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)

Contents

Corporate Information

Board of Directors

Executive Directors
Mr. ZHU Gongshan
Mr. TANG Cheng
Mr. GU Xin
Ms. HU Xiaoyan
Mr. YIP Sum Yin

Non-executive Directors
Ms. SUN Wei
Mr. YU Baodong

Independent Non-executive Directors
Mr. WANG Bohua
Mr. XU Songda
Mr. HAN Qing-hua
Mr. LEE Conway Kong Wai

Company Secretary

Ms. IP Mei Ho

Audit Committee

Mr. LEE Conway Kong Wai *(chairman)*
Mr. WANG Bohua
Mr. XU Songda

Remuneration Committee

Mr. HAN Qing-hua *(chairman)*
Ms. SUN Wei
Mr. WANG Bohua

Nomination Committee

Mr. TANG Cheng *(chairman)*
Mr. XU Songda
Mr. HAN Qing-hua

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal Office

Unit 1707A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

Principal Banks

Bank of China Limited
China Construction Bank Corporation
Agricultural Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

Principal Registrar and Transfer Office

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

Hong Kong Branch Registrar and Transfer Office

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Corporate Website

www.gclnewenergy.com

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 recognised 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
	HK$	HK$	%
Printed circuit boards	**1,579,781,918**	1,424,016,507	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
	HK$	HK$
Net cash generated 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%
	413,497,958	**100%**	457,839,514	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	**71,841,598**	104,054,117

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.

Details are set out in the note 2(a) and note 38 of the consolidated financial statements.

Employees and remuneration policies

At 31 March 2014, 3,978 (2013: 4,265) staff members and workers were employed in our Chang An factory and Jiangxi factory in Mainland China and 47 (2013: 45) staff members were employed in Hong Kong offices. Staff costs, excluding directors' and chief executive's remuneration, amounted to HK$264,768,457 for the year ended 31 March 2014 (2013: HK$209,785,851). Remuneration packages are generally structured with reference to the prevailing market practice and individual qualifications. The remuneration policies of the Group are reviewed on a periodic basis.

Exposure to fluctuation in exchange rates and related hedges

The Group's borrowings are primarily denominated in Hong Kong dollars and Renminbi. The Group has not used financial instruments extensively to hedge against such risk during the year but will closely monitor the change and use financial instruments when necessary.

The board of directors (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").

During 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.

Directors' securities transactions

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.

Board of directors

The Company is governed by the Board which has the responsibility for leadership and control of the Company. The Board set strategies and directions for the Group's activities with a view to develop its business. The senior management of the Group implements such strategies and directions in the day-to-day management.

The Board currently comprises eleven directors, with five executive directors, two non-executive directors and four independent non-executive directors.

Executive Directors
Mr. ZHU Gongshan *(Honorary Chairman)*
Mr. TANG Cheng *(Chairman and President)*
Mr. GU Xin *(Executive President)*
Ms. HU Xiaoyan
Mr. YIP Sum Yin

Non-executive Directors
Ms. SUN Wei
Mr. YU Baodong

Independent Non-executive Directors
Mr. WANG Bohua
Mr. XU Songda
Mr. HAN Qing-hua
Mr. LEE Conway Kong Wai

Other than Mr. YIP Sum Yin, the current directors have been appointed after the year ended 31 March 2014 on 9 May 2014.

During the year ended 31 March 2014, the Board comprises eight directors, with five executive directors (Mr. YIP Sum Yin, Madam YU Hung Min, Mr. CHUNG Chi Shing, Mr. MAO Lu and Mr. YIP Wing Fung) and three independent non-executive directors (Mr. LAI Wing Leung, Peter, Mr. LAM Kwok Cheong and Madam LEE Mei Ling). All the aforesaid directors except Mr. YIP Sum Yin resigned as director of the Company on 9 May 2014.

One of the independent non-executive directors of both the current and former Board possesses the appropriate professional accounting qualifications or related financial management expertise as required under the Listing Rules.

Each of the independent non-executive directors has made an annual confirmation of independence pursuant to rules 3.13 of the Listing Rules. On this basis, the Company considers each of them is independent.

The Board meets regularly to review financial statements, material investments in new projects, dividend policy, major financings, treasury policies and changes in accounting policies. All directors have access to board papers and related materials which are provided on a timely manner. The secretary of the Company (the "Company Secretary") keeps the minutes of board meetings.

The attendance of individual directors at the twelve (12) board meetings held during the year ended 31 March 2014 is listed below:

	Number of meetings held during the director's term of office	**Attendance**
Executive Directors		
Mr. YIP Sum Yin	12	12
Madam YU Hung Min#	12	11
Mr. CHUNG Chi Shing#	12	10
Mr. MAO Lu#	12	5
Mr. YIP Wing Fung#	12	8
Independent Non-executive Directors		
Mr. LAI Wing Leung, Peter#	12	7
Mr. LAM Kwok Cheong#	12	7
Madam LEE Mei Ling#	12	7

Madam YU Hung Min is the spouse of Mr. YIP Sum Yin. Mr. YIP Wing Fung is the son of Mr. YIP Sum Yin and Madam YU Hung Min.

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. However, the directors shall be subject to retirement in accordance with the Articles. In addition, the directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. Besides, the directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

The former independent non-executive directors, namely Mr. LAI Wing Leung, Peter, Mr. LAM Kwok Cheong and Madam LEE Mei Ling are appointed for a term of two years and are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's 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 subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

Chairman and Chief Executive Officer

During the year ended 31 March 2014, the Chairman of the Company is Mr. YIP Sum Yin whereas the Chief Executive Officer of the Company is Mr. YIP How Yin, Maurice. Their roles are separated, with a clear division of responsibilities.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group.

The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

Mr. YIP How Yin, Maurice is a brother of Mr. YIP Sum Yin.

On 9 May 2014, Mr. YIP Sum Yin resigned as Chairman and remained as an executive director. Mr. TANG Cheng was then appointed as Chairman and President of the Board.

Continuing professional development

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package covering the summary of the responsibilities and legal obligations of a director of a Hong Kong listed company, the Company's constitutional documents and the Guides on Directors' Duties issued by the Companies Registry to each newly appointed director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors would be arranged whenever necessary.

During the year ended 31 March 2014, all directors and Company Secretary who held office during the Period confirmed that they have complied with the CG Code.

Directors' and officers' insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its directors and officers during the Period.

Nomination of directors

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 Committee now comprises Mr. TANG Cheng (chairman of the Committee), Mr. HAN Qing-hua and Mr. XU Songda.

Remuneration Committee

The Remuneration Committee was established by the Board on 15 September 2005. The Committee consists of three independent non-executive directors: Madam LEE Mei Ling (chairman of the Committee), Mr. LAI Wing Leung, Peter and Mr. LAM Kwok Cheong, and one executive director, Mr. YIP Sum Yin (the "Former RC").

The terms of reference of the Remuneration Committee have been determined with reference to the CG Code.

The Former RC met once during the year ended 31 March 2014, which was attended by all members.

The principal duty of the Committee is to review and make recommendations to the Board on the Group's policy and structure for remuneration of all directors and senior management. For this purpose, professional advice may be sought if considered necessary. The Remuneration Committee has reviewed and approved the Group's remuneration policy and the levels of remuneration paid to executive directors and senior management of the Group. No directors or any of his/her associates is involved in deciding his/her own remuneration.

On 9 May 2014, members of the Former RC resigned and the members of the current Remuneration Committee comprises Mr. HAN Qing-hua (chairman of the Committee), Ms. SUN Wei and Mr. WANG Bohua.

Auditor's remuneration

For the year ended 31 March 2014, fees payable to the auditor of the Group for audit and non-audit services amounting to HK$1,830,000 (2013: HK$2,233,000) and HK$2,863,302 (2013: HK$820,700) respectively.

The non-audit service assignments covered by these fees for the year ended 31 March 2014 include the following:

Nature of service	**Amount** HK$
Tax services	784,900
Other services	2,078,402

Audit Committee

The Audit Committee was established by the Board on 1 April 1999. The Committee consists of three former independent non-executive directors: Mr. LAM Kwok Cheong (chairman of the Committee), Mr. LAI Wing Leung, Peter and Madam LEE Mei Ling (the "Former AC").

The Former AC met three (3) times during the year ended 31 March 2014. Attendance of individual directors is listed below:

	Attendance
Mr. LAM Kwok Cheong#	3/3
Mr. LAI Wing Leung, Peter#	3/3
Madam LEE Mei Ling#	3/3

Written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted by the Board of the Company on 30 June 2005, with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants and in accordance with the Code. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal control.

During the year ended 31 March 2014, the Former AC met to review the Company's annual report and financial statements for the year ended 31 March 2013 and the Company's interim report and financial statements for the six months ended 30 September 2013 and held discussions with external auditor regarding financial reporting, compliance, scope of audit, policies for maintaining independence, and reported the results to the Board.

On 9 May 2014, members of the Former AC resigned and the members of the current Audit Committee comprises Mr. LEE Conway Kong Wai (chairman of the Committee), Mr. WANG Bohua and Mr. XU Songda.

Internal control

The Board has conducted reviews of the effectiveness of the internal control system of the Group and performed necessary and appropriate actions to maintain the internal control system for the interests of the shareholders. In particular, the Board's review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programmes and budget. The Audit Committee also reviews the internal control system, ensuring its effectiveness. The Company will continue to use its best endeavours to enhance the existing internal control system.

Directors' responsibility statement

The directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Group's annual results and interim results are announced in a timely manner.

The directors have reviewed the Group's profit and cash flow projections prepared by management. The directors consider that, based on the renewed banking facilities up to the date of approval of the Group's financial statements, the ongoing support from principal banks and existing and new customers and barring any unforeseen adverse changes to the operations and financial performance of the Group such as substantial increase in raw material and labour costs and appreciation of Renminbi, the Group should be able to generate sufficient cash flows to cover its operating costs and to meet its financial obligations as and when they fall due. Accordingly, the directors are of the opinion that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Auditor's responsibility statement

The responsibilities of the external auditor about their financial reporting are set out in the Independent Auditor's Report attached to the Company's financial statements for the year ended 31 March 2014.

Communications with shareholders

The Company communicates to its shareholders through announcements and annual and interim reports published in its website http://www.gclnewenergy.com. Shareholders may put enquiries to the Board in writing sent to the principal place of business of the Company in Hong Kong at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The directors, Company Secretary or other appropriate members of senior management will respond to enquiries from shareholders promptly. All shareholders are also encouraged to attend general meetings of the Company to discuss matters relating to the Group. At general meetings of the Company, the directors answer questions from the shareholders.

During the year ended 31 March 2014, the Company held an annual general meeting. The attendance of the directors at the meeting was as follows:

	Number of meetings held during the director's term of office	Attendance
Mr. YIP Sum Yin	1	1
Madam YU Hung Min#	1	1
Mr. CHUNG Chi Shing#	1	1
Mr. MAO Lu#	1	1
Mr. YIP Wing Fung#	1	0
Mr. LAI Wing Leung, Peter#	1	0
Mr. LAM Kwok Cheong#	1	0
Madam LEE Mei Ling#	1	0

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. The independent non-executive directors, Mr. LAI Wing Leung, Peter, Mr. LAM Kwok Cheong and Madam LEE Mei Ling, did not attend the annual general meeting of the Company held on 19 July 2013 by the reason of their other business engagements.

Pursuant to Bye-law 62 and new Bye-law 58 of the Company's Bye-laws and Section 74 of the Companies Act 1981 of Bermuda (the "Act"), 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 signed requisition deposited at the registered office of the Company, to require a special general meeting to be called by the Board for the purposes (including proposals) specified in such requisition, if within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves do so in accordance with the provisions of Section 74(3) of the Act.

Remark: # Directors who held office during the year ended 31 March 2014 and resigned on 9 May 2014

The directors present their report together with the audited financial statements for the year ended 31 March 2014.

Principal activities and segment analysis of operations

During the year ended 31 March 2014, the principal activity of the Company is investment holding. The principal activities of the subsidiaries were the manufacturing and selling of printed circuit boards.

An analysis of the performance of the Group for the Financial year by segments is set out in note 5 to the financial statements.

Results and appropriations

The results of the Group for the year are set out in the consolidated income statement on page 31.

The directors do not recommend the payment of a dividend for the year ended 31 March 2014.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 36 to 37 and note 26 to the financial statements.

As at 31 March 2014, the Company did not have distributable reserves calculated in accordance with the Companies Act 1981 of Bermuda (as amended) (2013: Nil).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

Share capital

Details of movements in the share capital of the Company during the financial year are set out in note 25 to the financial statements.

Pre-emptive rights

There is no provision for pre-emptive rights under the Bye-laws of the Company which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders, and there is no restriction against such rights under the laws in Bermuda.

Five year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 101.

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.

Share options

At the special general meeting held on 23 February 2005, the adoption of a new share option scheme (the "Scheme") was approved by the shareholders of the Company. The Scheme is set up for the purpose of attracting and retaining quality personnel to provide incentive to them to contribute to the business and operations of the Group.

The eligible persons of the Scheme included (i) any director or employee of the Group; (ii) any discretionary trust whose discretionary objects included any director or employee of the Group; or (iii) a company beneficially owned by any director or employee of the Group.

The options may be granted without any initial payment for the options at an exercise price (subject to adjustments as provided in the Scheme) equal to the highest of (i) the nominal value of the shares; (ii) the closing price per share as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the option; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option.

The total number of shares which may be issued pursuant to the exercise of options to be granted under the Scheme of the Company shall not exceed 10% of the issued share capital of the Company at 23 February 2005 (the "General Mandate Limit") provided that:

(a) the Company may seek approval of shareholders in general meeting to refresh the General Mandate Limit up to 10% of the issued share capital of the Company at the date of the shareholders' approval to refresh the limit; and

(b) the Company may seek separate shareholders' approval in general meeting to grant options beyond the General Mandate Limit only to participants specifically identified by the Company before such approval is sought, subject to limitation that no option shall be granted under the Scheme which would result in the aggregate number of shares issued or issuable upon exercise of all outstanding options granted and yet to be exercised under the Scheme of the Company to exceed 30% of the issued share capital of the Company from time to time.

As at 23 February 2005, being the date of adoption of the Scheme, there were in issue of 47,438,520 shares. Therefore options to subscribe for a total of 4,743,852 shares may be granted under the Scheme pursuant to the General Mandate Limit. Following the approval of the shareholders to subdivide each issued and unissued share into six shares in the share capital of the Company on 27 June 2014 at 10:00 a.m., the total number of shares may be granted will then be 28,463,112.

The maximum number of shares (issued and to be issued) in respect of which options may be granted under the Scheme to any one grantee in any 12-month period shall not exceed 1% of the share capital of the Company in issue unless approval of the shareholders of the Company had been obtained in accordance with the Listing Rules.

The Scheme will expire on 22 February 2015. As at 31 March 2014, no option had been granted under the Scheme.

Directors

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

Executive Directors
Mr. ZHU Gongshan *(Honorary Chairman)**
Mr. TANG Cheng *(Chairman and President)**
Mr. GU Xin *(Executive President)**
Ms. HU Xiaoyan*
Mr. YIP Sum Yin
Madam YU Hung Min**
Mr. CHUNG Chi Shing**
Mr. MAO Lu**
Mr. YIP Wing Fung**

Non-executive Directors
Ms. SUN Wei*
Mr. YU Baodong*

Independent Non-executive Directors
Mr. WANG Bohua*
Mr. XU Songda*
Mr. HAN Qing-hua*
Mr. LEE Conway Kong Wai*
Mr. LAI Wing Leung, Peter**
Mr. LAM Kwok Cheong**
Madam LEE Mei Ling**

* *appointed on 9 May 2014*
** *resigned on 9 May 2014*

At the Company's forthcoming annual general meeting, Mr. YIP Sum Yin, Mr. WANG Bohua, Mr. XU Songda and Mr. LEE Conway Kong Wai, will retire by rotation in accordance with the new Bye-law 83(1) and 84(1) of the Company's Bye-laws. These directors, being eligible, had offered themselves for re-election at the meeting.

Directors' service contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Connected transactions

The Group entered into the following connected transactions within the meaning of Chapter 14A of the Listing Rules during the year ended 31 March 2014:

1. On 26 March 2013, Red Board Limited ("Red Board") (an indirect wholly-owned subsidiary of the Company) entered into a tenancy agreement with Dyford Industries Limited which is wholly owned by Unique Tower Limited (a company equally owned by Mr. YIP Sum Yin ("Mr. Yip") and Madam YU Hung Min ("Madam Yu"), directors of the Company) for the lease of Factory A on 17th Floor including balcony and Factory B on the 17th Floor & Balcony thereof & Store Room thereto of Kingsford Industrial Building Phase I, Nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong as the Group's headquarter in Hong Kong for a term of two years commencing from 1 February 2013 at a monthly rental of HK$20,500 and HK$21,000 respectively (exclusive of management fees and government rates).

2. On 26 March 2013, Red Board entered into a tenancy agreement with Madam Yu and Mr. YIP Wing Fung (a director of the Company) for the lease of Factory C on 17th Floor including balcony thereof of Kingsford Industrial Building Phase I, Nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong as the Group's headquarter in Hong Kong for a term of two years commencing from 1 February 2013 at a monthly rental of HK$20,500 (exclusive of management fees and government rates).

3. On 26 March 2013, Red Board entered into a tenancy agreement with Mr. Yip for the lease of Factory D on 17th Floor & balcony thereof and Store Room thereto of Kingsford Industrial Building Phase I, Nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong as the Group's headquarter in Hong Kong for a term of two years commencing from 1 February 2013 at a monthly rental of HK$21,000 (exclusive of management fees and government rates).

The above three tenancy agreements constitute continuing connected transactions for the Group which are exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(2)(c) of the Listing Rules.

Save as disclosed above, no contracts of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Save as disclosed above, there is no contract of significance between the Group and a controlling shareholder of the Company (as defined in the Listing Rules) or any of its subsidiaries, including for the provision of services to the Group during the year.

Remuneration of directors and senior management

Details of the remuneration paid by the Group to the directors of the Company and the senior management of the Group for the year ended 31 March 2014 are set out in note 10 to the financial statements.

Interests of directors and chief executive in equity or debt securities

As at 31 March 2014, the interests of the directors and chief executive in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Name	Nature of interest	Number of shares	Long/Short position	Approximate percentage of shareholding
YIP Sum Yin	Settlor and beneficiary of trust	35,293,973 *(Note 1)*	Long position	41.06%
YIP How Yin, Maurice	Settlor and beneficiary of trust	35,293,973 *(Note 1)*	Long position	41.06%
YU Hung Min	Beneficiary of a trust	31,695,475 *(Note 1)*	Long position	36.88%
YIP Wing Fung	Beneficiary of a trust	31,695,475 *(Note 1)*	Long position	36.88%
CHUNG Chi Shing	Beneficial owner	876,000 *(Note 2)*	Long position	1.02%
	Corporate interest	24,092,857 *(Note 2)*	Long position	28.03%
	Corporate interest	10,000,000 *(Note 2)*	Short position	11.63%

Notes:

1. 31,695,475 shares of HK$0.10 each of the Company ("Shares") were beneficially owned by Sum Tai Holdings Limited ("Sum Tai"), which is wholly owned by Aberdare Assets Limited ("Aberdare"). Aberdare is wholly owned by Mr. YIP How Yin, Maurice as trustee of a discretionary trust established for the benefit of Mr. YIP Sum Yin, Madam YU Hung Min and their family (including Mr. YIP Wing Fung). 3,598,498 Shares were beneficially owned by Maroc Ventures Inc. ("Maroc"), which is wholly owned by Mr. YIP Sum Yin as trustee of a discretionary trust established for the benefit of Mr. YIP How Yin, Maurice and his family.

2. 876,000 Shares were owned by Mr. CHUNG Chi Shing personally. The balance of 34,092,857 Shares were corporate interest where 550,000 Shares and the maximum number of 33,542,857 Shares issuable under a HK$58,700,000 convertible redeemable bond (the "Bond") were held by Union Gold Group Limited ("Union Gold"), in which Mr. CHUNG Chi Shing has 50% interest.

Save as disclosed above and the non-beneficial interest in certain subsidiaries of the Company of a director in his capacity of a nominee of the Group, as at 31 March 2014, none of the directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save for the Company's share option scheme, at no time during the year was the Company or its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial shareholders

As at 31 March 2014, so far as is known to the directors, the following persons (other than a director or chief executive of the Company) had interest in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Nature of interest	Number of shares	Long/Short Position	Approximate percentage of shareholding
Sum Tai	Beneficial owner	31,695,475 *(Note 1)*	Long position	36.88%
Aberdare	Corporate interest	31,695,475 *(Note 1)*	Long position	36.88%
Union Gold	Corporate interest	24,092,857 *(Note 2)*	Long position	28.03%
	Corporate interest	10,000,000 *(Note 2)*	Short position	11.63%
Chen Geng	Corporate interest	24,092,857 *(Note 2)*	Long position	28.03%
	Corporate interest	10,000,000 *(Note 2)*	Short position	11.63%
Global Hill Limited	Corporate interest	24,092,857 *(Note 2)*	Long position	28.03%
	Corporate interest	10,000,000 *(Note 2)*	Short position	11.63%
Standard Smart Limited	Corporate interest	24,092,857 *(Note 2)*	Long position	28.03%
	Corporate interest	10,000,000 *(Note 2)*	Short position	11.63%

Name	Nature of interest	Number of shares	Long/Short Position	Approximate percentage of shareholding
China Champion Investment Limited	Beneficial owner	6,700,000 *(Note 3)*	Long position	7.80%
CHENG Shenghong	Corporate interest	6,700,000 *(Note 3)*	Long position	7.80%
Zhong Ke Bright Trinity Enterprises Limited	Beneficial owner	6,700,000 *(Note 4)*	Long position	7.80%
YU Yapeng	Corporate interest	6,700,000 *(Note 4)*	Long position	7.80%
China Investment Fund Company Limited	Corporate interest	5,034,000	Long position	5.86%
GCL-Poly Energy Holdings Limited	Beneficial owner	360,000,000 *(Note 5)*	Long position	418.86%
Value Convergence Holdings Limited	Security interest	10,000,000 *(Note 6)*	Long position	11.63%
VC Financial Group Limited	Security interest	10,000,000 *(Note 6)*	Long position	11.63%
VC Finance Limited	Security interest	10,000,000 *(Note 6)*	Long position	11.63%

Notes:

1. These Shares were beneficially owned by Sum Tai. Please refer to Note 1 to the section headed "Interests of directors and chief executive in equity or debt securities" above.

2. Union Gold held 550,000 Shares and the Bond which a maximum of 33,542,857 Shares are issuable upon conversion. Each of Global Hill Limited and Standard Smart Limited holds 50% interest in Union Gold. Global Hill Limited is wholly owned by Mr. CHEN Geng. Standard Smart Limited is wholly owned by Mr. CHUNG Chi Shing.

3. These Shares were beneficially owned by China Champion Investment Limited. It is a controlled corporation of Mr. CHENG Shenghong.

4. These Shares were beneficially owned by Zhong Ke Bright Trinity Enterprises Limited. Mr. YU Yapeng holds 52% interest in Zhong Ke Bright Trinity Enterprises Limited.

5. GCL-Poly Energy Holdings Limited (the "Subscriber") entered into the subscription agreement with the Company and Same Time International (B.V.I.) Limited on 13 February 2014. Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue to the Subscriber and the Subscriber has conditionally agreed to subscribe in cash for 360,000,000 new subscription shares at the subscription price of HK$4.00 per subscription share.

6. VC Finance Limited is a wholly owned subsidiary of VC Financial Group Limited which in turn is a wholly owned subsidiary of Value Convergence Holdings Limited. VC Financial Group Limited and Value Convergence Holdings Limited are deemed to be interested in the shares held by VC Finance Limited under the SFO.

7. The Company's issued share capital as at 31 March 2014 was 85,948,520 Shares.

Save as disclosed above, as at 31 March 2014, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest of short position in the shares or underlying shares of the Company.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

Major customers and suppliers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

	2014	2013
	%	%
Purchases		
– the largest supplier	30	28
– the five largest suppliers combined	57	58
Sales		
– the largest customer	14	12
– the five largest customers combined	34	33

None of the directors, their associates or shareholders (who to the knowledge of the directors own more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

Sufficiency of public float

As at the latest practicable date prior to the issue of this annual report, to the best knowledge of the directors and based on the information publicly available to the Company, there was sufficient public float of the shares of the Company as required by the Listing Rules.

Auditor

The financial statements have been audited by PricewaterhouseCoopers, who will retire at the Company's forthcoming annual general meeting and, being eligible, have offered themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint them as auditor of the Company.

On behalf of the Board

TANG Cheng
Chairman

Hong Kong, 27 June 2014

Executive Directors

Mr. ZHU Gongshan, aged 56, was appointed an executive director of the Company and the honorary chairman of the Board in May 2014. He also serves as the chairman of the Strategic Planning Committee of the Company. He is the founder of the GCL-Poly Energy Holdings Limited (Stock Code: 3800) ("GCL-Poly Energy"). He has been an executive director of GCL-Poly Energy since July 2006 and is the chairman, chief executive officer and a member of the Strategic Planning Committee of GCL-Poly Energy. He is currently:

- a member of the 12th National Committee of the Chinese People's Political Consultative Conference;
- the co-chairman of Asian Photovoltaic Industry Association;
- the deputy chairman of China Fortune Foundation Limited;
- the co-chairman of China Photovoltaic Industry Alliance as a representative of GCL-Poly Energy;
- the vice chairman of the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering (中國電機工程學會熱電專業委員會);
- the vice chairman of China Overseas Chinese Entrepreneurs Association;
- the vice chairman of China Industrial Overseas Development & Planning Association;
- the honorary chairman of the board of directors of Nanjing University;
- the honorary president of Hong Kong Baptist University Foundation as a representative of GCL-Poly Energy;
- the director of the Economic Affairs Committee (經濟事務委員會) of Jiangsu Chinese Overseas Friendship Association (江蘇省海外聯誼會);
- the vice director-general of Jiangsu Foundation for the Wellbeing of the Youth;
- the honorary chairman of Jiangsu Residents Association in Hong Kong;
- the honorary chairman of Jiangsu Yancheng Residents Association in Hong Kong;
- the chairman of Hong Kong Yancheng Chamber of Commerce Limited;
- the honorary chairman of Xuzhou Chamber of Commerce in Shenzhen (深圳市徐州商會);
- the vice president of Chinese Renewable Energy Industries Association;
- a member of China Renewable Energy Entrepreneur Club;

- a fellow of the Hong Kong Institute of Directors; and
- the honorary chairman of Africa Food Fund (非洲糧食基金).

Mr. Zhu has been awarded the China Securities Golden Bauhinia — Most Influential Leader Award. Mr. Zhu graduated from Nanjing Power College (南京電力專科學校) in July 1981 and obtained a diploma in electrical automation. In October 2005, he further obtained a degree of Doctor of Philosophy in Business Administration from the Bulacan State University of the Republic of the Philippines.

Mr. TANG Cheng, aged 51, was appointed as an executive director of the Company and the chairman and president of the Board in May 2014. Mr. Tang is a director of several subsidiaries of the Company. He also serves as the chairman of the Nomination Committee of the Company and a member of the Strategic Planning Committee and Risk Management Committee of the Company. He is now the vice chairman of Golden Concord Holdings Limited and concurrently served as the chairman of 協鑫新能源控股有限公司 (GCL New Energy Holdings Limited), a company incorporated in the PRC, since January 2014. Mr. Tang has extensive experience in the management and operation of power plants. He was the general manager of China Resources (Xuzhou) Electric Power Co., Ltd. from July 2001 to October 2002 and the general manager of China Resources (Changshu) Electric Power Co., Ltd. from November 2002 to March 2006. From August 2003 to April 2010, he served as an executive director and executive vice president of China Resources Power Holdings Company Limited (Stock Code: 836). Mr. Tang obtained a Master of Business Administration degree from China Europe International Business School in March 2002.

Mr. GU Xin, aged 62, was appointed as an executive director of the Company in May 2014 and serves as a member of the Strategic Planning Committee and Risk Management Committee of the Company. He is also the executive president of the Company. Mr. Gu is now the vice chairman of Golden Concord Holdings Limited. He has been the president of GCL New Energy Holdings Limited (協鑫新能源控股有限公司), a company incorporated in the PRC, since November 2012. Mr. Gu worked at Jiangsu branch of China Power Investment Corporation (中國電力投資集團江蘇分公司) from June 2009 to September 2012, he served as the general manager from June 2010 to September 2012 and the representative director from June 2009 to June 2010. He was the deputy general manager of the Jiangsu Electricity and Power Supplies Limited Company (江蘇電力物資有限公司) from November 2006 to June 2009. Prior to that, Mr. Gu worked at the Suyuan Group under the Jiangsu Provincial Power Company (江蘇省電力公司蘇源集團) from January 1992 to November 2006 serving as the deputy general manager of Suyuan Group and concurrently as the general manager of Suyuan Power Company (蘇源發電有限公司). In January 1978, Mr. Gu obtained a diploma in Electronic Machinery and Measurement Technology from the department of radio engineering of Nanjing Institute of Technology, PRC (now Southeast University).

Ms. HU Xiaoyan, aged 42, was appointed an executive director of the Company in May 2014. Ms. Hu is a director of several subsidiaries of the Company. She also serves as the chairman of the Risk Management Committee of the Company and a member of the Strategic Planning Committee of the Company. Ms. Hu joined GCL-Poly Energy in September 2007 and is currently serving as the vice president of GCL-Poly Energy, responsible for strategic investment, operation management and asset management. Ms. Hu has extensive experience in corporate finance, internal audit, internal control, risk management, strategic investment and corporate governance. Ms. Hu passed the examination for the qualification to engage in PRC certified public accountants securities-related business (註冊會計師證券相關業務資格考試) on 15 July 1997. On 1 April 1999, Ms. Hu was awarded the qualification certificate as a registered tax agent issued jointly by the PRC Ministry of Personnel and the State Administration of Taxation. Ms. Hu obtained a Master of Business Administration degree from the China Europe International Business School in September 2008.

Mr. YIP Sum Yin, aged 64, is an executive director of the Company and also the director of several subsidiaries of the Company. Mr. Yip had been chairman of the board of directors of the Company ("Chairman") since 1992 and resigned as Chairman effective from 9 May 2014. He is one of the co-founders of the Company, which was founded in 1982. Mr. Yip graduated from National Taiwan Ocean University (formerly known as Taiwan Provincial College of Marine and Oceanic Technology) with a Bachelor of Science degree in Electronic Engineering. Mr. Yip obtained a degree of Doctor of Commerce from the University of West Alabama in August 2007. He has over 40 years of experience in the electronics industry. Mr. Yip is responsible for the Group's business activities which are involved in the manufacturing and selling of printed circuit boards.

Mr. Yip is the spouse of Madam YU Hung Min, a former executive director of the Company, and father of Mr. YIP Wing Fung, a former executive director of the Company and brother of Mr. YIP How Yin, Maurice, the former chief executive officer of the Group.

Non-executive Directors

Ms. SUN Wei, aged 42, was appointed as a non-executive director of the Company in May 2014 and serves as a member of the Remuneration Committee, Strategic Planning Committee and Risk Management Committee of the Company. Ms. Sun has been an executive director of GCL-Poly Energy since October 2007. She is also a member of the Remuneration Committee and Strategic Planning Committee of GCL-Poly Energy. Ms. Sun is responsible for the financial management of GCL-Poly Energy's group, including participation in the budget planning process of GCL-Poly Energy's group. Ms. Sun is now the vice chairman of Golden Concord Holdings Limited. She is currently the vice director of China Hong Kong Economic Trading International Association. She has over 15 years of experience in power plant investment and management. Ms. Sun obtained a degree of Doctor of Philosophy in Business Administration in 2005. Ms. Sun is currently a non-executive director of Asia Energy Logistics Group Limited (Stock Code: 351).

Mr. YU Baodong, aged 50, was appointed as an non-executive director of the Company in May 2014. Mr. Yu has been an executive director of GCL-Poly Energy since November 2006. He is a member of the Connected Transaction Committee, Corporate Governance Committee and Nomination Committee of GCL-Poly Energy. Mr. Yu is responsible for the overall development strategy and project implementation for GCL-Poly Energy's group. He has over 15 years of experience in project investment and corporate management. Mr. Yu obtained a Master degree in Economics from Renmin University of China and a Doctorate degree in Economics from Wuhan University in the PRC. Mr. Yu is also the chairman and a non-executive director of Asia Energy Logistics Group Limited (Stock Code: 351).

Independent Non-executive Directors

Mr. WANG Bohua, age 62, was appointed as an independent non-executive director of the Company in May 2014 and serves as a member of the Audit Committee, Remuneration Committee and Strategic Planning Committee of the Company. Mr. Wang currently serves as an independent director of Shengyi Technology Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock code: 600183). Mr. Wang served as the deputy inspector of the Department of Electronics and Information Products Administration of the PRC Ministry of Information Industry (中華人民共和國信息產業部電子信息產品管理司) (now the PRC Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)) from July 2007 to July 2012. Mr. Wang served as a member of the Professional Appraisal Group for the Science and Technology Progress Award of the PRC Ministry of Electronics Industry (中華人民共和國電子工業部科技進步獎) in December 1995. He was an expert for the review and appraisal of the 2002 National Key New Products (2002年度國家重點新產品) administered by the Department of Technological Progress and Equipment of the State Economic and Trade Commission (國家經濟貿易委員會技術進步與裝備司) in May 2002. Mr. Wang was elected as the vice president of the Fifth Council of China Electronic Production Equipment Industry Association (中國電子專用設備工業協會) in October 2004. In November 2004, he further served as a member and deputy director of the Eighth Committee of the CIE Electronic Components Society (中國電子學會元件分會) and the member of the Sixth Council of the Chinese Vacuum Society (中國真空學會). He was awarded qualification as a senior engineer by the PRC Ministry of Electronics Industry in September 1997.

Mr. XU Songda, aged 70, was appointed an independent non-executive director of the Company in May 2014 and serves as a member of the Audit Committee, Nomination Committee and Strategic Planning Committee of the Company. From August 1969 to 1983, Mr. Xu worked at Nanjing Power Plant (南京熱電廠), serving successively as its youth league secretary, deputy director and director. He then successively held the positions of the deputy director of Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局), the deputy general manager, the deputy party secretary and other positions at Jiangsu Provincial Power Company (江蘇省電力公司) during 1983 to 2004. Mr. Xu graduated from the East China Institute of Water Conservancy (華東水利學院) (now Hehai University) in August 1969, obtained a Bachelor’s degree in agricultural water conservation. He was granted the qualification of a senior engineer by the jury of senior positions in engineering at Electric Power Industry Bureau of Jiangsu Province (江蘇省電力工業局工程系列高級職務評審委員會) in December 1996. Mr. Xu was also granted the qualification of a senior engineer (professor level) by East China Power Group Corporation on 31 December 1997.

Mr. HAN Qing-hua, aged 64, was appointed an independent non-executive director of the Company in May 2014. He also serves as the chairman of the Remuneration Committee of the Company and a member of the Nomination Committee and Strategic Planning Committee of the Company. Mr. Han served as the general manager of Building Materials Industry Corporation of Jiangsu Province (江蘇省建築材料工業總公司) and concurrently as the director of Jiangsu Provincial Building Materials Industry Management Office (江蘇省建材工業管理辦公室) from November 1998 to May 2000. He was promoted to the deputy secretary-in-general of Jiangsu Provincial Government in May 2000. Mr. Han graduated from Nanjing Forestry University in June 2007 and obtained a Ph.D degree of science in Ecology.

Mr. LEE Conway Kong Wai, aged 59, was appointed as an independent non-executive director of the Company in May 2014. He also serves as the chairman of the Audit Committee of the Company and a member of the Risk Management Committee of the Company. Mr. Lee served as a partner of Ernst & Young. Mr. Lee has been a member of the Chinese People's Political Consultative Conference of Hunan Province in the PRC since 2007. Mr. Lee currently also serves as an independent non-executive director of Chaowei Power Holdings Limited (Stock Code: 951), Yashili International Holdings Ltd (Stock Code: 1230), West China Cement Limited (Stock Code: 2233), China Modern Dairy Holdings Ltd. (Stock Code: 1117), GOME Electrical Appliances Holding Limited (Stock Code: 493), Tibet 5100 Water Resources Holdings Ltd. (Stock Code: 1115), CITIC Securities Company Limited (Stock Code: 6030) and NVC Lighting Holding Limited (Stock Code: 2222), all being companies listed on the Main Board of the Stock Exchange, since June 2010, November 2013, July 2010, October 2010, March 2011, March 2011, November 2011 and November 2012, respectively. Mr. Lee also served as an independent non-executive director of Sino Vanadium Inc. (a company previously listed on the TSX Venture Exchange in Canada) (Stock Code: SVX) and China Taiping Insurance Holdings Company Limited (a company listed on the Main Board of the Stock Exchange) (Stock Code: 966) from September 2009 to December 2011 and from October 2009 to August 2013 respectively. Mr. Lee received a Bachelor's degree in arts from the Kingston University (formerly known as the Kingston Polytechnic) in London, the United Kingdom in July 1980 and obtained his postgraduate diploma in business from the Curtin University of Technology in Australia in February 1988. Mr. Lee became a member of the Institute of Chartered Accountants in England and Wales in October 2007, the Institute of Chartered Accountants in Australia in December 1996, the Association of Chartered Certified Accountants in September 1983, the Hong Kong Institute of Certified Public Accountants in March 1984 and the Macau Society of Registered Accountants in July 1995.

Senior Management

The senior management of the Group comprises the executive directors above, namely, Mr. ZHU Gongshan, Mr. TANG Cheng, Mr. GU Xin, Ms. HU Xiaoyan and Mr. YIP Sum Yin.

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF GCL NEW ENERGY HOLDINGS LIMITED
(FORMERLY KNOWN AS SAME TIME HOLDINGS LIMITED)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of GCL New Energy Holdings Limited (formerly known as SAME TIME HOLDINGS LIMITED (the "Company") and its subsidiaries (together, the "Group") set out on pages 31 to 100, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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, 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.

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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 judgment, 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 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 June 2014

Consolidated Income Statement

For the year ended 31 March 2014

	Note	2014 HK$	2013 HK$
Revenue	5	**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	6	**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	7	**41,721,580**	23,122,170
Realised loss on embedded derivative upon conversion of convertible redeemable bond	30	**–**	(19,346,000)
Change in fair value of embedded derivative	30	**(166,724,000)**	(154,385,960)
Finance income	11	**301,047**	255,408
Finance costs	12	**(30,261,587)**	(36,800,952)
Loss before income tax		**(154,962,960)**	(187,155,334)
Income tax (expense)/credit	13	**(26,572,424)**	11,762,292
Loss attributable to owners of the Company		**(181,535,384)**	(175,393,042)
Basic and diluted loss per share attributable to owners of the Company	16	**(211.2 cents)**	(216.6 cents)

The notes on pages 39 to 100 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

	2014 HK$	2013 HK$
Loss for the year	**(181,535,384)**	(175,393,042)
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss		
– Currency translation differences	**21,685,665**	5,232,489
Item that will not be reclassified subsequently to profit or loss		
– 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)

The notes on pages 39 to 100 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2014

	Note	2014 HK$	2013 HK$
ASSETS			
Non-current assets			
Property, plant and equipment	17	**926,000,092**	958,011,210
Land use rights	18	**20,959,512**	20,901,985
Non-current deposits	20	**9,122,906**	12,037,691
Other non-current asset	21	**350,000**	350,000
		956,432,510	991,300,886
Current assets			
Inventories	22	**205,306,261**	193,118,019
Trade and other receivables	23	**367,733,094**	346,003,766
Pledged bank deposits	24	**5,073,824**	10,929,704
Cash at banks and in hand	24	**46,249,508**	47,115,302
		624,362,687	597,166,791
Total assets		**1,580,795,197**	1,588,467,677
EQUITY			
Capital and reserves			
Share capital	25	**8,594,852**	8,594,852
Reserves	26	**260,155,451**	418,618,799
Total equity		**268,750,303**	427,213,651

Consolidated Statement of Financial Position

As at 31 March 2014

	Note	2014 HK$	2013 HK$
LIABILITIES			
Non-current liabilities			
Borrowings	29	**70,472,867**	101,787,267
Convertible redeemable bond	30	**–**	218,852,570
Deferred income tax liabilities	31	**27,857,016**	15,073,161
Deferred income	32	**20,915,270**	20,820,189
		119,245,153	356,533,187
Current liabilities			
Trade and other payables	28	**479,039,675**	459,656,464
Borrowings	29	**284,705,521**	300,875,677
Convertible redeemable bond	30	**388,719,570**	–
Current income tax liabilities		**40,334,975**	44,188,698
		1,192,799,741	804,720,839
Total liabilities		**1,312,044,894**	1,161,254,026
Total equity and liabilities		**1,580,795,197**	1,588,467,677
Net current liabilities		**(568,437,054)**	(207,554,048)
Total assets less current liabilities		**387,995,456**	783,746,838

TANG Cheng
Director

HU Xiaoyan
Director

The notes on pages 39 to 100 are an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2014

	Note	2014 HK$	2013 HK$
ASSETS			
Non-current assets			
Interests in subsidiaries	19	**356,887,915**	366,607,762
Current assets			
Prepayments and other receivables	23	**7,256,698**	240,332
Cash at banks and in hand	24	**140,701**	237,459
		7,397,399	477,791
Total assets		**364,285,314**	367,085,553
EQUITY			
Capital and reserves			
Share capital	25	**8,594,852**	8,594,852
(Deficit)/reserves	26	**(65,941,265)**	116,548,000
Total equity		**(57,346,413)**	125,142,852
LIABILITIES			
Non-current liabilities			
Convertible redeemable bond	30	**–**	218,852,570
Current liabilities			
Amounts due to subsidiaries	27	**–**	22,227,223
Accruals and other payables	28	**12,912,157**	862,908
Borrowings	29	**20,000,000**	–
Convertible redeemable bond	30	**388,719,570**	–
		421,631,727	23,090,131
Total liabilities		**421,631,727**	241,942,701
Total equity and liabilities		**364,285,314**	367,085,553
Net current liabilities		**(414,234,328)**	(22,612,340)
Total assets less current liabilities		**(57,346,413)**	343,995,422

TANG Cheng
Director

HU Xiaoyan
Director

The notes on pages 39 to 100 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

		Reserves						
	Share capital	Share premium	Contributed surplus (note 26(c))	Legal reserve (note 26(c))	Revaluation reserve	Exchange reserve	Retained profits/ (accumulated losses)	Total equity
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 April 2012	6,829,852	187,068,933	14,802,582	10,408,538	32,929,536	98,766,385	154,620,829	505,426,655
Comprehensive income:								
Loss for the year	–	–	–	–	–	–	(175,393,042)	(175,393,042)
Other comprehensive income:								
Currency translation differences	–	–	–	–	–	5,232,489	–	5,232,489
Revaluation surplus on buildings	–	–	–	–	32,394,944	–	–	32,394,944
Deferred tax on revaluation surplus on buildings	–	–	–	–	(7,780,201)	–	–	(7,780,201)
Total other comprehensive income, net of tax	–	–	–	–	24,614,743	5,232,489	–	29,847,232
Total comprehensive income/(expenses) for the year	–	–	–	–	24,614,743	5,232,489	(175,393,042)	(145,545,810)
Transactions with owners:								
Issuance of shares	1,365,000	40,294,806	–	–	–	–	–	41,659,806
Shares issued upon conversion of convertible redeemable bond	400,000	25,273,000	–	–	–	–	–	25,673,000
Transfer to legal reserve	–	–	–	8,271,678	–	–	(8,271,678)	–
Total transactions with owners	1,765,000	65,567,806	–	8,271,678	–	–	(8,271,678)	67,332,806
At 31 March 2013	8,594,852	252,636,739	14,802,582	18,680,216	57,544,279	103,998,874	(29,043,891)	427,213,651

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Share capital	Share premium	Contributed surplus (note 26(c))	Legal reserve (note 26(c))	Revaluation reserve	Exchange reserve	Retained profits/ (accumulated losses)	Total equity
		Reserves						
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 April 2013	8,594,852	252,636,739	14,802,582	18,680,216	57,544,279	103,998,874	(29,043,891)	427,213,651
Comprehensive income:								
Loss for the year	–	–	–	–	–	–	(181,535,384)	(181,535,384)
Other comprehensive income:								
Currency translation differences	–	–	–	–	–	21,685,665	–	21,685,665
Revaluation surplus on buildings	–	–	–	–	2,841,565	–	–	2,841,565
Deferred tax on revaluation surplus on buildings	–	–	–	–	(1,455,194)	–	–	(1,455,194)
Release upon disposal of buildings	–	–	–	–	(6,817,628)	–	6,817,628	–
Total other comprehensive income, net of tax	–	–	–	–	(5,431,257)	21,685,665	6,817,628	23,072,036
Total comprehensive (expenses)/income for the year	–	–	–	–	(5,431,257)	21,685,665	(174,717,756)	(158,463,348)
Transactions with owners:								
Transfer to legal reserve	–	–	–	7,360,910	–	–	(7,360,910)	–
Release upon deregistration of a subsidiary	–	–	–	(48,544)	–	–	48,544	–
Total transactions with owners	–	–	–	7,312,366	–	–	(7,312,366)	–
At 31 March 2014	8,594,852	252,636,739	14,802,582	25,992,582	52,113,022	125,684,539	(211,074,013)	268,750,303

The notes on pages 39 to 100 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2014

	Note	2014 HK$	2013 HK$
Cash flows from operating activities			
Cash generated from operations	33(a)	**173,421,676**	152,446,046
Interest received		**301,047**	255,408
Interest paid on bank loans		**(24,119,648)**	(29,674,061)
Interest element of finance leases		**(2,411,939)**	(2,557,891)
Interest paid on convertible redeemable bond		**(587,000)**	(657,000)
Income tax paid		**(25,008,559)**	(9,927,516)
Net cash generated from operating activities		**121,595,577**	109,884,986
Cash flows from investing activities			
Decrease/(increase) in pledged bank deposits		**5,855,880**	(8,283,583)
Purchase of property, plant and equipment		**(85,906,419)**	(71,950,138)
Proceeds from disposal of property, plant and equipment		**12,705,297**	1,279,768
Net cash used in investing activities		**(67,345,242)**	(78,953,953)
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		**–**	41,659,806
Proceeds from shareholder's loan		**20,000,000**	–
Proceeds from bank loans		**235,989,257**	239,432,124
Repayment of bank loans		**(301,944,536)**	(283,525,409)
Proceeds from inception of finance leases		**20,767,807**	11,793,600
Repayment of principal element of finance leases		**(32,197,650)**	(25,749,456)
Net cash used in financing activities		**(57,385,122)**	(16,389,335)
Net (decrease)/increase in cash and cash equivalents		**(3,134,787)**	14,541,698
Cash and cash equivalents at the beginning of the year		**47,115,302**	29,637,112
Effect of foreign exchange rate changes		**2,268,993**	2,936,492
Cash and cash equivalents at the end of the year		**46,249,508**	47,115,302
Analysis of cash and cash equivalents:			
Cash at banks and in hand	24	**46,249,508**	47,115,302

The notes on pages 39 to 100 are an integral part of these financial statements.

1 General information

GCL New Energy Holdings Limited (formerly known as SAME TIME HOLDINGS LIMITED) (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

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.

On 9 May 2014, the principal place of business of the Company was changed from 17th Floor, Phase I, Kingsford Industrial Building, 26-32 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong to Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

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. See Note 2(a) and Note 38 for details.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") on 27 June 2014.

2 Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2 Principal accounting policies *(Continued)*

(a) Basis of preparation

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 "Director") 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 30 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.

2 Principal accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

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.

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.

(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"

2 Principal accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) New and amended standards adopted by the Group (Continued)

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.

2 Principal accounting policies *(Continued)*

(b) Subsidiaries

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March.

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains of losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Segment reporting

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 decisions.

2 Principal accounting policies *(Continued)*

(d) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group 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 Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income" or "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "administrative expenses".

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates prevailing on the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2 Principal accounting policies *(Continued)*

(e) Property, plant and equipment

Buildings comprise mainly factories and offices are stated at revalued amount. The increase in carrying amount as a result of revaluation is recognised in other comprehensive income and accumulated in equity under "revaluation reserve". The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under "revaluation reserve".

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Buildings	2 – 4% per annum
Plant and machinery	10 – 25% per annum
Leasehold improvements	20 – 25% per annum
Furniture, fixtures and equipment	20 – 25% per annum
Motor vehicles	25 – 30% per annum

Construction in progress represents plant under construction which is carried at cost less any accumulated impairment losses. Construction in progress includes construction expenditure incurred and other direct costs attributable to the construction. On completion, the construction in progress is transferred to appropriate categories of property, plant and equipment. No depreciation is provided for construction in progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(h)).

The revaluation reserve included in equity in respect of buildings stated at revalued amount is transferred directly to retained earnings when the asset is derecognised. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

2 Principal accounting policies *(Continued)*

(f) Land use rights

All land in Mainland China is state-owned or collectively-owned and no individual land ownership right exists. The Group has acquired the right to use certain pieces of land in Mainland China. The premiums paid for land use rights are treated as prepayments for operating leases, recorded as land use rights, and are amortised over the land use right periods using the straight-line method.

(g) Leases

(i) Operating lease (as the lessee to operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases net of any incentives received from the lessor are expensed in the consolidated income statement on a straight-line basis over the period of the lease.

(ii) Finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance lease are capitalised at the lease's commencement at the lower of fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance lease balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance lease is recognised in the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under financial leases are depreciated over the shorter of the useful life of the assets and the lease term.

(iii) Sale and leaseback transactions — where the Group is the lessee

A sale and leaseback transaction involves the sale of an asset by the Group and the leasing of the same asset back to the Group. The lease payments and the sale price are usually interdependent as they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved and the economic and commercial substance of the whole arrangement.

Sale and leaseback arrangements that result in the Group retaining the majority of the risks and rewards of ownership of assets are accounted for as finance leases. Any excess/(deficit) of sales proceeds over the carrying amount is deferred and amortised over the lease term.

2 Principal accounting policies *(Continued)*

(h) Impairment of non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Inventories

Inventories comprise finished goods, work in progress and raw materials and are stated at the lower of cost and net realisable value. Cost calculated on the weighted average basis comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(j) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(k) Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2 Principal accounting policies *(Continued)*

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Convertible redeemable bond

Convertible redeemable bond issued by the Company that contains both a liability and embedded derivative is classified separately into these respective items on initial recognition. Conversion right that will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's shares is conversion right derivative. Redemption right at the option of holders which is not closely related to the host contract is also embedded derivative and is accounted for together with the conversion right as a single derivative (collectively referred as the "embedded derivative"). At the date of issue of the convertible redeemable bond, the embedded derivative is recognised at fair value, the host liability is recognised at the residual amount after deducting the fair value of embedded derivative from the fair value of the convertible redeemable bond as a whole.

In subsequent periods, the liability component of the convertible redeemable bond is carried at amortised cost using the effective interest method. The embedded derivative is measured at fair value with changes in fair value recognised in the consolidated income statement.

If the bond is converted before maturity date, the respective conversion right derivative in the convertible redeemable bond, together with the carrying value of the liability component at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued.

(n) Provisions

Provisions are recongised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Principal accounting policies *(Continued)*

(o) Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 Principal accounting policies *(Continued)*

(o) Current and deferred income tax *(Continued)*

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of these assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as expenses in the year in which they are incurred.

2 Principal accounting policies *(Continued)*

(s) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns and discounts and after eliminating sales within the Group.

Revenue from the manufacturing and sales of products and by-products is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognised on a time-proportion basis using the effective interest method.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Retirement benefit obligations

The Group operates a number of defined contribution retirement schemes in Hong Kong and Mainland China. The contributions of the Group to the defined contribution retirement schemes are recognised in the period to which they relate and are reduced by contributions forfeited by those employees who leave the schemes before vesting fully in the contributions. The contributions of the Group to the mandatory provident fund scheme ("MPF Scheme") and other defined contribution retirement schemes are recognised in the period to which they relate. The assets of these schemes are held separately from those of the Group in independently administered funds.

2 Principal accounting policies *(Continued)*

(t) Employee benefits *(Continued)*

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(u) Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders in the case of final dividends and by the Directors for other dividends.

(v) Government grants and subsidies

Government grants and subsidies are financial assistance by local municipal government in Mainland China in the form of transfer of resources to an enterprise to encourage business development in the local municipality and are recognised at their fair value where there are reasonable assurance that the grants and subsidies will be received and the Group will comply with all attached conditions.

Grants relating to the construction of plant are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected useful lives of the related assets.

(w) Financial guarantee

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. The Company and the Group account for the financial guarantee contracts under HKFRS 4 'Insurance Contracts' and do not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at the end of each reporting period by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee would result in a present legal or constructive obligation. If the respective liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated income statement immediately.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

(i) Market risk (foreign exchange risk, cash flow and fair value interest rate risk)

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

At 31 March 2014, if the Hong Kong dollar had weakened/strengthened by 3% (2013: 3%) against the RMB with all other variables held constant, the post-tax loss for the year would have been approximately HK$25,714,000 (2013: HK$27,505,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated net assets.

Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets (other than bank deposits) and interest income from bank deposits is not significant. As such, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. The Group's borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. The Group currently does not have a hedging policy on interest rate exposure. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

If interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax loss (2013: post-tax loss) for the year would have been approximately HK$1,160,000 (2013: HK$1,454,000) higher/lower (2013: higher/lower) mainly as a result of higher/lower interest expenses on floating rate borrowings.

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(ii) Credit risk

The Group has some concentration of credit risk in respect of sales of products with 34% (2013: 33%) of total sales for the year being attributable to its top five customers. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. In addition, collection of receivables is monitored on an ongoing basis.

The credit risk for bank deposits and bank balances is minimal as such amounts are placed with banks with good credit ratings.

(iii) Liquidity risk

The Group's objective when managing liquidity is to maintain a balance between cash resources on hand and the flexibility through the use of bank loans and finance leases. It 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 in the capital market. It maintains liquidity by keeping sufficient cash resources and committed credit lines available from principal banks.

Details of the Group's available banking facilities, the utilisation and the net book amount of assets pledged for such facilities as at 31 March 2014 are set out in note 34 below.

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 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 banking facilities granted or request early repayment of the utilised facilities within the next twelve months from the end of the reporting period.

In addition, upon the completion of the Subscription and the Placement as mentioned in Note 2(a), the Group raised net proceeds of approximately HK$1,440,000,000 and HK$195,000,000, respectively, to diversify its business and develop the solar and energy business.

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk (Continued)

Management monitors rolling forecasts of the Group's liquidity reserve, which comprises undrawn borrowing facility and cash and cash equivalents, based on the expected operating cash flows and on the assumption that the existing banking facilities of the Group will continue to be available or can be replaced by new facilities. Management also monitors closely the changes in sales orders, material and labour costs by comparing them to the forecasts, and keep alert of any material changes resulted from the uncertainty of the global economic recovery from the financial crisis which may have impacts to the Group's liquidity position.

Based on the Group's cash flow projection and taking into account the reasonably possible changes in trading performance and the ongoing support from the Group's principal banks, the Directors believe that the Group will be able to generate 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.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Group			
	On demand or less than 3 months HK$	**Between 3 months and 1 year HK$**	**Between 1 and 2 years HK$**	**Between 2 and 5 years HK$**
At 31 March 2014				
Trade and other payables	433,316,432	45,723,243	–	–
Shareholder's loan	–	20,000,000	–	–
Bank loans	70,304,137	185,268,556	52,361,865	–
Obligations under finance leases	8,223,141	11,828,347	16,847,620	5,121,833
Convertible redeemable bond	59,287,000	–	–	–
Total	571,130,710	262,820,146	69,209,485	5,121,833

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk (Continued)

	Group			
	On demand or less than 3 months HK$	Between 3 months and 1 year HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$
At 31 March 2013				
Trade and other payables	421,630,697	38,025,767	–	–
Bank loans	56,575,398	230,642,860	46,613,644	38,235,439
Obligations under finance leases	8,223,141	20,988,565	14,981,321	9,088,114
Convertible redeemable bond	587,000	–	59,287,000	–
Total	487,016,236	289,657,192	120,881,965	47,323,553

	Company			
	On demand or less than 3 months HK$	**Between 3 months and 1 year HK$**	**Between 1 and 2 years HK$**	**Between 2 and 5 years HK$**
At 31 March 2014				
Accruals and other payables	**12,912,157**	**–**	**–**	**–**
Shareholder's loan	**–**	**20,000,000**	**–**	**–**
Convertible redeemable bond	**59,287,000**	**–**	**–**	**–**
Total	**72,199,157**	**20,000,000**	**–**	**–**

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk (Continued)

	Company			
	On demand or less than 3 months HK$	Between 3 months and 1 year HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$
At 31 March 2013				
Other payables	862,908	–	–	–
Amounts due to subsidiaries	22,227,223	–	–	–
Convertible redeemable bond	587,000	–	59,287,000	–
Total	23,677,131	–	59,287,000	–

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Except for the compliance of certain bank covenant requirements for maintaining the Group's banking facilities, the Group is not subject to any externally imposed capital requirements.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) and liability component of convertible redeemable bond less pledged bank deposits and cash at banks and in hand. Total equity represents as "equity", as shown in the consolidated statement of financial position.

3 Financial risk management *(Continued)*

(b) Capital risk management *(Continued)*

The gearing ratios at 31 March 2014 and 2013 were as follows:

	2014 HK$	2013 HK$
Total borrowings	**355,178,388**	402,662,944
Liability component of convertible redeemable bond	**58,319,570**	55,176,570
	413,497,958	457,839,514
Less: Pledged bank deposits	**(5,073,824)**	(10,929,704)
Cash at banks and in hand	**(46,249,508)**	(47,115,302)
Net borrowings	**362,174,626**	399,794,508
Total equity	**268,750,303**	427,213,651
Gearing ratio	**135%**	94%

(c) Fair value estimation

The table below analyses the Group's assets and liabilities carried at fair value as at 31 March 2014 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

3 Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2014 and 2013.

	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
At 31 March 2014				
Asset				
Buildings – industrial properties	**–**	**–**	**272,654,624**	**272,654,624**
Liability				
Embedded derivative	**–**	**–**	**330,400,000**	**330,400,000**
At 31 March 2013				
Asset				
Buildings – industrial properties	–	–	283,307,807	283,307,807
Liability				
Embedded derivative	–	–	163,676,000	163,676,000

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the year, there were no significant transfers between levels of the fair value hierarchy used in measuring the fair value of assets and liabilities, no reclassifications of financial assets and no significant changes in the business or economic circumstances that affect the fair values of the Group's assets and liabilities.

The carrying amounts less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, including trade and other receivables, cash and cash equivalents, trade and other payables and current borrowings approximate their fair values. The fair value of long-term borrowings equals their carrying amount as the discounting impact is not significant.

3 Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

The following table gives information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 March 2014 (HK$)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Buildings – industrial properties	272,654,624	Depreciated replacement costs	Depreciated replacement costs	RMB551-RMB3,265 per square meter	The higher the depreciated replacement cost, the higher the fair value
Embedded derivative	330,400,000	Binomial model	Share price volatility	51%	The higher the volatility the higher the fair value
			Dividend yield	0%	The higher the dividend yields the lower the fair value.

(i) Embedded derivative

Refer to Note 30 for the movements in, valuation process of and valuation technique used in the embedded derivative included in Level 3 fair value hierarchy for the years ended 31 March 2014 and 2013. The change in unrealised losses for the year included in profit or loss amounted to HK$166,724,000 (2013: HK$154,385,960).

3 Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

(ii) Buildings

Refer to Note 17 for the movements in the buildings included in Level 3 fair value hierarchy for the years ended 31 March 2014 and 2013. The total gains for the year recognised in other comprehensive income as revaluation surplus on building, net of deferred tax amounted to HK$1,386,371 (2013: HK$24,614,743).

Valuation process of the Group

The Group's buildings were valued at 31 March 2014 by Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent professionally qualified valuer who hold a recognised relevant professional qualification and has recent experience in the locations and segments of the buildings valued. The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. Discussions of valuation processes and results are held between the management, the valuation team and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

Valuation technique

The valuation for the buildings was determined using the depreciated replacement cost method. Depreciated replacement cost is based on an estimate of the market value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimisation.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fund availability

In order to fund the daily operation and the future expansion of the business of the Group, significant amounts of capital in the form of borrowing or equity, or a combination of both, is considered to be necessary in future. Management considers such funding for the future operation and expansion will be available as and when required. The basis of preparing these consolidated financial statements under the going concern assumption has been discussed in note 2(a).

(b) Impairment of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment in accordance with the accounting policy set out in note 2(b)(ii) whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

(c) Estimated fair value of properties

The fair values of buildings are determined at the end of each reporting period by an independent professional valuer. The fair values of buildings are determined on depreciated replacement cost basis. This methodology is based upon estimates of future results and a set of assumptions as to income and expenses of the property and future economic conditions. Details of the judgement and assumptions have been disclosed in Note 17.

(d) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, and related depreciation expense for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation expense where useful lives are less than previously estimated lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation expense in future periods.

4 Critical accounting estimates and judgements *(Continued)*

(e) Impairment of property, plant and equipment

The Group has made substantial investments in property, plant and equipment for the manufacturing of printed circuit boards. Changes in technology on machinery or products to be manufactured may cause a change in the estimated useful lives or value of these assets.

The Group evaluates whether there is any event or change in circumstances which indicates that the carrying amounts of property, plant and equipment may not be recoverable. Whenever such events or changes in circumstances occur, these assets are reviewed for impairment in accordance with the accounting policy set out in note 2(h).

(f) Income taxes

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the financial period in which such determination is made.

Recognition of deferred income tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(g) Trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. The assessment is based on the credit history of its customers and other debtors and the current market condition and requires the use of judgements and estimates. Management reassesses the provision at the end of each reporting period.

(h) Estimated provision for inventories

Inventories are written down to net realisable value based on an assessment of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

4 Critical accounting estimates and judgements *(Continued)*

(i) Estimated fair value of embedded derivative

The fair value of the embedded derivative is determined based on the Directors' estimation in light of the latest information obtained relating to the convertible redeemable bond and with reference to independent valuer's assessment. Any new development in the convertible redeemable bond or the market conditions and changes in assumptions and estimation selected by management and independent valuer in assessing 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 the conversion right and redemption rights of the convertible redeemable bond by the bond holder and the Company, could affect the fair value of such embedded derivative and as a result affect the Group's financial position and results of operations.

5 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.

6 Other income

	2014 HK$	2013 HK$
Amortisation of deferred income on government grants	**465,571**	454,755
Government subsidies *(Note)*	**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
	81,441,734	86,873,975

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.

7 Operating profit

	2014 HK$	2013 HK$
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 *(Note)*	**–**	(925,110)
Bad debts written off *(Note)*	**7,981,805**	2,928,248
Deposits and other receivables written off *(Note)*	**2,644,137**	3,085,007
Reversal of other receivables previously written off *(Note)*	**(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 *(Note)*	**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

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

8 Staff costs (excluding Directors' and chief executive's emoluments)

	2014 HK$	2013 HK$
Wages, salaries, bonus and other allowances	**234,536,905**	193,097,539
Pension costs – defined contribution plans	**30,231,552**	16,688,312
	264,768,457	209,785,851

9 Defined contribution pension schemes

For the MPF Scheme, the contributions of the Group are at 5% of the employees' relevant income as defined in the Mandatory Provident Fund Schemes Ordinance up to a maximum of HK$1,250 per employee per month. The employees contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK$6,500 per month. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

The Group also operates a defined contribution pension scheme, which is an exempted scheme ("the Exempted Scheme") under the Mandatory Provident Fund Schemes Ordinance and provides retirement benefits to its employees in Hong Kong who joined the Group prior to 1 December 2000. These employees can elect to join the MPF Scheme or to remain as a member of the Exempted Scheme. The assets of the Exempted Scheme are held under provident funds managed by an independent administrator. Under the Exempted Scheme, both the employers and employees are required to contribute 5% of the employees' basic salaries on a monthly basis. Where there are employees who leave the Exempted Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. There were no unutilised forfeited contribution nor forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years ended 31 March 2014 and 2013.

The Group also contributes to retirement plans for its employees in Mainland China at a percentage of their salaries in compliance with the requirements of the respective municipal governments in Mainland China. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in Mainland China.

In addition, the Group established a defined contribution pension scheme in July 2013 for employees in a subsidiary incorporated in Mainland China who elect to join the scheme. The scheme is funded through payments by the Group at a percentage of their salaries to the funds administered by an independent trustee. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. Forfeited contributions totaling approximately HK$203,000 were available at the year-end to reduce future contributions.

10 Directors' and senior management's emoluments

(a) Directors' and chief executive's emoluments

Name of Director	Fees HK$	Salaries HK$	Other benefits# HK$	Employer's contributions to pension schemes HK$	Total HK$
For the year ended 31 March 2014:					
Executive Directors					
Mr. YIP Sum Yin	–	2,160,000	368,558	15,000	2,543,558
Madam YU Hung Min	–	1,808,459	282,425	15,000	2,105,884
Mr. CHUNG Chi Shing	–	960,000	–	15,000	975,000
Mr. MAO Lu	–	960,000	–	15,000	975,000
Mr. YIP Wing Fung	–	960,000	–	15,000	975,000
Independent Non-executive Directors					
Mr. LAI Wing Leung, Peter	110,000	–	–	–	110,000
Mr. LAM Kwok Cheong	110,000	–	–	–	110,000
Madam LEE Mei Ling	110,000	–	–	–	110,000
Chief Executive Officer					
Mr. YIP How Yin, Maurice	–	604,374	–	–	604,374
Total	330,000	7,452,833	650,983	75,000	8,508,816
For the year ended 31 March 2013:					
Executive Directors					
Mr. YIP Sum Yin	–	2,160,000	566,858	14,500	2,741,358
Madam YU Hung Min	–	1,806,196	286,359	14,500	2,107,055
Mr. CHUNG Chi Shing	–	960,000	–	14,500	974,500
Mr. MAO Lu	–	960,000	–	14,500	974,500
Mr. YIP Wing Fung	–	960,000	–	14,500	974,500
Independent Non-executive Directors					
Mr. LAI Wing Leung, Peter	100,000	–	–	–	100,000
Mr. LAM Kwok Cheong	100,000	–	–	–	100,000
Madam LEE Mei Ling	100,000	–	–	–	100,000
Chief Executive Officer					
Mr. YIP How Yin, Maurice	–	590,333	–	–	590,333
Total	300,000	7,436,529	853,217	72,500	8,662,246

Other benefits include salaries tax (2013: salaries tax, insurance premium and motor vehicle expenses).

10 Directors' and senior management's emoluments *(Continued)*

(c) Senior management's emoluments

The emoluments paid or payable to members of senior management (excluding the Directors) are within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$ Nil – HK$1,000,000	**2**	2

(d) Five highest paid individuals

The emoluments of the five highest paid individuals of the Group for the year are as follows:

	2014 **HK$**	2013 HK$
Basic salaries, housing allowances, other allowances and benefits in kind	**7,654,442**	7,891,913

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$ Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**1**	1
HK$2,000,001 – HK$2,500,000	**1**	1
HK$2,500,001 – HK$3,000,000	**1**	1

The five highest paid individuals include four (2013: four) Directors whose emoluments amounting to HK$6,599,442 (2013: HK$6,797,413) are included in Directors' emoluments.

During the year, the Group did not pay to the Directors or the five highest paid individuals any inducement to join or upon joining the Group, or a compensation for loss of office (2013: Nil). No Directors waived or agreed to waive any emoluments during the year (2013: Nil).

11 Finance income

	2014 HK$	2013 HK$
Bank interest income	**301,047**	255,408

12 Finance costs

	2014 HK$	2013 HK$
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
	30,261,587	36,800,952

13 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 HK$	2013 HK$
Current income tax – overseas taxation	**16,442,928**	9,236,571
Over-provision for prior years *(Note a)*	**(757,159)**	(15,861,224)
Total current income tax expense/(credit)	**15,685,769**	(6,624,653)
Deferred income tax *(note 31)*	**10,886,655**	(5,137,639)
	26,572,424	(11,762,292)

13 Income tax expense/(credit) *(Continued)*

The tax on profit of the Group differs from the theoretical amount that would arise using the tax rate of Hong Kong, where the Group performs its principal activities, as follows:

	2014 HK$	2013 HK$
Loss before income tax	(154,962,960)	(187,155,334)
Calculated at a tax rate of 16.5% (2013: 16.5%)	(25,568,888)	(30,880,630)
Income not subject to tax	(1,524,240)	(465,125)
Expenses not deductible for tax purposes	31,798,858	27,507,840
Temporary differences not recognised	473,313	(379,399)
Utilisation of tax losses previously not recognised	(2,170,143)	–
Tax losses not recognised	6,241,199	8,627,333
Over-provision for prior years *(note a)*	(757,159)	(22,655,953)
Tax effect of tax holiday *(note b)*	–	(5,260,449)
Effect of different tax rates of subsidiaries operating in other jurisdiction	5,057,069	11,744,091
Withholding tax *(note 31)*	13,022,415	–
Income tax expense/(credit)	26,572,424	(11,762,292)

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 relevant laws and regulations in the PRC, certain subsidiaries of the Company in the PRC are exempted from PRC Enterprise Income Tax for two years starting from the first profit-making year in which profits exceed any carried forward tax losses followed by a 50% reduction in the income tax rate in the following three years ("Tax Holiday"). The Tax Holiday enjoyed by these subsidiaries expired on 31 December 2012.

14 Loss attributable to owners of the Company

Loss attributable to owners of the Company included a loss of HK$182,489,265 (2013: HK$178,841,391) which is dealt with in the financial statements of the Company.

15 Dividend

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

16 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
	HK$	HK$
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.

17 Property, plant and equipment – Group

	Buildings HK$	Plant and machinery HK$	Leasehold improvements, furniture, fixtures and equipment HK$	Motor vehicles HK$	Construction in progress HK$	Total HK$
At 1 April 2012						
Cost or valuation	256,735,298	1,296,763,421	124,045,880	10,700,773	–	1,688,245,372
Accumulated depreciation and impairment losses	–	(620,609,718)	(91,531,823)	(7,866,314)	–	(720,007,855)
Net book amount	256,735,298	676,153,703	32,514,057	2,834,459	–	968,237,517
Year ended 31 March 2013						
Opening net book amount	256,735,298	676,153,703	32,514,057	2,834,459	–	968,237,517
Exchange differences	985,685	2,178,033	46,652	2,491	–	3,212,861
Additions	–	78,194,663	2,721,134	495,673	–	81,411,470
Disposals	–	–	(8,882)	(920,199)	–	(929,081)
Revaluation surplus	32,394,944	–	–	–	–	32,394,944
Depreciation	(6,808,120)	(109,640,940)	(8,866,196)	(1,001,245)	–	(126,316,501)
Closing net book amount	283,307,807	646,885,459	26,406,765	1,411,179	–	958,011,210
At 31 March 2013						
Cost or valuation	283,307,807	1,378,747,793	126,814,089	7,990,779	–	1,796,860,468
Accumulated depreciation and impairment losses	–	(731,862,334)	(100,407,324)	(6,579,600)	–	(838,849,258)
Net book amount	283,307,807	646,885,459	26,406,765	1,411,179	–	958,011,210
Analysis of cost or valuation						
At cost	–	646,885,459	26,406,765	1,411,179	–	674,703,403
At 2013 valuation	283,307,807	–	–	–	–	283,307,807
	283,307,807	646,885,459	26,406,765	1,411,179	–	958,011,210

17 Property, plant and equipment – Group *(Continued)*

	Buildings HK$	Plant and machinery HK$	Leasehold improvements, furniture, fixtures and equipment HK$	Motor vehicles HK$	Construction in progress HK$	Total HK$
Year ended 31 March 2014						
Opening net book amount	283,307,807	646,885,459	26,406,765	1,411,179	–	958,011,210
Exchange differences	6,578,367	17,082,826	384,074	27,489	6,391	24,079,147
Additions	–	81,334,721	3,055,396	1,517,480	861,475	86,769,072
Disposals	(12,701,155)	(152,071)	–	(123,755)	–	(12,976,981)
Revaluation surplus	2,841,565	–	–	–	–	2,841,565
Depreciation	(7,371,960)	(119,081,787)	(5,433,047)	(837,127)	–	(132,723,921)
Closing net book amount	272,654,624	626,069,148	24,413,188	1,995,266	867,866	926,000,092
At 31 March 2014						
Cost or valuation	272,654,624	1,489,642,062	131,524,972	9,130,864	867,866	1,903,820,388
Accumulated depreciation and impairment losses	–	(863,572,914)	(107,111,784)	(7,135,598)	–	(977,820,296)
Net book amount	272,654,624	626,069,148	24,413,188	1,995,266	867,866	926,000,092
Analysis of cost or valuation						
At cost	–	626,069,148	24,413,188	1,995,266	867,866	653,345,468
At 2014 valuation	272,654,624	–	–	–	–	272,654,624
	272,654,624	626,069,148	24,413,188	1,995,266	867,866	926,000,092

17 Property, plant and equipment – Group *(Continued)*

(a) The Group's buildings were revalued individually on 31 March 2014 by Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent professional qualified valuer, at an aggregate value of HK$272,654,624 (2013: HK$283,307,807). A revaluation surplus totalling HK$2,841,565 (2013: HK$32,394,944), resulting from the above valuations, has been credited to revaluation reserve. Had these buildings been carried at historical cost less accumulated depreciation and impairment losses, their net book amount would have been HK$209,436,561 (2013: HK$216,558,943).

(b) As at 31 March 2014, the net book amount of property, plant and equipment pledged to banks to secure bank loans of the Group amounted to HK$326,023,600 (2013: HK$331,172,573) (note 34).

(c) As at 31 March 2014, the net book amount of property, plant and equipment held by the Group under finance leases amounted to HK$81,189,993 (2013: HK$93,271,914).

(d) As at 31 March 2014 and 2013, all buildings are held under leases of between 10 and 50 years in Mainland China.

(e) Depreciation expense of HK$124,998,118 (2013: HK$114,972,245) and HK$7,725,803 (2013: HK$11,344,256) has been charged in cost of sales and in administrative expenses respectively.

(f) At 31 March 2014, the Group was in the process of obtaining the property ownership certificates in respect of property interests held under medium term land use rights in the PRC with a carrying amount of approximately HK$2,560,216 (2013: HK$2,617,545). In the opinion of the Directors, the absence of the property ownership certificates to these property interests does not impair their carrying value to the Group as the Group paid the full purchase consideration of these property interests and the probability of being evicted on the ground of an absence of property ownership certificates is remote.

18 Land use rights

	Group 2014 HK$	Group 2013 HK$
At the beginning of the year	**20,901,985**	21,309,965
Exchange differences	**545,577**	69,253
Amortisation	**(488,050)**	(477,233)
At the end of the year	**20,959,512**	20,901,985

The lease terms of all land use rights situated in Mainland China ranged from 10 to 50 years.

As at 31 March 2014, the net book amount of land use rights pledged to banks to secure bank loans of the Group amounted to HK$20,343,757 (2013: HK$20,263,754) (note 34).

19 Interests in subsidiaries

	Company 2014 HK$	Company 2013 HK$
Unlisted investments, at cost	**57,165,073**	57,165,073
Amounts due from subsidiaries *(note a)*	**299,722,842**	309,442,689
	356,887,915	366,607,762

19 Interests in subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31 March 2014:

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital/ registered capital	Interest held 2014 %	Interest held 2013 %
Shares held directly:					
Same Time International (B.V.I.) Limited	British Virgin Islands	Investment holding	50,000 ordinary shares of US$1 each	**100**	100
Dongguan Red Board Limited [1, 2]	Mainland China	Manufacture and sale of printed circuit boards	Registered capital of HK$250,000,000	**100**	100
Red Board (Jiangxi) Limited [1, 2]	Mainland China	Manufacture and sale of printed circuit boards	Registered capital of HK$373,969,000	**100**	100
Red Board Limited	Hong Kong	Sale of printed circuit boards	Ordinary shares – HK$4 Non-voting deferred shares – HK$5,000,000	**100**	100
Same Time Electronics (B.V.I.) Limited	British Virgin Islands/ Mainland China	Property holding	1 ordinary share of US$1	**100**	100

[1] These companies have no English names and the above names are translation of their Chinese names

[2] Wholly-owned foreign enterprise

(a) The amounts due from subsidiaries are unsecured, interest free and are regarded as equity in nature by the Company. Accordingly, the amounts are classified as equity instruments, which are carried at cost and not subsequently remeasured.

(b) All subsidiaries established in Mainland China have financial accounting year end dated 31 December in accordance with the local statutory requirements, which is not coterminous with that of the Group. The consolidated financial statements of the Group were prepared based on the management accounts of these subsidiaries prepared under HKFRS for the twelve months ended 31 March 2014.

20 Non-current deposits

Non-current deposits represent deposits paid for the acquisition of property, plant and equipment, and deposits paid for the guarantees of the finance leases. The deposits will not be realised within twelve months from the end of the reporting period. Accordingly, the amounts were included in the non-current assets.

21 Other non-current asset

This represents an unlisted club debenture which is used by management of the Group. The unlisted club debenture is stated at cost less impairment loss with indefinite useful life.

22 Inventories

	Group	
	2014	2013
	HK$	HK$
Raw materials	**54,754,196**	74,423,355
Work in progress	**50,861,232**	50,527,534
Finished goods	**99,690,833**	68,167,130
	205,306,261	193,118,019

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK$842,446,220 (2013: HK$840,667,006).

23 Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	HK$	HK$	**HK$**	HK$
Trade receivables *(note b)*	**310,076,587**	282,169,290	**–**	–
Deposits, prepayments and other receivables *(note c)*	**57,656,507**	63,834,476	**7,256,698**	240,332
	367,733,094	346,003,766	**7,256,698**	240,332

23 Trade and other receivables *(Continued)*

(a) The carrying amounts of trade and other receivables, which approximate their fair values, are denominated in the following currencies:

	Group	
	2014	2013
	HK$	HK$
United States dollar	**200,152,362**	195,344,129
RMB	**144,473,325**	129,272,686
Hong Kong dollar	**21,812,118**	20,056,399
EURO	**1,295,289**	1,330,552
	367,733,094	346,003,766

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

	Group	
	2014	2013
	HK$	HK$
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.

23 Trade and other receivables *(Continued)*

(b) The ageing analysis of trade receivables based on invoice date is as follows: *(Continued)*

At 31 March 2014, trade receivables of HK$102,609,997 (2013: HK$86,981,725) were past due but not impaired. These trade receivables relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables by due date is as follows:

	Group	
	2014	2013
	HK$	HK$
1 – 60 days	**96,830,071**	69,629,578
61 – 120 days	**3,012,309**	10,216,804
121 – 180 days	**1,963,860**	4,573,625
181 – 240 days	**29,482**	2,206,603
Over 240 days	**774,275**	355,115
	102,609,997	86,981,725

No provision for impairment of trade receivables was made for the year (2013: Nil). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

During the year, bad debts of HK$7,981,805 (2013: HK$2,928,248) were directly written off. The amount was charged to "other expenses, gains and losses" in the consolidated income statement.

(c) At 31 March 2014, included in deposits, prepayments and other receivables of the Group was an amount of HK$22,899,049 (2013: HK$34,426,926) which represents refundable value-added tax.

Other receivables and deposits do not contain past due or impaired assets.

(d) The Group and the Company do not hold any collateral as security.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

24 Cash at banks and in hand/pledged bank deposits

The Group's pledged bank deposits amounting to HK$5,073,824 (2013: HK$10,929,704) as at 31 March 2014 represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 34. The pledged bank deposits will be released upon maturity. The deposits are in RMB and at fixed interest rate of 3.05% (2013: 2.85% and 3.05%) per annum.

Cash at banks and in hand are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$	HK$	**HK$**	HK$
United States dollar	**17,259,638**	9,449,253	**–**	–
RMB	**22,322,025**	32,265,175	**–**	–
Hong Kong dollar	**6,650,666**	5,383,433	**140,701**	237,459
Others	**17,179**	17,441	**–**	–
	46,249,508	47,115,302	**140,701**	237,459

At 31 March 2014, included in the pledged bank deposits and the cash at banks and in hand of an aggregate amount of approximately HK$27,500,000 (2013: HK$43,200,000) were deposited in Mainland China. The remittance of funds out of Mainland China is subject to rules and regulations of foreign exchange control promulgated by Mainland China government.

The carrying amount represents the maximum exposure to credit risk.

25 Share capital

	Number of Shares	Amount HK$
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 April 2012, 31 March 2013 and 31 March 2014	700,000,000	70,000,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
At 1 April 2012	68,298,520	6,829,852
Issuance of shares *(Note a)*	13,650,000	1,365,000
Shares issued upon conversion of convertible redeemable bond *(Note b)*	4,000,000	400,000
At 31 March 2013 and 31 March 2014	85,948,520	8,594,852

Note:

(a) On 23 April 2012, the Company entered into a placing agreement with Fortune (HK) Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent agreed to procure, on a best effort basis, independent placees to subscribe up to a maximum of 13,650,000 new shares of HK$0.10 each of the Company at a price of HK$3.13 per share. 13,650,000 shares of the Company were finally subscribed for and the placing was completed on 25 June 2012. The placement raised total proceeds of HK$41,659,806, net of expenses, for the Company.

(b) On 13 September 2012, convertible redeemable bond with a principal amount of HK$7,000,000 was converted into ordinary shares of the Company at the price of HK$1.75 per share. Accordingly, 4,000,000 ordinary shares of HK$0.10 each of the Company were issued upon such conversion.

26 Reserves

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Company

	Share premium HK$	Contributed surplus HK$	Accumulated losses HK$	Total HK$
At 1 April 2012	187,068,933	51,917,647	(9,164,995)	229,821,585
Issuance of shares	40,294,806	–	–	40,294,806
Shares issued upon conversion of convertible redeemable bond	25,273,000	–	–	25,273,000
Loss for the year	–	–	(178,841,391)	(178,841,391)
At 31 March 2013	252,636,739	51,917,647	(188,006,386)	116,548,000
At 1 April 2013	**252,636,739**	**51,917,647**	**(188,006,386)**	**116,548,000**
Loss for the year	**–**	**–**	**(182,489,265)**	**(182,489,265)**
At 31 March 2014	**252,636,739**	**51,917,647**	**(370,495,651)**	**(65,941,265)**

26 Reserves *(Continued)*

(c) Nature and purpose of reserves

(i) *The contributed surplus of the Company represents:*

- the difference in value at 4 March 1992 between the nominal value of the Company's shares issued in exchange for all the issued ordinary shares of Same Time International (B.V.I.) Limited and the value of net assets of the underlying subsidiaries acquired on that date amounted to HK$37,115,065;

- the amount of HK$15,940,952 credited to the contributed surplus as a result of the capital reduction and consolidation of shares of the Company on 16 September 2003; and

- the Company made a distribution in respect of 2008 final dividend amounting to HK$1,138,370 out of contributed surplus during the year ended 31 March 2009.

(ii) *The contributed surplus of the Company is distributable under the Companies Act 1981 of Bermuda, as amended. However, the Company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if:*

- the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

- the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(iii) *The legal reserve represents the amount set aside from the retained profits by certain subsidiaries incorporated in Macao and the PRC and is not distributable as dividend.*

The Macao Commercial Code #377 requires that a company set aside a minimum of 25% of the company's profit after tax to the legal reserve until the balance of the reserve reaches a level equivalent to 50% of the company's capital. The legal reserve for the subsidiary incorporated in Macau had been released upon the approval of its deregistration.

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserve until such reserve has reached 50% of registered capital. This reserve can only be used for specific purposes and it is not distributable or transferable to the loans, advances, cash dividends. Appropriation to the legal reserve for the year ended 31 March 2014 amounted to HK$7,360,910 (2013: HK$8,271,678).

27 Amounts due to subsidiaries

The amounts due to subsidiaries were unsecured, interest free and repayable on demand.

28 Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	HK$	HK$	**HK$**	HK$
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	**408,908**	862,908
Receipts in advance	**14,849,940**	14,451,289	**–**	–
Accrued expenses				
– Staff costs	**35,863,184**	20,950,844	**–**	–
– Professional fees	**12,503,249**	–	**12,503,249**	–
– Utilities	**5,481,073**	5,489,875	**–**	–
– Others	**5,552,964**	4,397,260	**–**	–
	479,039,675	459,656,464	**12,912,157**	862,908

The carrying amounts of the trade and other payables, which approximate their fair values, are denominated in the following currencies:

	Group	
	2014	2013
	HK$	HK$
RMB	**402,422,412**	420,799,665
Hong Kong dollar	**37,068,190**	19,342,237
United States dollar	**9,999,597**	12,581,592
Others	**29,549,476**	6,932,970
	479,039,675	459,656,464

28 Trade and other payables *(Continued)*

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

	Group	
	2014	2013
	HK$	HK$
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

29 Borrowings

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

	Company	
	2014	2013
	HK$	HK$
Shareholder's loan *(Note e)*	**20,000,000**	–

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

29 Borrowings *(Continued)*

(a) Bank loans

The maturities of the bank loans of the Group as at 31 March 2014 are as follows:

	Group	
	2014	2013
	HK$	HK$
Within one year	**245,272,411**	272,619,301
In the second year	**50,738,241**	43,224,819
In the third to fifth years	**–**	37,049,844
	296,010,652	352,893,964

Details of assets pledged to banks to secure bank loans are set out in note 34.

(b) Finance lease obligations

At 31 March 2014, the finance lease liabilities of the Group are repayable as follows:

	Group	
	2014	2013
	HK$	HK$
Within one year	**20,051,488**	29,211,706
In the second year	**16,847,620**	14,981,321
In the third to fifth years	**5,121,833**	9,088,114
	42,020,941	53,281,141
Future finance charges on finance lease liabilities	**(2,853,205)**	(3,512,161)
Present value of finance lease liabilities	**39,167,736**	49,768,980

29 Borrowings *(Continued)*

(b) Finance lease obligations *(Continued)*

The present value of finance lease liabilities is as follows:

	Group	
	2014	2013
	HK$	HK$
Within one year	**19,433,110**	28,256,376
In the second year	**15,338,265**	13,693,479
In the third to fifth years	**4,396,361**	7,819,125
	39,167,736	49,768,980

(c) The carrying amounts of the borrowings are denominated in the following currencies:

	Group	
	2014	2013
	HK$	HK$
RMB	**317,439,917**	384,401,249
Hong Kong dollar	**30,209,892**	18,261,695
United States dollar	**7,528,579**	–
	355,178,388	402,662,944

29 Borrowings *(Continued)*

(d) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group	
	2014	2013
	HK$	HK$
6 months or less	**205,778,161**	170,747,148
6 -12 months	**139,530,164**	213,654,101
1-5 years	**9,870,063**	18,261,695
	355,178,388	402,662,944

The effective interest rates of the bank loans and the obligations under finance leases of the Group at 31 March 2014 were ranging from 3.40% to 7.84% per annum and 5.25% to 8.00% per annum respectively (2013: ranging from 2.20% to 7.22% per annum and from 5.25% to 8.00% per annum respectively). The carrying amounts of the balances approximate their fair values.

(e) The shareholder's loan is unsecured, interest-free and fully repayable in July 2014.

30 Convertible redeemable bond

	2014 HK$	2013 HK$
Liability component	**58,319,570**	55,176,570
Fair value of the embedded derivative	**330,400,000**	163,676,000
	388,719,570	218,852,570

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.

30 Convertible redeemable bond *(Continued)*

(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 derivative 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.

30 Convertible redeemable bond *(Continued)*

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:

	HK$
Liability component as at 1 April 2012	57,591,570
Interest expense for the year *(note 12)*	4,569,000
Less: interest payment during the year	(657,000)
Conversion to ordinary shares	(6,327,000)
Liability component as at 31 March 2013	55,176,570
Interest expense for the year *(note 12)*	3,730,000
Less: interest payment during the year	(587,000)
Liability component as at 31 March 2014	58,319,570

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:

	HK$
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	(19,346,000)
Fair value of the embedded derivative as at 31 March 2013	163,676,000
Loss from change in fair value	166,724,000
Fair value of the embedded derivative as at 31 March 2014	330,400,000

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).

31 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movements in the net deferred income tax liabilities are as follows:

	Group	
	2014	2013
	HK$	HK$
At the beginning of the year	**15,073,161**	12,381,700
Charged/(credited) to consolidated income statement *(note 13)*	**10,886,655**	(5,137,639)
Charged to consolidated statement of comprehensive income	**1,455,194**	7,780,201
Exchange differences	**442,006**	48,899
At the end of the year	**27,857,016**	15,073,161

31 Deferred income tax *(Continued)*

Deferred income tax liabilities

The movements in deferred income tax liabilities and assets (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Revaluation of properties HK$	Accelerated tax depreciation HK$	Group Withholding tax HK$	Others HK$	Total HK$
As at 1 April 2012	4,497,638	9,885,143	–	2,405,805	16,788,586
(Credited)/charged to the consolidated income statement	–	(7,692,890)	–	81,995	(7,610,895)
Charged to consolidated statement of comprehensive income	7,780,201	–	–	–	7,780,201
Exchange differences	43,312	2,831	–	8,622	54,765
As at 31 March 2013	12,321,151	2,195,084	–	2,496,422	17,012,657
As at 1 April 2013	**12,321,151**	**2,195,084**	**–**	**2,496,422**	**17,012,657**
(Credited)/charged to the consolidated income statement	**–**	**(1,567,957)**	**13,022,415**	**(2,545,174)**	**8,909,284**
Charged to consolidated statement of comprehensive income	**1,455,194**	**–**	**–**	**–**	**1,455,194**
Exchange differences	**315,315**	**19,182**	**96,632**	**48,752**	**479,881**
As at 31 March 2014	**14,091,660**	**646,309**	**13,119,047**	**–**	**27,857,016**

31 Deferred income tax *(Continued)*

Deferred income tax assets

		Group	
	Tax losses	**Others**	**Total**
	HK$	HK$	HK$
As at 1 April 2012	(1,156,208)	(3,250,678)	(4,406,886)
Charged to consolidated income statement	1,156,208	1,317,048	2,473,256
Exchange differences	–	(5,866)	(5,866)
As at 31 March 2013	–	(1,939,496)	(1,939,496)
As at 1 April 2013	**–**	**(1,939,496)**	**(1,939,496)**
Charged to consolidated income statement	**–**	**1,977,371**	**1,977,371**
Exchange differences	**–**	**(37,875)**	**(37,875)**
As at 31 March 2014	**–**	**–**	**–**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2014	2013
	HK$	HK$
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	**–**	(622,448)
Deferred tax asset to be recovered within 12 months	**–**	(1,317,048)
	–	(1,939,496)
Deferred tax liabilities:		
Deferred tax liability to be settled after more than 12 months	**2,283,221**	2,285,700
Deferred tax liability to be settled within 12 months	**25,573,795**	14,726,957
	27,857,016	17,012,657

31 Deferred income tax *(Continued)*

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 approximately 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 these consolidated financial statements for the year ended 31 March 2014.

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of approximately HK$166,658,000 (2013: HK$254,800,000) to carry forward against future taxable income. Unrecognised tax losses of approximately HK$53,115,000 (2013: HK$143,200,000) will expire from 2017 to 2019 (2013: from 2014 to 2018). Other tax losses have no expiry date.

32 Deferred income

The deferred income represents government grants received for the construction of a plant in Jiangxi in Mainland China, which is amortised over the expected useful life of the plant upon the commencement of the operation.

33 Notes to the consolidated cash flow statement

(a) Reconciliation of loss before income tax to cash generated from operations:

	Group	
	2014	2013
	HK$	HK$
Loss before income tax	**(154,962,960)**	(187,155,334)
Amortisation of land use rights	**488,050**	477,233
Amortisation of deferred income on government grants	**(465,571)**	(454,755)
Bad debts written off	**7,981,805**	2,928,248
Bad debts recovered	**–**	(925,110)
Deposits and other receivables written off	**2,644,137**	3,085,007
Reversal of other receivables previously written off	**(3,158,383)**	–
Write-off of other payables	**211,444**	(1,939,286)
Depreciation of property, plant and equipment	**132,723,921**	126,316,501
Loss/(gain) on disposal of property, plant and equipment	**271,684**	(350,687)
Interest income	**(301,047)**	(255,408)
Finance costs	**30,261,587**	36,800,952
Realised loss on embedded derivative upon conversion of convertible redeemable bond	**–**	19,346,000
Loss from change in fair value of embedded derivative	**166,724,000**	154,385,960
Operating profit before working capital changes	**182,418,667**	152,259,321
(Increase)/decrease in inventories	**(12,188,242)**	10,079,874
Increase in trade and other receivables	**(18,032,648)**	(36,039,629)
Increase in trade and other payables	**21,223,899**	26,146,480
Cash generated from operations	**173,421,676**	152,446,046

(b) Major non-cash transactions

(i) For the year ended 31 March 2013, the Group entered into finance lease arrangements amounted to HK$15,660,000 for the purchase of property, plant and machinery.

34 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:

	Group	
	2014	2013
	HK$	HK$
Property, plant and equipment *(note 17(b))*	**326,023,600**	331,172,573
Land use rights *(note 18)*	**20,343,757**	20,263,754
Pledged bank deposits *(note 24)*	**5,073,824**	10,929,704
	351,441,181	362,366,031

35 Corporate guarantees

As at 31 March 2014, the Company provided financial guarantees to the extent of HK$263,901,099 (2013: HK$351,710,294) in respect of banking facilities and finance lease obligations granted to certain of its subsidiaries of which HK$224,782,486 (2013: HK$285,729,063) were utilised.

36 Commitments

(a) Capital commitments

	Group	
	2014	2013
	HK$	HK$
Contracted but not provided for Plant, machinery and leasehold improvements	**16,239,571**	19,486,929

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

(b) Commitments under operating leases

(i) The future aggregate minimum lease payments under non-cancellable operating leases in respect of properties are as follows:

	Group	
	2014	2013
	HK$	HK$
Not later than one year	**6,725,536**	3,554,809
Later than one year and not later than five years	**3,049,512**	1,916,776
	9,775,048	5,471,585

(ii) The Company had no operating lease commitments as at 31 March 2014 (2013: Nil).

37 Related party transactions

As at 31 March 2014, Mr Yip Sum Yin had a 36.88% (2013: 36.88%) beneficial interest in the Company as the single largest shareholder. 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.

The Directors of the Company are of the view that the following company was related party that had transactions or balances with the Group during the year.

Name	**Relationship with the Group**
Dyford Industries Limited ("Dyford")	An entity controlled by Mr Yip Sum Yin and Madam Yu Hung Min

37 Related party transactions *(Continued)*

(a) Key management compensation

	Group	
	2014	2013
	HK$	HK$
Salaries and other short-term employee benefits	**10,521,081**	9,870,368
Pension costs	**150,045**	131,420
	10,671,126	10,001,788

Key management includes Directors, chief executive officer, financial controllers, general managers and company secretary of the Company.

(b) Leases of factories

	Group	
	2014	2013
	HK$	HK$
Mr. Yip Sum Yin	**252,000**	42,000
Madam Yu Hung Min and Mr. Yip Wing Fung	**246,000**	41,000
Dyford	**498,000**	83,000
	996,000	166,000

Leases of factories from the Directors and Dyford are based on terms mutually agreed between the Group and the respective related parties.

(c) Save as disclosed in Note 29 with respect to the shareholder's loan, the Group has the following year-end balances with related parties arising from lease of factories:

	Group	
	2014	2013
	HK$	HK$
Mr. Yip Sum Yin	**–**	42,000
Madam Yu Hung Min and Mr. Yip Wing Fung	**–**	41,000
Dyford	**–**	83,000
	–	166,000

The payables to related parties arise from lease of factories are interest free, unsecured, repayable on demand and approximate their fair values.

38 Events after the reporting period

Save as disclosed in Notes 1 and 2(a) in these financial statements, 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 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.

	For the year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
(Loss)/profit attributable to owners	**(181,535)**	(175,393)	(38,978)	6,950	(46,535)

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**1,580,795**	1,588,468	1,549,001	1,605,596	1,359,306
Total liabilities	**(1,312,045)**	(1,161,254)	(1,043,574)	(1,124,258)	(972,498)
Total equity	**268,750**	427,214	505,427	481,338	386,808

Glossary of Terms

"Company" or "GCL New Energy"	GCL New Energy Holdings Limited
"Conversion"	The convertible redeemable bond issued by the Company was fully converted into 33,542,857 shares of the Company on 9 May 2014.
"Group"	the Company and its subsidiaries
"GW"	Gigawatts
"Mainland China" or "PRC"	The People's Republic of China, but for the purposes of this report, excludes Hong Kong and Macau Special Administrative Region
"MW"	Megawatts
"Placement"	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 with net proceeds of approximately HK$195,000,000. The Placement was completed on 9 May 2014.
"Subscriber"	GCL-Poly Energy Holdings Limited, a company incorporated in Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited with stock code 3800
"Subscription"	On 13 February 2014, the Company entered into a conditional subscription agreement with the Subscriber, 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 was completed on 9 May 2014.