



Gowin New Energy Group Limited - Half-year Report
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Gowin New Energy Group Limited
28 September 2018

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**Gowin New Energy Group Limited ("GNE" or the "Group")
(NEX: GOWIN)**

Interim Results for the Six Months Ended 30 June 2018

London: Thursday, 27th September 2018: 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 2018.

Chairman's Statement

Business Overview

The principal activity of Gowin New Energy Group Limited ("the Group" or "Gowin") has historically been research and development, and sales of LED lighting products. As described in the Group's 2017 Annual Report, more recently the Group has begun to develop a Tea business as a promising new business source of Group earnings. Various preparation steps have been undertaken. On 9 May 2018, the Group announced various share dealings related to the proposed Tea business. On 1 June 2018, the Group announced it had acquired short term capital to prepare for the Tea business through shareholder loans from three shareholders of the Group.

Tea business transactions (Pu'er tea at this time) will be conducted by the Group's wholly owned subsidiary Rosin Trading Limited ("Rosin"). Revenues derived by Rosin will accordingly be consolidated into the Group's financial accounts.

As previously disclosed, the Group's focus on LED and Back Light Module products is achieved through its investment in Taiwan Thick-Film Industries Corp. ("TTFI"), listed on the Taipei Stock Exchange. TTFI has announced it intends to pay a dividend in scrip; valued at 40 shares per 1000 shares owned by investors. Gowin and Rosin expect to be distributed a total of 40,000 shares - 25,800 to Gowin and 14,200 to Rosin. TTFI will have a Board meeting shortly to confirm the distribution and release date. TTFI continues to have a good business outlook for the rest of 2018.

The Group has conducted one General Meeting to date in 2018. An Annual General Meeting was held in Taiwan on 9 March 2018, with all resolutions unanimously passed.

Financial Position

The Group will increasingly generate its earnings through developing its TEA business as well as from associated investment returns in selected other businesses. During this period of new business development CEO Mr. Chen Chih-Lung has signed a pledge letter continuing his commitment 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. Additionally, the Group announced on 3 April 2018 that Mr. Chen had converted a Convertible Note to ordinary shares, thereby reducing the debt burden on the Group.

Business Outlook and Conclusion

The Board will continue to examine opportunities to grow in the Tea industry in 2018 and other new business areas. The Board will keep the market informed of each step of Tea business development as it occurs. The Directors look forward to the rest of this year with confidence.

Garry Willinge
Non-Executive Chairman

27th September 2018

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

For further information please visit http://www.gowingrp.com/gowingrp_en/index.php/ or contact the following:

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Gowin New Energy Group Limited
Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2018

		Six months ended 30 June 2018 RMB'000 (Unaudited)	Six months ended 30 June 2017 RMB'000 (Unaudited)
Continuing Operations	Note		
Revenue	7	4	22
Cost of sales		-	-
Gross profit		<u>4</u>	<u>22</u>
Administrative expenses	10	(2,079)	(2,743)
Investment loss		(405)	322
Operating loss		<u>(2,480)</u>	<u>(2,399)</u>
Finance costs	9	(47)	(29)
Loss before tax		<u>(2,527)</u>	<u>(2,428)</u>
Tax	11	-	-
Loss from continuing operations		<u>(2,527)</u>	<u>(2,428)</u>
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to owners of the parent		<u><u>(2,527)</u></u>	<u><u>(2,428)</u></u>
Loss per share attributable to owners of the parent during the period expressed in RMB per share			
Basic and diluted loss per share	12	<u><u>(0.009)</u></u>	<u><u>(0.010)</u></u>

Gowin New Energy Group Limited
Condensed consolidated statement of financial position
As at 30 June 2018

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Assets				
Non-Current Assets				
Long-term Investments	14	4,135	6,143	4,540

Current assets				
Trade and other receivables	15	603	762	581
Cash in bank	16	235	599	381
		<u>4,974</u>	<u>1,361</u>	<u>5,502</u>
Total assets		<u>4,974</u>	<u>7,504</u>	<u>5,502</u>
Current liabilities				
Trade and other payables	17	(12,408)	(13,567)	(14,409)
		<u>(12,408)</u>	<u>(13,567)</u>	<u>(14,409)</u>
Total liabilities		<u>(12,408)</u>	<u>(13,567)</u>	<u>(14,409)</u>
Net assets		<u>(7,434)</u>	<u>(6,063)</u>	<u>(8,907)</u>
Equity attributable to owners of the Company				
Share capital	18	29,000	77,071	25,000
Retained loss		(36,434)	(83,134)	(33,907)
Total equity		<u>(7,434)</u>	<u>(6,063)</u>	<u>(8,907)</u>

Gowin New Energy Group Limited
Condensed consolidated statement of changes in equity
For the six months ended 30 June 2018

Attributable to owners of the Company

	Share capital	Share premium	Retained losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2017 (Unaudited)				
Balance as at 1 January 2017 (Audited)	77,071	19,988	(80,706)	(16,353)
Loss for the period	-	-	(2,428)	(2,428)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(2,428)	(2,428)
Total transactions with owners, recognized directly in equity				
Settlement of unpaid share capital	-	(19,988)	-	(19,988)
Balance as at 30 June 2017	77,071	-	(83,134)	(6,063)

For the six months ended 30 June 2018 (Unaudited)

Balance as at 1 January 2018 (Audited)	25,000	-	(33,907)	(8,907)
Loss for the period	-	-	(2,527)	(2,527)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(2,527)	(2,527)
Total transactions with owners, recognized directly in equity				

Issue of shares	4,000	-	-	4,000
Balance as at 30 June 2018	29,000	-	(36,434)	(7,434)

Gowin New Energy Group Limited
Condensed consolidated statement of cash flows
For the six months ended 30 June 2018

	Six months ended 30 June 2018 RMB'000 (Unaudited)	Six months ended 30 June 2017 RMB'000 (Unaudited)
Cash Flows used in Operating Activities		
Loss before tax	(2,527)	(2,428)
Finance income	-	(322)
Finance cost	47	29
Decrease/(Increase) in trade and other receivables	(22)	(38)
(Decrease)/Increase in trade and other payables	(2,215)	23
Net cash used in operating activities	(4,717)	(2,736)
Cash Flows generated from Investing Activities		
Disposal of liabilities	-	322
Net cash generated from Investing activities	-	322
Cash Flows generated from Financing Activities		
Shareholders' loans	3,831	963
Issue of shares	4,000	-
Repayment of loans	(3,213)	-
Finance cost	(47)	(29)
Net cash generated from financing activities	4,571	934
Net increase in cash and cash equivalents	(146)	(1,480)
Cash and cash equivalents at beginning of period	381	2,079
Cash and cash equivalents at end of period	235	599

Gowin New Energy Group Limited
Notes to the condensed consolidated interim financial information
For the six months ended 30 June 2018

1. General information

Gowin New Energy Group Limited ("Gowin") 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 19F, No. 1086, Zhongzheng Road, Taoyuan District, Taoyuan City 330, Taiwan.

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. 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 NEX Exchange (NEX) Growth Market.

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 condensed consolidated interim financial information has been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed consolidated interim financial information set out above does not constitute statutory accounts. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS). Statutory financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 31 May 2018. The report of the auditors on those financial statements was unmodified.

The condensed consolidated interim financial information of the Company has not been audited.

3. Going Concern

The principal activity of Gowin New Energy Group Limited ("the Group") has historically been research and development, and sales of LED lighting products. During the period, the Group has made progress in the new tea trading business. The CEO Mr. Chen continues to support the Group's working capital requirements on demand by way of loans and guarantees.

The Group also anticipates further fundraising through ordinary shares placements in the near future, on the back of encouraging investor interest in the new tea trading business. Consequently, the Group is confident it will have sufficient working capital to continue its operation.

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 2017 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period except for the valuation of the carrying amount of long term investments as disclosed in note 8.

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 2017 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 2018.

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

7. Revenue and segment information

Revenue represents the invoiced value of goods sold and is net of value-added tax and sales return. There is no seasonality or cyclicity of the Group's operations. For the periods presented, the Group as a whole is an operating segment since the Group is only engaged in optoelectronic products and related business. No Group's geographical information has been disclosed as the majority of the Group's operating activities are carried out in the PRC and Taiwan (for the purpose of preparing the financial statements, the PRC refers to the Mainland China and Hong Kong) and the Group's assets are all located in the PRC and Taiwan. The revenue generated during the period relates to the LED trading business only.

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 2018 RMB'000 (Unaudited)	Six months ended 30 June 2017 RMB'000 (Unaudited)
Interest cost	47	29
Total finance cost	<u>47</u>	<u>29</u>

10. Expense by nature

	Six months ended 30 June 2018 RMB'000 (Unaudited)	Six months ended 30 June 2017 RMB'000 (Unaudited)
Staff costs	576	898
Directors' remuneration	747	900
Professional fee	404	571
Consultancy fee	-	100
Foreign Exchange loss	153	59
Other operating expenses	199	215
Total administrative expenses	<u>2,079</u>	<u>2,743</u>

11. Income tax

	Six months ended 30 June 2018 RMB'000 (Unaudited)	Six months ended 30 June 2017 RMB'000 (Unaudited)
Current income tax for the period	<u>-</u>	<u>-</u>

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 or China.

12. Loss per share

Loss per share for the period ended 30 June 2018 is calculated by dividing RMB 2,527,000 loss for the period attributable to the equity holders of the Company by the average number of shares, of 269,448,047 (30 June 2017: 250,000,533).

	Six months ended 30 June 2018 RMB (Unaudited)	Six months ended 30 June 2017 RMB (Unaudited)
Basic and diluted loss per share (RMB)	<u>(0.009)</u>	<u>(0.010)</u>

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 2018.

14. Long term investments

Quoted equity securities

	<u>RMB'000</u>
As at 1 January 2018	4,540
Impairment	(405)
As at 30 June 2018	<u><u>4,135</u></u>

The Company holds 1,000,000 shares in Taiwan Thick-Film Industries Corp., a company listed on Taipei Stock Exchange.

15. Trade and other receivables

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade receivables	24	36
Prepayment	37	18
Amounts due from related party	15	-
Loans to related party	527	527
	<u><u>603</u></u>	<u><u>581</u></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 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Current trade receivables		
0 - 30 days	-	-
31 - 60 days	-	-
61 - 365 days	24	36
	<u><u>24</u></u>	<u><u>36</u></u>

16. Cash and cash equivalents

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Cash on hand	14	14
Cash at bank and in hand	221	367
	<u><u>235</u></u>	<u><u>381</u></u>

17. Trade and other payables

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade payables	27	27
Accruals and other payables	4,920	4,237

Loans from equity holders	7,035	10,145
Receipt in advance	426	-
	<u>12,408</u>	<u>14,409</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 2019.

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Current trade payables		
31 to 60 days	-	-
61 to 365 days	27	27
	<u>27</u>	<u>27</u>

18. Share capital

	No. of 1p ordinary shares	RMB'000
As at 1 January 2018	<u>250,000,533</u>	<u>25,000</u>
Issue of shares	40,000,000	4,000
As at 30 June 2018	<u>290,000,533</u>	<u>29,000</u>

On 3 April 2018, the CEO Mr Chen Chih Lung has agreed to convert the whole of the principal amount outstanding under the convertible loan note of £400,000 (RMB 3,855k) into new ordinary shares of £0.01 each at the conversion rate of £0.01 per share. 40,000,000 shares have been issued to Mr Chen Chih Lung. After the placing, Mr Chen Chih Lung holds 62,706,320 shares of the Company, being 21.62%.

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 28 September 2018.

21. Events after reporting date

- On 21 August 2018, the Group announced that one of its trading subsidiary Rosin Trading Ltd purchased 2 types of tea from the CEO Mr. Chen Chih Lung, being 5 pieces of "Ta Tong Great Harmony" tea and 1841 pieces of "Yunnan 1889" tea for a total consideration of £75,000 (RMB 663,750).

Rosin intends to either execute the tea trading business directly or to entrust ("Mo Xing Zhai") to execute the tea trading business. ("Mo Xing Zhai") is responsible for reporting the breakdown of tea transactions monthly to Rosin.

- Rosin has generated revenue of RMB 423,683 from the tea trading business in August 2018, which demonstrates that the new tea trading business has made a promising start.

The Group has obtained loans from the CEO Mr. Chen Chih Lung of £30,000 on 2 July 2018 and £50,000 on 30 August 2018. These loans demonstrate his continuous commitment to support the working capital needs of the Group as when required.

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