

RNS Miscellaneous

Half-year Report

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Gowin New Energy Group Limited
30 September 2020

Gowin New Energy Group Limited
("Gowin" or the "Group")
(AQSE: GWIN)

Interim Results for the Six Months Ended 30 June 2020

Gowin New Energy Group Limited, engaged in the research and development, outsourcing and sales of LED lighting products, and the tea trading business, today announces its unaudited financial results for the six months ended 30 June 2020.

2020 Interim Report Chairman's Statement

Gowin is pleased to release its 2020 Interim Report for the period 1 January 2020 to 30 June 2020. There have been no material financial outcomes changes to the LED and Tea businesses compared to that reported in the 2019 Annual Report.

Gowin is engaged in the sale and investment of LED related products based in Taiwan. In addition, Gowin is launching a new tea trading business, focused on the collection, distribution and sale (including auction market) of high-quality Chinese Pu-erh tea and Taiwan high-mountain tea, with benefits that include promoting Chinese tea culture and healthy drinking in daily life.

As previously disclosed, management is working hard on launching the new Tea business. Besides reporting good news that new preference shares were admitted to trading on the AQSE Growth Market on 7 February 2020, significant risk management work has been carried out by the Group ahead of launching the Tea business and further announcements will be made in the near future. The GBP250,000 proceeds received from an investor Mr Wen Sheng-Tung that resulted in the issue of 12,500,000 2% Preference Shares at GBP0.02 each, remain in a Group bank account and will not be released for use for Tea business working capital until its formal launch. The previously disclosed small pilot operation of the Tea business will then commence, after which the Group is confident in the growth potential of the Tea business, subject to global pandemic, geopolitical and economic conditions.

The Group has made every effort to introduce a safe working environment for its workforce and introduced preventive measures to reduce the spread of COVID-19 in the workplace. The Group will continue to impose appropriate measures to minimise the adverse impact on the business operation of the Group and will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position, operating results and cash flows of the Group. As before, the Group's board will be vigilant in its deliberations, risk management and decision making and adjust business plans as necessary.

On 30 June 2020, the Group was notified by the AQUIS Stock Exchange (AQSE) of the need to seek a replacement for the Group's AQSE Corporate Adviser Alexander David Securities. The Group immediately began discussions with potential new AQSE Corporate Advisers and commenced working with its preferred firm towards their appointment. It was not possible to complete this process by the AQSE deadline of 31 August 2020 and as a result the Group's shares were suspended from trading on 1 September 2020, in accordance with Rule 31 of the AQSE Growth Market Rules for Issuers.

The Directors believe that the appointment of the Group's new AQSE Corporate Adviser is now close to being concluded which will then enable the lifting of the share suspension. Clearly, the economic, business and COVID-19 related timing of this event was very unfortunate and the Group needed to participate in a rigorous due diligence process with the prospective new Corporate Adviser. I am proud of the Group's hard work and professionalism during this difficult time, which was a major distraction to say the least. A number of life principles guide me, but two in particular come to mind now. Tough times never last; tough people do. What goes around comes around - the Group has characteristics of integrity and right mindedness - it will be rewarded for this.

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. His most recent working capital loan was announced on 6 July 2020.

The Directors would like to take this opportunity to express sincere gratitude to all shareholders for their continued support and to thank all staff members of the Group for their dedication and contribution to the Group.

Events Post Reporting Date

On 6 July 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 GBP 70,000, and the purpose of the loan is to provide short term liquidity to meet its financial obligations.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

INDEPENDENT REVIEW REPORT TO GOWIN NEW ENERGY GROUP LIMITED

Introduction

We have been engaged by the Group to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the Condensed Consolidated Balance Sheet, Condensed Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AQSE Rules for Issuers.

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

This report, including the conclusion, is made solely to the Group for the purpose of the AQSE Rules for Issuers. We do not, in producing this report, accept or assume responsibility to anyone, other than the Company, for our work, for this report, or for the conclusion we have formed. This report may not be provided to third parties without our prior written consent.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the AQSE Rules for Issuers.

PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 September 2020

Condensed consolidated statement of comprehensive income For the six months ended 30 June 2020

		Six months ended 30 June 2020 RMB'000 (Unaudited)	Six months ended 30 June 2019 RMB'000 (Unaudited)
Continuing Operations	Note		
Revenue	7	8	4
Cost of sales		-	-
Gross profit		8	4
Administrative expenses	10	(1,842)	(2,035)
Investment gain(loss)		(76)	2
Selling expenses			(3)
Operating loss		(1,910)	(2,032)
Finance costs	9	(91)	(86)
Other Income/ (loss)			10
Foreign exchange gain/(loss)		178	59
Loss before tax		(1,823)	(2,049)

Tax	11	-	-
Loss from continuing operations		(1,823)	(2,049)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to owners of the parent		(1,823)	(2,049)
Loss per share attributable to owners of the parent during the period expressed in RMB per share			
Basic and diluted loss per share	12	(0.006)	(0.007)

**Condensed consolidated statement of financial position
As at 30 June 2020**

	Note	As at 30 June 2020 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Assets				
Non-Current Assets				
Long-term Investments	14	2,217	2,269	2,232
Current assets				
Trade and other receivables	15	87	150	158
Cash in bank	16	2,338	203	2,747
		<u>4,642</u>	<u>2,622</u>	<u>5,137</u>
Total assets		<u>4,642</u>	<u>2,622</u>	<u>5,137</u>
Non-Current Liabilities				
Loans from equity holders	17	(11,272)	(4,428)	-
Current liabilities				
Trade and other payables	17	(9,203)	(11,790)	(21,354)
Total liabilities		<u>(20,475)</u>	<u>(16,218)</u>	<u>(21,354)</u>
Net assets		<u>(15,833)</u>	<u>(13,596)</u>	<u>(16,217)</u>
Equity attributable to owners of the Company				
Share capital	18	29,000	29,000	29,000
Preference share	18	2,196	-	-
Retained loss		(47,029)	(42,596)	(45,217)
Total equity		<u>(15,833)</u>	<u>(13,596)</u>	<u>(16,217)</u>

**Condensed consolidated statement of changes in equity
For the six months ended 30 June 2020**

	Attributable to owners of the Company			
	Share capital RMB'000	Preference share RMB'000	Retained losses RMB'000	Total RMB'000
For the six months ended 30 June 2019 (Unaudited)				
Balance as at 1 January 2019 (Audited)	29,000	-	(40,547)	(11,547)
Loss for the period	-	-	(2,049)	(2,049)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(2,049)	(2,049)

Total transactions with owners, recognized directly in equity

Issue of shares

Balance as at 30 June 2019	29,000	-	(42,596)	(13,596)
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For the six months ended 30 June 2020 (Unaudited)

Balance as at 1 January 2020 (Audited)	29,000	-	(45,206)	(16,206)
Loss for the period	-	-	(1,823)	(1,823)
Issue of preference shares for the period	-	2,196	-	2,196
Total comprehensive income for the period	-	2,196	(1,823)	373

Total transactions with owners, recognized directly in equity

Issue of shares

Balance as at 30 June 2020	29,000	2,196	(47,029)	(15,833)
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Condensed consolidated statement of cash flows For the six months ended 30 June 2020

	Six months ended 30 June 2020 RMB'000 (Unaudited)	Six months ended 30 June 2019 RMB'000 (Unaudited)
Cash Flows used in Operating Activities		
Loss before tax	(1,823)	(2,049)
Finance income	-	-
Finance cost	87	83
Investment loss/(gain)	76	(2)
Foreign currency loss/(gain)	(88)	(55)
Decrease/(Increase) in trade and other receivables	35	(69)
(Decrease)/Increase in trade and other payables	854	1,237
Net cash used in operating activities	(859)	(855)
Cash Flows generated from Financing Activities		
Shareholders' loans	455	728
Issue of shares	-	-
Repayment of loans	-	-
Finance income	(5)	-
Net cash generated from financing activities	(450)	728
Net increase in cash and cash equivalents	(409)	(127)
Cash and cash equivalents at beginning of period	2,747	330
Cash and cash equivalents at end of period	2,338	203

Notes to the condensed consolidated interim financial information**1. General information**

Gowin New Energy Group Limited ("the Company") was 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 and the main business office is located at 4F., No. 5, Ln. 332, Siyuan Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.).

The principal activity of Gowin New Energy Group Limited and its subsidiaries ("the Group") has historically been the research and development, outsourcing and sales of LED lighting products, and the tea trading business. The Group is continuing with its corporate restructuring including investing in businesses in related fields.

During this period of corporate restructuring, the CEO, Mr. Chen Chih Lung, has supported the Group financially by way of loans and guarantees.

The Company's shares are listed on the AQUIS Stock Exchange (AQSE).

The condensed consolidated interim financial information is presented in Renminbi ("RMB"), which is the presentational and functional currency of the Group, and all values are rounded to the nearest thousand except where indicated otherwise.

2. Basis of Preparation

The non-statutory condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) Interpretations.

The condensed interim consolidated financial statements have been prepared under the historical cost convention.

The preparation of the condensed interim consolidated 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.

-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 4 — The Amendments of extension of the provisional exemption of applicable IFRS 9 is effective from the date of publication.

- IFRS 10 & IAS 28 — The Amendments of asset sales or investment between investors and their affiliates or joint ventures" are subject to the decision of the international accounting standards board.

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 non-statutory condensed interim consolidated financial statements, the following Standards, amendments and interpretations were not yet effective:

- Annual improvements for the 2018-2020 cycle will take effect in January 2022.
- IFRS 3 — The Amendments of the updated index to conceptual framework will take effect on 1 January 2022.
- IFRS 17 — The Amendments of Insurance contract will take effect on 1 January 2021.
- IFRS 17 — The Amendments will take effect on 1 January 2023.
- IAS 1 — The Amendments of classification of liabilities as current or non-current are effective on 1 January 2022.
- IAS 16 — The Amendments of real estate, plant and equipment: price before reaching the intended state of use will take effect on 1 January 2022.
- IAS 37 — The Amendments of loss contracts-cost of performance of contracts will take 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.

3. Going Concern

The non-statutory condensed interim consolidated financial statements have been prepared on a going concern basis.

The Group reported a net loss after tax of RMB 1,823,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: loss of RMB 2,049,000). 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.

3. Going Concern (continued)

Additionally, the Group expects to make a placement for new preferred shares to support the Tea Business.

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 non-statutory condensed interim consolidated financial statements do not include any adjustments that may be required should the Group be unable to continue as a going concern.

4. Risks and uncertainties

The additional activities planned for the Group will add new challenges, risks and uncertainties. The Board is actively reviewing the impact of its plans but does not immediately see any variations in the key financial risks other than the valuation of investments.

5. Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial information requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in Note 5 of the Group's 2019 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

6. Significant accounting policies

The condensed consolidated interim financial information has been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial information are consistent with those used in the Group's 2019 Annual Report and Financial Statement, except for the adoption of the amendments and interpretations issued by the International Accounting Standards Board that are mandatory for accounting periods beginning 1 January 2020.

The effect of the adoption of these amendments and interpretations was not material to the Group's results or financial position.

7. Segment information

The business of the Group consists the outsourcing production, sales of LED lighting products in China and abroad and sales of tea. 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. Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also 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 financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

9. Finance cost

	Six months ended 30 June 2020 RMB'000 (Unaudited)	Six months ended 30 June 2019 RMB'000 (Unaudited)
Interest cost	88	83
Bank charge	3	3
Total finance cost	91	86

10. Expense by nature

	Six months ended 30 June 2020 RMB'000 (Unaudited)	Six months ended 30 June 2019 RMB'000 (Unaudited)
Staff costs	525	532
Directors' remuneration	763	756
Auditors' remuneration	78	277
Other professional fees	409	300
Other operating expenses	67	170
Total administrative expenses	1,842	2,035

11. Income tax

	Six months ended 30 June 2020 RMB'000 (Unaudited)	Six months ended 30 June 2019 RMB'000 (Unaudited)
Current income tax for the period	-	-

The Group is not subject to taxation in the Cayman Islands, British Virgin Islands or Samoa Islands.

No provision for Hong Kong or Chinese taxation has been made as the Group has not generated any profit in Hong Kong, Taiwan or China.

12. Loss per share

Loss per share for the period ended 30 June 2020 is calculated by dividing RMB 1,823,000 loss for the period attributable to the equity holders of the Company by the average number of shares, of 290,000,659 (30 June 2019: 2,048,041).

	Six months ended 30 June 2020 RMB (Unaudited)	Six months ended 30 June 2019 RMB (Unaudited)
Basic and diluted loss per share (RMB)	<u>(0.006)</u>	<u>(0.007)</u>

No diluted loss per share are presented as there are no potential ordinary shares outstanding for the six months ended 30 June 2020 and 2019.

13. Dividend

No dividends were proposed during the reporting period and the Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020.

14. Long term investments

Quoted equity securities

	<u>RMB'000</u>
As at 1 January 2020	2,282
Investment gain(loss)	(76)
Foreign Exchange gain(loss)	11
As at 30 June 2020	<u>2,217</u>

The Company holds 1,081,600 shares in Taiwan Thick-Film Industries Corp., a company listed on Taipei Stock Exchange.

15. Trade and other receivables

	As at 30 June 2020 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
Guarantee deposits paid	17	12
Trade receivables	-	-
Prepayment	48	73
Loans to related party	13	53
Amounts due from related party	9	12
	<u>87</u>	<u>150</u>

The amounts due from related party and the loans to related party were unsecured, interest-free and repayable on demand. The related party is controlled by a director of the Group.

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
Current trade receivables		
0 - 30 days	-	-
31 - 60 days	-	-
61 - 365 days	-	-
	<u>-</u>	<u>-</u>

16. Cash and cash equivalents

	As at 30 June 2020 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
Cash on hand	9	11
Cash at bank and in hand	2,329	191
	<u>2,338</u>	<u>203</u>

17. Trade and other payables

	As at 30 June 2020 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
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	368	369
Trade payables		
Accruals and other payables	642	584
Loans from equity holders	11,272	9,021
Management personnel	8,191	6,242
Receipt in advance	2	2
	<u>20,475</u>	<u>16,218</u>

The amounts due to equity holders were unsecured, interest-free and repayable on demand.

The loans from equity holders bear interest rate of 2% and are repayable in 2021.

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 30 June 2019 RMB'000 (Audited)
Current trade payables		
31 to 60 days	-	-
61 to 365 days	368	369
	<u>368</u>	<u>369</u>

18. Share capital

	No. of 1p ordinary shares	RMB'000
As at 1 January 2020	290,000,533	29,000
Issue of shares	-	-
As at 30 June 2020	<u>290,000,533</u>	<u>29,000</u>

	No. of 1p preference shares	RMB'000
As at 1 January 2020	-	-
Issue of shares	2,195,400	2,196
As at 30 June 2020	<u>2,195,400</u>	<u>2,196</u>

19. Related party transactions

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

20. Approval of interim financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 29 September 2020.

21. Events after reporting date

The Group has obtained loans from the CEO Mr. Chen Chih Lung of £70,000 on 6 July 2020. These loans demonstrate his continuous commitment to support the working capital needs of the Group as when required.

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