China Western Investments plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2014

Company Registration Number 04675439

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2014

Contents

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2014

Corporate Information

Registered Office:	1 Beacon Buildings Yard 23 Stramongate Kendal Cumbria LA9 4BH
Registered number:	04675439
Auditors:	PKF Littlejohn LLP Statutory Auditors 1 Westferry Circus Canary Wharf London E14 4HD

Strategic report

The Directors present their Strategic Report for the year ended 31 December 2014.

Business review and future developments

The Board decided to delist the Company from the AIM Market of the London Stock exchange some years ago on disposal of its investment in property in the People 's Republic of China. The directors have searched for either a suitable new investment or new shareholders to take over the search for a new investment. Neither have been successful. Notwithstanding the foregoing the Company still continues to review potential projects for investment but with no funds the directors consider that the Company is not a going concern.

Results and dividends

The Company made a loss in the year primarily due to the interest charged on loans and the impact of foreign currency movement on its Hong Kong dollar denominated loans. The Directors do not recommend payment of a dividend.

Performance of the Business during the year and the Position at the end of the year

The Company has no cash and limited amounts of expenditure is paid directly by the directors. The Company has substantial liabilities, mostly to directors and shareholders and should a suitable new investment be sourced the holders of these loans have indicated that these could be converted into equity.

Key Performance Indicators ('KPIs')

The Board monitors the activities and performance of the Company on a regular basis. The primary performance indicator applicable to the Company is Return on Investment. As noted above, it remains the intention of the Company to effect an acquisition or sign a letter of intent, agreement in principle or definitive agreement for an acquisition.

Given the nature of the Company's business, the Directors are of the opinion that analysis using KPI's is not appropriate for an understanding of the business at this time.

Risks and uncertainties

The Directors consider the key risk for the Company to be the maintenance of its existence whilst it targets an acquisition.

This Strategic Report was approved by the Board of Directors, on 29/5/15 , by:

John Ho
Director

Directors' Report

The Directors present their report and the Financial Statements of the Company for the year ended 31 December 2014.

Principal activity

The principal activity of the Company is that of a holding company. Neither the Company nor its subsidiaries traded during the year.

Review of the business

The Directors continue to search new activities for the Company,

Future developments

The Directors have so far been unsuccessful in attracting new investors. The loan note holders and other creditors have undertaken not to seek repayment until future funding of the business is assured. The Directors have funded the day to day costs in the past but are not prepared to continue with such funding.

Principal risks and uncertainties

The Company's principal risk relates to the inability to pay its debts. This uncertainty is being actioned by the attempt to convert the debt into equity, which the directors believe may occur once a new business is injected into the Company.

Financial risk management

The currency risk, because the loans are designated in Hong Kong dollars, will be negated by conversion of debt into equity.

Key performance indicators

The Company is not regarded as a going concern.

Results and dividends

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The Directors have not recommended payment of a dividend (2013 - £Nil).

The Directors who served the Company during the year were as follows:

Chan Yim Sang – Deputy Chairman	Mr Chan graduated from universities in Hong Kong, Canada and the USA. Much of his career was spent in local government in Hong Kong and thereafter at the Australian National University. Between 1992 and 2000 he was chairman of Ming Kong Property Limited, a property investment company based in Hong Kong and co-founded LITBC with Mr Zhan Chun Hu in 1993. Between 1995 and 1999 he was chairman of Rock Development Pty Limited, a property development company based in Australia. He is a Director of Shing Wah International Limited.
John Ho – Chief Executive	John Ho obtained a Bachelor of Laws degree from the University of London in 1969 and qualified as a solicitor in England and Hong Kong. He became a partner in Deacons, a leading firm of solicitors in Hong Kong before his retirement from that firm. Mr Ho is currently a senior partner of John Ho & Tsui and also a non-executive director of two companies on the Hong Kong Stock Exchange.

Zhan Chun Hu – Executive Director *(resigned 23 April 2015)*

Mr Zhan studied and taught Chinese political economy and in the early part of his career worked in the Gansu Railway Bureau. Thereafter he changed his career focus to business management working in a managerial capacity at a number of companies in the food, entertainment and general trading sectors. He is co-founder with Chan Yim Sang and Managing Director of LITBC.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of China Western Investments plc support and have adhered to the principles of good corporate governance as far as they can given the size of the Company.

Going Concern

The Directors have formed a judgement at the time of approving the accounts that the Company cannot adopt the going concern basis in preparing the financial statements. This judgement is based on the fact that the Directors have agreed in the past to provide funds for overheads and fee costs for the Company but can no longer fund these costs.

Directors' Responsibilities in relation to the Company's auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditors

PKF Littlejohn LLP has signified its willingness to continue in office as auditors.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Registered office:
1 Beacon Buildings
Yard 23
Stramongate
Kendal
Cumbria
LA9 4BH

Approved by the Directors on 29/5/15

Signed by order of the Directors

John Ho
Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Company Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law 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 Company and of the profit and loss of the Company for that period.

In preparing the Company financial statements, the Directors are required to;

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

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 Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of China Western Investments Plc

We have audited the Financial Statements of China Western Investments Plc for the year ended 31 December 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its results for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

M Ling

Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditors

Date: 29 May 2015

1 Westferry Circus
Canary Wharf
London E14 4HD

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2014

Statement of Comprehensive Income

Discontinued operations	Note	31 December 2014 £000	31 December 2013 £000
Revenue		-	-
Administrative expenses	3	**(363)**	**163**
Finance costs	6	**(387)**	**(400)**
Loss before taxation		**(750)**	**(237)**
Income tax expense	7	-	-
Loss for the financial year		**(750)**	**(237)**
Total comprehensive income for the year		**(750)**	**(237)**

All activities of the Company are classed as discontinuing.

The accounting policies and notes on pages 12 to 23 form part of these Financial Statements.

CHINA WESTERN INVESTMENTS PLC

Company registered number: 04675439

Statement of Financial Position

As at 31 December 2014

	Note	**31 December 2014 £000**	31 December 2013 £000
ASSETS			
Non-current assets			
Investments	8	**-**	-
Total non-current assets		**-**	-
Current assets			
Cash and cash equivalents		**-**	-
Total current assets		**-**	-
TOTAL ASSETS		**-**	-
EQUITY AND LIABILITIES			
Share capital	9	**7,283**	**7,283**
Share premium	9	**32,919**	**32,919**
Retained earnings		**(47,560)**	**(46,810)**
Total equity		**(7,358)**	**(6,608)**
Current liabilities			
Other payables	10	**3,705**	**3,145**
Borrowings	11	**3,383**	**3,193**
Financial liabilities	11	**270**	**270**
Total current liabilities		**7,358**	**6,608**
Total liabilities		**7,358**	**6,608**
TOTAL EQUITY AND LIABILITIES		**-**	**-**

These financial statements were approved by the Board of Directors and authorised for issue on 29/5/15 and are signed on their behalf by:

John Ho
Director

The accounting policies and notes on pages 12 to 23 form part of these Financial Statements.

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2014

Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 January 2013	**7,283**	**32,919**	**(46,573)**	**(6,371)**
Loss for the financial year and Total comprehensive income	-	-	(237)	(237)
As at 31 December 2013	**7,283**	**32,919**	**(46,810)**	**(6,608)**
Loss for the financial year	-	-	(750)	(750)
Total comprehensive income for the year	-	-	(750)	(750)
As at 31 December 2014	**7,283**	**32,919**	**(47,560)**	**(7,358)**

The accounting policies and notes on pages 12 to 23 form part of these Financial Statements.

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2014

Cash Flow Statement

	Note	**31 December 2014 £000**	31 December 2013 £000
Cash flows from operating activities			
Loss before tax		**(750)**	**(237)**
Adjustments for:			
Interest payable		**387**	**400**
Foreign exchange movement		**360**	**(169)**
(Increase)/Decrease in trade and other receivables		**-**	**-**
Increase/(Decrease) in other payables		**(4)**	**(3)**
Net cash used in from operating activities		**(7)**	**(9)**
Cash flows from financing activities			
Interest paid		**-**	**-**
Proceeds from borrowings		**7**	**9**
Repayment of borrowings		**-**	**-**
Net cash generated from financing activities		**7**	**9**
Net increase/(decrease) in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at beginning of year		**-**	**-**
Cash and cash equivalents at end of year		**-**	**-**

The accounting policies and notes on pages 12 to 23 form part of these Financial Statements.

1. Accounting policies

The Company is a public limited company. Its registered office is 1 Beacon Buildings, Yard 23, Stramongate, Kendal, Cumbria, LA9 4BH. The Company is incorporated and domiciled in the United Kingdom.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements of China Western Investments plc.

Basis of preparation

The Financial Statements of China Western Investments Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the parts of Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have been prepared on a historical cost basis except where IFRS requires an alternative treatment.

The preparation of 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 Company's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed at the end of Note 2.

The Company's principal accounting policies are set out below. These accounting policies have been applied consistently to all periods presented in the Financial Statements.

Going concern

United Kingdom law requires the Company's Directors to consider whether it is appropriate to prepare Financial Statements on the basis that the Company is a going concern. In considering this matter the Directors have reviewed the Company's cash flow requirements for the twelve months from the date of this Report. The Directors cannot maintain funding of the Company costs and consider that the Company cannot be regarded as a going concern.

New Accounting Standards and Interpretations

a) New and amended standards adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for the annual period beginning after 1 January 2014 and have been applied in preparing these financial statements.

New standards

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in entities, including joint arrangements, associates, special purpose vehicles and other off Statement of Financial Position vehicles.

IAS 27, 'Separate Financial Statements', replaces the current version of IAS 27, 'Consolidated and Separate Financial Statements' as a result of the issue of IFRS 10. The revised standard includes the requirements relating to separate financial statements.

IAS 28, 'Investments in Associates and Joint Ventures', replaces the current version of IAS 28,'Investments in Associates', as a result of the issue of IFRS 11. The revised standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11.

Amendments to standards

Amendment to IAS 36, 'Impairment of Assets', require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments also incorporate the requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2014, but not currently relevant to the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company or Group.

Amendment to IAS 32, 'Financial Instruments: Presentation', add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

IFRS 11, 'Joint Arrangements' provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12, 'Disclosure of Interests in Other Entities' clarify the IASB's intention when first issuing the transition guidance in IFRS 10, provide similar relief in IFRS 11 and IFRS 12 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period, and provide additional transition relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied.

Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 12, 'Disclosure of Interests in Other Entities' and IAS 27, 'Separate Financial Statements', define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 'Financial Instruments', in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

IFRIC 21, 'Levies', addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. The interpretation also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' introduce a narrow-scope exception to the requirement for the discontinuation of hedge accounting. The amendments allow hedge accounting to continue in a situation where a derivative that has been designated as a hedging instrument is novated from one counterparty to a central counterparty, as a consequence of new laws or regulations if specific conditions are met. This relief has been introduced in response to legislative change across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives.

c) New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 January 2014 and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company and Group intend to adopt these standards, if applicable, when they become effective.

IFRS 9 (2014) 'Financial Instruments' supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). The finalised version of IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. The content of IFRS 9 (2014) includes:

- Classification and measurement – financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The standard introduces a fair value through other comprehensive income category for certain debt instruments. Financial liabilities are classified in a similar manner to that under IAS 39 however there are differences in the requirements applying to the measurement of an entity's own risk.
- Impairment – The standard introduces an expected credit loss model for the measurement of the impairment of financial assets. so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- Hedge accounting – The standard introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition – the requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Group intends to adopt the amended standards no later than the annual period beginning on or after 1 January 2018, subject to EU endorsement.

'Annual Improvements 2010 – 2012 Cycle' sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

- IFRS 2 'Share-based Payment': amendment to the definition of a vesting condition.
- IFRS 3 'Business Combinations': amendments to the accounting for contingent consideration in a business combination.
- IFRS 8 'Operating Segments': aments to the aggregation of operating segments and the reconciliation of the total of the reportable segments' assets to the entity's assets.
- IFRS 13 'Fair Value Measurement': amendments to short-term receivables and payables.
- IAS 16 'Property, Plant and Equipment': amendments to the revaluation method in relation to the proportionate restatement of accumulated depreciation.
- IAS 24 'Related Party Disclosures': amendments regarding key management personnel.
- IAS 38 'Intangible Assets': amendments to the revaluation method in relation to the proportionate restatement of accumulated depreciation.

The Group intends to adopt the amended standards no later than the annual period beginning on or after 1 July 2014, subject to EU endorsement.

'Annual Improvements 2011 – 2013 Cycle' sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

- IFRS 1 'First-time Adoption of International Financial Reporting Standards': amendment to the meaning of 'effective IFRSs'.
- IFRS 3 'Business Combinations': amendments to the scope exceptions for joint ventures.
- IFRS 13 'Fair Value Measurement': amendments to the scope of paragraph 52 (portfolio exception).
- IAS 40 'Investment Property': amendments clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

The Group intends to adopt the amended standards no later than the annual period beginning on or after 1 July 2014, subject to EU endorsement.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets': Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments clarify that a deprecation method which is based on revenue that is generated by an activity which includes the use of an asset is not appropriate for property, plant and equipment. The amendments also introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances. The Group intends to adopt the amended standard no later than the annual period beginning on or after 1 January 2016, subject to EU endorsement.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (2011) in order to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The Group intends to adopt the amended standard no later than the annual period beginning on or after 1 January 2016, subject to EU endorsement.

The Company is evaluating the impact of the above pronouncements. No other pronouncement is expected to have a material impact on the Company's results or shareholders' funds.

Functional currency

The functional and presentation currency is Sterling due to the Company being incorporated in England and Wales.

Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated into Sterling at the rates prevailing at the balance sheet date. Resultant gains and losses are recognised in the profit or loss.

Investments

In the Company's accounts, investments in subsidiary undertakings are stated at cost. As permitted by the rules that were in place when cost was determined, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. Provision is made where there is impairment in the value of the investment.

Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other Payables

Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. All payable are treated as current liabilities because the Company is not regarded as a going concern.

Other payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially 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 profit or loss over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services, and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

All borrowing costs are expensed in the period in which they occur and are included as Finance Costs in the Statement of Comprehensive Income.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised on the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period profit or loss in which the liability is settled or the asset realised. Deferred tax is credited or charged to the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that, in the opinion of the Directors, they are expected to be fully recoverable.

Revenue recognition

The Company has no revenue.

Employee benefits

The Directors are the only Company employees and receive no benefits.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The Company's financial instruments comprise cash, overdraft facilities, loans and various items such as short-term receivables that arise from its operations. The main purpose of these financial instruments is to fund the short term working capital requirements of the business. The Company has no derivatives.

Investments which are not quoted in an active market and whose fair value cannot otherwise be reliably measured are shown at cost. Other financial investments are shown at amortised cost.

Financial risk management

The main risks which arose for the Company's financial instruments prior to the disposal of its operations in China were interest and liquidity risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Directors have formed a judgement at the time of approving the accounts that the Company cannot adopt the going concern basis in preparing the financial statements.

Interest rate risk

The Company finances its operations through shareholder loans. Loans are fixed or semi-fixed rate loans and no hedging takes place. These loans are interest-bearing and the shareholders have not sought repayment of these loans due to the continued losses being generated by the Company.

Liquidity risk

The Directors and majority shareholders supported the Company whilst a buyer was sought. This strategy has failed and the Directors and majority shareholders have determined that they are unable to support the Company anymore.

Currency risk

The currency risk, because the majority of loans are denominated in Hong Kong dollars, will be negated by conversion of debt into equity.

Fair values and maturity of financial instruments

There is no material difference between the book value and the fair value of the financial assets or liabilities.

Credit risk

As at 31 December 2014, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

In respect of cash and cash equivalents, the Company does not currently hold any cash balances

2. Critical accounting estimates, judgments and assumptions

The Company makes estimates, judgments and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The assumptions and judgments that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the financial statements are detailed below.

Working capital

Note 11 to the Financial Statements details the position regarding the Company's loan facilities. A significant element of the loan facilities relate to shareholder and related party loans. Both lender categories have given their commitment to maintaining their loan facilities and will not seek repayment of capital or interest until the Company is able to make such repayments. However, both lender categories have indicated that no further funds will be made available. It is proposed to convert the loans into capital to enable the Company to be virtually debt free.

Impairment of Investments in Group Companies

Determining whether investments in subsidiary undertakings are impaired requires an assessment of the goodwill inherent in the investments and the fair value of the net tangible assets of the subsidiaries. The investments were written down to nil in 2010. Investments in subsidiary undertakings are carried in the Company's balance sheet at 31 December 2014 at £nil (2013 – £nil).

3. Net loss before tax

Net loss is stated after charging:

	2014	2013
	£000	£000
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**3**	**3**
Fees payable to the Company's auditors and its associates for other services provided to the Company and its subsidiaries		**-**
Loss/(Gain) on foreign exchange	**360**	**(169)**

Expenses by nature

	2014	2013
	£000	£000
Staff costs	**-**	**-**
Reversal of expenses no longer payable	**-**	**-**
Legal and professional fees	**3**	**2**
Operating expenses	**-**	**4**
Loss/(Gain) on foreign exchange	**360**	**(169)**
Total cost of sales and administration expenses	**(363)**	**(163)**

4. Particulars of employees

The aggregate payroll costs of the above were:

	2014	2013
	£000	£000
Wages and salaries	**-**	-
	-	-
Average number of employees	**3**	3

5. Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	2014	2013
	£000	£000
Emoluments receivable	**-**	-

During the year no Director received benefits under the defined contribution pension scheme.

6. Finance costs

	2014	2013
	£000	£000
Interest payable on loans	**385**	268

7. Income tax expense

Analysis of Charge in the year	2014 £000	2013 £000
Current tax charge for the year	-	-

Factors affecting current tax charge	2014 £000	2013 £000
Loss before tax	(750)	(237)
Tax at the applicable rate of 20% (2013: 20%)	(150)	(47)
Expenses not deductible for tax purposes	-	2
Net tax effect of losses carried forward	150	45
	-	-

No tax charge or credit arises on the loss for the year.

The Company has estimated tax losses carried forward of £5,912,000 (2013: £5,162,000) that are available for offset against future taxable profits. These losses would give rise to a deferred tax asset of £1,182400 (2013: £1,032,400), however deferred tax assets are only recognised on the basis that the recoverability of the deferred tax asset is more likely than not.

8. Investments

Cost and Net Book Values	2014 £000	2013 £000
At 1 January	-	-
Write down in value	-	-
Reversal of write down in previous year	-	-
Disposal	-	-
At 31 December	-	-

Subsidiary Undertakings	Holding	%Held	Nature of Business
Hemisphere Properties (Southern) Limited	Ordinary	100%	Dormant
Bemacroft Limited*	Ordinary	100%	Dormant
Punch Properties Limited*	Ordinary	100%	Dormant

**Held by Hemisphere Properties (Southern) Limited*

8. Investments (continued)

Investments in subsidiary undertakings are stated at cost, which is the fair value of the consideration paid, less impairment provision.

The Company has written down the investment in subsidiaries to nil in the prior year.

The Company has not produced Consolidated Financial Statements incorporating the results of the subsidiaries above as they were dormant throughout the current and prior year and therefore had no impact on the results of the Group.

9. Share capital

	Number of shares	Ordinary shares £000	Share Premium £000	Total £000
At 31 December 2013	728,375,495	7,283	32,919	40,202
At 31 December 2014	**728,375,495**	**7,283**	**32,919**	**40,202**

10. Other payables

	2014 £000	2013 £000
Other payables	**12**	12
Accruals and deferred income	**3,693**	3,133
	3,705	3,145

11. Borrowings and financing liabilities

	Shareholder loans £000	Convertible loans £000	Other loans £000	Total £000
Within one year	3,050	270	333	3,653
At 31 December 2014	3,050	270	333	3,653

11. Borrowings and financing liabilities (continued)

Borrowings and financial liabilities that include finance capital which is due for repayment is as follows:

Amounts repayable:	2014 £000	2013 £000
In one year or less or on demand	3,653	3,463
	3,653	3,463
Shareholder loans 12%	3,050	2,803
Related party loans 12%	333	390
Convertible notes bank base rate	270	270
	3,653	3,463

All borrowings are classed as being due within one year because the Company is not treated as a going concern.

Shareholder loans are unsecured. No specific date is set for repayment. Interest is accruing but is not being paid. See Note 1 for further details.

The convertible redeemable loan is unsecured, and subject to certain restrictions, is convertible into ordinary shares at 6p per share. Interest is payable bi-annually at the base rate of Barclays Bank and the final redemption date is 31 December 2020. No equity element is shown in the accounts as this is deemed to be immaterial.

The fair value of current borrowings equals their carrying amount and the fair values are based on the face values of the loans.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2014 £000	2013 £000
Hong Kong Dollar	3,333	3,142
UK Sterling	320	320
Total	3,653	3,462

12. Related party transactions

During the period, Wong Wing Hay, a shareholder of the Company, continued to loan monies to the Company. Interest of £326,964 (2013 - £344,768) was charged to profit or loss. At the balance sheet date the Company owed principal of £2,921,917 (2013 - £2,758,202) and accrued interest of £2,738,476 (2013 - £2,251,750) to Wong Wing Hay.

John Ho, a Director and shareholder of the Company, is also a shareholder of Estrigeat Limited. During the period Estrigeat Limited continued to loan monies to the Company. Interest of £6,688 (2013 - £7,042) was charged to profit or loss. At the balance sheet date the Company owed principal of £58,751 (2013 - £55,402) and accrued interest of £71,863 (2013 - £ 61,119) to Estrigeat Limited.

12. Related party transactions (continued)

During the year, John Ho, a director and shareholder of the Company, purchased a loan made to the Company and interest of £28,178 was charged to profit or loss. At the balance sheet date the Company owed principal of £247,545 and accrued interest of £124,184 to John Ho.

Zhan Chun Hu, a Director and shareholder of the Company, loaned monies to the Company. Interest of £4,415 (2013 - £4,648) was charged to profit or loss. At the balance sheet date the Company owed principal of £38,782 (2013 - £36,572) and accrued interest of £18,179 (2013 - £12,755 to Zhan Chun Hu.

Lam Kin Chung, a shareholder of the Company, loaned monies to the Company. Interest of £939 (2013 - £989) was charged to profit and loss. At the balance sheet date the Company owed principal of £8,252 (2013 - £7,781) and accrued interest of £4,438 (2013 - £3,251) to Lam Kin Chung.

A (2013 – two) further loan to the Company is personally guaranteed by John Ho. Interest of £12,210 (2013 £42,527) was charged to profit or loss. At the balance sheet date the Company owed principal of £107,270 (2013 - £334,592) and accrued interest of £78,384 (2013 - £150,872) to this lender.

Directors' emoluments have been accrued in the accounts although no provision has been made for 2014. The total amount due at balance sheet date was £581,231 (2013 - £581,231).

13. Ultimate Controlling Party

In the opinion of the Directors, there is no ultimate controlling party.

14. Subsequent Events

There are no subsequent events.