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Gowin New Energy Grp - Trading Update London Stock Exchange
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Gowin New Energy Group Limited
22 May 2014

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Gowin New Energy Group Limited
("GNE" or the "Company")
Trading Update

The Company today announces the following update on trading:

- While the LED lighting sector has seen significant growth throughout the PRC so far during 2014, the Company has experienced delays with debtor recoverability from PRC customers, including government contractors, and a lengthening of debtor days. The Board is endeavouring to improve this pattern by rebalancing towards export orders. The Company is pursuing a number of new business opportunities in export markets, including Europe, where invoice payments tend to be faster, as a means of utilising working capital more effectively and reliably.
- General conditions in banking have been constrained over recent months. The PRC government has made it harder for banks to lend to SMEs which has had an impact on both competitors and customers, and has led to the above-mentioned increase in debtor days. The capital intensive nature of the Company's business has therefore led to short term working capital constraints.
- The Company's order book has been growing in all areas of the business, and the Board is confident about outlook generally. New contract wins include provision of lighting to a 10m sq ft factory of a locally well-known logistics company, the first purchase order of which has already been received.
- The Company has received an award from the Mayor of Dongguan for the design and patent of a smart wi-fi lighting controller which can provide traffic and environmental monitoring and control of the lighting in

individual streets. The Company believes that this will help to differentiate GNE in the area of LED street lighting solutions going forward.

- The Company signed a co-operation agreement with Huaxin Technology Limited, providing joint manufacturing by the two firms, adding scale to GNE and potentially providing access to new customers and Henan government street lighting projects. Joint operations are expected to begin in the first quarter of 2015.
- Gowin was one of the firms recognised at the Guangdong Science and Technology achievements recognition event hosted by the Guangdong Mayor, Zhu Xiao Dan. Garry Willinge, the Chairman of Gowin, signed a joint development agreement with the Institute of Software Application Technology in Guangzhou of the Chinese Academy of Sciences, in the area of new innovations in smart controller technologies for street lighting and other lighting.

Chairman Garry Willinge commented: "*In spite of the short term working capital constraints we are experiencing, we are confident in the Company's ability to take advantage of the growth in demand for LED products in the PRC and in other markets, and look forward to providing further updates in due course.*"

For further information please visit www.gowinyichia.com
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