

NORTHWEST INVESTMENT GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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NORTHWEST INVESTMENT GROUP LIMITED

DIRECTORS, SECRETARY AND ADVISERS [NOTE THAT THIS PAGE DOES NOT AGREE TO THE WEBSITE]

Directors	Kaifeng Li Zheng Kang Enxia Liu Yi Feng	Chairman Chief Executive Officer Executive Director Non-executive Director
Secretary	Jianjun Shi	
Registered office	Sea Meadow House Blackburne Highway, (P.O. Box 116) Road Town Tortola British Virgin Islands	
Business address	20/F Tower B, Yicheng International Centre No. 10 Ronghua Zhonglu Yizhuang Economy & Technology Development Zone Beijing 100176 P. R. China	
Independent auditors	UHY Hacker Young LLP 4 Thomas Square London E1W 1YW	
Nominated adviser and broker	ZAI Corporate Finance Limited 15 Eldon Street – 4 th floor London EC2M 7LD	
Registrars	Capita Registrars (Guernsey) Limited Longue Hougue House St Sampson Guernsey GY2 4JN	
Depository	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Bankers	HSBC Private Bank (Suisse) SA Levels 13 and 14 1 Queen's Road Central Hong Kong	

NORTHWEST INVESTMENT GROUP LIMITED

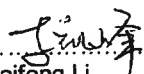
CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Since admission to AIM we have been engaged in identifying high-value investment targets in the hydropower market in Western China in accordance with the investing policy of the Company.

We have dedicated ourselves to making a sizeable acquisition and have engaged with numerous people and organizations in order to acquire or invest in hydropower projects. During the first half of 2016, we closely examined three projects for possible investment and as part of this, in 2016, we started a due diligence exercise on a remote monitoring project on power system and two engineering companies related to hydropower. However, negotiations over these projects were suspended due to various issues arising from due diligence. At the same time, 2016 showed a distinct cooling of interest in the London markets for investments in Chinese companies, which weakened the motivation of two hydropower companies which had been exploring the possibility of raising money on the London Stock Exchange through a combination with the Company. Despite these setbacks, the board continues its' endeavours to search and select high-quality assets to be injected into NWIG. We will update shareholders as and when an appropriate target is identified. Since the Company has not substantially implemented its investing policy within 18 months of Admission then, in accordance with the AIM Rules, the Company's investing policy is subject again to the approval of shareholders at the annual general meeting.

In 2016, we broadened our search to look at other clean energy projects, following the "One Belt One Road" ("OBOR") policy put forward by President Xi of the People's Republic of China. We believe the OBOR policy could be a great stimulus to the clean energy industry in Northwest China. We have also upgraded our internal management system and built up stronger relationships with our partners which will enhance our ability to invest in good projects in the future. This year, we also expanded our horizon to look at deals involving new technologies. However, we have not as yet concluded a transaction in the current financial environment. The Company's current investing policy is set out in full immediately following this statement and is included, with a number of minor amendments, in the circular containing the Notice of Annual General Meeting accompanying the accounts.

As the business develops, we will continue to attract talented and qualified personnel, to assist us to identify strategic objectives. I would once again like to extend my sincere thanks to my staff and board for their hard work, and support.


.....
Kaifeng Li
Chairman
29 June 2017

NORTHWEST INVESTMENT GROUP LIMITED

INVESTING POLICY FOR THE YEAR ENDED 31 DECEMBER 2016

The Company's objective is to generate an attractive rate of return for Shareholders by taking advantage of opportunities to invest in the hydropower market in Western China. The Directors believe that Western China is relatively underdeveloped and therefore offers an attractive potential opportunity to invest in hydropower energy. The Directors also believe that it is likely that there will be continued governmental support for investment in hydropower projects in this region. The Company is seeking to make a sizeable acquisition, which most likely would be deemed a Reverse Takeover and therefore would require shareholders' approval. It does not intend to make any other smaller acquisitions or investments before then. The Company will ultimately aim to acquire/invest in up to 2 power-generation projects with a capacity of approximately 200 megawatts, although the Directors may target projects with a greater capacity. The Directors hope that the construction of these projects can be completed in the near future. Before making an acquisition the Board or an independent third party will carry out a feasibility study report to check the environmental impact and to carry out a relevant profitability analysis for each potential project. The Board will only complete an acquisition if the project is considered environmentally friendly and economically profitable.

The Company will be a value and growth oriented investor, targeting opportunities with the ability for the Company to add value either through its access to capital, its network of contacts or by recruiting high quality personnel. The Company intends to be an "active" investor rather than a "passive" investor.

The Company does not have a fixed life but the Directors undertake to propose a resolution for the winding-up of the Company if no investments are made within six years of Admission. If such resolution is not passed, the Company will continue its operations and a similar resolution will be put to Shareholders each year thereafter if no investments have been made. In addition, pursuant to the AIM Rules for Companies, if the Company has not substantially implemented its investment policy before the next annual general meeting in 2017, the investment policy will be subject to approval by Shareholders at the next annual general meeting and annually thereafter.

As the Company's Investment Policy is, in the first instance, to seek an acquisition which would be deemed a Reverse Takeover and therefore result in the Company ceasing to be an "investing company" for the purposes of the AIM Rules and becoming a holding company of an operating business, it will not be relevant for the Company to undertake periodic reporting of its net asset valuation before such an acquisition is made. Full year and half yearly financial reporting will be undertaken in accordance with the AIM Rules.

The Company has been advised that there are no specific licences, consents or approvals required to carry on the Company's current activities in the BVI. The Company has also been advised that it does not require any specific licences in relation to its current activities in the PRC and that it has reasonable grounds to believe that it can obtain all necessary licences and permits at the relevant time in order to make the proposed acquisition detailed above.

It should be noted that the nature of the Company's activities is speculative and, being dependent on specific investment opportunities, uncertain, accordingly, an investment in the Ordinary Shares is designed only for investors who understand such risks and uncertainties and who can afford to bear the loss of their individual investment.

NORTHWEST INVESTMENT GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Principal activities, trading review and future developments

The Company was incorporated in British Virgin Islands on 26 August 2008 under the BVI Business Companies Act 2004 with Company number 1500784.

The Company has been established for the purpose of identifying and acquiring, or investing in, energy projects with a focus on Western China and did not have any trading activity during the year under review.

It is considered that the development of the Company and its position at 31 December 2016 are fairly set out in the accompanying accounts.

Results and dividends

The results for the period are set out on page 8. The directors do not recommend a dividend payment for the period.

Directors and their interests

The directors who have held office during the period and their beneficial interests in the shares of the Company as at 31 December 2016 are:

	Number of shares	%
Kaifeng Li	9,100,000	6.79%
Zheng Kang	-	-
Enxia Liu	3,900,000	2.91%
Kaming Wong (resigned 18 January 2016)	-	-
Yi Feng	-	-

Directors' remuneration

Directors' remuneration during the year was as follow:

	£'000
Executive	
Kaifeng Li	20
Zheng Kang	16
Enxia Liu	12
Non executive	
Kaming Wong (resigned 18 January 2016)	-
Yi Feng	4

Directors' remuneration include salary and fee received for services rendered with no pension contributions, options or other benefits paid.

Share Dealing Code

The Company has adopted and will continue to operate a share dealing code for directors and employees in accordance with the Rule 21 of the AIM Rules for Companies and will take all reasonable steps to ensure compliance by the Company's directors and applicable employees.

Significant shareholdings

As of 26 June 2017 the Company had been notified of the following interests in its ordinary shares which represent 3% or more of the issued share capital of the Company.

Name	Number of shares	%
Xinyan Li	96,000,000	71.64%
Capita IRG Trustees (nominees)	24,997,370	18.65%
Kaifeng Li	9,100,000	6.79%

NORTHWEST INVESTMENT GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Annual general meeting

The Annual General Meeting of the Company will be held on 22 July 2017 at 20/F Tower B, Yicheng International Centre, No. 10 Ronghua Zhonglu, Yizhuang Economy & Technology Development Zone, Beijing, P. R. China.

Going concern

The financial statements have been prepared on a going concern basis, since the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

Financial instruments

Details of the Company's financial instruments are set out in note 13.

Statement of directors' responsibilities

International Financial Reporting Standards (IFRSs) require the directors to prepare financial statements that present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial statements". In preparing those financial statements, the directors are required to:

- present information, including the Company's accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make an assessment of the group's ability to continue as a going concern and to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing these financial statements.

Statement of disclosure to auditors

The directors have confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the necessary steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution proposing that UHY Hacker Young be re-appointed for the forthcoming year will be put to the Annual General Meeting.

By order of the Board


Zheng Kang
Chief Executive Officer
29 June 2017

NORTHWEST INVESTMENT GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Principles of Corporate Governance

Company listed on AIM is not governed by the UK Code of Corporate Governance adopted by the London Stock Exchange ('the Code'), but is required to operate principles of good governance and best practice. Accordingly, the Directors are committed to the Code and believe that an effective system of corporate governance supports the enhancement of shareholder value. These principles have been in place since the Company's listing on 09 June 2010.

The directors acknowledge the importance of the Code and intend to apply its principles so far as is practicable taking into account the Company's size and stage of development. The Company has two non-executive directors.

The directors have established Audit and Remuneration Committees with formally delegated duties and responsibilities to operate.

Audit Committee

The Audit Committee, which comprises of Yi Feng and Enxia Liu, determines and examines any matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. The Audit Committee receives and reviews reports from the management and the external auditor of the Company relating to the annual and interim accounts and the accounting and internal control systems of the Company. In addition, it considers the financial performance, position and prospects of the Company and ensures they are properly monitored and reported on.

Remuneration Committee

The Remuneration Committee, which comprises of Yi Feng and Enxia Liu, is responsible for making recommendations to the Board on the Company's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors and senior employees, including performance related bonus schemes, pension rights, option scheme and compensation payments.

The Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Company held board meetings regularly and at other times as and when required. The Board is responsible to shareholders for the proper management of the Company.

Directors

During the year, the Board comprised the Chairman Kaifeng Li, Chief Executive Officer Zheng Kang, Executive Director Enxia Liu, and Non-Executive Directors Yi Feng.

Internal controls

The directors are responsible for the Company's system of internal controls and reviewing its effectiveness. The Board has designed the Company's system of internal controls in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal controls can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the control systems in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision.
- It has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority.
- Established procedures for the planning, approval and monitoring of capital expenditure and information systems for monitoring the Company's financial performance against approved budgets and forecasts.

Relations with shareholders

The Board attaches great importance to maintain a good relationship with shareholders. The Board regards the annual general meeting as a good opportunity to communicate directly with investors who are encouraged to make inquiries to officers of the Company.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NORTHWEST INVESTMENT GROUP LIMITED**

We have audited the financial statements of Northwest Investment Group Limited for the year ended 31 December 2016 which comprise the statement of profit and loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and 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. 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 set out on page 6, 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 (APB's) Ethical Standards for Auditors. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2016 and the Company's loss for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union.



Colin Wright
(Senior Statutory Auditor)
For and on behalf of
UHY Hacker Young LLP

Quadrant House
4 Thomas More Square
London E1W 1YW

29 June 2017

NORTHWEST INVESTMENT GROUP LIMITED**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	3	(304)	(308)
Operating loss		(304)	(308)
Finance costs		-	-
Loss before income tax		(304)	(308)
Income tax expense	5	-	-
Loss for the year		(304)	(308)
Earnings per share	6	Pence	Pence
Basic and diluted earnings per share		(0.23)	(0.23)

The notes on pages 13 to 19 form part of these financial statements.

All amounts are derived from continuing operations.

NORTHWEST INVESTMENT GROUP LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Current assets			
Trade and other receivables	7	-	2
Cash and cash equivalents	8	907	1,268
		<u>907</u>	<u>1,270</u>
Total assets		<u>907</u>	<u>1,270</u>
Current liabilities			
Trade and other payables	9	129	188
		<u>129</u>	<u>188</u>
Total liabilities		<u>129</u>	<u>188</u>
Equity attributable to owners of the parent			
Share capital	10	670	670
Share premium	10	2,422	2,422
Retained earnings		(2,314)	(2,010)
		<u>778</u>	<u>1,082</u>
Total equity		<u>778</u>	<u>1,082</u>
Total liabilities and equity		<u>907</u>	<u>1,270</u>

The notes on pages 13 to 19 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2017.

Zheng Kang 
Chief Executive Officer

NORTHWEST INVESTMENT GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 31 December 2014	<u>670</u>	<u>2,422</u>	<u>(1,702)</u>	<u>1,390</u>
Comprehensive income				
Profit or (loss)	<u>-</u>	<u>-</u>	<u>(308)</u>	<u>(308)</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(308)</u>	<u>(308)</u>
Balance at 31 December 2015	<u>670</u>	<u>2,422</u>	<u>(2,010)</u>	<u>1,082</u>
Comprehensive income				
Profit or (loss)	<u>-</u>	<u>-</u>	<u>(304)</u>	<u>(304)</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(304)</u>	<u>(304)</u>
Balance at 31 December 2016	<u>670</u>	<u>2,422</u>	<u>(2,314)</u>	<u>778</u>

NORTHWEST INVESTMENT GROUP LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Net cash used in operating activities	11	(361)	(297)
Investing activities		-	-
Financing activities		-	-
Net decrease in cash and cash equivalents		(361)	(297)
Cash and cash equivalents at beginning of the year		1,268	1,565
Cash and cash equivalents at end of year	8	907	1,268

NORTHWEST INVESTMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

Northwest Investment Group Limited is a Company incorporated on 26 August 2008 in British Virgin Islands under The BVI Business Companies Act 2004. The Company has been established for the purpose of identifying and acquiring, or investing in, energy projects with an initial focus on Western China. The address of the registered office is Sea Meadow House, Blackburn Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands. The Company's business review is set out in the Chairman's Statement and Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by European Union.

The financial statements are prepared on the historical cost basis and presented in round thousand ('000).

The Company has adopted all relevant standards effective for accounting periods beginning on or after 1 January 2016 from the beginning of the reporting period.

As at end of the reporting period, the Company has not adopted the following standard as it is either not effective or not applicable to the Company's business.

Standards, amendments and interpretations (not yet endorsed by EU at 7 June 2017)

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014)
- IFRS 16 Lease (issued on 13 January 2016)
- IFRS 17 Insurance Contracts (Issued on 18 May 2017)
- Amendments to IFRS10 and IAS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (issue on January 2016)
- Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016)
- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)
- Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)
- Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016)
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)

There are no other standards, amendments and interpretations in issue but not yet adopted that the directors anticipate will have material effect on the reported income or net assets of the Company.

2.2 Going concern

The financial statements of the Company are prepared on a going concern basis. The Directors are of the opinion that the Company has sufficient cash to fund its activities in excess of twelve months from the date of these financial statements' approval.

NORTHWEST INVESTMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 – continued

2.3 Foreign currencies

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in pound sterling ("£"), which is the Company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet 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 future taxable profits will be available against which the asset can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of profit and loss, except when it relates to items charged or credited directly to equity, in which case it is recognised in equity.

NORTHWEST INVESTMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 – continued

2.5 Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand on deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and have an original maturity of three months or less.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Payables

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

NORTHWEST INVESTMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 – continued**

3 EXPENSES BY NATURE

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Employee benefit expense (note 4)	113	116
Legal and professional	51	51
Audit fee	8	8
Operating lease payments	120	120
Other expenses	12	13
	<u>304</u>	<u>308</u>
Total administrative expenses	<u>304</u>	<u>308</u>

4 EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Staff costs	54	57
Directors' remuneration	59	59
	<u>113</u>	<u>116</u>
	Number	Number
Average number of employees	<u>14</u>	<u>15</u>

5 INCOME TAX EXPENSE

The Company was registered in BVI. It is not regarded as resident for tax purposes in BVI. Therefore it will not be liable to BVI income tax in respect of this other than BVI source income.

6 EARNING PER SHARE

The calculation of the basic earnings per share is based on the profits or losses attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and /or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliation of the earning and weighted average number of shares used in the calculations is set out as below:

NORTHWEST INVESTMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 – continued**

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
<i>Earnings</i>		
Earnings for the purposes of basic and diluted earnings per share	<u>(304)</u>	<u>(308)</u>
<i>Number of shares</i>	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>134,000,000</u>	<u>134,000,000</u>
<i>Earnings per share</i>	Pence	Pence
Basic and diluted	<u>(0.23)</u>	<u>(0.23)</u>

7 TRADE AND OTHER RECEIVABLES

	At 31 December 2016 £'000	At 31 December 2015 £'000
Other receivables	<u>-</u>	<u>2</u>
	<u>-</u>	<u>2</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

8 CASH AND CASH EQUIVALENTS

	At 31 December 2016 £'000	At 31 December 2015 £'000
Cash at bank	<u>907</u>	<u>1,268</u>
	<u>907</u>	<u>1,268</u>

Bank balances and cash comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

9 TRADE AND OTHER PAYABLES

	At 31 December 2016 £'000	At 31 December 2015 £'000
Other payables	<u>129</u>	<u>188</u>
	<u>129</u>	<u>188</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

NORTHWEST INVESTMENT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016– continued**

10 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	Ordinary shares £'000	Share premium £'000
Issued and paid up:			
At 31 December 2015 and 2016	<u>134,000</u>	<u>670</u>	<u>2,422</u>

11 NOTES TO THE CASH FLOW STATEMENT

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss from operations	<u>(304)</u>	<u>(308)</u>
Operating cash outflows before movements in working capital	(304)	(308)
(Increase)/decrease in receivables	2	(1)
Increase/(decrease) in payables	<u>(59)</u>	<u>12</u>
	<u>(57)</u>	<u>11</u>
Net cash used in operations	(361)	(297)
Interest paid	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>(361)</u>	<u>(297)</u>

12 RELATED PARTY TRANSACTIONS

The Company is controlled by Xinyan Li by virtue of his shareholding disclosed on page 4.

Key management remuneration

Key management included Directors of the Company. The remuneration paid or payable to key management for employment services is shown on page 4.

NORTHWEST INVESTMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 – continued

13 FINANCIAL INSTRUMENTS

Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed a credit risk from its financing activities, including deposits with banks and financial institutions.

Currently, the Company is exposed to 100% of credit risk to one counter party. However the counter party is a financial institution with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Prudent liquidity management implies maintaining sufficient cash locally and the availability of committed credit facilities. The Company is mainly financed by equity and self-generated cash flows.

Interest rate risk

The Company's policy is to fund its operations through the use of retained earnings and equity.

The Company exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or short term deposits at floating rate of interest determined by the relevant bank's prevailing base rate.

The group seeks to obtain a favourable interest rate on its cash balances through the use premium accounts.

Financial risk management

The Company will be exposed to financial risks arising from changes in world commodity prices which in turn affect the energy supplies and raw material changes in world prices of biodiesel, inflation and international trends in trade, tariffs and protectionism once it starts trading. The Company will reviews its position regularly in considering the need for active financial risk management.

Fair values

There is no significant difference between the carrying amounts shown in the balance sheet and the fair values of the group's financial instruments. For current trade and other receivables/payables with a remaining life of less than one year, the nominal amount is deemed to reflect fair value.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. During the period under review the Company was not trading, therefore, no foreign currency risk arose. The Company's policy, as it relates to currency risk, is to limit payment terms.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while attempting to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Board reviews the capital structure on an annual basis. The Company's overall strategy remains unchanged.