporate governance duties as set out below:

a) to develop and review the Company's policies and practices on corporate governance;

b) to review and monitor the training and continuous professional development of Directors and senior management;

c) to review and monitor the Company's policies and practices and compliance with legal and regulatrory requirements;

d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

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 seven members, of which six are independent non-executive directors, namely Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, Mr. Cheung Chi Hwa, Justin, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Mr. Yu Chon Man 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.

The remuneration committee held three meetings during the year under review. Details of the attendance of the remuneration committee meetings are as follows:

Members		Attend / Eligible to attend
Mr. Chan Francis Ping Kuen		3/3
Mr. Kwok Chi Sun, Vincent		3/3
Mr. Yeung Kam Yan		3/3
Mr. Cheung Chi Hwa, Justin		3/3
Mr. Kwok Kam Tim	*(appointed on 13 June 2014)*	0/0
Mr. Kinley Lincoln James Lloyd	*(appointed on 13 June 2014)*	0/0
Mr. Yu Chon Man	*(appointed on 19 June 2014)*	0/0
Mr. Tam Chak Chi	*(appointed on 13 May 2013 and resigned on 2 May 2014)*	2/2

NOMINATION COMMITTEE

The Company has established a nomination committee on 23 March 2012 with written terms of reference in compliance with the GEM Listing Rules. The nomination committee comprises seven members, of which one executive director, namely Mr. Chan Francis Ping Kuen and six independent non-executive directors namely Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, Mr. Cheung Chi Hwa, Justin, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Mr. Yu Chon Man. 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.

The nomination committee held three meetings during the year under review. Details of the attendance of the remuneration committee meetings are as follows:

Members		Attend / Eligible to attend
Mr. Kwok Chi Sun, Vincent		3/3
Mr. Chan Francis Ping Kuen		3/3
Mr. Yeung Kam Yan		3/3
Mr. Cheung Chi Hwa, Justin		3/3
Mr. Kwok Kam Tim	*(appointed on 13 June 2014)*	0/0
Mr. Kinley Lincoln James Lloyd	*(appointed on 13 June 2014)*	0/0
Mr. Yu Chon Man	*(appointed on 19 June 2014)*	0/0
Mr. Tam Chak Chi	*(appointed on 13 May 2013 and resigned on 2 May 2014)*	2/2

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments on the Company's draft annual reports and accounts, half year reports and quarterly reports to directors. The audit committee comprises six members, Mr. Kwok Chi Sun, Vincent, Mr. Yeung Kam Yan, Mr. Cheung Chi Hwa, Justin, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Mr. Yu Chon Man, all of them are independent non-executive directors. The chairman of the audit committee is Mr. Kwok Chi Sun, Vincent.

The audit committee held four meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Members		**Attend / Eligible to attend**
Mr. Kwok Chi Sun, Vincent		4/4
Mr. Yeung Kam Yan		4/4
Mr. Cheung Chi Hwa, Justin		4/4
Mr. Kwok Kam Tim	*(appointed on 13 June 2014)*	0/0
Mr. Kinley Lincoln James Lloyd	*(appointed on 13 June 2014)*	0/0
Mr. Yu Chon Man	*(appointed on 19 June 2014)*	0/0
Mr. Tam Chak Chi	*(appointed on 13 May 2013 and resigned on 2 May 2014)*	4/4

The Group's unaudited quarterly and interim results and annual audited results for the year ended 31 March 2014 have been reviewed by the audit committee during the year, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

AUDITOR'S REMUNERATION

The Company has appointed Mazars CPA Limited ("Mazars") as the auditor of the Group. The Board is authorised in the annual general meeting to determine the remuneration of Mazars. During the year, the fees charged by Mazars for the statutory audit and non-audit assignments of the Group amounted to approximately HK$630,000 and HK$500,000 respectively. The non-audit services included the due diligence review for the potential acquisition of HK$330,000, the professional services in connection with the circulars to shareholders of HK$130,000, and other audit-related services of HK$40,000.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all directors have participated in continuous professional development by attending training course, or relating materials / in house briefing on the topics related to corporate governance and regulations as follows:

		Reading materials / In house briefing	Attending training course
Executive directors:			
Mr. Gong Dongsheng *(Chairman)*	*(appointed on 13 June 2014)*	✓	–
Ms. Chen Nan *(Joint Chief Executive Officer)*	*(appointed on 2 May 2014)*	✓	–
Mr. Wu Zhinan *(Joint Chief Executive Officer)*	*(appointed on 13 May 2013)*	✓	–
Mr. Chan Francis Ping Kuen *(Deputy Chairman)*		✓	✓
Mr. Chan Hin Wing, James		✓	–
Mr. Woo Yik Man	*(appointed on 27 May 2014)*	✓	–
Ms. Sung Ting Yee	*(appointed as executive director and chairman on 13 May 2013, resigned as chairman on 17 September 2013 and resigned on 10 January 2014)*	✓	✓
Mr. Chum Hon Sing	*(appointed on 3 July 2013 and resigned on 6 December 2013)*	✓	–
Non-executive director:			
Mr. Tsang Ho Ka, Eugene	*(appointed as executive director on 13 May 2013, re-designated as non-executive director and appointed as chairman on 17 September 2013 and resigned as chairman on 13 June 2014)*	✓	✓
Independent non-executive directors:			
Mr. Kwok Chi Sun, Vincent		✓	✓
Mr. Yeung Kam Yan		✓	–
Mr. Cheung Chi Hwa, Justin		✓	–
Mr. Kwok Kam Tim	*(appointed on 13 June 2014)*	✓	✓
Mr. Kinley Lincoln James Lloyd	*(appointed on 13 June 2014)*	✓	–
Mr. Yu Chon Man	*(appointed on 19 June 2014)*	✓	✓
Mr. Tam Chak Chi	*(appointed on 13 May 2013 and resigned on 2 May 2014)*	✓	✓

COMPANY SECRETARY

Up to the date of this report, the company secretary of the Company is Mr. Law Ho Ming ("Mr. Law") and a written confirmation had been received by the Company from Mr. Law to confirm that he took not less than 15 hours of relevant professional training during the current year ended under reviewed and up to the date of this report.

INTERNAL CONTROL

The board is responsible for maintaining the Group's internal controls and for reviewing the effectiveness of these controls. Internal control systems are designed to meet the particular needs of the Group and the risk to which it is exposed.

In consideration of the size of the Group, the Board does not consider to establish an internal audit team at present. However, the key control procedures established by the Group are day-to-day supervision of the business by the executive directors, supported by the managers responsible for the operation and the key division support functions of finance, information system and human resources. Key elements of internal controls described below have been in place throughout the year under review:

– procedures for the approval of capital expenditure and payments;

– regular financial information provided to management for reviewing the Group's performance;

– clearly defined management structure and lines of responsibility.

SHAREHOLDERS' RIGHTS

Under the Bye-laws of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. Within 21 days of such deposit the Board should proceed to convene such meeting.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The auditor's responsibilities are set out in the Independent Auditor's Report.

INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year ended 31 March 2014, there had not been any change in the Company's constitutional documents.

Independent Auditor's Report

MAZARS

MAZARS CPA LIMITED
瑪澤會計師事務所有限公司
42nd Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel電話: (852) 2909 5555
Fax傳真: (852) 2810 0032
Email電郵: info@mazars.hk
Website網址: www.mazars.cn

To the shareholders of
Rising Power Group Holdings Limited
(formerly known as China Neng Xiao Technology (Group) Limited)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Rising Power Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 38 to 104, which comprise the consolidated and the Company's statements of financial position as at 31 March 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 30 June 2014

Eunice Y M Kwok
Practising Certificate number: P04604

Consolidated Statement of Comprehensive Income

Year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Continuing operations			
Turnover	5	**14,855**	34,529
Cost of services rendered and cost of goods sold		**(12,340)**	(8,324)
Gross profit		**2,515**	26,205
Other revenue	5	**621**	103
Other income	6	**120**	4,253
Selling and distribution costs		**(6,684)**	(5,094)
Administrative expenses		**(26,648)**	(32,265)
Other operating expenses		**(37,331)**	(62,200)
Share of results of associates	18	**(12,255)**	2,425
Loss before taxation from continuing operations	7	**(79,662)**	(66,573)
Income tax expenses	10	**(14)**	(2,189)
Loss for the year from continuing operations		**(79,676)**	(68,762)
Discontinued operations			
Profit for the year from discontinued operations	11	**–**	2,089
Loss for the year		**(79,676)**	(66,673)
Other comprehensive income (loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on consolidation		**418**	266
Share of other comprehensive income (loss) of associates	18	**732**	(127)
		1,150	139
Total comprehensive loss for the year		**(78,526)**	(66,534)
(Loss) Profit attributable to:			
Equity holders of the Company	12	**(76,292)**	(77,654)
Non-controlling interests		**(3,384)**	10,981
		(79,676)	(66,673)
Total comprehensive (loss) income attributable to:			
Equity holders of the Company		**(75,430)**	(77,648)
Non-controlling interests		**(3,096)**	11,114
		(78,526)	(66,534)
Loss per share	14		
From continuing and discontinued operations			
Basic		**(HK18.70 cents)**	(HK42.98 cents)
Diluted		**(HK18.70 cents)**	(HK42.98 cents)
From continuing operations			
Basic		**(HK18.70 cents)**	(HK46.73 cents)
Diluted		**(HK18.70 cents)**	(HK46.73 cents)

Consolidated Statement of Financial Position

At 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**1,209**	1,222
Available-for-sale financial assets	*16*	**12,450**	–
Interests in associates	*18*	**10,939**	22,462
Intangible assets	*19*	**–**	800
Goodwill	*20*	**10,808**	42,308
		35,406	66,792
Current assets			
Available-for-sale financial assets	*16*	**2,564**	–
Trade and other receivables	*21*	**57,263**	31,132
Bank balances and cash	*22*	**86,675**	79,985
		146,502	111,117
Current liabilities			
Trade and other payables	*23*	**23,907**	20,048
Tax payable		**2,249**	2,187
Promissory notes	*24*	**–**	986
		26,156	23,221
Net current assets		**120,346**	87,896
Total assets less current liabilities		**155,752**	154,688
Non-current liabilities			
Loan from a director	*25*	**2,564**	–
Other non-current liabilities	*25*	**–**	2,469
Promissory notes	*24*	**–**	4,373
		2,564	6,842
NET ASSETS		**153,188**	147,846

Consolidated Statement of Financial Position

At 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Capital and reserves			
Share capital	*26*	**4,418**	33,387
Reserves		**147,594**	110,187
Equity attributable to equity holders of the Company		**152,012**	143,574
Non-controlling interests		**1,176**	4,272
TOTAL EQUITY		**153,188**	147,846

Approved and authorised for issue by the Board of Directors on 30 June 2014

Chan Francis Ping Kuen
Director

Chan Hin Wing, James
Director

Statement of Financial Position

At 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment in subsidiaries	17	**–**	–
Available-for-sale financial assets	16	**12,450**	–
		12,450	–
Current assets			
Available-for-sale financial assets	16	**2,564**	–
Other receivables	21	**30,573**	73
Due from subsidiaries	17	**26,005**	76,905
Bank balances and cash	22	**84,696**	77,687
		143,838	154,665
Current liabilities			
Other payables	23	**630**	850
Due to subsidiaries	17	**2,406**	2,419
Promissory notes	24	**–**	986
		3,036	4,255
Net current assets		**140,802**	150,410
Total assets less current liabilities		**153,252**	150,410
Non-current liabilities			
Promissory notes	24	**–**	4,373
NET ASSETS		**153,252**	146,037
Capital and reserves			
Share capital	26	**4,418**	33,387
Reserves	27	**148,834**	112,650
TOTAL EQUITY		**153,252**	146,037

Approved and authorised for issue by the Board of Directors on 30 June 2014

Chan Francis Ping Kuen
Director

Chan Hin Wing, James
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2014

	Attributable to equity holders of the Company										
		Reserves									
	Share capital HK$'000	Share premium HK$'000 *(note 27(i))*	Contributed surplus HK$'000 *(note 27(ii))*	Exchange reserve HK$'000 *(note 27(iii))*	Warrant reserve HK$'000 *(note 27(iv))*	Statutory reserve HK$'000 *(note 27(v))*	Accumulated losses HK$'000	Total reserves HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2012	69,039	139,706	252,576	8,806	240	3,064	(364,366)	40,026	109,065	13,365	122,430
Loss for the year	–	–	–	–	–	–	(77,654)	(77,654)	(77,654)	10,981	(66,673)
Other comprehensive income (loss)											
Items that may be reclassified subsequently to profit or loss											
Exchange differences on consolidation	–	–	–	133	–	–	–	133	133	133	266
Share of other comprehensive loss of associates	–	–	–	(127)	–	–	–	(127)	(127)	–	(127)
Total comprehensive income (loss) for the year	–	–	–	6	–	–	(77,654)	(77,648)	(77,648)	11,114	(66,534)
Transactions with equity holders											
Contributions and distributions											
Issue of consideration shares	17,250	23,805	–	–	–	–	–	23,805	41,055	–	41,055
Share reorganisation and capital reduction	(69,031)	(163,511)	232,542	–	–	–	–	69,031	–	–	–
Issue of unlisted warrants	–	–	–	–	1,350	–	–	1,350	1,350	–	1,350
Exercise of unlisted warrants	2,700	21,600	–	–	(1,350)	–	–	20,250	22,950	–	22,950
Issue of shares upon open offer	9,979	13,138	–	–	–	–	–	13,138	23,117	–	23,117
Issue of shares upon top-up placing	3,450	20,619	–	–	–	–	–	20,619	24,069	–	24,069
Transfer of statutory reserve	–	–	–	–	–	17	(17)	–	–	–	–
Change in ownership interest											
Non-controlling interests arising from acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	(2,592)	(2,592)
Non-controlling interests arising from deemed disposal of subsidiaries	–	–	–	(384)	–	(643)	643	(384)	(384)	(17,615)	(17,999)
	(35,652)	(84,349)	232,542	(384)	–	(626)	626	147,809	112,157	(20,207)	91,950
At 31 March 2013	33,387	55,357	485,118	8,428	240	2,438	(441,394)	110,187	143,574	4,272	147,846

	Note	Share capital HK$'000	Share premium HK$'000 *(note 27(i))*	Contributed surplus HK$'000 *(note 27(ii))*	Exchange reserve HK$'000 *(note 27(iii))*	Warrant reserve HK$'000 *(note 27(iv))*	Statutory reserve HK$'000 *(note 27(v))*	Accumulated losses HK$'000	Total reserves HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
		Attributable to equity holders of the Company										
			Reserves									
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 year		–	–	–	–	–	–	(76,292)	(76,292)	(76,292)	(3,384)	(79,676)
Other comprehensive income												
Items that may be reclassified subsequently to profit or loss												
Exchange differences on consolidation		–	–	–	130	–	–	–	130	130	288	418
Share of other comprehensive income of associates		–	–	–	732	–	–	–	732	732	–	732
Total comprehensive income (loss) for the year		–	–	–	862	–	–	(76,292)	(75,430)	(75,430)	(3,096)	(78,526)
Transactions with equity holders												
Contributions and distributions												
Expiry of unlisted warrants	*28*	–	–	–	–	(240)	–	240	–	–	–	–
Issue of shares upon placing in April 2013	*26(i)*	3,495	21,039	–	–	–	–	–	21,039	24,534	–	24,534
Capital reduction and share consolidation	*26(ii)*	(33,194)	(76,395)	109,589	–	–	–	–	33,194	–	–	–
Issue of shares upon placing in September 2013	*26(iii)*	320	25,750	–	–	–	–	–	25,750	26,070	–	26,070
Issue of shares upon top-up placing	*26(iv)*	410	32,854	–	–	–	–	–	32,854	33,264	–	33,264
Transfer of statutory reserve		–	–	–	–	–	74	(74)	–	–	–	–
		(28,969)	3,248	109,589	–	(240)	74	166	112,837	83,868	–	83,868
At 31 March 2014		**4,418**	**58,605**	**594,707**	**9,290**	**-**	**2,512**	**(517,520)**	**147,594**	**152,012**	**1,176**	**153,188**

Consolidated Statement of Cash Flows

Year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Loss before taxation		
From continuing operation	**(79,662)**	(66,573)
From discontinued operation	**–**	7,765
Allowances for bad and doubtful debts	**–**	4,428
Depreciation of property, plant and equipment	**383**	624
Loss on deemed disposal of subsidiaries	**–**	11,444
Impairment loss of goodwill	**31,500**	62,200
Impairment loss of intangible assets	**831**	–
Impairment loss of deposits paid	**5,000**	–
Interest income	**(621)**	(106)
Fair value change in promissory notes	**–**	(2,091)
Waiver of amount due to an ex-director	**–**	(1,770)
Write-back of trade and other payables	**–**	(541)
Share of results of associates	**12,255**	(2,425)
Changes in working capital		
Inventories	**–**	(96)
Trade and other receivables	**(29,561)**	(32,202)
Trade and other payables	**3,065**	10,124
Exchange difference	**(316)**	233
Cash used in operations	**(57,126)**	(8,986)
Income taxes paid	**(36)**	(1,699)
Net cash used in operating activities	**(57,162)**	(10,685)
INVESTING ACTIVITIES		
Interest received	**621**	106
Acquisition of subsidiaries	**–**	(27,519)
Purchase of property, plant and equipment	**(323)**	(389)
Purchase of available-for-sale financial assets	**(15,014)**	–
Deemed disposal of subsidiaries	**–**	(3,055)
Net cash used in investing activities	**(14,716)**	(30,857)

	Note	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES			
Proceeds from shares issued upon exercise of unlisted warrants		–	24,300
Proceeds from shares issued upon open offer		–	23,117
Proceeds from shares issued upon placing in April 2013	*26(i)*	**24,534**	–
Proceeds from shares issued upon placing in September 2013	*26(iii)*	**26,070**	–
Proceeds from shares issued upon top-up placing	*26(iv)*	**33,264**	24,069
Repayment of promissory notes	*24*	**(5,359)**	(5,000)
Net cash from financing activities		**78,509**	66,486
Net increase in cash and cash equivalents		**6,631**	24,944
Cash and cash equivalents at beginning of reporting period		**79,985**	55,041
Effect on foreign exchange rate changes, net		**59**	–
Cash and cash equivalents at end of reporting period, represented by bank balances and cash	*22*	**86,675**	79,985

Notes to the Consolidated Financial Statements

Year ended 31 March 2014

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, Kowloon, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are detailed in note 17 to the consolidated financial statements.

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 "GEM Listing Rules").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2013 consolidated financial statements except for the adoption of certain new / revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 3 to the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out in note 3 to the consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

Adoption of new / revised HKFRSs

Amendments to HKAS 1: Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to group together items within other comprehensive income that will not be reclassified to profit or loss separately from items that may be reclassified subsequently to profit or loss if certain conditions are met. Other than the presentation changes, the application of the amendments does not have an impact on the amounts recognised.

Furthermore, these amendments change the title for the "statement of comprehensive income" to the "statement of profit or loss and other comprehensive income". However, HKAS 1 retains the option to use titles for the statement other than those used in HKAS 1. The Group continues to use the "statement of comprehensive income" instead of the "statement of profit or loss and other comprehensive income".

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new / revised HKFRSs *(Continued)*

HKFRS 10: Consolidated financial statements

HKFRS 10, which replaces the requirements in HKAS 27 relating to the preparation of consolidated financial statements and HKSIC–Int 12, introduces a single control model to determine whether an investee should be consolidated. It changes the definition of control by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

In accordance with the transitional provisions of HKFRS 10, the Group reassessed the control conclusion for its investees at the date of initial application. The exercise does not change any of the control conclusions reached by the Group in respect of its involvement with other entities at that date.

HKFRS 12: Disclosure of interests in other entities

HKFRS 12 sets out in a single standard all the disclosure requirements relevant to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosures required by HKFRS 12 are more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, those disclosures are set out in notes 17 and 18 to the consolidated financial statements.

HKFRS 13: Fair value measurement

This new standard improves consistency by providing a single source of guidance for fair value measurement and disclosures about fair value measurement when such measurement is required or permitted by other HKFRSs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with the transitional provisions, the standard has been applied prospectively. Apart from the additional disclosures about fair value measurements for the current year, the application of the new standard does not have any material impact on the amounts recognised.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for available-for-sale financial assets and promissory notes, which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but no control or joint control of those policies.

The Group's investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture, any retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, on the loss of significant influence, the Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interest on the date of ceasing to be an associate is regarded as the fair value on initial recognition as a financial asset.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary. Goodwill arising on an acquisition of an associate is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate.

Goodwill on acquisition of subsidiary is recognised as a separate asset. Goodwill on acquisitions of associates is included in interests in associates. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

In respect of a subsidiary, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as a bargain purchase. In respect of an associate, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately as income.

Discontinued operation

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

The initial cost of acquiring intangible assets is capitalised. Intangible assets that have indefinite useful lives or that are not yet available for use are carried at cost less accumulated impairment losses and tested for impairment annually either individually or at the cash-generating unit level and are not amortised. The useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over its useful life.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately. The principal annual rates used are as follows:

Plant and machinery	10%
Leasehold improvements	over the remaining lease terms
Furniture and fixtures	20%
Computer and office equipment	20%
Motor vehicles	25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

(2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Classification and measurement (Continued)

(2) Available-for-sale financial assets (Continued)

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

(3) Financial liabilities

All financial liabilities except for derivatives and promissory notes are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

(4) Promissory notes

Promissory notes issued as contingent consideration in business combinations are carried at fair value, with any resultant gain and loss recognised in profit or loss.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is impaired, a cumulative loss comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss in profit or loss, is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss in respect of available-for-sale equity instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in equity. Reversal of impairment loss of available-for-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

For an available-for-sale financial asset that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Income in respect of lightning electromagnetic pulse protection business and energy management business is recognised when services are rendered.

Sale of goods is recognised on transfer of risk and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

- Income and expenses for each statement of comprehensive income are translated at average exchange rate.

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

- On partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified in profit or loss.

- On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that property, plant and equipment, intangible assets and investment in subsidiaries and associates may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impairment of other assets *(Continued)*

For investments in associates recognised using the equity method, the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount. The impairment loss is reversed if there has been a favourable change in the estimates uses to determine the recoverable amount.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme for the staff in Hong Kong are recognised as an expense in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Pursuant to the law and regulations of the People's Republic of China (the "PRC"), contributions to the defined contribution retirement schemes for the Group's PRC staff are made to the relevant government authorities in the PRC, which are calculated on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. These contributions are expensed as incurred.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the Black-Scholes-Merton model, taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company ("market conditions").

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the years in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged / credited to profit or loss for the year of the review, with a corresponding adjustment to the reserve within equity.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Where the terms of an equity-settled award are modified, an additional expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled before the vesting date, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

Share-based payment transactions in which the Company grants share options to subsidiaries' employees are accounted for as an increase in value of investment in subsidiaries in the Company's statement of financial position which is eliminated on consolidation.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group or of the parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
(vi) the entity is controlled or jointly controlled by a person identified in (a).
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;
(b) children of that person's spouse or domestic partner; and
(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

(a) *Critical judgements made in applying accounting policies*

Subsidiary governed under contractual arrangements

A subsidiary of the Company, 北京瑞斯康柏科技有限公司 ("Reese Compaq") had entered into a set of control agreements and supplemental agreements (the "Control Agreements") with 北京智勝環宇科技有限公司 ("Outwitting Huanyu") and the legal owners of Outwitting Huanyu on 30 December 2011. In accordance with the terms of the Control Agreements, Reese Compaq controls Outwitting Huanyu because:

(i) the board of directors of Outwitting Huanyu is controlled by Reese Compaq pursuant to the management appointment agreements and the directors' undertakings;

(ii) the general meeting of Outwitting Huanyu is controlled by Reese Compaq pursuant to the shareholders' undertakings and the directors' undertakings; and

(iii) all the benefits arising from the equity interests in Outwitting Huanyu is entirely conveyed to Reese Compaq pursuant to the share charge, exclusive consultancy service agreement and loan agreement.

The Company believes that, notwithstanding the lack of equity ownership, the Control Agreements give the Company control over Outwitting Huanyu in substance. Accordingly, Outwitting Huanyu is accounted for as a subsidiary of the Company.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

(b) Key sources of estimation uncertainty

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade and other receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer / counterparties. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required. At the end of the reporting period, the carrying amount of trade and other receivables after provision for impairment amounted to HK$57,263,000 *(2013: HK$31,132,000)*.

Impairment of investments and receivables

The Group assesses annually if investments in subsidiaries and associates have suffered any impairment in accordance with HKAS 36 and follows the guidance of HKAS 39 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the estimates used to calculate the recoverable amount are given in note 20 to the consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new / revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12	*Investment Entities* [1]
Amendments to HKAS 32	*Presentation – Offsetting Financial Assets and Financial Liabilities* [1]
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets* [1]
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting* [1]
HK(IFRIC) – Int 21	*Levies* [1]
Amendments to HKAS 19 (2011)	*Defined Benefit Plans – Employee Contributions* [2]
Various HKFRSs	*Annual Improvements Project – 2010-2012 Cycle* [3]
Various HKFRSs	*Annual Improvements Project – 2011-2013 Cycle* [3]
HKFRS 14	*Regulatory Deferral Accounts* [4]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [4]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [4]
HKFRS 9	*Financial Instruments* [5]
Amendments to HKFRS 9 and HKFRS 7	*Transition Disclosure of HKFRS 9* [5]
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	*Financial Instruments (Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39)* [5]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for annual periods beginning on or after 1 July 2014, except for certain amendments which are effective prospectively for relevant transactions occurred on or after 1 July 2014

4 Effective for annual periods beginning on or after 1 January 2016

5 No mandatory effective date but is available for adoption

The Group does not anticipate that the adoption of these new HKFRSs in future periods will have any material impact on the results of the Group.

4. SEGMENTAL INFORMATION

The Group manages its businesses by individual companies, which are organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers, who are the directors of the Company, for the purposes of resource allocation and performance assessment, the Group has presented the following reporting segments. No operating segments have been aggregated to form the following reporting segments:

– Lightning electromagnetic pulse segment which provides integrated solutions for lightning electromagnetic pulse protection and its related engineering design, construction and technical services; and

– Energy management segment which provides energy and other resources management and conservation system and integrated solutions.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision makers monitor the results, assets and liabilities attributable to each reporting segment on the following bases:

Segment assets include all allocated assets with the exception of available-for-sale financial assets and other corporate assets. Segment liabilities include trade and other payables attributable to the sales / service activities of the individual segments.

Revenue and expenses are allocated to the reporting segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

4. SEGMENTAL INFORMATION *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

Information regarding the Group's reporting segments as provided to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2014 and 2013 is set out below.

Continuing operations

	Lightning electromagnetic pulse protection business		Energy management business		Consolidated	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment revenue						
Sale / Services to external customers	**3,548**	16,090	**11,307**	18,439	**14,855**	34,529
Segment results	**(4,123)**	9,070	**(7,550)**	2,267	**(11,673)**	11,337
Impairment loss of goodwill	**(13,900)**	(55,000)	**(17,600)**	(7,200)	**(31,500)**	(62,200)
Unallocated income					**695**	4,302
Unallocated expenses					**(24,929)**	(22,437)
Share of results of associates					**(12,255)**	2,425
Loss before taxation					**(79,662)**	(66,573)
Income tax expenses					**(14)**	(2,189)
Loss for the year from continuing operations					**(79,676)**	(68,762)
Assets and liabilities						
Segment assets	**17,600**	35,192	**21,430**	40,835	**39,030**	76,027
Unallocated assets, including interests in associates					**142,878**	101,882
Consolidated total assets					**181,908**	177,909
Segment liabilities	**6,482**	4,154	**16,643**	12,941	**23,125**	17,095
Unallocated liabilities					**5,595**	12,968
Consolidated total liabilities					**28,720**	30,063
Other segment information						
Depreciation	**44**	20	**172**	172	**383**	624
Capital expenditure	**233**	133	**90**	328	**323**	461
Goodwill – additions	**–**	78,473	**–**	–	**–**	78,473
Research and development costs	**–**	–	**2,110**	4,582	**2,110**	4,582
Allowance for bad and doubtful debts	**–**	–	**–**	3,510	**–**	3,510
Gain arising from fair value in promissory notes	**–**	1,877	**–**	214	**–**	2,091
Impairment loss of intangible assets	**–**	–	**–**	–	**831**	–
Impairment loss of deposits paid	**–**	–	**–**	–	**5,000**	–

4. SEGMENTAL INFORMATION *(Continued)*

(b) Geographical information

The Group's operations are primarily derived from external customers based in the PRC and all segment assets are located in the PRC. Accordingly, no geographical information is presented in accordance with HKFRS 8: *Operating Segments*.

(c) Information about major customers

For the year ended 31 March 2014, a customer *(2013: four customers)* that individually accounted for over 10% of total revenue for continuing operations of the Group are set out below:

	Lightning electromagnetic pulse protection business		Energy management business		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Customer A	**2,429**	7,994	**8,865**	1,888	**11,294**	9,882
Customer B	**–**	–	**–**	7,407	**–**	7,407
Customer C	**–**	4,935	**–**	–	**–**	4,935
Customer D	**–**	2,469	**–**	2,099	**–**	4,568
	2,429	15,398	**8,865**	11,394	**11,294**	26,792

5. TURNOVER AND REVENUE

An analysis of the Group's turnover and revenue during the year for continuing operations is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Service income from:		
Lightning electromagnetic pulse protection business	**3,548**	16,090
Energy management business	**11,307**	18,439
Turnover	**14,855**	34,529
Interest income from bank deposits	**576**	103
Interest income from available-for-sale financial assets	**45**	–
Other revenue	**621**	103
Total turnover and revenue	**15,476**	34,632

6. OTHER INCOME

	Group	
	2014	2013
	HK$'000	HK$'000
Gain arising from fair value change of promissory notes	**–**	2,091
Sundry income	**120**	42
Waiver of amount due to an ex-director	**–**	1,770
Write-back of other payables	**–**	350
	120	4,253

7. LOSS BEFORE TAXATION

Loss before taxation from both continuing and discontinued operations is stated after charging (crediting):

	Group	
	2014	2013
	HK$'000	HK$'000
Employee benefit expenses (including directors' remuneration)		
Salaries, allowances and benefits in kind	**8,933**	7,426
Contribution to defined contribution schemes	**964**	2,331
	9,897	9,757
Other items		
Allowance for bad and doubtful debts		
Trade receivables	**–**	3,665
Other receivables	**–**	763
Auditor's remuneration	**630**	830
Cost of lightning electromagnetic pulse protection business (including relevant employee benefit expenses and depreciation)	**2,975**	6,569
Cost of energy management business (including relevant employee benefit expenses and depreciation)	**9,365**	5,784
Depreciation of property, plant and equipment	**383**	624
Exchange (gain) loss, net	**(272)**	90
Gain arising from fair value change of promissory notes	**–**	(2,091)
Impairment loss of deposits paid *	**5,000**	–
Impairment loss of goodwill *	**31,500**	62,200
Impairment loss of intangible assets *	**831**	–
Operating lease payments for premises	**862**	1,530
Research and development costs	**2,110**	4,650

* Included in other operating expenses.

8. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the Company's directors are as follows:

	2014			
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contribution to defined contribution schemes HK$'000	Total HK$'000
Executive directors				
Chan Francis Ping Kuen	201	–	10	211
Chan Hin Wing, James	120	–	5	125
Chum Hon Sing (appointed on 3 July 2013 and resigned on 6 December 2013)	276	–	8	284
Sung Ting Yee (appointed on 13 May 2013 and resigned on 10 January 2014)	263	75	10	348
Tsang Ho Ka, Eugene (appointed on 13 May 2013 and re-designated as non-executive director on 17 September 2013)	125	–	5	130
Wu Zhinan (appointed on 13 May 2013)	265	504	–	769
	1,250	579	38	1,867
Non-executive director				
Tsang Ho Ka, Eugene (re-designated on 17 September 2013)	213	–	8	221
Independent non-executive directors				
Cheung Chi Hwa, Justin	60	–	–	60
Kwok Chi Sun, Vincent	60	–	–	60
Tam Chak Chi (appointed on 13 May 2013 and resigned on 2 May 2014)	106	–	–	106
Yeung Kam Yan	60	–	–	60
	286	–	–	286
	1,749	579	46	2,374

8. DIRECTORS' REMUNERATION *(Continued)*

	2013			
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Contribution to defined contribution schemes HK$'000	Total HK$'000
Executive directors				
Chan Francis Ping Kuen	120	–	6	126
Chan Hin Wing, James	120	–	6	126
Yuan Shengjun (resigned on 3 December 2012)	80	89	–	169
	320	89	12	421
Independent non-executive directors				
Cheung Chi Hwa, Justin	60	–	–	60
Kwok Chi Sun, Vincent	60	–	–	60
Yeung Kam Yan	60	–	–	60
	180	–	–	180
	500	89	12	601

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 March 2014 and 2013. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 March 2014 and 2013.

Subsequent to the end of the reporting period, the Company has appointed several new directors as follows:

- On 2 May 2014, Ms. Chen Nan was appointed as an executive director of the Company;
- On 27 May 2014, Mr. Woo Yik Man was appointed as an executive director of the Company;
- On 13 June 2014, Mr. Gong Dongsheng was appointed as an executive director and Mr. Kwok Kam Tim and Mr. Kinley Lincoln James Lloyd were appointed as independent non-executive directors of the Company; and
- On 19 June 2014, Mr. Yu Chon Man was appointed as an independent non-executive director of the Company.

9. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included one director *(2013: Nil)*, details of whose remuneration are set out in note 8 to the consolidated financial statements above. Details of the remuneration of the remaining four *(2013: five)* highest paid individuals, who are not a director, are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,280**	2,221
Contribution to defined contribution schemes	**114**	67
	2,394	2,288

The four *(2013: five)* highest paid individuals' remuneration falls within the following band:

	Number of employees	
	2014	2013
Nil to HK$1,000,000	**4**	5

No remuneration was paid by the Group to any of the four highest paid individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office for the years ended 31 March 2014 and 2013.

There was no arrangement under which any of the four highest paid individuals waived or agreed to waive any remuneration for the years ended 31 March 2014 and 2013.

10. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the years ended 31 March 2014 and 2013.

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 year based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2014	2013
	HK$'000	HK$'000
Continuing operations		
Current tax		
PRC enterprise income tax, current year	**14**	2,189
Discontinued operations		
Current tax		
PRC enterprise income tax, current year	**–**	5,676
Total income tax expenses from continuing and discontinued operations	**14**	7,865

Reconciliation of effective tax rate from continuing operations

	Group	
	2014	2013
	%	%
Applicable tax rate	**(17.3)**	(16.4)
Share of results of associates	**2.5**	(0.6)
Non-deductible expenses	**11.4**	4.2
Non-taxable revenue	**(0.1)**	(1.0)
Unrecognised tax losses	**2.9**	2.5
Unrecognised temporary differences	**0.6**	15.4
Utilisations of previously unrecognised tax losses	**–**	(0.8)
Effective tax rate for the year	**–**	3.3

The applicable tax rate is the weighted average of tax rates prevailing in the territories in which the Group's entities operate.

11. 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%.

Management considers the results of China Optic BVI whereby the Group had control had been discontinued and thereby constituted discontinued operations. The results and cash flows of China Optic BVI and its subsidiary (together "China Optic Group") under the discontinued operations for the period from 1 April 2012 to 15 December 2012 had been included in the consolidated statement of comprehensive income for the year ended 31 March 2013, are as follows:

(a) Profit for the year from discontinued operations

	2013 HK$'000
Turnover	23,991
Cost of services rendered and cost of goods sold	(4,029)
	19,962
Other revenue	3
Other income	884
Selling and distribution costs	(155)
Administrative expenses	(1,485)
Profit before taxation	19,209
Income tax expenses	(5,676)
Profit for the year	13,533
Loss on deemed disposal of subsidiaries (Note 35)	(11,444)
Profit for the year from discontinued operations	2,089

11. DISCONTINUED OPERATIONS *(Continued)*

(b) Net cash inflows attributable to discontinued operations

	2013 HK$'000
Net cash flows	
Operating activities	2,218
Investing activities	(47)
Financing activities	–
Total net cash inflows	2,171

12. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the year ended 31 March 2014 includes a loss of HK$76,653,000 *(2013: HK$88,916,000)* which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year *(2013: Nil)*.

14. 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 year as follows:

	2014 **HK$'000**	2013 HK$'000
Loss attributable to equity holders of the Company from continuing and discontinued operations	**(76,292)**	(77,654)
Loss attributable to equity holders of the Company from continuing operations	**(76,292)**	(84,434)

	Number of shares	
	2014	2013
Weighted average number of ordinary shares in issue during the year	**407,904,417**	180,692,008

For the years ended 31 March 2014 and 2013, 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.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and machinery HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2012	3,112	903	180	22,510	–	26,705
Additions	29	–	290	70	–	389
Acquisition of subsidiaries	–	–	38	84	–	122
Deemed disposal of subsidiaries	(3,179)	(102)	(76)	(265)	–	(3,622)
Exchange realignment	39	1	1	3	–	44
At 31 March 2013 and 1 April 2013	1	802	433	22,402	–	23,638
Additions	–	–	–	90	233	323
Exchange realignment	(1)	31	17	862	–	909
At 31 March 2014	–	833	450	23,354	233	24,870
Accumulated depreciation and impairment						
At 1 April 2012	570	35	126	21,999	–	22,730
Depreciation	209	174	62	179	–	624
Acquisition of subsidiaries	–	–	17	30	–	47
Deemed disposal of subsidiaries	(789)	(49)	(39)	(119)	–	(996)
Exchange realignment	10	1	–	–	–	11
At 31 March 2013 and 1 April 2013	–	161	166	22,089	–	22,416
Depreciation	–	167	67	132	17	383
Exchange realignment	–	6	6	850	–	862
At 31 March 2014	–	334	239	23,071	17	23,661
Net book value						
At 31 March 2014	–	499	211	283	216	1,209
At 1 April 2013	1	641	267	313	–	1,222

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2014	2013
	HK$'000	HK$'000
Unlisted debt securities, at fair value		
Non-current	**12,450**	–
Current	**2,564**	–
	15,014	–

During the year, there had been no change in the fair value of the Group's available-for-sale investments.

The fair value of the unlisted debt securities is determined based on quotes from market makers supported by observable inputs. The most significant input is market interest rates.

17. INTERESTS IN SUBSIDIARIES

		Company	
		2014	2013
	Note	**HK$'000**	HK$'000
Unlisted shares, at cost		**–**	–
Due from subsidiaries	*(iii)*	**26,005**	76,905
Due to subsidiaries		**(2,406)**	(2,419)
		23,599	74,486

17. INTERESTS IN SUBSIDIARIES *(Continued)*

(i) Particulars of the subsidiaries of the Company as at 31 March 2014 are as follows:

Name of subsidiary	Place of incorporation / registration and operations	Nominal value of issued ordinary shares / registered capital	Percentage of equity attributable to the Company		Principal activities
			Directly	Indirectly	
Upper Power Limited ("Upper Power")	British Virgin Islands	US$1	100%	–	Investment holding
Beaming Investments Limited	British Virgin Islands	US$1	–	100%	Investment holding
Media Magic Technology Limited ("Media Magic")	British Virgin Islands	US$55,556	–	100%	Investment holding
Multi Channel Technology Limited	Hong Kong	HK$100	–	100%	Investment holding
PalmPay Technology Company Limited * 北京互聯視通科技有限公司	The PRC	RMB22,836,000	–	100%	Provision of payment gateway services and energy management services
Brilliant Ally Limited	British Virgin Islands	US$1	–	100%	Investment holding
Power Chance Holdings Limited	British Virgin Islands	US$1	–	100%	Investment holding
Viva Champion Limited ("Viva Champion")	British Virgin Islands	US$200	–	51%	Investment holding
Maxton Limited	Hong Kong	HK$1	–	51%	Investment holding
Nanjing Go Xin Software Technology Limited * 南京高信軟件科技有限公司	The PRC	US$935,000	–	51%	Provision of energy management services
Boomtech Limited ("Boomtech")	British Virgin Islands	US$100	–	55%	Investment holding
Fantastic Limited	Hong Kong	HK$1	–	55%	Investment holding
Beijing Reese Compaq Technology Company Limited ("Reese Compaq") * 北京瑞斯康柏科技有限公司	The PRC	RMB2,000,000	–	55%	Trading of raw material of lightning rod

17. INTERESTS IN SUBSIDIARIES *(Continued)*

(i) Particulars of the subsidiaries of the Company as at 31 March 2014 are as follows: *(Continued)*

Name of subsidiary	Place of incorporation / registration and operations	Nominal value of issued ordinary shares / registered capital	Percentage of equity attributable to the Company		Principal activities
			Directly	Indirectly	
Beijing Outwitting Huanyu Technology Company Limited ("Outwitting Huanyu") * 北京智勝環宇科技有限公司	The PRC	RMB3,600,000	–	55% *(Remark)*	Provision of integrated solution for lightning electromagnetic protection service
Star Engine Group Limited	British Virgin Islands	US$1	100%	–	Investment holding
Star Engine Company Limited ("Star Engine")	British Virgin Islands	US$1	–	100%	Investment holding

* English translation of company names is for identification purpose only. These companies are registered as wholly foreign-owned enterprise under the PRC law.

(Remark)

By implementation of a set of control agreements, the Company through Reese Compaq has obtained control over Outwitting Huanyu in substance and therefore, Outwitting Huanyu is accounted for as a subsidiary of the Company.

None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the year.

17. INTERESTS IN SUBSIDIARIES *(Continued)*

(ii) Financial information of subsidiaries with individually material NCI

The following table shows the information relating to each of Viva Champion and its subsidiaries (together the "Viva Champion Group") and Boomtech and its subsidiaries (together the "Boomtech Group"), the non-wholly owned subsidiaries that have material non-controlling interests ("NCI") from the date of acquisition. The summarised financial information represents amounts before inter-company eliminations since acquisition.

	Viva Champion Group	Boomtech Group	Total
At 31 March 2014			
Proportion of NCI's ownership interests	49%	45%	
	HK$'000	HK$'000	HK$'000
Current assets	14,028	9,696	23,724
Non-current assets	233	256	489
Current liabilities	(9,575)	(9,877)	(19,452)
Non-current liabilities	–	(2,564)	(2,564)
Net assets (liabilities)	4,686	(2,489)	2,197
Carrying amount of NCI	2,296	(1,120)	1,176
	HK$'000	HK$'000	HK$'000
Year ended 31 March 2014			
Revenue	1,839	4,253	6,092
Expenses	(4,945)	(8,392)	(13,337)
Loss	(3,106)	(4,139)	(7,245)
Other comprehensive income	295	319	614
Total comprehensive loss	(2,811)	(3,820)	(6,631)
Loss attributable to NCI	(1,522)	(1,862)	(3,384)
Total comprehensive loss attributable to NCI	(1,377)	(1,719)	(3,096)
Dividends paid to NCI	–	–	–
Net cash inflow (outflow) from:			
Operating activities	86	1,075	1,161
Investing activities	–	(229)	(229)
Total cash inflows	86	846	932

17. INTERESTS IN SUBSIDIARIES *(Continued)*

(ii) Financial information of subsidiaries with individually material NCI *(Continued)*

	Viva Champion Group	Boomtech Group	China Optic Group	Total
At 31 March 2013				
Proportion of NCI's ownership interests	49%	45%	N/A	
	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	14,780	11,658	–	26,438
Non-current assets	229	60	–	289
Current liabilities	(7,511)	(7,919)	–	(15,430)
Non-current liabilities	–	(2,469)	–	(2,469)
Net assets	7,498	1,330	–	8,828
Carrying amount of NCI	3,674	598	–	4,272
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2013				
Revenue	16,771	16,105	24,878	57,754
Expenses	(14,655)	(9,009)	(11,345)	(35,009)
Profit	2,116	7,096	13,533	22,745
Other comprehensive income	–	–	266	266
Total comprehensive income	2,116	7,096	13,799	23,011
Profit attributable to NCI	1,036	3,193	6,752	10,981
Total comprehensive income attributable to NCI	1,036	3,193	6,885	11,114
Dividends paid to NCI	–	–	–	–
Net cash (outflow) inflow from:				
Operating activities	(4,034)	(1,127)	2,218	(2,943)
Investing activities	–	(5)	(47)	(52)
Total cash outflows	(4,034)	(1,132)	2,171	(2,995)

(iii) The amounts due are unsecured, interest-free and have no fixed repayment term. The carrying values of the amounts due approximate their fair values.

18. INTERESTS IN ASSOCIATES

	Group 2014 HK$'000	Group 2013 HK$'000
Share of net assets	**10,939**	22,462

The associates are accounted for in the consolidation financial statements using the equity method, the details of which at the end of the reporting period are as follows:

Name of associate	Place of incorporation / registration and operations	Nominal value of issued ordinary shares / registered capital	Proportion of nominal value of issued / registered capital held by the Group Indirectly	Principal activities
China Optic BVI	British Virgin Islands	US$1,000	47.67%	Investment holding
China Optic Communication Technology Limited	Hong Kong	HK$1	47.67%	Investment holding
Wuhan Xiang Fei Ji Ye Communication Technology Limited * 武漢翔飛基業通信科技有限公司	The PRC	RMB5,500,000	47.67%	Manufacturing and trading of products related to optimal optical fibers, telecommunications, electric power network systems and equipment
Shenzhen JiaYeTongHui Technology Limited * 深圳佳業同輝科技有限公司	The PRC	RMB2,000,000	47.67%	Trading of products related to optimal optical fibers, telecommunications, electric power network systems and equipment
Wuhan Xiang Yu Ji Ye Communication Technology Limited * 武漢市翔宇基業通信科技有限公司	The PRC	RMB1,000,000	47.67%	Research, development and sale of telecommunication products

* English translation of company names is for identification purpose only. These companies are registered as wholly foreign-owned enterprise under the PRC law.

18. INTERESTS IN ASSOCIATES *(Continued)*

Relationship with the associates

China Optic Group, which manufactures and trades products related to optimal optical fibers, electric power network systems and equipment and provides associated services in the PRC, allows the Group to penetrate the telecommunication optic fiber market.

Fair value of investments

All the above associates are private companies and there is no quoted market price available for the investments.

Financial information of individually material associates

Summarised financial information of China Optic Group, the material associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	China Optic Group	
	2014	2013
	HK$'000	HK$'000
Gross amount		
Current assets	**33,658**	62,734
Non-current assets	**2,427**	3,023
Current liabilities	**(13,082)**	(18,636)
Non-current liabilities	**(55)**	–
Equity	**22,948**	47,121
Reconciliation		
Gross amount of equity	**22,948**	47,121
Group's ownership interests	**47.67%**	47.67%
Carrying amount of interests	**10,939**	22,462

18. INTERESTS IN ASSOCIATES *(Continued)*

Financial information of individually material associates *(Continued)*

	China Optic Group	
	2014	2013
	HK$'000	HK$'000
Revenue	**1,515**	7,563
(Loss) Profit for the year from continuing operations and total comprehensive (loss) income	**(25,709)**	5,087
Dividends received from the associates	**–**	–
Group's ownership interests	**47.67%**	47.67%
Group's share of results of associates	**(12,255)**	2,425
Group's share of other comprehensive income (loss) of associates	**732**	(127)

19. INTANGIBLE ASSETS

Group

	Computer software
	HK$'000
Reconciliation of carrying amount – year ended 31 March 2013	
At 1 April 2012 and 31 March 2013	800
Reconciliation of carrying amount – year ended 31 March 2014	
At 1 April 2013	800
Impairment	(831)
Exchange realignment	31
At 31 March 2014	–
At 1 April 2013	
Cost	31,495
Accumulated impairment losses	(30,695)
	800
At 31 March 2014	
Cost	31,526
Accumulated impairment losses	(31,526)
	–

19. INTANGIBLE ASSETS *(Continued)*

Computer software

The computer software is related to the payment gateway platform based on the Near Field Communication Technology (the "NFC"). The computer software is treated as having an indefinite useful life because, in the opinion of the directors, there is no foreseeable limit to the period over which the computer software may be used to generate cash flows to the Group. It is tested for impairment annually.

Because no revenue had been generated from the NFC during the year, management expected that the recoverable amounts of the computer software would be minimal. Accordingly, impairment loss of HK$831,000 was made on the computer software during the year. The impairment loss has been included in the "other operating expenses" in the consolidated statement of comprehensive income.

20. GOODWILL

	Group	
	2014	2013
	HK$'000	HK$'000
At cost less accumulated impairment losses		
At beginning of the reporting period	**42,308**	40,910
Additions	**–**	78,473
Deemed disposals	**–**	(14,875)
Impairment loss	**(31,500)**	(62,200)
At end of the reporting period	**10,808**	42,308

Last year, the Group acquired 55% equity interests in Boomtech at an aggregate consideration of HK$75,305,000. The excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed of HK$78,473,000 is recognised as goodwill.

Goodwill acquired through business combinations is allocated to the Group's cash-generating units ("CGUs") for impairment test as follows:

		Group	
		2014	2013
	Note	**HK$'000**	HK$'000
CGU			
Payment gateway business		**209,627**	209,627
Energy management business	*(i)*	**26,035**	26,035
Lightning electromagnetic pulse protection business	*(ii)*	**78,473**	78,473
Cost		**314,135**	314,135

20. GOODWILL *(Continued)*

	Note	Group 2014 HK$'000	Group 2013 HK$'000
CGU			
Payment gateway business		**209,627**	209,627
Energy management business	*(i)*	**24,800**	7,200
Lightning electromagnetic pulse protection business	*(ii)*	**68,900**	55,000
Accumulated impairment losses		**303,327**	271,827

	Note	Group 2014 HK$'000	Group 2013 HK$'000
CGU			
Payment gateway business		**–**	–
Energy management business	*(i)*	**1,235**	18,835
Lightning electromagnetic pulse protection business	*(ii)*	**9,573**	23,473
Net book value		**10,808**	42,308

(i) Energy management business

The Group has appointed independent professional valuers, BMI Appraisals Limited ("BMI"), to perform an appraisal of the value of the energy management business as at 31 March 2014.

The recoverable amount of the CGU has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the board of directors covering a 5-year period. Cash flows beyond the 5-year period has been extrapolated using a 3% long-term growth rate per annum. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Key assumptions used for the value-in-use calculation are as follows:

	2014 %	2013 %
Gross margin	**51**	55-75
Average growth rate (per annum)	**4-7**	3-14
Long-term growth rate (per annum)	**3**	3
Discount rate (per annum)	**17**	15

20. GOODWILL *(Continued)*

(i) Energy management business *(Continued)*

Management determined the budgeted gross profit margin based on past performance and its expectation of market development and no significant changes in key assumptions used. The discount rate used is pre-tax and reflects specific risks relating to the CGU.

Because the Group has changed its tendering strategy to focus on smaller scale projects with less capital requirements under this CGU, the recoverable amount of the CGU is estimated to be less than its carrying amount. Accordingly, the goodwill allocated to the energy management business was impaired by HK$17,600,000 *(2013: HK$7,200,000)*. The impairment loss has been included in the "other operating expenses" in the consolidated statement of comprehensive income.

(ii) Lightning electromagnetic pulse protection business

The Group has appointed independent professional valuers, BMI, to perform an appraisal of the value of the lightning electromagnetic pulse protection business as at 31 March 2014.

The recoverable amount of the CGU has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the board of directors covering a 5-year period. Cash flows beyond the 5-year period has been extrapolated using a 3% long-term growth rate per annum. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Key assumptions used for the value-in-use calculation are as follows:

	2014	2013
	%	%
Gross margin	**40-57**	67
Average growth rate (per annum)	**4-7**	6-8
Long-term growth rate (per annum)	**3**	3
Discount rate (per annum)	**26**	24

Management determined the budgeted gross profit margin based on past performance and its expectation of market development. Decrease in gross margin is due to increase in overall material and labour costs. The discount rate used is pre-tax and reflects specific risks relating to the CGU.

In light of the keen competition, increase in overall material and labour cost and decrease in awarded projects, the recoverable amount of the CGU is estimated to be less than its carrying amount. Accordingly, the goodwill allocated to the lightning electromagnetic pulse protection business was impaired by HK$13,900,000 *(2013: HK$55,000,000)*. The impairment loss has been included in the "other operating expenses" in the consolidated statement of comprehensive income.

21. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2014	2013	**2014**	2013
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Trade receivables from third parties		**103,352**	103,814	**–**	–
Allowance for bad and doubtful debts	*(ii)*	**(85,065)**	(81,914)	**–**	–
	(i)	**18,287**	21,900	**–**	–
Other receivables					
Prepayments		**4,247**	6,950	**–**	–
Deposits	*(iv)*	**32,596**	327	**30,500**	–
Other receivables		**1,855**	1,690	**73**	73
Due from associates	*(iii)*	**278**	265	**–**	–
		38,976	9,232	**30,573**	73
		57,263	31,132	**30,573**	73

(i) Aging of trade receivables

The Group normally grants credit term of 90 days to its customers upon the delivery of products or when the services are rendered and issuance of invoice. The aging of trade receivables (net of allowances of bad and doubtful debts) based on invoice date is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Less than 90 days	**13,830**	17,509
91 – 180 days	**190**	1,704
181 – 270 days	**754**	1,481
271 – 365 days	**1,772**	119
Over 1 year	**1,741**	1,087
	18,287	21,900

21. TRADE AND OTHER RECEIVABLES *(Continued)*

(ii) Allowance for bad and doubtful debts

	Group	
	2014	2013
	HK$'000	HK$'000
At beginning of reporting period	**81,914**	78,249
Increase in allowance	**–**	3,665
Exchange realignment	**3,151**	–
At end of reporting period	**85,065**	81,914

Receivables that were neither past due nor impaired relate to a wide range of debtors for whom there was no history of default.

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$4,805,000 *(2013: HK$7,275,000)*, which were past due at the end of the reporting period but not impaired as there has not been a significant change in credit quality and the directors believe that the amounts are fully recoverable. These relate to wide range of customers for whom there have been no recent history of default.

	Group	
	2014	2013
	HK$'000	HK$'000
Current	**13,482**	14,625
Less than 90 days past due	**57**	4,084
91 – 180 days past due	**92**	1,807
181 – 270 days past due	**518**	17
271 – 365 days past due	**2,247**	165
Over 1 year past due	**1,891**	1,202
	4,805	7,275
	18,287	21,900

(iii) Due from associates

The amounts due are unsecured, interest-free and have no fixed repayment term.

21. TRADE AND OTHER RECEIVABLES *(Continued)*

(iv) Deposits

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits paid	**37,596**	327	**35,500**	–
Impairment loss of deposits paid	**(5,000)**	–	**(5,000)**	–
	32,596	327	**30,500**	–

As at 31 March 2014, the balance mainly represented deposits paid in respect of the proposed acquisition of 75% equity interest of Hong Kong Automobile Restoration Group Limited (the "HKARG Acquisition"). Details of the HKARG Acquisition have been set out in note 39(i) to the consolidated financial statements.

22. BANK BALANCES AND CASH

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances and cash				
Cash at bank and in hand	**6,359**	39,946	**4,380**	37,648
Fixed deposits	**80,316**	40,039	**80,316**	40,039
	86,675	79,985	**84,696**	77,687

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term fixed deposits are made between one month and three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing short-term deposit rates.

23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2014	2013	**2014**	2013
		HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	*(i)*	**5,047**	4,845	**–**	–
Accruals		**4,323**	4,287	**630**	850
Other tax payables		**2,799**	2,437	**–**	–
Other payables		**11,594**	8,479	**–**	–
Due to a director	*(ii)*	**144**	–	**–**	–
		23,907	20,048	**630**	850

(i) Aging of trade payables

At the end of the reporting period, the aging analysis of the trade payables based on invoice date is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Less than 90 days	**634**	2,302
91 – 180 days	**890**	1,605
Over 180 days	**3,523**	938
	5,047	4,845

(ii) Due to a director

The amount due to a director is unsecured, interest-free and has no fixed repayment term.

24. PROMISSORY NOTES

		Group and Company	
		2014	2013
	Note	**HK$'000**	HK$'000
Carrying value at beginning of the reporting period		**5,359**	6,200
Issue of promissory notes		**–**	6,250
Repayment of promissory notes	*(i), (ii)*	**(5,359)**	(5,000)
Fair value change of promissory notes		**–**	(2,091)
Carrying value at end of the reporting period		**–**	5,359
Non-current		**–**	4,373
Current		**–**	986
		–	5,359

(i) Acquisition of 55% equity interest in Boomtech

A promissory note with principal amount of HK$8,250,000 was issued to a vendor on 23 May 2012 as part of the consideration for the acquisition of 55% equity interest in Boomtech (the "Boomtech Acquisition") as detailed in note 34 to the consolidated financial statements. The promissory note was interest-free and repayable on 23 May 2014. The Company has the right to repay the principal amount either in full or by partial payments in multiples of HK$1,000,000, from the date after the profit guarantee requirements as mentioned below has been achieved to the day before the maturity date with a prior written notice of not less than 5 working days to the vendor.

Pursuant to the agreements entered into in January 2012 in relation to the Boomtech Acquisition, a vendor and its shareholder have guaranteed that the audited consolidated net profit before taxation of Boomtech Group for the 15 months ended 31 March 2013 shall not be less than HK$15,000,000 (the "Profit Guarantee 2013").

As a security for the Profit Guarantee 2013, the promissory note was escrowed by the Company and would only be released to the vendor upon fulfillment of the Profit Guarantee 2013. In case the Profit Guarantee 2013 is not fulfilled, all or part of the promissory note will be set off against to make up any shortfall which is calculated at 55% of the difference between the Profit Guarantee 2013 and the audited consolidated net profit before taxation of Boomtech Group for the 15 months ended 31 March 2013 (the "Shortfall 2013"). In case if there is a loss, the profit should be treated as zero. If the principal amount of the promissory note is insufficient to cover the Shortfall 2013, the vendor should pay to the Group in cash the remaining Shortfall 2013.

In July 2013, the Company repaid the promissory note to the vendor of approximately HK$4,373,000 after setting off with the Shortfall 2013.

24. PROMISSORY NOTES *(Continued)*

(ii) Acquisition of 51% equity interest in Viva Champion

A promissory note with principal amount of HK$4,000,000 was issued to a vendor on 16 November 2011 as part of the consideration for the acquisition of 51% equity interest in Viva Champion (the "Viva Champion Acquisition"). The promissory note was interest-free and repayable on 15 November 2013. The Company has the right to repay the principal amount either in full or by partial payments in multiples of HK$1,000,000, from the date after the profit guarantee requirements as mentioned below has been achieved to the day before the maturity date with a prior written notice of not less than 5 working days to the vendor.

Pursuant to the agreements entered into in October 2011 in relation to the Viva Champion Acquisition, a vendor and its shareholder have guaranteed that the audited consolidated net profit after taxation of Viva Champion Group for the financial year ended 31 December 2012 shall not be less than RMB6,500,000 (equivalent to approximately HK$7,995,000) (the "Profit Guarantee 2012").

As a security for the Profit Guarantee 2012, the promissory note was escrowed by the Company and would only be released to the vendor upon fulfillment of the Profit Guarantee 2012. In case the Profit Guarantee 2012 is not fulfilled, all or part of the promissory note will be set off against to make up any shortfall which is calculated at 51% of the difference between the Profit Guarantee 2012 and the audited consolidated net profit after taxation of Viva Champion Group for the year ended 31 December 2012 (the "Shortfall 2012"). In case if there is a loss, the profit should be treated as zero. If the principal amount of the promissory note is insufficient to cover the Shortfall, the vendor should pay to the Group in cash the remaining Shortfall 2012.

In July 2013, the Company repaid the promissory note to the vendor of approximately HK$986,000 after setting off with the Shortfall 2012.

25. LOAN FROM A DIRECTOR / OTHER NON-CURRENT LIABILITIES

The amount represented loan from Mr. Wu Zhinan, who has been appointed as an executive director and the chief executive officer of the Company since 13 May 2013, for the purpose of the reorganisation of Boomtech prior to the Boomtech Acquisition. The amount due is unsecured, interest-free and repayable on 30 December 2016.

26. SHARE CAPITAL

	Note	**No. of shares**	**HK$'000**
Authorised:			
At 1 April 2012, ordinary shares of HK$0.05 each		4,000,000,000	200,000
Share reorganisation by subdivision from HK$0.05 each to HK$0.01 each		16,000,000,000	–
At 31 March 2013 and 31 March 2014, ordinary share of HK$0.01 each		20,000,000,000	200,000
Issued and fully paid:			
At 1 April 2012, ordinary shares of HK$0.05 each		1,380,795,656	69,039
Issue of consideration shares		345,000,000	17,250
Shares reorganisation and capital reduction		–	(69,031)
Shares issued upon exercise of unlisted warrants		270,000,000	2,700
Shares issued upon open offer		997,897,828	9,979
Shares issued upon top-up placing		345,000,000	3,450
At 31 March 2013, ordinary shares of HK$0.01 each		3,338,693,484	33,387
Shares issued upon placing in April 2013	*(i)*	349,480,000	3,495
Capital reduction and share consolidation	*(ii)*	(3,319,356,136)	(33,194)
Shares issued upon placing in September 2013	*(iii)*	32,000,000	320
Shares issued upon top-up placing	*(iv)*	41,000,000	410
At 31 March 2014, ordinary shares of HK$0.01 each		441,817,348	4,418

26. SHARE CAPITAL *(Continued)*

Note:

(i) In April 2013, a total of 349,480,000 ordinary shares at a price of HK$0.072 per share were issued by way of placing. The market value per share at the completion date of the placing was HK$0.086. The Company raised approximately HK$25,163,000 before expenses, to finance the possible acquisition of Hong Kong Automobile Restoration Group Limited and other potential acquisitions and the general working capital of the Group. Expenses of approximately HK$629,000 arising from the placing was recognised in the share premium account of the Company.

(ii) Pursuant to a special resolution passed in a special general meeting ("SGM") held on 13 May 2013, the following steps on capital reorganisation had been taken place:

- Reduction of issued share capital of the Company amounted to approximately HK$33,194,000 through a cancellation of the paid-up capital of the Company to the extent of HK$0.009 on each of the issued share so that the nominal value of each issued share would be reduced from HK$0.01 to HK$0.001.

- Cancellation of approximately HK$76,395,000 standing to the credit of the Company's share premium account.

- Transfer of credit arising from the capital reduction of approximately HK$109,589,000 to the contributed surplus account of the Company.

- Share consolidation of every ten shares of HK$0.001 each in the issued share capital of the Company immediately after the capital reduction into one new share of HK$0.01 in the issued share capital of the Company.

(iii) In September 2013, a total of 32,000,000 ordinary shares at a price of HK$0.85 per share were issued by way of placing. The market value per share at the completion date of the placing was HK$0.84. The Company raised approximately HK$27,200,000 before expenses, to broaden its shareholder base and to strengthen the capital base and financial position for the Group's future business development. Expenses of approximately HK$1,130,000 arising from the placing was recognised in the share premium account of the Company.

(iv) In September 2013, the Company entered into a subscription agreement to raise approximately HK$34,850,000 before expenses, by way of top-up placing of 41,000,000 shares at the price of HK$0.85 per top up placing share on a basis of placing the top-up placing shares to placees who and whose ultimate beneficial owners are independent third parties. The market value per share at the completion date of the top-up placing was HK$0.84. Expenses of approximately HK$1,586,000 arising from the top-up placing was recognised in the share premium account of the Company.

All shares issued during the year rank pari passu with the existing shares in all respects.

27. RESERVES

Company

	Note	Share premium (Note (i)) HK$'000	Contri-buted surplus (Note (ii)) HK$'000	Warrant reserve (Note (iv)) HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012		139,706	252,576	240	(339,149)	53,373
Loss for the year and total comprehensive loss for the year		–	–	–	(88,916)	(88,916)
Transactions with equity holder						
Contributions and distributions						
Issue of consideration shares		23,805	–	–	–	23,805
Share consolidation and capital reduction		(163,511)	232,542	–	–	69,031
Issue of unlisted warrants		–	–	1,350	–	1,350
Issue of shares upon exercise of unlisted warrants		21,600	–	(1,350)	–	20,250
Issue of shares upon open offer		13,138	–	–	–	13,138
Issue of shares upon top-up placing		20,619	–	–	–	20,619
		(84,349)	232,542	–	–	148,193
At 31 March 2013 and at 1 April 2013		55,357	485,118	240	(428,065)	112,650
Loss for the year and total comprehensive loss for the year		–	–	–	(76,653)	(76,653)
Transactions with equity holder						
Contributions and distributions						
Expiry of unlisted warrants	*28*	–	–	(240)	240	–
Issue of shares upon placing in April 2013	*26(i)*	21,039	–	–	–	21,039
Capital reduction and share consolidation	*26(ii)*	(76,395)	109,589	–	–	33,194
Issue of shares upon placing in September 2013	*26(iii)*	25,750	–	–	–	25,750
Issue of shares upon top-up placing	*26(iv)*	32,854	–	–	–	32,854
		3,248	109,589	(240)	240	112,837
At 31 March 2014		58,605	594,707	–	(504,478)	148,834

27. RESERVES *(Continued)*

Company *(Continued)*

Note:

(i) Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value.

(ii) Contributed surplus represents (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired and the nominal value of the Company's shares issued as consideration pursuant to the Group's reorganisation took place in 2001, (ii) the reduction of share premium and share capital took place in November 2012 and May 2013 respectively.

Under the Companies Act of Bermuda, the Company's contributed surplus is available for distribution to shareholders subject to the requirements of the Companies Act of Bermuda.

(iii) Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iv) Warrant reserve relates to the private placing of unlisted warrants. Further information about the unlisted warrants is set out in note 28 to the consolidated financial statements.

(v) The laws and regulations of the PRC require wholly foreign-owned enterprises in the PRC ("WFOE") to provide for certain statutory reserve, namely general reserve, enterprise expansion fund and staff welfare and bonus fund which are appropriated from the net profit as reported in the PRC statutory accounts.

The Group's subsidiaries in the PRC, which are WFOE, are required to allocate at least 10% of their after-tax profit to the general reserve until the reserve has reached 50% of its registered capital. The general reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital. The enterprise expansion fund can only be used to increase capital upon approval by the relevant authority. The staff welfare and bonus fund can only be used for the welfare of the employees of the subsidiaries in the PRC. Appropriation to the enterprise expansion fund and staff welfare and bonus fund is at the discretion of the board of directors of the subsidiaries in the PRC.

During the year, the subsidiaries in the PRC had transferred profits of HK$74,000 *(2013: HK$17,000)* to the statutory reserve.

(vi) As at 31 March 2014, the reserves of the Company available for distribution to the equity holders of the Company amounted to HK$90,229,000 *(2013: HK$57,053,000),* subject to the requirements of the Companies Act of Bermuda.

28. WARRANTS

In March 2010, the Company as issuer entered into three warrant subscription agreements with each of the subscribers and each of the guarantors pursuant to which the subscribers or their respective nominees conditionally agreed to subscribe for and the Company conditionally agreed to place in aggregate 207,000,000 warrants in cash at an issue price of HK$0.003 per warrant. The warrants entitled the subscribers or their respective nominees to subscribe for the shares of the Company at the subscription price of HK$0.182 per new share for a period of 3 years commencing from the date of issue of the warrants. Each warrant carried the right to subscribe for one new share.

Upon the share consolidation and capital reduction in January 2011, the open offer in September 2011 and the open offer in February 2013, pursuant to the terms and conditions of the warrants, the subscription price of the outstanding warrants was adjusted to HK$0.448 per share as at 31 March 2013.

As of 31 March 2013, there were 32,499,998 unlisted warrants remained outstanding. These outstanding unlisted warrants expired and were cancelled on 11 April 2013.

During the years ended 31 March 2014 and 2013, no warrants were exercised up to the expiry of the warrants. Upon the expiry of these warrants, the warrant reserve of HK$240,000 was transferred to accumulated losses.

29. SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 November 2001. This scheme was terminated at the Annual General Meeting of the Company held on 24 August 2011. The Company adopted a new share option scheme (the "New Scheme") with effect from 18 October 2011. The purpose of both share option schemes is to enable the directors of the Company, at their discretion, to recognise and motivate the contribution of the employees of the Group and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group.

New Scheme

Eligible participants of the New Scheme include any employees, consultants, suppliers or customers of the Company and its subsidiaries, including any independent non-executive directors of the Company. The New Scheme became effective on 18 October 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the New Scheme, upon their exercise may not be in aggregate exceed 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the New Scheme within any 12-month period up to the date of grant, is limited to 1% of the shares of the Company in issue at that date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. As at 31 March 2014, 44,181,735 shares *(2013: 333,869,348 shares)* of the Company, representing 10% *(2013: 10%)* of its issued capital, are available for issue under the New Scheme.

29. SHARE OPTION SCHEME *(Continued)*

New Scheme *(Continued)*

The offer of a grant of share options may be accepted in writing within 7 days from the date of the offer, upon payment of a nominal consideration of HK$1 per option in total by the grantee. Any share option may be exercised in accordance with the terms of the New Scheme at any time during a period to be notified by the board of directors to an eligible participant but may not be exercised after the expiry of 10 years from the date of grant of the share option but subject to the early termination of the New Scheme.

The exercise price of the share options is determinable by the board of directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option, which must be a business day, (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the option, (iii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the ten business days immediately preceding the date of offer of the option, and (iv) the nominal value of the Company's shares on the date of offer.

During the years ended 31 March 2014 and 2013, no share options had been granted. There were no share options outstanding as at 31 March 2014 and 2013.

30. RETIREMENT BENEFITS SCHEME

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). The assets of the MPF Scheme are held separately in provident fund managed by independent trustee. Under the MPF Scheme, the Group and each of the employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Legislation. Both the employer's and the employees' monthly contributions are subject to a cap of HK$1,000, which has been adjusted to HK$1,250 with effect from 1 June 2012.

The Group's subsidiaries in the PRC also participate in defined contribution retirement schemes covering its PRC employees. The schemes are administered by the relevant government authorities which undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group's PRC subsidiaries.

During the year, the amount of employer's contributions made by the Group to the defined contribution plans was approximately HK$964,000 *(2013: HK$2,331,000)*.

31. DEFERRED TAXATION

Unrecognised deferred tax assets arising from

	Group	
	2014	2013
	HK$'000	HK$'000
Deductible temporary differences	**29,080**	28,623
Tax losses	**35,485**	27,426
At end of reporting period	**64,565**	56,049

At 31 March 2014, tax losses of HK$16,745,000 *(2013: HK$16,745,000)* arising in Hong Kong have no expiry date under current tax legislation. The tax losses of HK$18,740,000 *(2013: HK$10,681,000)* arising in the PRC can be used to offset against future taxable profits of the respective subsidiaries for a maximum of 5 years. The Group has not recognised deferred tax assets in respect of these tax losses and deductible temporary differences because it is uncertain that future taxable profits will be available against which the Group can utilise the benefits therefrom.

The unrecognised tax losses arising in the PRC at the end of the reporting period which can be offset against future taxable profits of the respective subsidiaries for a maximum of 5 years will expire as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Year of expiry		
2014	**–**	–
2015	**–**	–
2016	**4,153**	3,999
2017	**6,939**	6,682
2018	**7,648**	–
	18,740	10,681

At 31 March 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is probable that the earnings will not be distributed in the foreseeable future. Unremitted earnings totalled HK$1,009,000 at 31 March 2014 *(2013: HK$6,174,000)*. In addition, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's associates established in the PRC as the deferred tax impact on these unremitted earnings was insignificant.

32. OPERATING LEASE COMMITMENTS

The Group leases certain premises under operating lease commitments. Leases for premises are negotiated for terms ranging from 1 to 2 years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**566**	526

33. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

		Group	
Related party relationship	**Nature of transaction**	**2014**	2013
		HK$'000	HK$'000
Key management personnel (other than directors)	Salaries, allowances and benefits in kind	**806**	658
	Contribution to defined contribution schemes	**40**	15
		846	673

34. ACQUISITION OF SUBSIDIARIES

In May 2012, the Group acquired 55% equity interests of Boomtech. The principal activities of Boomtech Group are the provision of lightning electromagnetic pulse protection business in the PRC.

The Group has selected to measure the non-controlling interests at its proportionate interest in the identifiable assets and liabilities of the acquiree.

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

The following summarises the consideration transferred and the amounts of the assets acquired and liabilities assumed, as well as the amount of non-controlling interests recognised at the date of acquisition:

	Group 2013 HK$'000
Consideration:	
Cash paid	28,000
Shares issued, at fair value	41,055
Contingent consideration – Promissory note	6,250
Total consideration transferred	75,305
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	75
Cash and cash equivalents	1,716
Trade and other receivables	3,564
Trade and other payables	(10,796)
Tax payables	(319)
Total identifiable net liabilities	(5,760)
Non-controlling interests	2,592
Goodwill arising on acquisition	78,473
	75,305
Net cash outflow on acquisition:	
Cash and cash equivalents acquired	1,716
Consideration paid in cash	(28,000)
	(26,284)

The contingent consideration requires the Group to issue a promissory note with a principal amount of HK$8,250,000 to a vendor as part of the consideration transferred if the profitability condition is satisfied. A detailed discussion of the arrangement and measurement basis of the contingent consideration is set out in note 24(i) to the consolidated financial statements.

The Company issued 345,000,000 ordinary shares as part of the consideration transferred for the acquisition. The fair value of the shares issued was based on the published share price available at the date of acquisition.

The transaction costs of HK$621,000 have been excluded from the consideration transferred and included in the "administrative expenses" in the consolidated statement of comprehensive income.

35. DEEMED DISPOSAL OF SUBSIDIARIES

On 15 December 2012, China Optic BVI, a non-wholly owned subsidiary of the Company allotted and issued its subscription shares to an independent third party. The Group's equity interest in China Optic BVI was diluted from 50.1% to 47.67%, which resulted in loss of control over China Optic BVI. This transaction is regarded as a deemed disposal of subsidiaries. China Optic BVI and its subsidiaries have become associates of the Group from 15 December 2012.

	Group
	2013
	HK$'000
Net assets disposed of:	
Property, plant and equipment	2,626
Inventories	2,637
Trade receivables	34,941
Prepayment, deposit and receivables	15,361
Cash and cash equivalents	3,055
Trade payables	(4,887)
Accruals and other payables	(5,258)
Due to fellow subsidiary	(177)
Due to a shareholder	(90)
Tax payable	(13,476)
Net assets value	34,732
Non-controlling interests	(17,615)
Release of exchange reserve	(384)
Goodwill	14,875
	31,608
Investment retained in the former subsidiary at fair value	(20,164)
Loss on deemed disposal of subsidiaries	11,444
Consideration	–

The loss on deemed disposal of subsidiaries has been included in profit for the year ended 31 March 2013 from the discontinued operations in the consolidated statement of comprehensive income.

Analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries is as follows:

	HK$'000
Cash and bank balances in subsidiaries disposed of and net outflow of cash and cash equivalents on disposal	(3,055)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank balances and cash, available-for-sale financial assets and loan from a director. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and payables, which arise directly from its business activities.

The accounting policies for financial instruments have been applied to the line items below:

	Available-for-sale financial assets at fair value		Loans and receivables at amortised cost			
	Group and Company		Group		Company	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Financial assets						
Available-for-sale financial assets	**15,014**	–	**–**	–	**–**	–
Trade and other receivables	**–**	–	**53,016**	24,182	**30,573**	73
Due from subsidiaries	**–**	–	**–**	–	**26,005**	76,905
Bank balances and cash	**–**	–	**86,675**	79,985	**84,696**	77,687
Total	**15,014**	–	**139,691**	104,167	**141,274**	154,665

	Financial liabilities at fair value		Financial liabilities at amortised cost			
	Group and Company		Group		Company	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Financial liabilities						
Trade and other payables	**–**	–	**18,258**	15,058	**630**	850
Due to subsidiaries	**–**	–	**–**	–	**2,406**	2,419
Promissory notes	**–**	5,359	**–**	–	**–**	–
Loan from a director	**–**	–	**2,564**	–	**–**	–
Other non-current liabilities	**–**	–	**–**	2,469	**–**	–
Total	**–**	5,359	**20,822**	17,527	**3,036**	3,269

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and price risk. The Group does not have any written risk management policies and guidelines. However, the board of directors generally adopts conservative strategies on the Group's risk management and limits the Group's exposure to these risks to a minimum.

Credit risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to trade receivables and bank balances.

A detailed discussion of the Group's credit risk in respect of trade receivables is set out in note 21 to the consolidated financial statements. The Group trades only with recognised, creditworthy third parties. Management closely monitors all outstanding debts and reviews the collectability of trade debtors periodically. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not hold any collateral over these assets.

At the end of the reporting period, the Group had a concentration of credit risk as 42% *(2013: 31%)* and 66% *(2013: 59%)* of the total trade receivables were made up by the Group's largest customer's and the five largest customers' outstanding balances respectively.

The Group's bank balances are placed with credit-worthy banks in Hong Kong and in the PRC.

Interest rate risk

The Group's exposure to cash flow interest rate risk mainly arises from the fluctuation of the prevailing market interest rate on the bank balances. However, the management considers the Group's exposure to such interest rate risk is not significant as bank balances are all short-term in nature. No sensitivity analysis is prepared as the fluctuation and impact is considered immaterial.

Liquidity risk

Management of the Group aims at maintaining sufficient level of bank balances and cash to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The undiscounted contractual maturity profile of the Group's financial liabilities at the end of the reporting period, based on the earliest date on which the Group is required to settle the financial liabilities at the end of the reporting period is summarised below:

Group

	2014				2013				
	Total carrying value HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	Over 1 year HK$'000	Total carrying value HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	3-12 months	Over 1 year HK$'000
Trade and other payables	18,258	18,258	18,258	–	15,058	15,058	15,058	–	–
Promissory notes	–	–	–	–	5,359	5,359	–	986	4,373
Loan from a director	2,564	2,564	–	2,564	–	–	–	–	–
Other non-current liabilities	–	–	–	–	2,469	2,469	–	–	2,469
	20,822	20,822	18,258	2,564	22,886	22,886	15,058	986	6,842

Company

	2014				2013				
	Total carrying value HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	Over 1 year HK$'000	Total carrying value HK$'000	Total contractual undiscounted cash flow HK$'000	On demand HK$'000	3-12 months HK$'000	Over 1 year
Other payables	630	630	630	–	850	850	850	–	–
Due to subsidiaries	2,406	2,406	2,406	–	2,419	2,419	2,419	–	–
Promissory notes	–	–	–	–	5,359	5,359	–	986	4,373
	3,036	3,036	3,036	–	8,628	8,628	3,269	986	4,373

Price risk

The Group is exposed to price risk arising from unlisted debt securities investments held under available-for-sale financial assets amounting to HK$15,014,000. As at 31 March 2014, the sensitivity analysis has been determined based on the exposure to price risk. At the end of the reporting period, if the price had been 5% higher / lower while all other variables were held constant, the Group's available-for-sale assets reserve would be increased / decreased by HK$751,000 due to change in the fair value.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the prices had occurred at the end of the reporting period and had been applied to the exposure to price risk in existence at that date. It is also assumed that the fair values of the Group's available-for-sale financial assets would change in accordance with the historical correlation with the market interest rates or the relevant risk variables and that all other variables remain constant. The stated changes the director's assessment of reasonably possible changes in the relevant equity prices over the period until the next annual end of the reporting period.

37. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis at 31 March 2014 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Assets and liabilities measured at fair value

	Group and Company		
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**
2014			
Assets measured at fair value			
Available-for-sale financial assets			
Unlisted debt securities *(note 16)*	**–**	**15,014**	**–**

	Group and Company		
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2013			
Liabilities measured at fair value			
Promissory notes *(note 24)*	–	–	5,359

During the years ended 31 March 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. The details of the measurement basis and movements of the promissory notes, which classified as Level 3 fair value measurements, are set out in note 24 to the consolidated financial statements.

	2014 HK$'000	2013 HK$'000
Total gains included in profit or loss for the year	**–**	2,091

(b) Assets and liabilities not measured at fair value

The carrying amounts of the Group's and the Company's financial assets and liabilities carried at other than their value are not materially different from their fair values as at 31 March 2014 and 2013.

38. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure and makes adjustments, including payment of dividend to shareholders, return of capital to shareholders or issue of new shares or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2014 and 2013.

39. EVENTS AFTER THE REPORTING PERIOD

(i) Pursuant to the SGM held on 22 April 2014, the ordinary resolutions relevant to the HKARG Acquisition were not passed. Accordingly, certain conditions under the Sale and Purchase Agreements (the "SPA") of the HKARG Acquisition had not been fulfilled. After negotiation with the vendors and the guarantors, the Company decided not to proceed with the HKARG Acquisition.

In accordance with the terms of the SPA, total deposits of HK$35.5 million were paid during the year, which included non-refundable deposits of HK$5 million.

Under the terms of the SPA, one of the vendors ("Vendor B") shall return the full amount of the deposits in an aggregate amount of HK$30.5 million (the "Deposits") to the Group. On 30 April 2014, Star Engine and Vendor B entered into a deed of settlement and agreed that an aggregate amount of HK$30.6 million (being the Deposits together with an interest totaling HK$100,000) (the "Settlement Sum") would be returned by Vendor B in eleven installments.

As at the date of authorisation of the consolidated financial statements, the Company had received a total of HK$15.83 million from Vendor B (including the early repayment of the second and third installments which were originally scheduled to be repaid on 1 July 2014 and 1 August 2014, respectively), representing approximately 52% of the Settlement Sum.

(ii) In June 2014, the Company disposed of all the available-for-sale financial assets with an aggregate carrying value at the end of the reporting period of HK$15,406,000 for an aggregate consideration of HK$14,944,000, resulting in a loss on disposal of approximately HK$462,000.

(iii) In June 2014, the Board proposed to change the name of the Company from "Rising Power Group Holdings Limited" to "Sky Forever Supply Chain Management Group Limited". The proposed change is subject to the approval by the shareholders by way of special resolution at the special general meeting to be held on 11 July 2014.