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Gowin New Energy Grp - Annual Financial Report London Stock Exchange
RNS Number : 8850P
Gowin New Energy Group Limited
31 May 2018

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Gowin New Energy Group Limited
("Gowin" or the "Company")

Audited Annual Results for the year ended 31 December 2017

Gowin New Energy Group Limited is delighted to report its audited annual results for the twelve months ended 31 December 2017.

Chairman's statement

Business Overview

Gowin New Energy Group Limited (the "Group" or the "Company") is continuing to pursue research and development, outsourcing production and sales of LED lighting products in China and abroad, with focus on general lighting and backlighting. During 2017, the Group including its subsidiaries completed its restructuring efforts including the wind-up of Hong Kong subsidiary Gowin New Energy Holdings Limited as of 1 October 2017, as approved by the Board in 2016.

The business operates its LED R&D and sales of LED products in Taiwan. The Board's focus on LED and back Light Module products is achieved through its investment in TAIWAN THICK-FILM INDUSTRIES CORP. ("TTFI"), listed on the Taipei Stock Exchange. TTFI experienced strong operating results in 2017, with commensurate earnings per share performance. Looking ahead to 2018, future prospects seem positive and TTFI management is actively considering expansion in order to enhance profitability.

The Group conducted two General Meetings in 2017.

An Annual General Meeting was held in Taiwan on 7 February 2017, which included obtaining unanimous shareholders' approval for the Capital Reduction of the Company, whereby 67.5624 shares in every 100 shares would be cancelled, subsequently approved by Grand Court of the Cayman Islands on 15 August 2017 and filed and effective on 24 August 2017. With the cancellation of the relevant shares, the Group aims to create distributable reserves to facilitate payment of dividends in the future, hence making the Group's ordinary shares more attractive to new investors.

On 30 August 2017, the Group released a Circular to shareholders, regarding a proposed investment in a new Tea Business, an issue of preference shares, adoption of amended and restated Memorandum of Association and Articles of Association and a Notice of an Extraordinary General Meeting to be conducted on 18 September 2017. In anticipation of this new business source of Group earnings, the Group announced the appointment of a new non-executive director Mr Hsu I-Hsan on 22 August 2017. On 18 September 2017, an Extraordinary General Meeting was conducted in Taiwan, whereby unanimous approval was received to reclassify £20,000,000 authorised share capital into Ordinary Shares and Preference Shares and to authorise the directors to allot new Preference Shares in the Company for the intention of establishing the new Tea Business.

Between September 2017 and 31 December 2017, the Group pursued its Tea Business aspirations, though the preference shares are not planned to be allotted till 2018. Investor interest in the Tea Business has been encouraging from whom interest has been expressed regarding possible ordinary shares investments in order to receive potential dividend streams. Accordingly, the Group expects to be able to raise funds to accelerate the growth of the Tea Business.

Financial Position and Business Outlook

The Board has looked closely at what opportunities it has to grow the business at some pace utilising the skills and assets it has at its disposal. Whilst the TTFI investment has been a good one and could be expected to yield sustainable dividends, the Tea Business provides a unique opportunity to accelerate growth and diversify the business. The Pu'erh tea segment is expected to generate strong double digit profit margins. Cash flows that arise are expected to improve the Group's financial position and liquidity sustainably. The CEO, Mr. Chih-lung Chen is also committed to selling a portion of his tea inventory to the Group that will fast track Tea Business profit generation; preliminary planning for this transaction is underway.

The Group will concentrate on achieving returns through its LED business investments and from associated investment returns as well as by ramping up its new Tea business. The Group will continue to explore attracting capital and making cash investments in other businesses. CEO Mr. Chen Chih-Lung has signed a pledge letter promising to support the Group's working capital needs as necessary. Accordingly, the Group does not anticipate working capital or going concern challenges in the foreseeable future. The Directors look forward to Year 2018 with optimism.

Events after Reporting Date

On 3 April 2018, RMB3,855,000 convertible loan due to Mr Chen Chih-Lung has been converted into 40,000,000 ordinary shares.

Further loans of £40,000 and £30,000 have been received from Mr Chen Chih-Lung on 30 January 2018 and 29 March 2018 respectively.

Appreciation

The Board appreciates all the support from our shareholders and broader stakeholders. The Directors believe 2017 was another period of incremental progress as the Group worked hard on its organization restructuring and new business development. It has required significant effort by all concerned, particularly our employees to whom much gratitude is due.

Garry Willinge
Non-Executive Chairman
31 May 2018

The directors of Gowin New Energy Group Limited accept responsibility for this announcement.

For further information please visit www.gowinyichia.com (<http://www.gowinyichia.com>) or contact the following:

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**GOWIN NEW ENERGY GROUP LIMITED
NON-STATUTORY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 RMB'000	2016 RMB'000
Continuing Operations			
Revenue	6	26	28
Cost of sales		(21)	(26)
Gross profit		5	2
Administrative expenses	10	(5,580)	(7,232)
Gain on disposal of subsidiary	9	322	-
Operating loss		(5,253)	(7,230)
Finance income	8	-	354
Finance cost	9	(83)	(59)
Other income		1,667	-
Impairment loss	15	(1,603)	-
Loss before tax from continuing operations		(5,272)	(6,935)
Tax	12	-	-
Loss for the year from continuing operations		(5,272)	(6,935)
Discontinued operations			
Loss from discontinued operations		-	-
Loss for the year attributed to equity holders of the parent		(5,272)	(6,935)
Other Comprehensive Income		-	-
Total Comprehensive Income for the year attributable to owners of the parent		(5,272)	(6,935)

Earnings per share expressed in RMB per share

Basic and diluted earnings per share for the year attributable to equity holders of the parent	13	(0.02)	(0.03)
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Earnings per share for continuing operations expressed in RMB per share

Basic and diluted earnings per share for continuing operations for the year attributable to equity holders of the parent	13	(0.02)	(0.03)
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GOWIN NEW ENERGY GROUP LIMITED
NON-STATUTORY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 RMB'000	31 December 2016 RMB'000
ASSETS			
NON-CURRENT ASSETS			
Investments	15	4,540	-
		4,540	-
CURRENT ASSETS			
Trade and other receivables	16	581	33,096
Cash and cash equivalents	17	381	2,079
TOTAL ASSETS		5,502	35,175
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	(14,409)	(18,499)
		(14,409)	(18,499)
Liabilities directly associated with the discontinued operations		-	(322)
TOTAL LIABILITIES		(14,409)	(18,821)
NET ASSETS		(8,907)	16,354
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	19	25,000	77,071
Share premium		-	19,989
Retained earnings		(33,907)	(80,706)
		(8,907)	16,354

The Consolidated Financial Statements were approved by the board of Directors and authorised for issue on 31 May 2018 and were signed on its behalf by:

Garry Willinge
Director

Chen Chih-Lung
Director

GOWIN NEW ENERGY GROUP LIMITED
NON-STATUTORY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the parent			
	Share capital (Note 19)	Share premium	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	44,571	19,989	(73,771)	(9,211)
Loss for the year	-	-	(6,935)	(6,935)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(6,935)	(6,935)
Total transactions with owners, recognised directly in equity				
Issue of shares	32,500	-	-	32,500
Balance as at 31 December 2016	77,071	19,989	(80,706)	16,354
Loss for the year	-	-	(5,272)	(5,272)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(5,272)	(5,272)
Total transactions with owners, recognised directly in equity				
Capital reduction	(52,071)	(19,989)	52,071	(19,989)
Balance as at 31 December 2017	25,000	-	(33,907)	(8,907)

**GOWIN NEW ENERGY GROUP LIMITED
NON-STATUTORY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
Cash Flows from Operating Activities		
Loss Before Tax	(5,272)	(6,935)
Finance income	-	(354)
Finance cost	71	40
Decrease/(Increase) in trade and other receivables	143	(5,582)
Increase/(Decrease) in trade and other payables	986	383
Net cash used in operating activities	(4,072)	(12,448)
Cash Flows from Investing Activities		
Finance income	-	354
Net cash used in investing activities	-	354
Cash Flows from Financing Activities		
Proceeds from issue of shares	-	3,810
Loan made to related party	-	(527)
Repayment of loan from related party	-	5,775
Loans from equity holders	9,249	3,846
Repayment of loans from equity holders	(6,804)	-
Finance cost	(71)	(40)
Net cash generated from financing activities	2,374	12,864
Net (Decrease)/Increase in cash and cash equivalents	(1,698)	770
Cash and cash equivalents at the beginning of the year	2,079	1,309
Cash and cash equivalents at the end of the year	381	2,079

Non-cash transactions:

As explained in note 15 Investments, the investment assets have been impaired by RMB1,603,000.

As explained in note 19 Share Capital, RMB19,989,000 share premium has been capitalized and applied in paying up in full a total of 325,000,000 partly paid shares of par value GBP 0.01 each. CEO Mr Chen Chih-Lung has settled the shortfall of RMB6,240,000 by waiving the equivalent amount due to him from the Company.

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