

GOWIN NEW ENERGY GROUP LIMITED

GOWIN NEW ENERGY GROUP LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

GOWIN NEW ENERGY GROUP LIMITED
CORPORATE INFORMATION

Directors	Garry Willinge, <i>Non-Executive Chairman</i> Chen Chih-Lung, <i>Chief Executive Officer</i> Hsu I-Hsan, <i>Director</i> (Resigned on 27 March 2019)
Audit Committee	Garry Willinge, <i>Chairman</i>
Nomination and Remuneration Committee	Garry Willinge, <i>Chairman</i>
Company Secretary	Wang, Ching-Chun
Registered Office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal Bankers	CTBC Bank Co., Ltd 28/F. Two International Finance Centre 8 Finance Street Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
Lead Corporate Adviser and Broker	Alexander David Securities Limited 30 Percy Street London United Kingdom W1T 2DB
Independent Auditors	PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London United Kingdom E14 4HD

GOWIN NEW ENERGY GROUP LIMITED
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GOWIN NEW ENERGY GROUP LIMITED
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

Gowin New Energy Group Limited ("the Group") is pleased to release its 2019 Annual Report for the period 1 January 2019 to 31 December 2019. There have been no material financial outcomes changes to the LED and Tea businesses compared to that reported in the 2019 Interim Report.

As previously disclosed, management is working diligently on launching the new Tea business. The Group reported good news in that new preference shares were admitted to trading on the AQSE Growth Market on 7 February 2020. The Group has received GBP250,000 from an investor Mr Wen Sheng-Tung to issue 12,500,000 2% Preference Shares of GBP0.02 each. The Group is now preparing the next stage of the Tea business.

Shareholders may be feeling a level of impatience about the progress of the Tea business. Preparing to formally launch the Tea business pilot has been somewhat new and arduous. The board and management are determined to ensure all business processes and workflows are sustainable going forward and to achieve this in an orderly manner. This is an emerging new business model involving preference shares, tea sourcing, relationships with China suppliers and tea exchanges, financial processes related to earnings, interest payments and dividends in the trading company Goyoung International Company Limited and more. Accordingly, the Group had always intended to undertake a small pilot through the initial allotment of preference shares to Mr Wen. The Group is confident that upon the successful conclusion of the pilot, there can be rapid and sustainable growth of the Tea business beginning in the latter part of 2020, given positive global economic conditions. Additionally, the Tea business model lends itself to adaptation to other commodities, currently under consideration.

Though the US-China trade tensions and Covid-19 have not directly impacted upon the Group's business to date, future economic conditions after global lockdowns are uncertain. A recent "The Economist" magazine article is calling the economy ahead 'a 90% economy'. There are many uncertainties and risks to be endured concerning geopolitical conflicts, restoring full capacity factory production, consumer spending, oil prices, level of public debt and general financial hardships across the world, while the pursuit of a vaccine continues. We are in uncharted territory and the Group's board will be vigilant in its deliberations, risk management and decision making and adjust business plans as necessary.

On 24 April 2020, the Group announced that at the Company's Annual General Meeting ("AGM") held on that day, all of the resolutions proposed, as set out in the Notice of AGM, were duly passed.

CEO Mr Chen Chih-Lung has committed to continue to fund short term liquidity to support the Group's working capital requirements as and when required.

Events Post Reporting Date

There have been no other events post reporting date up to the date of release of the 2020 Annual Report.



Garry Willinge
Non-Executive Chairman

Date: 4 JUNE 2020

GOWIN NEW ENERGY GROUP LIMITED
BIOGRAPHIES OF DIRECTORS

Dr. Garry Willinge, Non-Executive Chairman

Garry is a Fellow of the Australian Institute of Company Directors and a Fellow of the Hong Kong Institute of Directors. He is also an Adjunct Professor with the Curtin Business School at Curtin University, and was awarded an Honorary Degree of Doctor of Technology in November 2013. Garry has been an experienced company director in public listed, unlisted and not for profit companies in Australia, London and Hong Kong for over 10 years. He is a director of Joint Venture companies in China, and is currently an Independent Non-Executive Director of China Properties Group Limited listed on the Hong Kong Stock Exchange Main Board, as well as Manulife International Limited in Hong Kong. Prior to starting his management services firm Cbridge Limited in Hong Kong in 2005, he served 30 years, mostly in senior executive roles, with IBM Corporation. His last role at IBM was head of Global Services for IBM China/Hong Kong Limited. His academic qualifications are a BSc. from the University of Melbourne, a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia and a Graduate Diploma of Corporate Governance from the University of New England/Australian Institute of Company Directors. He also graduated from the INSEAD Asian International Executive Program in 2004 and has attended a number of Harvard short management courses.

Chen Chih-Lung, Chief Executive Officer

In 2013, Chih-Lung joined Choice Only International Ent Co Limited as Project Director responsible for project management, which included working closely with their CEO. Prior to this, he operated the family business for 13 years. Some of Chen's experiences include contract and tendering, financial management, and mergers & acquisitions. He graduated with a degree in Chemical Engineering from Lee-Ming Institute of Technology in Taiwan.

Hsu I-Hsan, Director

I-Hsan has over 20 years' experience in the production of Pu-erh tea as well as tasting, grading and blending. Mr I-Hsan is currently the director of the Chinese Pu-erh tea Exchange Association. He is also the founder of Mo-Xing-Zhai Culture Organisation and co-founder of Grange Culture Creative Limited. He graduated with a Master's in Business Management from the National Taiwan University of Technology in Taiwan.

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

GOWIN NEW ENERGY GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report, together with the audited consolidated financial statements of Gowin New Energy Group Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Group have historically been research and development and sales of LED lighting products. The Group will continue its corporate restructuring including investing in businesses in other fields. During the year, the Group was engaged in the tea trading business.

RESULTS AND DIVIDENDS

The results are set out in the Consolidated Statement of Comprehensive Income on page 13. The Directors do not recommend the payment of a dividend for the year (2018: RMB Nil).

SHARE CAPITAL AND RESERVES

Details of the movements in the share capital are set out in note 18 to the financial statements. The movements in the reserves of the Group during the year ended 31 December 2019 are set out in the Consolidated Statement of Changes In Equity on page 15.

GOING CONCERN ASSUMPTION

The Group meets its day-to-day working capital requirements through its cash deposits and loans from CEO Mr Chen Chih-Lung and other equity holders. Mr Chen has signed a pledge letter promising to support the Group's working capital requirements as necessary, such that the Group does not anticipate any working capital or going concern issues in the foreseeable future.

On 18 September 2017, shareholders in the Extraordinary General Meeting has approved and authorised the motion to allot preference shares in tranches up to the £5 million. On 7 February 2020, the Group has issued 12,500,000 2% Preference Shares of GBP0.02 each with the total value GBP250,000. This fund is used for operating tea business. In accordance with the current progress, the Group will conduct tea trading in the second half of 2020.

The outbreak of COVID-19 in late 2019 caused little impact to the Group's business. Taiwan government has conducted excellent measures to prevent the people from being infected by the virus. By following government instructions, the pandemic is under control so that the business activities in Taiwan are not suspended. As for the coming future, the Group can still normally operate, but there may be a slight decrease in the amount of business.

The Directors have prepared cash flow forecasts for the Group which reflect the Group's forecasts and projections, taking account of reasonably possible changes in the Group's activities, and show that the Group should be able to operate with its current cash deposits for the next 12 months.

Management has also taken certain measures, including negotiation with certain directors to obtain their undertakings, not to demand for repayment of amounts owed to them until the Group has sufficient for repayment and securing new funding from existing shareholders and /or new investors.

As a result of the above consideration, the Directors unanimously agree that with the existing shareholders' and new investors' financial supports, the Group has adequate resources to continue in operational existence for the foreseeable future.

GOWIN NEW ENERGY GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' INTERESTS

A breakdown of Directors' interests in the Company is as follows:

	2019		2018	
	No. shares	% of issued share capital	No. shares	% of issued share capital
Garry Willinge	973,128	0.34%	973,128	0.34%
Chen Chih-Lung	42,706,320	14.73%	42,706,320	14.73%
Hsu I-Hsan *	25,344,688	8.74%	25,344,688	8.74%

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

The Directors did not hold any options during or at the end of the financial year (2018: Nil).

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this Directors' Report confirms that:

- (i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (ii) the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

PKF Littlejohn LLP has expressed a willingness to continue in office as auditors.

On behalf of the Board



Garry Willinge
Non-Executive Chairman

Date: 4 JUNE 2020

GOWIN NEW ENERGY GROUP LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations, including the AQSE Exchange Rules for Companies.

The Directors are required to prepare financial statements for each financial year. The Directors have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS). The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company, or the Group, will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The Company is compliant with the AQSE Exchange Rule 75 regarding the Company's website.

GOWIN NEW ENERGY GROUP LIMITED
INDEPENDENT AUDTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the Group financial statements of Gowin New Energy Group Limited and its subsidiaries (the Group) for the year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

In our opinion, the Group's financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the Group financial statements which identifies conditions that may cast significant doubt on the Group's ability to continue as a going concern. The Group incurred a net loss of RMB 4,670,000 and incurred operating cash outflow of RMB 2,277,000; its financial projection carries uncertainty as to its revenue, profit and cashflows in the 12 months from the date of the approval of these financial statements.

The Group financial statements have been prepared on the going concern basis. The ability of the Group to meet its expenditure requirement is dependent on its projections and its ability to raise funds from existing shareholders and on the open market.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group to continue as a going concern.

Our opinion is not modified in this respect.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Overall Group materiality was RMB 270,000 based on the loss made during the financial year and the gross assets as at the year end. For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality.

GOWIN NEW ENERGY GROUP LIMITED
INDEPENDENT AUDTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

An overview of the scope of our audit

As part of designing our audit we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the directors to make subjective judgements, for example in respect of significant accounting estimates including impairment of intangible assets and considered other future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of the Group's two operating components located in Cayman Islands and Western Samoa with the Group's key accounting function for both being based in Taiwan.

Together with the Group consolidation, which was also subject to a full scope audit, these represent the significant components of the Group. This gave us sufficient appropriate evidence for our opinion on the consolidated financial statements.

Key audit matters

Except for the matter described in the material uncertainty related to going concern section, we have determined that there are no other key audit matters to be communicated in this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Group financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

GOWIN NEW ENERGY GROUP LIMITED
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Auditor's responsibilities for the audit of the Financial Statements

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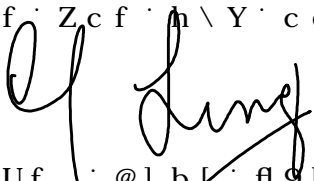
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GOWIN NEW ENERGY GROUP LIMITED
NON-STATUTORY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	RMB'000	RMB'000
Continuing Operations			
Revenue	6	8	427
Cost of sales		-	(368)
Gross profit		8	59
Administrative expenses	9	(4,096)	(4,018)
Selling expenses		(3)	-
Operating loss		(4,091)	(3,959)
Finance costs	8	(186)	(129)
Other income		105	95
Impairment loss on investments	14	(206)	(2,325)
Foreign exchange gain		(292)	(322)
Loss before tax from continuing operations		(4,670)	(6,640)
Tax	11	-	-
Loss for the year from continuing operations		(4,670)	(6,640)
Loss for the year attributed to equity holders of the parent entity		(4,670)	(6,640)
Other Comprehensive Income		-	-
Total Comprehensive Income for the year attributable to owners of the parent entity		(4,670)	(6,640)
Earnings/ (Loss) per share expressed in RMB per share			
Basic and diluted earnings / (Loss) per share for the year attributable to equity holders of the parent entity	12	(0.02)	(0.03)

The notes on pages 17 to 34 are an integral part of these Consolidated Financial Statements.

GOWIN NEW ENERGY GROUP LIMITED
NON-STATUTORY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 RMB'000	31 December 2018 RMB'000
ASSETS			
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	14	2,232	2,305
TOTAL NON-CURRENT ASSETS		2,232	2,305
CURRENT ASSETS			
Trade and other receivables	15	158	81
Cash and cash equivalents	16	2,747	330
TOTAL CURRENT ASSETS		2,905	411
TOTAL ASSETS		5,137	2,716
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	(21,354)	(14,263)
TOTAL CURRENT LIABILITIES		(21,354)	(14,263)
TOTAL LIABILITIES		(21,354)	(14,263)
NET LIABILITIES		(16,217)	(11,547)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY			
Share capital	18	29,000	29,000
Retained earnings		(45,217)	(40,547)
TOTAL EQUITY		(16,217)	(11,547)

The Consolidated Financial Statements were approved by the board of Directors and authorised for issue on 4 June 2020 and were signed on its behalf by:



Garry Willinge
Director



Chen Chih-Lung
Director

The notes on pages 17 to 34 are an integral part of these Consolidated Financial Statements.

GOWIN NEW ENERGY GROUP LIMITED
NON-STATUTORY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the parent entity			
	Share capital	Share premium	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2018	25,000	-	(33,907)	(8,907)
Loss for the year	-	-	(6,640)	(6,640)
Total comprehensive income for the year	-	-	(6,640)	(6,640)
Total transactions with owners, recognised directly in equity				
Issue of shares (Note 18)	4,000	-	-	4,000
Balance as at 31 December 2018	29,000	-	(40,547)	(11,547)
Loss for the year	-	-	(4,670)	(4,670)
Total comprehensive income for the year	-	-	(4,670)	(4,670)
Total transactions with owners, recognised directly in equity				
Issue of shares (Note 18)				
Balance as at 31 December 2019	29,000	-	(45,217)	(16,217)

The notes on pages 17 to 34 are an integral part of these Consolidated Financial Statements.

GOWIN NEW ENERGY GROUP LIMITED
NON-STATUTORY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	RMB'000	RMB'000
Cash Flows from Operating Activities		
Loss before tax	(4,670)	(6,640)
Impairment loss on financial assets	206	2,325
Dividends in specie	(95)	(90)
Finance costs	180	123
Foreign currency loss	413	46
Decrease in trade and other receivables	-	27
Increase in trade and other payables	1,689	2,319
Net cash used in operating activities	(2,277)	(1,890)
Cash Flows from Investing Activities		
Finance income	(11)	-
Net cash used in investing activities	(11)	-
Cash Flows from Financing Activities		
Loans from equity holders	4,228	5,054
Loan to related party	477	(2)
Repayment of loans from equity holders	-	(3,213)
Net cash generated from financing activities	4,705	1,839
Net (decrease) in cash and cash equivalents	2,417	(51)
Cash and cash equivalents at beginning of the year	330	381
Cash and cash equivalents at end of the year (note 16)	2,747	330

Non-cash transactions:

Investment assets have been impaired by RMB 206,000 (see note 14).

£250,000 preference shares funds collected in advance

The notes on pages 17 to 34 are an integral part of these Consolidated Financial Statements.

GOWIN NEW ENERGY GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Gowin New Energy Group Limited (“the Company”) is incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is located at 4F-3., No.1247, Zhongzheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.).

The principal activities of Gowin New Energy Group Limited (“the Group”) has historically been research and development and sales of LED lighting products. In the current year the Group is focused on the tea business. The Group will continue its corporate restructuring including investing in businesses in related fields.

During this period of corporate restructuring the CEO, Mr. Chen and shareholders have supported the finances of the Group by way of loans and guarantees.

The Company's shares are listed on the Aquis Stock Exchange (AQSE) Growth Market.

All values are rounded to the nearest thousand except when indicated otherwise.

2. BASIS OF PREPARATION

The non-statutory Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations.

The preparation of the Consolidated non-statutory Financial Statements in conformity with IFRS 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 non-statutory Financial Statements, are disclosed in Note 5.

GOING CONCERN ASSUMPTION

The Group Financial Statements have been prepared on a going concern basis as explained in the Report of the Directors on page 7.

The Group reported a net loss after tax of RMB 4,670,000 for the financial year ended 31 December 2019 (2018: loss of RMB 6,640,000). Management's assessment of the ability of the Group to continue as a going concern has considered cashflow forecasts, including assumptions regarding the Group's activities, raising funds from existing shareholders and the open market, and the Group's ability to settle liabilities as and when they fall due.

Mr Chen has recommitted his personal financial support to provide loans for business operations as and when required for a period of no less than 12 months from the date of signing the Financial Statements.

GOWIN NEW ENERGY GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. BASIS OF PREPARATION (continued)

GOING CONCERN (continued)

Based on the above, the Directors consider there are reasonable grounds to believe that the Group will be able to fund the Group's future operating expenses. Should the Group not be able to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to re-classify non-currents assets as current. The Financial Statements do not include any adjustments that may be required should the Group be unable to continue as a going concern.

NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE GROUP

Effective during the year

During the year, the Group has adopted the following standards and amendments:

- IFRS 3 – Amendments of the definition of a business effect on 1 January 2020.
- IFRS 9, IAS 39, and IFRS 7 – Amendments of interest rate reform effect on 1 January 2020.
- IAS 1 and IAS 8 – Amendments of the definition of material effect on 1 January 2020.

The adoption of the above standards and amendments did not have any impact on the financial position or performance of the Group.

Not yet effective

At the date of authorisation of these Consolidated non-statutory Financial Statements, the following Standards, amendments and interpretations were not yet effective:

- IFRS 10 and IAS 28 – Amendments of dealing with the sale or contribution of assets between an investor and its joint venture or associate. The amendments haven't been decided by IASB yet.
- IFRS 17 – Amendments of insurance contracts effect on 1 January 2011.
- IAS 1 – Amendments of clarifying the classification of liabilities as current or non-current effect on 1 January 2022.

The Group is evaluating the impact of the new and amended standards above. The Directors do not expect that these new and amended standards will have a material impact on the Group's results or shareholders' funds. Particular attention will be paid to the impact of IFRS 16 on the Group's Financial Statements.

GOWIN NEW ENERGY GROUP LIMITED AND ITS SUBSIDIARIES
NOTES TO THE NON-STATUTORY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The Consolidated non-statutory Financial Statements comprise the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Statement of Comprehensive Income. Any investment retained is recognised at fair value at the date when control is lost.

The following 100% owned subsidiaries have been included within the Consolidated Financial Statements and represent all entities controlled by the Company as at 31 December 2019:

<u>Name of Company</u>	<u>Country of Business/ Incorporation</u>	<u>Date of Incorporation</u>	<u>Equity holding</u>		<u>Principal activities</u>
			2019	2018	
Gowin New Energy International Limited	British Virgin Islands	27 February 2013	100%	100%	Investment holding
Rosin Trading Limited	Western Samoa	11 November 2014	100%	100%	Sales of tea

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Segment reporting

IFRS 8 requires that an entity discloses financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments reviewed by the chief operating decision maker. Operating segments are identified on the basis of internal reports that are regularly reviewed by the Chief Executive Officer and the Chief Financial Officer to allocate resources and to assess performance. Using the Group's internal management reporting as a starting point, the single reporting segment set out in note 7 has been identified.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's executive directors that make strategic decisions.

(c) Foreign currency translation

Functional and presentation currency

The functional and presentational currency of the Group is Renminbi (RMB).

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 remeasured. 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 income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement within "Finance Income" or "Finance Costs". All other foreign exchange gains and losses are presented in the income statement within "Gains/ (Losses) on foreign exchange".

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentational currency are translated into the presentational 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 Statement of Comprehensive Income presented 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 rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.
- On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments

Financial assets

IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items.

IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

When an entity first recognises a financial asset, it classifies it based on the entity's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

- Amortised cost—a financial asset is measured at amortised cost if both of the following conditions are met:
 - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income—financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss—any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, an entity changes its business model for managing financial assets it must reclassify all affected financial assets.

Fair value option

An entity may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortised cost or fair value through other comprehensive income to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') or otherwise results in more relevant information.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial Instruments (continued)

Impairment

Impairment of financial assets is recognised in stages:

- Stage 1—as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).
- Stage 2—if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1.
- Stage 3—if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

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

The company only invests in stocks, which causes the stock price to fall, resulting in asset impairment loss and no financial risk.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks.

(f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects from the proceeds.

(g) Trade and other payables

Trade payables are obligations to pay for goods 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.

(h) Borrowings

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

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Revenue recognition

Revenue is recognised to depict the transfer of services or goods to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

(j) Finance income and costs

Finance income includes interest in regard to invested amounts, gains from changes in the exchange rates and interest income that is recognised upon accrual using the effective interest method.

Finance costs include interest on loans received and bank charges.

Gains and losses from exchange rate differences are reported net.

(k) Income tax

Tax comprises both current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at the end of each of the relevant periods and adjusted to reflect the current best estimate. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Fair value of investments

The Group assesses at the end of each reporting period whether there is objective evidence that an asset, or a Group of assets, is impaired. A significant or prolonged decline in the fair value of the assets below its cost is evidence that the assets are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss are not reversed through profit or loss.

4. FINANCIAL RISK MANAGEMENT

The Group conducts its operations in Taiwan and China. The identified risks include, but are not limited to, the political, economic and legal environment, influence of national authorities over pricing regulation, and competition in the industry.

The Group's major financial instruments are set out in the Consolidated Statement of Financial Position. The Group's activities expose it to a variety of financial risks including market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has mainly relied on investment from equity holders to fund its operations for the past year. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Risk management is carried out by Management under the supervision of the Board of Directors. Management identifies, evaluates and manages significant financial risks and the Board provides guidance for overall risk management.

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4. FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk

The Group's credit risk mainly arises from the cash and cash equivalents balances as set out in the consolidated Statement of Financial Position. The Group holds bank accounts with banks with the following credit ratings:

	2019	2018
Credit rating	RMB'000	RMB'000
A	2,728	313
AA-	8	3
	2,736	316

(ii) Interest rate risk

The Group has no significant interest-bearing assets except for certain bank deposits. Management considers the interest risk is minimal as the interest income from bank deposits is insignificant and the interest rate for the borrowings is fixed. The impact of a movement in the interest rate would have immaterial impact on the Group's financial position.

(iii) Liquidity risks

Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed equity holders' loans and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping sufficient cash and bank balances.

These subjects are unpaid salary, loans, employees' insurance (unpaid) from Mr. Chen, CFO and chairman. Chairman's salary and employees' insurance will be paid on time. CEO and CFO's salary remain unpaid till the finance of company is able for further payment.

	2019		2018	
	Carrying amounts RMB'000	Contractual undiscounted cash flow RMB'000	Carrying amounts RMB'000	Contractual undiscounted cash flow RMB'000
Trade payables	368	368	372	372
Accruals and other payables	580	580	296	296
Amount due to key management personnel	7,303	7,303	5,270	5,270
Loans from equity holders	13,103	13,103	8,325	8,325
	21,354	21,354	14,263	14,263

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4. FINANCIAL RISK MANAGEMENT (continued)

(iv) Foreign exchange risks

The Group operates primarily in Taiwan and China, with the majority of the transactions being settled in GBP, RMB, USD, HKD or NTD. The transactional currency exposures arise from export transactions with the Group's related parties and minor trade and other payables foreign currencies. The Group's net assets are exposed to currency risk resulting in gains and losses on retranslation into RMB.

The Group has not used any forward contracts to hedge its exposure to foreign currency risk. However, Management monitors the foreign exchange exposures and will consider hedging the significant foreign currency exposures should the need arise. In order to monitor the foreign exchange exposure, the Board go through the operation budgets, and review the currency profile of cash balances and considers the impact on an ongoing basis.

The split of the bank accounts held by the Group by currency has been disclosed in note 16.

(v) Price risk – market fluctuation

The Company's management of price risk, which arises primarily from quoted equity instruments, is through the careful selection of financial assets. The market risk variable is deemed to be the market price itself. A 15% change in the market price of those assets measured at fair value would have the following direct impact on the consolidated statement of comprehensive income:

	2019		2018	
	Increase in variable RMB'000	Decrease in variable RMB'000	Increase in variable RMB'000	Decrease in variable RMB'000
15% movement in market price				
Impact on profit/(loss)	335	(335)	346	(346)
Impact on net assets attributable to shareholders	335	(335)	346	(346)

(vi) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders. The Group's capital structure primarily consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's significant accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Going concern assumption

The Group suffered a significant trading loss for year ended 31 December 2019. Note 2 discloses the estimates and judgements of Management in regard to the continued adoption of the going concern basis of preparation of these financial statements.

Fair value of financial instruments

The Group has adopted IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The Group classifies financial instruments measured at fair value according to the following hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical instruments that the Group can access at the measurement date. Level 1 investments include quoted equity instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs that are not based on observable market data. Level 3 investments include private equity funds, unquoted equity and debt securities.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the instrument. The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses the Group's financial instruments measured at fair value as of 31 December 2019 (2018: RMB 2,305,000) by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Total
	RMB'000	RMB'000
2019		
Quoted equity securities	<u>2,232</u>	<u>2,232</u>
Total financial instruments measured at fair value	<u>2,232</u>	<u>2,232</u>
2018		
Quoted equity securities	<u>2,305</u>	<u>2,305</u>
Total financial instruments measured at fair value	<u>2,305</u>	<u>2,305</u>

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6. REVENUE

Information about major customers

Customers contributing individually 10% or more to the revenue of the Group is as follows:

	2019 RMB'000	2018 RMB'000
Customer A – related party	<u>8</u>	<u>427</u>
	8	427

7. SEGMENT INFORMATION

The business of the Group is primarily focused on the procurement, sales and distribution of tea products. For the purpose of IFRS 8, the chief operating decision makers are the Directors. All of the Group's income is derived from Taiwan and China. Internal and external reporting is on a consolidated basis, with transactions between Group companies eliminated on consolidation. Therefore, the financial information of the single segment is the same as that set out in the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows.

8. FINANCE COSTS

	2019 RMB'000	2018 RMB'000
Interest expense	181	123
Bank charges	5	6
	<u>186</u>	<u>129</u>

9. EXPENSES BY NATURE

	2019 RMB'000	2018 RMB'000
Staff costs	1,071	1,146
Directors' remuneration	1,517	1,503
Auditors' remuneration	713	260
Other consultancy and professional fees	558	731
Other operating expenses	<u>237</u>	<u>378</u>
	4,096	4,018

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10. STAFF COSTS

The average number of employees, including Directors, employed by the Group was:

	2019	2018
Directors	3	3
Staff	<u>4</u>	<u>4</u>
	<u>7</u>	<u>7</u>

Staff costs, including Directors' costs comprise:

	2019	2018
	RMB'000	RMB'000
Wages, salaries and other staff costs	2,541	2,592
Social security costs	<u>47</u>	<u>57</u>
	<u>2,588</u>	<u>2,649</u>

11. TAXATION

The total tax charge for the year is RMB Nil (2018: RMB Nil).

The standard rate of corporation tax in the Cayman Islands applied to the Group is 0% (2018: 0%). The Group is not subject to corporation tax in British Virgin Islands or Samoa Islands. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during 2019. Deferred tax has not been recognised as there is insufficient evidence that the Group would have future profit to utilise the tax loss.

	2019	2018
	RMB'000	RMB'000
Group loss before tax	<u>(4,670)</u>	<u>(6,640)</u>
Corporation tax for the period	<u>-</u>	<u>-</u>

12. EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by reference to the earnings attributable to ordinary shareholders divided by the number of shares in issue as at 31 December 2019, as follows:

	2019	2018
	RMB	RMB
Loss for the year	(4,670,000)	(6,640,000)
Loss for the year from continuing operations	(4,670,000)	(6,640,000)
Weighted average number of shares	290,000,533	272,213,781
Basic and diluted earnings per share (RMB)	(0.02)	(0.02)

As there were no potential dilutive ordinary shares during the financial years presented in these consolidated financial statements, the diluted earnings per share is the same as the undiluted.

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13. DIVIDENDS

No dividends were proposed or paid during the year (2018: Nil).

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	RMB'000	RMB'000
Quoted equity securities	2,305	4,540
Impairment loss	(206)	(2,325)
Investment loss	38	
Dividends in specie	95	90
	2,232	2,305

The Group holds 1,081,600 shares in TAIWAN THICK-FILM INDUSTRIES CORP. ("TTFI"), a company listed on Taipei Stock Exchange.

15. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	RMB'000
Trade receivables – related party	9	9
Prepayments	96	19
Amount due from related party	53	53
	158	81

The amount due from related party, Fonyu Investment Consultancy Co. Ltd is unsecured. The related party is controlled by CEO, Mr Chen Chih-Lung.

Trade receivables

The ageing analysis of the Group's trade receivables after impairment based on delivery date is as follows:

	2019	2018
	RMB'000	RMB'000
Current trade receivables		
0 - 30 days	-	-
31 – 60 days	-	-
61 – 365 days	9	9
	9	9
	2019	2018
	RMB'000	RMB'000
Trade receivables	9	9
Less: Provision for impairment	-	-
	9	9

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16. CASH AND CASH EQUIVALENTS

	2019	2018
	RMB'000	RMB'000
Cash on hand	11	14
Cash at bank	2,736	316
	2,747	330

Cash and cash equivalents are denominated in the following currencies:

	2019	2018
	RMB'000	RMB'000
British Pound	2,551	127
Hong Kong Dollar	92	87
United States Dollar	10	-
New Taiwan Dollar	94	116
	2,747	330

17. TRADE AND OTHER PAYABLES

	31 December	31 December
	2019	2018
	RMB'000	RMB'000
Trade payables	368	372
Accruals and other payable	580	296
Amount due to key management personnel	7,303	5,270
Loans from equity holders	13,103	8,325
	21,354	14,263

Trade payables

The ageing analysis of the Group's trade payables based on invoice date is as follows:

	2019	2018
	RMB'000	RMB'000
Current trade payables		
0 - 30 days	-	-
31 - 60 days	-	-
61 - 365 days	368	372
	368	372

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17. TRADE AND OTHER PAYABLES (continued)

Loans from equity holders

The Group received and repaid the following amounts from equity holders:

	1 January 2019 RMB'000	Settlement RMB'000	Reclassification RMB'000	Repayment RMB'000	New Loans RMB'000	31 December 2019 RMB'000
Loans	8,325	-	-	-	4,778	13,103
	<u>8,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,778</u>	<u>13,103</u>

The loans from equity holders are unsecured with 2% p.a. interest charge and repayable on demand.

£250,000 issued preference shares, £0.02 per share, has been issued on 7th February, 2020. Investor funds for these shares were received by the Group on 2 October 2019.

18. SHARE CAPITAL

	No. of 1p ordinary shares	RMB'000
As at 1 January 2019	290,000,533	290,001
Issue of shares	<u>-</u>	<u>-</u>
As at 31 December 2019	<u>290,000,553</u>	<u>290,001</u>

19. RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Group is Mr Chen Chih-Lung.

Key management personnel compensation

	2019 RMB'000	2018 RMB'000
Chen Chih-Lung (Chief Executive Officer)	1,200	1,200
Garry Willinge (Non-executive Chairman)	319	303
Wang Huei-Chun (Chief Financial Officer)	753	759
	<u>-</u>	<u>-</u>
	<u>2,272</u>	<u>2,262</u>

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19. RELATED PARTY TRANSACTIONS (continued)

Refer to Note 17 for the remuneration due to the key management personnel.

	2019	2018
	RMB'000	RMB'000
Chen Chih-Lung	5,461	4,261
Garry Willinge	27	27
	<u>-</u>	<u>-</u>
	<u>5,488</u>	<u>4,288</u>

Amount due from related parties / Loans from related parties

Refer to Note 17 for the amount due from key management personnel loans from equity holders.

	2019	2018
	RMB'000	RMB'000
Amount due from Fonyu Investment Consultancy Co. Ltd	53	53
Loans from Mr. Chen Chih-Lung	<u>2,033</u>	<u>1,681</u>
	<u>2,086</u>	<u>1,734</u>

Transactions with a related party

	2019	2018
	RMB'000	RMB'000
Sale to	-	-
Purchases from	368	368
Interest paid to Mr Chen Chih-Lung	-	-

20. EVENTS OCCURRING AFTER THE REPORTING DATE

1. On 25 February 2020, the Group announced that it had entered into a Loan Agreement (the "Loan Agreement") with Mr Chen Chih-Lung, the Chief Executive Officer. The amount of the loan is GBP50,000, and is used as operation fund. The outbreak of COVID-19 in late 2019 caused little impact to the Group's business. As for the coming future, the Group can still normally operate.

2. On 7 February 2020, the Group has issued 12,500,000 Preference Shares of GBP0.02 each with the total value GBP250,000.

3. In January 2020, Gowin New Energy Group Limited established its subsidiary, Goyoung International Company Limited.

4. Before the year of 2020, Goyoung International Company Limited was established by Mr. Wen Sheng-Tung and Mr. Chen Chih-Lung for running tea business for Gowin New Energy Group Limited. According to the original purpose of the establishment, Goyoung International Company Limited should be formed by both Preference Shareholders and Gowin New Energy

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20. EVENTS OCCURRING AFTER THE REPORTING DATE (continued)

Group Limited. Preference Shareholders hold 85%, and Gowin New Energy Group Limited holds another 15%. Since Mr. Chen is not a part of Preference Shareholders, all the shares of Goyoung International Company Limited shares which were held by Mr. Chen are transferred to Mr. Wen, and then the shares are transferred again to Gowin New Energy Group Limited by Mr. Wen without any consideration. All formalities were completed in April 2020.