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GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(FORMERLY KNOWN AS SAME TIME HOLDINGS LIMITED)

(incorporated in Bermuda with limited liability)

(Stock code: 451)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR
ENDED 31 MARCH 2014**

The Board of Directors of GCL New Energy Holdings Limited (the “Company” or “GCL New Energy”) announces the consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2014, with comparative figures for the previous year as follows:

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

	<i>Note</i>	2014 HK\$	2013 HK\$
Revenue	3	1,579,781,918	1,424,016,507
Cost of sales		(1,450,454,104)	(1,366,278,365)
Gross profit		129,327,814	57,738,142
Other income	4	81,441,734	86,873,975
Distribution and marketing costs		(25,854,583)	(21,537,667)
Administrative expenses		(128,112,351)	(92,929,667)
Other expenses, gains and losses		(15,081,034)	(7,022,613)
Operating profit	5	41,721,580	23,122,170
Realised loss on embedded derivative upon conversion of convertible redeemable bond	13	–	(19,346,000)
Change in fair value of embedded derivative	13	(166,724,000)	(154,385,960)
Finance income		301,047	255,408
Finance costs	6	(30,261,587)	(36,800,952)
Loss before income tax		(154,962,960)	(187,155,334)
Income tax (expense)/credit	7	(26,572,424)	11,762,292
Loss attributable to owners of the Company		<u>(181,535,384)</u>	<u>(175,393,042)</u>
Basic and diluted loss per share attributable to owners of the Company	9	<u>(211.2 cents)</u>	<u>(216.6 cents)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	HK\$	HK\$
Loss for the year	(181,535,384)	(175,393,042)
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	21,685,665	5,232,489
<i>Item that will not be reclassified subsequently to profit or loss</i>		
– Revaluation surplus on buildings, net of deferred tax	1,386,371	24,614,743
Other comprehensive income for the year, net of tax	23,072,036	29,847,232
Total comprehensive expenses attributable to owners of the Company for the year	(158,463,348)	(145,545,810)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	<i>Note</i>	2014 HK\$	2013 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment		926,000,092	958,011,210
Land use rights		20,959,512	20,901,985
Non-current deposits		9,122,906	12,037,691
Other non-current asset		350,000	350,000
		<u>956,432,510</u>	<u>991,300,886</u>
Current assets			
Inventories		205,306,261	193,118,019
Trade and other receivables	10	367,733,094	346,003,766
Pledged bank deposits		5,073,824	10,929,704
Cash at banks and in hand		46,249,508	47,115,302
		<u>624,362,687</u>	<u>597,166,791</u>
Total assets		<u>1,580,795,197</u>	<u>1,588,467,677</u>
EQUITY			
Capital and reserves			
Share capital		8,594,852	8,594,852
Reserves		260,155,451	418,618,799
Total equity		<u>268,750,303</u>	<u>427,213,651</u>

	<i>Note</i>	2014 HK\$	2013 <i>HK\$</i>
LIABILITIES			
Non-current liabilities			
Borrowings	12	70,472,867	101,787,267
Convertible redeemable bond	13	–	218,852,570
Deferred income tax liabilities		27,857,016	15,073,161
Deferred income		20,915,270	20,820,189
		<u>119,245,153</u>	<u>356,533,187</u>
Current liabilities			
Trade and other payables	11	479,039,675	459,656,464
Borrowings	12	284,705,521	300,875,677
Convertible redeemable bond	13	388,719,570	–
Current income tax liabilities		40,334,975	44,188,698
		<u>1,192,799,741</u>	<u>804,720,839</u>
Total liabilities		<u>1,312,044,894</u>	<u>1,161,254,026</u>
Total equity and liabilities		<u>1,580,795,197</u>	<u>1,588,467,677</u>
Net current liabilities		<u>(568,437,054)</u>	<u>(207,554,048)</u>
Total assets less current liabilities		<u>387,995,456</u>	<u>783,746,838</u>

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, except for certain properties, derivative financial instruments and financial assets and liabilities at fair value through profit or loss, which had been measured at fair value.

As at 31 March 2014, (i) the Group’s current liabilities exceeded its current assets by approximately HK\$568,000,000; and (ii) the total borrowings of the Group excluding the fair value of the embedded derivatives of the convertible redeemable bond (which will not be settled in cash upon its conversion) amounted to approximately HK\$413,000,000, of which approximately HK\$343,000,000 will be due for repayment in the coming twelve months.

The Group meets its day to day working capital requirements, capital expenditure and other financing obligations through cash inflow from operating activities, facilities obtained from banks and other fund raising activities.

The Group successfully renewed banking facilities that were due during the year ended 31 March 2014. In addition, management maintains continuous communication with the Group’s principal banks on the renewal of existing banking facilities that will fall due in the coming twelve months and the grant of additional banking facilities. The directors of the Company (the “Directors”) have reviewed the Group’s bank loans and banking facilities available to the Group and are of the opinion that the bank loans and banking facilities would be renewed when their current terms expire. The Directors have evaluated all the relevant facts available to them and are of the opinion that there are good track records or relationship with the relevant banks which enhance the Group’s ability to renew the current bank loans upon expiry. Up to the date of approval of these financial statements, the Directors are not aware of any intention of the Group’s principal banks to withdraw their respective banking facilities granted or request early repayment of the utilised facilities within the next twelve months from the end of the reporting period.

On 13 February 2014, the Company entered into a conditional subscription agreement with GCL-Poly Energy Holdings Limited (the “Subscriber”), a company incorporated in Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited, whereby the Subscriber agreed to subscribe for 360,000,000 new shares of the Company at a subscription price of HK\$4 per share for an aggregate cash consideration of HK\$1,440,000,000 (the “Subscription”). The Subscription was completed on 9 May 2014.

On 28 February 2014, the Company entered into an amended and restated placing agreement with a placing agent whereby the Company agreed to place, through the placing agent, 50,000,000 new shares of the Company to no less than six placees at a price of HK\$4 per share (the “Placement”) with net proceeds of approximately HK\$195,000,000. The Placement was completed on 9 May 2014.

In addition, the convertible redeemable bond issued by the Company with details set out in Note 13 below was fully converted into 33,542,857 shares of the Company on 9 May 2014 (the “Conversion”).

After the completion of the Subscription, Placement and Conversion on 9 May 2014, the Subscriber and parties acting in concert with it together hold 67.99% of the total issued share capital of the Company and become the single largest controlling shareholder of the Company.

On 23 April 2014, a Special General Meeting (“SGM”) was held by the Company during which the English name of the Company was approved to be changed to GCL New Energy Holdings Limited and “協鑫新能源控股有限公司” was approved to be adopted as the secondary name of the Company. The names have been effective on 9 May 2014.

During the year, the Company and its subsidiaries (together the “Group”) were principally engaged in the manufacturing and selling of printed circuit boards. In future, the Group intends to expand into the renewable energy sector, including development, construction, operation and management of solar power, energy storage, energy conservation, smart micro-grid and distributed energy.

Based on the Group’s cash flow projection and taking into account the reasonably possible changes in trading performance, the ongoing support from the Group’s principal banks and the recent fund raising activities mentioned above, the Directors believe that the Group will have sufficient cash flows to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 PRINCIPAL ACCOUNTING POLICIES

(i) New and amended standards adopted by the Group

In the current year, the Group has adopted, for the first time, the following new or revised standards, amendments and interpretations to existing standards (“new and revised HKFRSs”) which are mandatory for the Group’s accounting periods beginning on or after 1 April 2013:

HKAS 1 (Amendment)	Presentation of items of other comprehensive income
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HKFRSs (Amendment)	Annual improvements to HKFRSs 2009 to 2011 Cycle
HKFRS 1 (Amendment)	Government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures – offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 13	Fair value measurement
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
Annual improvements 2012	Amendment to HKFRS 13 “Fair value measurement”
Annual improvements 2013	Amendment to HKFRS 1 “First time adoption”

The Group has applied amendment to HKAS 1, Financial Statements Presentation, regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The impact of the adoption of this amendment is shown in the consolidated statement of comprehensive income.

HKFRS 13, Fair Value Measurement, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group has included the disclosure in the consolidated financial statements.

The adoption of these new and revised HKFRSs to existing standards does not result in substantial changes to the Group’s accounting policies or financial results.

- (ii) The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective for the Group’s accounting period beginning on or after 1 April 2013:

		Effective for annual periods beginning on or after
HKAS 19 (Amendment) (2011)	Defined benefits plans: Employee contributions	1 July 2014
HKAS 32 (Amendment)	Financial instruments: Presentation – offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting	1 January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures	To be determined
HKFRS 9	Financial instruments	1 January 2015
Additions to HKFRS 9	Financial instruments: Financial liabilities	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment entities	1 January 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRSs (Amendment)	Annual improvements to HKFRSs 2010–2012 cycle	1 July 2014, with limited exceptions
HKFRSs (Amendment)	Annual improvements to HKFRSs 2011–2013 cycle	1 July 2014
HK (IFRIC) – Int 21	Levies	1 January 2014

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but have considered on a preliminary basis that these new and revised HKFRSs will not have a significant impact on the Group's financial statements in the coming year.

3 REVENUE AND SEGMENT INFORMATION

(a) Application of HKFRS 8 "Operating segments"

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decision.

As almost all of the Group's business operations relate to the manufacturing and selling of printed circuit boards, the chief operating decision-maker makes decisions about resources allocation and performance assessment based on the entity-wide financial information. Therefore, there is only one reportable segment for the Group in this year.

(b) Geographical information

The Group's operations are principally located in Hong Kong and Mainland China. The revenue from external customers in Hong Kong and Mainland China for year ended 31 March 2014 is HK\$1,068,067,206 (2013: HK\$948,000,135), and the revenue from external customers in other countries is HK\$511,714,712 (2013: HK\$476,016,372).

At 31 March 2014 and 2013, most of the non-current assets are located in Hong Kong and Mainland China.

(c) Information about major customers

For the year ended 31 March 2014, revenue of HK\$215,236,215 (2013: HK\$172,003,660) are derived from a single external customer. These revenues are attributable to the sales of printed circuit board products.

4 OTHER INCOME

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Amortisation of deferred income on government grants	465,571	454,755
Government subsidies (<i>Note</i>)	11,915,169	11,156,364
Reversal of provision for clawing back of value added tax and customs duties on imported equipment and inventories relating to electronic products business upon deregistration of the relevant subsidiary	9,057,191	–
Sale of manufacturing by-products	56,636,569	72,855,260
Sundries	3,155,790	468,310
Write off of other payables	211,444	1,939,286
	<u>81,441,734</u>	<u>86,873,975</u>

Note: Government subsidies mainly represent cash received from the local municipal government in the PRC for the years ended 31 March 2014 and 2013 as incentives to encourage export sales in the PRC, the conditions attached thereto had been fully complied with.

5 OPERATING PROFIT

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Operating profit is stated after charging/(crediting) the following:		
Auditor's remuneration		
– audit services	1,830,000	2,233,000
– non-audit services	2,863,302	820,700
Amortisation of land use rights	488,050	477,233
Bad debts recovered (<i>Note</i>)	–	(925,110)
Bad debts written off (<i>Note</i>)	7,981,805	2,928,248
Deposits and other receivables written off (<i>Note</i>)	2,644,137	3,085,007
Reversal of other receivables previously written off (<i>Note</i>)	(3,158,383)	–
Cost of inventories sold	842,446,220	840,667,006
Depreciation		
– Owned property, plant and equipment	117,766,831	114,399,372
– Leased property, plant and equipment	14,957,090	11,917,129
Loss/(gain) on disposal of property, plant and equipment (<i>Note</i>)	271,684	(350,687)
Net exchange loss	24,813,640	7,738,177
Operating lease rental in respect of properties	6,325,179	5,710,302
Staff costs (including directors' and chief executive's emoluments)	273,277,273	218,448,097
	<u>273,277,273</u>	<u>218,448,097</u>

Note: These expenses have been included in “other expenses, gains and losses” in the consolidated income statement.

6 FINANCE COSTS

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Interest on bank loans wholly repayable within five years	24,119,648	29,674,061
Interest element of finance leases	2,411,939	2,557,891
Interest on convertible redeemable bond	3,730,000	4,569,000
	<u>30,261,587</u>	<u>36,800,952</u>

7 INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax is calculated at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit. No provision for Hong Kong profits tax has been made for the year as the Group had no profits assessable to profits tax. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2014	2013
	HK\$	HK\$
Current income tax – overseas taxation	16,442,928	9,236,571
Over-provision for prior years (<i>Note a</i>)	(757,159)	(15,861,224)
	<hr/>	<hr/>
Total current income tax expense/(credit)	15,685,769	(6,624,653)
	<hr/>	<hr/>
Deferred income tax (<i>Note a, b</i>)	10,886,655	(5,137,639)
	<hr/>	<hr/>
	26,572,424	(11,762,292)
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The over-provision for the year ended 31 March 2013 included an amount of HK\$15,800,000 related to a case settled with the Hong Kong Inland Revenue Department (the “IRD”) during the year ended 31 March 2013. In previous year, the IRD questioned the basis of tax reporting for certain transactions adopted by certain subsidiaries of the Group. Current income tax in relation to the issue of approximately HK\$20,500,000 was provided for and recorded in the Group’s consolidated financial statements for the year ended 31 March 2008, whilst deferred income tax liabilities in relation to these transactions of approximately HK\$6,800,000 was provided in prior years. During the year ended 31 March 2013, the case was resolved with the IRD. Reversal of current income tax of approximately HK\$15,800,000 and write-back of deferred income tax liabilities of approximately HK\$6,800,000 was recorded in the Group’s consolidated income statement for the year ended 31 March 2013. The write-back of deferred income tax liabilities was included in the origination and reversal of deferred income tax of HK\$5,137,639 for the year ended 31 March 2013.
- (b) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. As at 31 March 2013, the undistributed profits of the relevant subsidiary of the Group in the PRC were HK\$185,454,883 and the corresponding deferred tax liabilities had not been recognised as the Company was able to control the timing of the reversal of the temporary difference and it was probable that the temporary difference would not reverse in the foreseeable future. As a result of the change of management intentions during the year, the undistributed profits of the relevant subsidiary of approximately HK\$239,549,000 as at 31 March 2014 will be remitted outside China in future. Deferred income tax liabilities of approximately HK\$13,119,000 have been provided for in the consolidated financial statements for the year ended 31 March 2014.

8 DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: Nil).

9 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company and on the weighted average number of ordinary shares in issue during the year.

	2014	2013
Number of shares		
Weighted average number of ordinary shares in issue	85,948,520	80,961,533
	<i>HK\$</i>	<i>HK\$</i>
Loss attributable to owners of the Company	(181,535,384)	(175,393,042)
Basic loss per share attributable to owners of the Company	(211.2 cents)	(216.6 cents)

For the years ended 31 March 2014 and 2013, the diluted loss per share was the same as the basic loss per share, as the convertible redeemable bond had an anti-dilutive effect on the loss per share.

10 TRADE AND OTHER RECEIVABLES

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Trade receivables	310,076,587	282,169,290
Deposits, prepayments and other receivables	57,656,507	63,834,476
	367,733,094	346,003,766

The ageing analysis of trade receivables based on invoice date is as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
0 – 60 days	227,193,218	191,729,961
61 – 120 days	77,313,093	76,822,361
121 – 180 days	4,226,173	10,139,572
181 – 240 days	1,016,084	2,773,952
Over 240 days	328,019	703,444
	310,076,587	282,169,290

Sales are made to customers generally with credit terms of 30 to 120 days.

11 TRADE AND OTHER PAYABLES

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Trade payables	333,152,860	343,781,612
Other payables for the purchase of plant and machinery	48,517,753	50,569,885
Other payables	23,118,652	20,015,699
Receipts in advance	14,849,940	14,451,289
Accrued expenses		
– Staff costs	35,863,184	20,950,844
– Professional fees	12,503,249	–
– Utilities	5,481,073	5,489,875
– Others	5,552,964	4,397,260
	479,039,675	459,656,464

The ageing analysis of trade payables based on invoice date is as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
0 – 60 days	136,387,186	128,823,585
61 – 120 days	125,411,205	125,712,885
121 – 180 days	56,640,980	61,532,981
181 – 240 days	9,783,097	16,838,521
Over 240 days	4,930,392	10,873,640
	333,152,860	343,781,612

12 BORROWINGS

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Non-current		
Bank loans	50,738,241	80,274,663
Obligations under finance leases	19,734,626	21,512,604
	<u>70,472,867</u>	<u>101,787,267</u>
Current		
Bank loans	245,272,411	272,619,301
Obligations under finance leases	19,433,110	28,256,376
Shareholder's loan	20,000,000	–
	<u>284,705,521</u>	<u>300,875,677</u>
Total borrowings	<u><u>355,178,388</u></u>	<u><u>402,662,944</u></u>

The interest-bearing bank borrowings are carried at amortised cost.

13 CONVERTIBLE REDEEMABLE BOND

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Liability component	58,319,570	55,176,570
Fair value of the embedded derivative	330,400,000	163,676,000
	<u>388,719,570</u>	<u>218,852,570</u>

The Group entered into a subscription agreement to issue a three-year 1% convertible redeemable bond at a total nominal value of HK\$90,000,000. A resolution was duly passed and approved by the shareholders on 13 May 2011, and the bond certificates were issued to the subscriber on 16 June 2011. The bond matures three years from the date of issuance at their nominal value of HK\$90,000,000 or can be converted into ordinary shares of the Company at HK\$1.80 per share after six months from the date of issuance.

The major terms and conditions of convertible redeemable bond are as follows:

(a) Interest rate

The Company shall pay an interest on the convertible redeemable bond at 1% per annum.

(b) Conversion price

The convertible redeemable bond can be converted into shares at the initial conversion price of HK\$1.80 per share, subject to adjustments. The conversion price will be subject to adjustment for, amongst others, consolidation, subdivision or reclassification of shares, capitalisation of profits or reserves, capital distribution, rights issues of shares or options over shares, rights issues of other securities, issues at a certain discount to current market price, change of control and other usual adjustment events. The conversion price may not be reduced so that the conversion shares may fall to be issued at a discount to their par value. The conversion price was adjusted to HK\$1.75 per share in accordance with the terms on conversion price adjustment after the Company issued 13,650,000 new shares on 25 June 2012.

(c) Maturity

The maturity date of the convertible redeemable bond is 16 June 2014.

(d) Redemption at the option of the Company

The Company may upon giving not less than 14 days' notice to the bond holder, at any time after 16 June 2011 redeem all or part of the outstanding bond at a redemption price at 105% to its relevant principal amount, together with accrued interest accrued to and excluding the date of redemption.

(e) Redemption at the option of the holder

At any time and from time to time after 16 June 2013 until the maturity date, the bond holder may, having given not less than 90 days' written notice to the Company (which notice shall be irrevocable), redeem all or part of the bond at 103% of relevant principal amount, together with accrued interest accrued to and excluding the date of redemption.

(f) Redemption for delisting or change of control

Following the occurrence of suspension or delisting of the Company, the bond holder will have the right to require the Company to redeem the entire bond at a principal amount outstanding together with any accrued interest accrued up to and including the date of repayment.

The fair value of the convertible redeemable bond was determined by an independent qualified valuer based on the Binomial Lattice Model. The fair value of the liability component on initial recognition was valued as the proceeds of the convertible redeemable bond (net of transaction cost) minus the fair value of the embedded derivative. The fair value of the embedded derivative was valued by estimating the value of the whole bond with and without the conversion feature. The difference in value reflects the value of the embedded derivative.

The conversion feature fails the fixed-for-fixed requirement for equity classification as one of the conversion ratio adjustments does not preserve the relative interest between bondholder and ordinary shareholders. The option is therefore regarded as derivatives with changes in fair value through profit or loss in accordance with HKAS 39, “Financial instruments: recognition and measurement”.

On 17 January 2012, the Company redeemed HK\$24,300,000 of the principal amount of the convertible redeemable bond at 105% of the relevant principal amount.

On 13 September 2012, convertible redeemable bond with a principal amount of HK\$7,000,000 was converted into 4,000,000 ordinary shares of the Company at the price of HK\$1.75 per share. As a result, the Group recognised a loss on embedded derivative amounting to HK\$19,346,000 upon such conversion.

During the year, the Group further recognised a fair value loss on embedded derivative of the convertible redeemable bond amounting to HK\$166,724,000 (2013: HK\$154,385,960), which is primarily a result of the changes of certain parameters during the year used to determine the fair value of the embedded derivative including but not limited to the Company’s share price and its volatility, interest rates and the likelihood of the exercise of conversion right and redemption rights of the convertible redeemable bond by the bond holder and the Company, respectively.

The outstanding convertible redeemable bond as at 31 March 2014 was fully converted at the price of HK\$1.75 per share into 33,542,857 ordinary shares of HK\$0.1 each of the Company on 9 May 2014.

The movement of liability component is as follows:

	<i>HK\$</i>
Liability component as at 1 April 2012	57,591,570
Interest expense for the year (<i>note 6</i>)	4,569,000
Less: interest payment during the year	(657,000)
Conversion to ordinary shares	(6,327,000)
	<hr/>
Liability component as at 31 March 2013	55,176,570
Interest expense for the year (<i>note 6</i>)	3,730,000
Less: interest payment during the year	(587,000)
	<hr/>
Liability component as at 31 March 2014	<u>58,319,570</u>

The fair value of the liability component of the convertible redeemable bond as at 31 March 2014 amounted to HK\$58,697,000 (2013: HK\$56,044,000). The fair value is calculated by using the discounted cash flow method using a discount rate of 4.86% (2013: 4.90% to 5.66%).

The movement of fair value of the embedded derivative is as follows:

	<i>HK\$</i>
Fair value of the embedded derivative as at 1 April 2012	9,290,040
Loss from change in fair value	173,731,960
Conversion to ordinary shares	<u>(19,346,000)</u>
Fair value of the embedded derivative as at 31 March 2013	163,676,000
Loss from change in fair value	<u>166,724,000</u>
Fair value of the embedded derivative as at 31 March 2014	<u><u>330,400,000</u></u>

Loss from change in fair value of the embedded derivative for the year ended 31 March 2014 is HK\$166,724,000 (2013: HK\$173,731,960), which is recognised in the consolidated income statement and disclosed separately. The related interest expense of the liability component of the convertible redeemable bond for the year ended 31 March 2014 amounted to HK\$3,730,000 (2013: HK\$4,569,000), which is calculated using the effective interest method with effective interest rate of 6.61% per annum (2013: effective interest rates of 6.65% and 6.61% per annum before and after the redemption, respectively).

14 BANKING FACILITIES

At 31 March 2014, total facilities granted to the Group amounted to HK\$367,852,250 (2013: HK\$456,948,081) of which HK\$296,010,652 (2013: HK\$352,893,964) were utilised.

Among the total facilities, banking facilities amounting to HK\$317,114,009 (2013: HK\$370,498,444) were secured by legal charges on the following assets of the Group:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Property, plant and equipment	326,023,600	331,172,573
Land use rights	20,343,757	20,263,754
Pledged bank deposits	5,073,824	10,929,704
	<u>351,441,181</u>	<u>362,366,031</u>

15 CAPITAL COMMITMENTS

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Contracted but not provided for plant, machinery and leasehold improvements	16,239,571	19,486,929
	<u>16,239,571</u>	<u>19,486,929</u>

The Group has no capital commitments authorised but not contracted for as at 31 March 2014 (2013: Nil).

16 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 1 in this announcement, the following significant events took place subsequent to 31 March 2014:

(a) Cooperation agreement and cooperation framework agreements

On 21 May 2014, the Company entered into the following cooperation agreement and cooperation framework agreement:

- the Company entered into a cooperation framework agreement with GD Solar Co., Ltd., pursuant to which both parties will co-develop and construct solar farms with a total production capacity of 3GW throughout the PRC from 2014 to 2016, and with a co-development production capacity target of 800MW for 2014.
- the Company entered into a cooperation framework agreement with Xi'an Huanghe Photovoltaic Technology Co., Ltd, pursuant to which both parties are to co-develop and construct the Yu Lin Heng Shan (榆林橫山) solar project with a production capacity of 150MW in 2014.
- the Company entered into a cooperation framework agreement with 中國南車株洲變流技術國家工程研究中心有限公司 CSR Zhuzhou National Engineering Research Center of Converters Co., Ltd., pursuant to which both parties will co-develop and co-invest in solar farms of a total of 1GW capacity throughout the PRC from 2014 to 2016.

(b) Proposed share subdivision and adoption of new Bye-Law

On 23 May 2014, the board of directors of the Company (the “Board”) proposes to subdivide each existing issued and unissued share of HK\$0.10 each in the share capital of the Company into six subdivided shares of HK\$0.01666̇ each (the “Share Subdivision”). The Share Subdivision is conditional upon the passing by the shareholders at the SGM to be held on 27 June 2014 and the Listing Committee granting the listing of, and permission to deal in, the Share Subdivision.

On the same day, the Board proposes the adoption of the new Bye-Laws in substitution for and to the exclusion of the existing Bye-laws to align and keep abreast with current provisions of the applicable laws and regulations, including the Companies Act and the Listing Rules and reflects the Company’s change of English name and adoption of secondary name. The adoption of new Bye-Laws is conditional upon the passing by the shareholders at the SGM to be held on 27 June 2014.

CHAIRMAN'S STATEMENT

Business Review

For the year ended 31 March 2014, the loss before income tax of the Group amounted to HK\$154,962,960 (2013: HK\$187,155,334), while the loss attributable to owners of the Company amounted to HK\$181,535,384 (2013: HK\$175,393,042).

Turnover for the year was HK\$1,579,781,918, with an increase of 10.9% as compared to the turnover of HK\$1,424,016,507 in 2013. The increase of turnover was mainly due to the increase of sales in HDI printed circuit boards. The gross profit margin increased from 4.1% in 2013 to 8.2% in 2014, mainly due to the decline of raw material prices.

During the year, the loss attributable to owners of the Company was mainly caused by the change in the fair value of the convertible redeemable bonds. The loss from change in fair value of the convertible redeemable bonds was HK\$166,724,000 (2013: the realised loss and fair value loss of embedded derivatives amounted to HK\$173,731,960 in total). Such losses came from the valuation of outstanding convertible redeemable bonds and the fair value loss recognized on conversion during the year. When fair value losses, which were not related to day-to-day operations were excluded, the loss attributable to owners of the Company for the year ended 31 March 2014 would actually be HK\$14,811,384 (2013: HK\$1,661,082).

Business Outlook

On 9 May 2014, the Subscription, Placement, Conversion and the change of company name were completed. With the funds raised by subscription and placement of new shares, we intend to diversify our scope of business. With the experience and expertise of the new management team, we plan to develop our business into the areas of renewable energy business, which include the development, construction, operation and management of solar energy, as well as solutions in the energy storage, efficiency, intelligent micro-grid and distributed energy.

We are optimistic about the future prospects of the solar industry and we adhere to the vision of GCL-Poly Energy Holdings Limited —bringing green power to life. In the future, GCL New Energy will not only achieve a stream of steady income through ground-mounted solar farms but will also increase its effort in the market development of distributed energy.

Through the development, construction, operation and maintenance, and overall process control of solar farms, we will build our competitive edge and cost advantages. Currently, the market strategy of GCL New Energy is to rapidly increase the scale of our power plants through mergers and acquisitions supplemented by self-development. In the long run, we will eventually apply a strategy of self-development as the main theme, supplemented by appropriate mergers and acquisitions.

Through continuous technological innovation, GCL New Energy will promote the use of green power and regional economic restructuring. We look forward to the day when green power becomes an integral part of every household's daily life.

While launching the new business in full force, we will also ensure the stable and healthy development of the printed circuit board business. We will continue to optimize our production processes and reduce production costs, so as to secure the steady income and continuous cash flow brought to the Group by the printed circuit board business.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the year ended 31 March 2014, the revenue of the Group amounting to HK\$1,579,781,918 (2013: HK\$1,424,016,507) represented an increase of 10.9% compared with last year whereas the loss attributable to owners of the Company amounted to HK\$181,535,384 (2013: HK\$175,393,042). The loss from change in fair value of embedded derivative of the convertible redeemable bond outstanding as at 31 March 2014 amounting to HK\$166,724,000 (2013: realised loss and loss from change in fair value of embedded derivative of the convertible redeemable bond amounting to HK\$173,731,960) has significantly impact on the results of the Group. Excluding the loss, the Group recorded loss after tax of HK\$14,811,384 (2013: HK\$1,661,082).

Financial Review

Revenue

The Group was principally engaged in the manufacturing and selling of printed circuit boards during the year.

The revenue for financial years 2014 and 2013 is as follows:

	2014	2013	Increase
	<i>HK\$</i>	<i>HK\$</i>	%
Printed circuit boards	<u>1,579,781,918</u>	<u>1,424,016,507</u>	10.9

In the current year, the revenue from customers in Hong Kong and Mainland China represented 68% (2013: 67%) of the Group's total revenue.

Cost of sales

Cost of sales in the current year increased to HK\$1,450,454,104 (2013: HK\$1,366,278,365) representing an increase of 6.2% compared with last year.

The increase in gross profit margin from 4.1% to 8.2% was mainly due to the decrease in raw material costs.

Other income

Other income mainly included sales of manufacturing by-products amounting to HK\$56,636,569 (2013: HK\$72,855,260) and government subsidies for Jiangxi factory amounting to HK\$11,915,169 (2013: HK\$11,156,364). Government subsidies represent cash received from the local municipal government in the PRC as incentives to encourage export sales in the PRC, the conditions attached thereto had been fully complied with.

Distribution and marketing expenses

Distribution and marketing expenses increased to HK\$25,854,583 (2013: HK\$21,537,667) representing an increase of 20.0% compared with last year. The increase was mainly due to the increase in sales commission, freights and delivery expenses during the year.

Administrative expenses

Administrative expenses increased to HK\$128,112,351 (2013: HK\$92,929,667) representing an increase of 37.9% compared with last year. Net exchange loss of HK\$24,813,640 (2013: HK\$7,738,177), which is attributable to appreciation of Renminbi, was included. Legal and professional fees increased due to various transactions negotiated during the year.

Finance costs

Finance costs amounting to HK\$30,261,587 (2013: HK\$36,800,952) represented a decrease of 17.8% compared with last year, which was mainly due to the reduced borrowing level.

Income tax

The over-provision for the year ended 31 March 2013 included an amount of HK\$15,800,000 related to a case settled with the Hong Kong Inland Revenue Department (the “IRD”) during the year ended 31 March 2013. In previous year, the IRD questioned the basis of tax reporting for certain transactions adopted by certain subsidiaries of the Group. Current income tax in relation to the issue of approximately HK\$20,500,000 was provided for and recorded in the Group’s consolidated financial statements for the year ended 31 March 2008, whilst deferred income tax liabilities in relation to these transactions of approximately HK\$6,800,000 was provided in prior years. During the year ended 31 March 2013, the case was resolved with the IRD. Reversal of current income tax of approximately HK\$15,800,000 and write-back of deferred income tax liabilities of approximately HK\$6,800,000 was recorded in the Group’s consolidated income statement for the year ended 31 March 2013. The write-back of deferred income tax liabilities was included in the origination and reversal of deferred income tax of HK\$5,137,639 for the year ended 31 March 2013.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. As at 31 March 2013, the undistributed profits of the relevant subsidiary of the Group in the PRC were HK\$185,454,883 and the corresponding deferred tax liabilities had not been recognised as the Company was able to control the timing of the reversal of the temporary difference and it was probable that the temporary difference would not reverse in the foreseeable future. As a result of the change of management intentions during the year, the undistributed profits of the relevant subsidiary of approximately HK\$239,549,000 as at 31 March 2014 will be remitted outside China in future. Deferred income tax liabilities of approximately HK\$13,119,000 have been provided for in the consolidated financial statements for the year ended 31 March 2014.

Loss relating to the convertible redeemable bond

According to the relevant accounting standards and the terms of the convertible redeemable bond, the liability component and the embedded derivatives of the convertible redeemable bond should be separately accounted for. The embedded derivatives concerned referred to conversion right and redemption rights of the convertible redeemable bond exercisable by the bondholder and the Company, respectively.

During the year, the Group recognised a fair value loss on embedded derivative of the convertible redeemable bond amounting to HK\$166,724,000 (2013: realised loss and loss from change in fair value of embedded derivative of the convertible redeemable bond amounting to HK\$173,731,960), which is primarily a result of the changes of certain parameters during the year used to determine the fair value of the embedded derivatives including but not limited to the Company's share price and its volatility, interest rates and the likelihood of the exercise of the conversion right and redemption rights of the convertible redeemable bond by the bondholder and the Company, respectively.

Liquidity and financial resources

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Net cash from operating activities	121,595,577	109,884,986
Net cash used in investing activities	(67,345,242)	(78,953,953)
Net cash used in financing activities	(57,385,122)	(16,389,335)

For the year ended 31 March 2014, the Group's main sources of funding were cash generated from operating activities. The net cash from operating activities in current year was HK\$121,595,577, increased from HK\$109,884,986 in last year. The net cash used in investing activities primarily arose from payments for the purchase of property, plant and equipment. The main financing activities of the Group in current year included proceeds from bank loans and finance leases of HK\$256,757,064 and repayment of bank loans and finance leases amounting to HK\$334,142,186

At 31 March 2014, the liability component and the fair value of the embedded derivatives of the convertible redeemable bond amounted to HK\$58,319,570 (2013: HK\$55,176,570) and HK\$330,400,000 (2013: HK\$163,676,000), respectively.

On the basis that the convertible redeemable bond will be settled on a cash basis, the total borrowings of the Group, excluding the fair value of the embedded derivatives of the convertible redeemable bond (which will not be settled in cash upon its conversion), amounted to HK\$413,497,958 (2013: HK\$457,839,514) which were mainly payable in Hong Kong dollars and Renminbi. The Group's gearing ratio at 31 March 2014, which was calculated as the ratio of total borrowings less pledged bank deposits and cash at banks and in hand to total equity, was 135% (2013: 94%).

At 31 March 2014, the Group's total borrowings were repayable as follows:

	2014		2013	
	HK\$		HK\$	
Within one year	343,025,091	83%	300,875,677	66%
In the second year	66,076,506	16%	112,094,868	24%
In the third to fifth years	4,396,361	1%	44,868,969	10%
	<u>413,497,958</u>	100%	<u>457,839,514</u>	100%

At 31 March 2014, the Group's total banking facilities were summarised as follows:

	2014	2013
	HK\$	HK\$
Total banking facilities granted	367,852,250	456,948,081
Facilities utilised	(296,010,652)	(352,893,964)
Available facilities	<u>71,841,598</u>	<u>104,054,117</u>

Among the total facilities, banking facilities amounting to HK\$317,114,009 (2013: HK\$370,498,444) were secured by legal charges on the Group's property, plant and equipment, land use rights and pledged bank deposits with a net book value of HK\$351,441,181 (2013: HK\$362,366,031).

At 31 March 2014, obligations under finance leases of the Group amounting to HK\$39,167,736 (2013: HK\$49,768,980) were secured by legal charges on the Group's property, plant and equipment with a net book amount of HK\$81,189,993 (2013: HK\$93,271,914).

Other recent financing activities

On 9 May 2014, the convertible redeemable bond was fully converted. In addition, the Group raised net proceeds of approximately HK\$195,000,000 and HK\$1,440,000,000 through the placement of new shares and share subscription, respectively.

The Company intends to use the funds raised from the Subscription and the Placement to diversify its business and to leverage on the experience and expertise of the Subscriber to expand into the renewable energy sector, which will include developing, acquiring or investing into greenfield or existing solar plants, solar projects, solar energy assets or through other similar opportunities.

Purchase, sale or redemption of shares

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

Corporate governance

The Board is committed to promoting good corporate governance to safeguard the interests of the shareholders and to enhance the Group's performance. Throughout the year, the Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For the year ended 31 March 2014 (the "Period"), the Company was in compliance with the code provisions set out in the CG Code except for the deviation from the code provisions A.5.1, A.6.7 and D.1.4. Key corporate governance principles and practices of the Company as well as the particulars of the foregoing deviations and the reasons thereof are detailed below.

Code provision A.5.1 of the CG Code requires that issuers should establish a nomination committee. At 31 March 2014, the Company had not set up a Nomination Committee. Pursuant to the Company's Bye-laws, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall retire and be eligible for re-election at the next following general meeting after appointment. Executive directors identify potential new directors and recommend to the Board for decision. In considering the nomination of a new director, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of independent non-executive directors, the Board follows the requirements set out in the Listing Rules.

On 9 May 2014, the Nomination Committee has been set up with written terms of reference. The Nomination Committee now comprises Mr. Tang Cheng (chairman of the Nomination Committee), Mr. Han Qing-hua and Mr. Xu Songda.

Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Lai Wing Leung, Peter, Mr. Lam Kwok Cheong and Madam Lee Mei Ling, the independent non-executive directors held office during the Period, did not attend the annual general meeting of the Company held on 19 July 2013 by the reason of their other business engagements.

Code provision D.1.4 of the CG Code requires that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company had formal letters of appointment for Directors except two executive directors, Mr. Yip Sum Yin and Madam Yu Hung Min during the Period. However, the Directors shall be subject to retirement in accordance with the Bye-laws.

On 9 May 2014, all current directors, namely Mr. Zhu Gongshan, Mr. Tang Cheng, Mr. Gu Xin, Ms. Hu Xiaoyan, Mr. Yip Sum Yin, Ms. Sun Wei, Mr. Yu Baodong, Mr. Wang Bohua, Mr. Xu Songda, Mr. Han Qing-hua and Mr. Lee Conway Kong Wai are appointed for a term of three years and are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

Save as the aforesaid, none of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the CG Code at any time during the year ended 31 March 2014.

Model code for securities transactions by directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") as its code of conduct regarding the directors' securities transactions. All directors of the Company have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2014.

Audit committee

The Audit Committee has reviewed, with the management of the Group, the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the review of the annual report for the year ended 31 March 2014.

Appreciation

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and also to our business partners and the Company's shareholders for their continuing support.

By order of the Board
Tang Cheng
Chairman

Hong Kong, 27 June 2014

As at the date of this announcement, the executive Directors are Mr. Zhu Gongshan, Mr. Tang Cheng, Mr. Gu Xin, Ms. Hu Xiaoyan and Mr. Yip Sum Yin; the non-executive Directors are Ms. Sun Wei and Mr. Yu Baodong; and the independent non-executive Directors are Mr. Wang Bohua, Mr. Xu Songda, Mr. Han Qing-hua and Mr. Lee Conway Kong Wai.