

China Western Investments plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2017

Company Registration Number 04675439

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CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

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CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

Corporate Information

Registered Office: C/O PKF Littlejohn
2nd Floor
1 Westferry Circus
Canary Wharf
London
E14 4HD

Registered number: 04675439

Auditors: PKF Littlejohn LLP
Statutory Auditors
1 Westferry Circus
Canary Wharf
London
E14 4HD

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

Strategic report

The Directors present their Strategic Report for the year ended 31 December 2017.

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 continues to review potential projects for investment but with no funds the directors consider that the Company is not a going concern. The directors have continued to pay for the costs of the Company from their own resources without reimbursement from the Company. With the inability to sell the Company, obtain further equity or suitable loans the directors have decided not to pay for all further costs. As such the directors expect the Company will be struck off the registry in due course.

Results and dividends

The Company made a profit in the year primarily due to 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 due 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. As noted above the directors have ceased funding the Company and expect this to be the last set of financial statements filed and sent to members.

This Strategic Report was approved by the Board of Directors on 29/6/18 by:


John Ho
Director

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

Directors' Report

The Directors present their report and the Financial Statements of the Company for the year ended 31 December 2017.

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 and raise new funds either by way of loans or equity.

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 (2016 - £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.

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

Directors' Report

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.

Registered office:
C/O PKF Littlejohn
2nd Floor
1 Westferry Circus
Canary Wharf
London
E14 4HD

Signed by order of the Directors

Approved by the Directors on 29/6/18


John Ho
Director

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

Directors' Report

The Directors present their report and the Financial Statements of the Company for the year ended 31 December 2017.

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 (2016 - £Nil).

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

**Chan Yim Sang –
Deputy Chairman**

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CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

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.

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

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

Disclaimer of opinion

We were engaged to audit the financial statements of China Western Investments PLC (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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) as adopted by the European Union.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We did not receive appropriate and sufficient audit evidence in respect of liabilities included within other payables and borrowings, which together total £9,443,000. We were unable to satisfy ourselves by alternative means concerning the quantum of liability at the yearend. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of interest payable, other penalty charges within the Statement of Income, the resulting year end liability, the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

Other information

The other information comprises the information included in the strategic and directors' reports, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 the other information, we conclude that there is a material misstatement of the other information, we are required to report that fact. As described in the basis for qualified opinion on other matters prescribed by the Companies Act 2006 section of our report, we have concluded that a material misstatement of the other information exists.

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

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

Opinion on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the directors' report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Responsibilities of directors

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, 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 financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with ISAs (UK) and to issue an auditor's report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

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

Use of our report

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



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

1 Westferry Circus
Canary Wharf
London E14 4HD

Date: 29 June 2018

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

Statement of Comprehensive Income

		31 December 2017 £000	31 December 2016 £000
Discontinued operations	Note		
Revenue			-
Administrative expenses	3	895	(1,468)
Finance costs	6	(490)	(469)
Profit / (Loss) before taxation		405	(1,937)
Income tax expense	7	-	-
Profit / (Loss) for the financial year		405	(1,937)
Total comprehensive income for the year		405	(1,937)

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

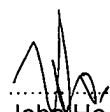
Company registered number: 04675439

Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 £000	31 December 2016 £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		(49,915)	(50,320)
Total equity		(9,713)	(10,118)
Current liabilities			
Other payables	10	5,564	5,564
Borrowings	11	3,879	4,284
Financial liabilities	11	270	270
Total current liabilities		9,713	10,118
Total liabilities		9,713	10,118
TOTAL EQUITY AND LIABILITIES		-	-

These financial statements were approved by the Board of Directors and authorised for issue on 29/6/18... 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 2017

Statement of Comprehensive Income

		31 December 2017 £000	31 December 2016 £000
Discontinued operations	Note		
Revenue			-
Administrative expenses	3	895	(1,468)
Finance costs	6	(490)	(469)
Profit / (Loss) before taxation		405	(1,937)
Income tax expense	7	-	-
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Total comprehensive income for the year		405	(1,937)

All activities of the Company are classed as discontinuing.

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CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 January 2016	7,283	32,919	(48,383)	(8,181)
Loss for the financial year and Total comprehensive income for the year	-	-	(1,937)	(1,937)
As at 31 December 2016	7,283	32,919	(50,320)	(10,118)
Profit for the financial year	-	-	405	405
Total comprehensive income for the year	-	-	405	405
As at 31 December 2017	7,283	32,919	(49,915)	(9,713)

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

CHINA WESTERN INVESTMENTS PLC

Year ended 31 December 2017

Cash Flow Statement

	31 December 2017 £000	31 December 2016 £000
Note		
Cash flows from operating activities		
Profit / (Loss) before tax	405	(1,937)
Adjustments for:		
Interest payable	490	469
Foreign exchange movement	(898)	1,465
(Increase)/Decrease in trade and other receivables	-	-
Increase/(Decrease) in other payables	3	(3)
	<hr/>	<hr/>
Net cash generated / used in from operating activities	-	-
Cash flows from financing activities		
Interest paid	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
	<hr/>	<hr/>
Net cash generated / used from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
	<hr/>	<hr/>
Cash and cash equivalents at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

CHINA WESTERN INVESTMENTS PLC

Notes to Financial Statements

Year ended 31 December 2017

1. Accounting policies

The Company is a public limited company. Its registered office is 1 Westferry Circus, Canary Wharf, London, E14 4HD. 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 Company had not produced Consolidated Financial Statements incorporating the results of the subsidiaries as they were dormant throughout the current and prior year, have no assets or liabilities, and therefore had no impact on the results of the Group.

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

(i) Adoption of new and revised standards

There were no IFRSs or IFRIC interpretations relevant to the Company that were effective for the first time for the financial year beginning 1 January 2017 that had a material impact on the Company.

(ii) New and amended standards and interpretations in issue but not yet effective

At the date of authorisation of these Financial Statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and (in some cases) have not yet been endorsed by the EU. The Company intends to adopt these standards, if applicable, when they become effective.

CHINA WESTERN INVESTMENTS PLC

Notes to Financial Statements

Year ended 31 December 2017

Standard	Impact on initial application	Effective date
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual Improvements	Annual Improvements to IFRS Standard 2014 – 2016 Cycle (IFRS 1, IAS 28)	1 January 2018

** Subject to EU endorsement*

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The Company is evaluating the impact of the new or amended standards above. The new or amended standards are not 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.

Financial Liabilities

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)

CHINA WESTERN INVESTMENTS PLC

Notes to Financial Statements

Year ended 31 December 2017

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.

CHINA WESTERN INVESTMENTS PLC

Notes to Financial Statements

Year ended 31 December 2017

The Company's financial instruments comprise loans and short-term payables.

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 company is not trading, has no assets or significant liabilities and the financial statements are not prepared on a going concern basis. The only financial risk factors are in connection with foreign exchange risk as a result of the loans denominated in HKD. The company does not hedge against the risks.

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 2017, the maximum exposure to credit risk is represented by the carrying amount of each financial asset at the year end 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

CHINA WESTERN INVESTMENTS PLC

Notes to Financial Statements

Year ended 31 December 2017

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.

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 2017 at £nil (2016 – £nil).

3. Net profit before tax

Net profit is stated after charging:

	2017 £000	2016 £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 (Gain) / loss on foreign exchange	(898)	1,465

Expenses by nature

	2017 £000	2016 £000
Staff costs	-	-
Reversal of expenses no longer payable	-	-
Legal and professional fees	5	3
Operating expenses	-	-
(Gain) / Loss on foreign exchange	(898)	1,465
Total cost of sales and administration expenses	(893)	1,468

CHINA WESTERN INVESTMENTS PLC

Notes to Financial Statements

Year ended 31 December 2017

4. Particulars of employees

The aggregate payroll costs of the above were:

	2017 £000	2016 £000
Wages and salaries	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Average number of employees (including directors)	-	-
	<u>-</u>	<u>-</u>

The company does not have any employees in the company other than the directors.

5. Directors' emoluments

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

	2017 £000	2016 £000
Emoluments receivable	-	-
	<u>-</u>	<u>-</u>

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

6. Finance costs

	2017 £000	2016 £000
Interest payable on loans	490	469
	<u>490</u>	<u>469</u>

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7. Income tax expense

Analysis of Charge in the year	2017 £000	2016 £000
Current tax charge for the year	-	-
Factors affecting current tax charge	2017 £000	2016 £000
Profit / (Loss) before tax	405	(1,937)
Tax at the applicable rate of 19% (2016: 20%)	77	(387)
Expenses not deductible for tax purposes	-	-
Net tax effect of losses carried forward	(77)	387
	-	-

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

The Company has estimated total tax losses carried forward of £8,673,979 (2016: £9,078,643) that may be available for offset against future taxable profits. These losses could give rise to a deferred tax asset of £1,647,486 (2016: £1,815,728), 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	2017 £000	2016 £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

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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 2016	728,375,495	7,283	32,919	40,202
At 31 December 2017	<u>728,375,495</u>	<u>7,283</u>	<u>32,919</u>	<u>40,202</u>

10. Other payables

	2017 £000	2016 £000
Other payables	12	12
Accruals and deferred income	<u>5,552</u>	<u>5,552</u>
	<u>5,564</u>	<u>5,564</u>

11. Borrowings and financing liabilities

	Shareholder loans £000	Convertible loans £000	Total £000
Within one year	3,879	270	4,149
At 31 December 2017	<u>3,879</u>	<u>270</u>	<u>4,149</u>

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11. Borrowings and financing liabilities (continued)

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

	2017 £000	2016 £000
Amounts repayable:		
In one year or less or on demand	4,149	4,554
	<u>4,149</u>	<u>4,554</u>
Shareholder loans 12%	3,879	4,284
Convertible notes bank base rate	270	270
	<u>4,149</u>	<u>4,554</u>

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:

	2017 £000	2016 £000
Hong Kong Dollar	3,829	4,234
UK Sterling	320	320
Total	<u>4,149</u>	<u>4,554</u>

12. Related party transactions

During the period, Wong Wing Hay, a shareholder of the Company, continued to loan monies to the Company. Interest of £421,890 (2016 - £404,245) was charged to profit or loss. At the balance sheet date the Company owed principal of £3,349,667 (2016 - £3,698,662) and accrued interest of £4,351,276 (2016 - £4,365,075) 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 £8,508 (2016 - £8,147) was charged to profit or loss. At the balance sheet date the Company owed principal of £67,500 (2016 - £74,638) and accrued interest of £106,865 (2016 - £109,209) to Estrigeat Limited.

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Notes to Financial Statements

Year ended 31 December 2017

12. Related party transactions (continued)

John Ho, a Director and shareholder of the Company has a loan made to the Company and interest of £35,847 (2016 - £34,326) was charged to profit or loss during the year. At the balance sheet date the Company owed principal of £284,409 (2016 - £314,485) and accrued interest of £245,064 (2016 - £233,242) to John Ho.

Zhan Chun Hu, a shareholder of the Company, loaned monies to the Company. Interest of £5,616 (2016 - £5,378) was charged to profit or loss. At the balance sheet date the Company owed principal of £44,557 (2016 - £49,269) and accrued interest of £36,927 (2016 - £34,920) to Zhan Chun Hu.

Lam Kin Chung, a shareholder of the Company, loaned monies to the Company. Interest of £1,195 (2016 - £1,144) was charged to profit and loss. At the balance sheet date the Company owed principal of £9,480 (2016 - £10,483) and accrued interest of £8,512 (2016 - £8,154) to Lam Kin Chung.

A loan to the Company is personally guaranteed by John Ho. Interest of £15,534 (2016 - £14,875) was charged to profit or loss. At the balance sheet date the Company owed principal of £123,224 (2016 - £136,277) and accrued interest of £134,425 (2016 - £132,287) to this lender.

Directors' emoluments have been accrued in the accounts although no provision has been made for 2016. The total amount due at balance sheet date was £581,231 (2016 - £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.