

## Regulatory Story

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- Annual Financial Report  
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Gowin New Energy Group Limited  
31 May 2019

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2019

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

#### **Audited Annual Results for the year ended 31 December 2018**

Gowin New Energy Group Limited is delighted to report its audited annual results for the twelve months ended 31 December 2018.

#### **Chairman's statement**

##### **Business Overview**

It is often said that business is a journey, not a destination. Our loyal shareholders understand this. It's been five years since the IPO of Gowin New Energy Group Limited ("the Group") and within a year of that event, accounts receivable and cash flow challenges emerged within the Group's China subsidiary. Ultimately towards the end of 2015, the Group terminated its contractual arrangements with the China subsidiary. New investors and shareholders joined the Group armed with LED industry experience, new ideas, capital and ambition to create shareholder value. Since that time the Group's CEO and some shareholders have committed human and financial capital in order to ensure the Group's going concern during its restructure.

Traditionally, the Group has focused on the LED sector, particularly the production and sales of back light modules. But in 2018 the sector has somewhat unexpectedly declined significantly and all LED companies, including the interests of the Group, have struggled to adapt and transform. Our expectation is that the LED industry and the Group's opportunities within will continue to struggle from 2019 to 2021. The Group is facing global issues it cannot control. The Group holds 1,040,000 shares of TAIWAN THICK-FILM INDUSTRIES CORP ("TTFI"), a public company in Taiwan, devoted to the LED business. Previously, the share price of TTFI dropped resulting in commensurate impairment charges in 2018. From January to April 2019, the share price has recovered somewhat, and the Group looks forward to receiving a dividend in 2019.

##### **Financial Position and Business Outlook**

On 18 September 2017, a general meeting of shareholders passed resolutions related to the proposed launch of a new Tea trading business. In 2018, some minimal tea commodity trading transactions were processed. Tea transactions are conducted by the Group's subsidiary Rosin Trading Ltd involving Pu'er tea transactions. In August 2018, the Group bought 2 different kinds of tea from CEO Mr. Chen Chih-Lung: 5 pieces of "Ta Tong Great Harmony" and 1841 pieces of "Yunnan 1889" for a total value of RMB 663,660. However, apart from this purchase, much of the year was spent shoring up the Tea business supply chain from vintage and high grade Pu'er tea growers in China provinces such as Yunnan through to warehouses, tea exchanges and auction houses. This has involved a lot of work and investment as well as creativity and innovation. Now the Group is ready to admit and allot preference shares to the first round of investors. Promising tea product sales and cash flows are anticipated in the near to midterm.

With the cooperation of Mo Xing Zhai and other Pu'er tea suppliers with their extensive experience and expertise in the Chinese tea industry and relevant connections with various tea related corporations, the Board looks forward to its Tea business developing in the next financial year. In the meantime, CEO Mr. Chen Chih-Lung will continue to support the financial needs of the Group by way of loans and guarantees, as required. Mr. Chen Chih-Lung has signed a pledge letter promising to support the Group's working capital needs as necessary, such that the Group does not anticipate any working capital or going concern issues in the foreseeable future.

#### **Events after Reporting Date**

On 25 February and 25 April 2019, the Group announced that it had entered into a Loan Agreement (the "Loan Agreement") with Mr Chen Chih-Lung, the Chief Executive Officer, pursuant to which Mr Chen has made available a loan of GBP40,000 twice to the Company. Under the terms of the Loan Agreement, the interest rate is 2% per annum and repayable by the Company in twelve months, extendable by mutual consent. The purpose of the loan is to provide short term liquidity to allow the Company to satisfy its payment obligations. Mr Chen will continue to support the Company's working capital requirements as and when required.

On 27 March 2019, Mr Hsu I-Hsan stepped down from his role as Director of Gowin New Energy Group Limited.

On 17 May 2019, the Group announced extensions of repayment dates of unsecured Loan Agreements with four shareholders who have supported the Group's development by providing funding for its general working capital purposes. The terms of those Loan Agreements remain unchanged with the exception of the extension of the repayment dates.

**Garry Willinge**  
**Non-Executive Chairman**  
**31 May 2019**

**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 2018**

		2018	2017
	Note	RMB'000	RMB'000
<b>Continuing Operations</b>			
Revenue	6	427	26
Cost of sales		(368)	(21)
<b>Gross profit</b>		<b>59</b>	<b>5</b>
Administrative expenses	10	(4,018)	(5,580)
Gain on disposal of subsidiary		-	322
<b>Operating loss</b>		<b>(3,959)</b>	<b>(5,253)</b>
Finance costs	9	(129)	(83)
Other income		95	1,667

Impairment loss on investments	15	(2,325)	(1,603)
Foreign exchange gain		(322)	-
<b>Loss before tax from continuing operations</b>		<b>(6,640)</b>	<b>(5,272)</b>
Tax	12	-	-
<b>Loss for the year from continuing operations</b>		<b>(6,640)</b>	<b>(5,272)</b>
<b>Loss for the year attributed to equity holders of the parent entity</b>		<b>(6,640)</b>	<b>(5,272)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the year attributable to owners of the parent entity</b>		<b>(6,640)</b>	<b>(5,272)</b>
<b>Earnings per share expressed in RMB per share</b>			
Basic and diluted earnings per share for the year attributable to equity holders of the parent entity	13	<b>(0.03)</b>	<b>(0.02)</b>

**GOWIN NEW ENERGY GROUP LIMITED  
NON-STATUTORY CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	31 December 2018 RMB'000	31 December 2017 RMB'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments at fair value through profit or loss	15	2,305	4,540
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,305</b>	<b>4,540</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	16	81	581
Cash and cash equivalents	17	330	381
<b>TOTAL CURRENT ASSETS</b>		<b>411</b>	<b>962</b>
<b>TOTAL ASSETS</b>		<b>2,716</b>	<b>5,502</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	(14,263)	(14,409)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(14,263)</b>	<b>(14,409)</b>
<b>TOTAL LIABILITIES</b>		<b>(14,263)</b>	<b>(14,409)</b>
<b>NET LIABILITIES</b>		<b>(11,547)</b>	<b>(8,907)</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY</b>			
Share capital	19	29,000	25,000
Retained earnings		(40,547)	(33,907)
<b>TOTAL EQUITY</b>		<b>(11,547)</b>	<b>(8,907)</b>

The Consolidated Financial Statements were approved by the board of Directors and authorised for issue on 31 May 2019 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 2018**

	<b>Attributable to owners of the parent entity</b>			
	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Balance as at 1 January 2017</b>	<b>77,071</b>	<b>19,989</b>	<b>(80,706)</b>	<b>16,354</b>
Loss for the year	-	-	(5,272)	(5,272)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(5,272)</b>	<b>(5,272)</b>
<b>Total transactions with owners, recognised directly in equity</b>				
Capital reduction	(52,071)	(19,989)	52,071	(19,989)
<b>Balance as at 31 December 2017</b>	<b>25,000</b>	<b>-</b>	<b>(33,907)</b>	<b>(8,907)</b>
Loss for the year	-	-	(6,640)	(6,640)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(6,640)</b>	<b>(6,640)</b>
<b>Total transactions with owners, recognised directly in equity</b>				
Issue of shares (Note 19)	4,000	-	-	4,000
<b>Balance as at 31 December 2018</b>	<b>29,000</b>	<b>-</b>	<b>(40,547)</b>	<b>(11,547)</b>

**GOWIN NEW ENERGY GROUP LIMITED**  
**NON-STATUTORY CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 RMB'000	2017 RMB'000
<b>Cash Flows from Operating Activities</b>		
<b>Loss before tax</b>	<b>(6,640)</b>	<b>(5,272)</b>
Impairment loss on financial assets	2,325	1,603
Dividends in specie	(90)	-
Finance costs	123	71
Foreign currency loss	46	-
Decrease/(increase) in trade and other receivables	27	143
Increase/(decrease) in trade and other payables	2,319	(688)
<b>Net cash used in operating activities</b>	<b>(1,890)</b>	<b>(4,143)</b>
<b>Cash Flows from Investing Activities</b>		
Finance income	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>		
Loans from equity holders	5,054	9,249
Loan to related party	(2)	-
Repayment of loans from equity holders	(3,213)	(6,804)
<b>Net cash generated from financing activities</b>	<b>1,839</b>	<b>2,445</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(51)</b>	<b>(1,698)</b>
Cash and cash equivalents at beginning of the year	381	2,079
<b>Cash and cash equivalents at end of the year (note 17)</b>	<b>330</b>	<b>381</b>

**Non-cash transactions:**

Investment assets have been impaired by RMB 2,325,000 (see note 15).

On 3 April 2018, the RMB 3,855,000 convertible loan due to Mr Chen Chih-Lung was converted into 40,000,000 ordinary shares (see note 19).

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