

Interim Report 2022



22 September 2022

JADE ROAD INVESTMENTS LIMITED

("Jade Road Investments", "JADE", the "Company" or the "Group")

INTERIM CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Jade Road Investments Limited (AIM: JADE), the London quoted pan-Asian diversified investment vehicle focused on providing shareholders with attractive uncorrelated, risk-adjusted long-term returns, is pleased to announce its interim results for the six months ended 30 June 2022.

FINANCIAL HIGHLIGHTS:

- Total income increased to US\$1.56 million from interest income and profit on partial disposal of one investment (H1 2021: US\$1.24 million).
- Net profit of US\$1.02 million (H1 2021: US\$0.27 million loss).
- Consolidated profit per share (basic) of US\$0.88 cents (H1 2021: US\$0.24 cents loss).
- Consolidated NAV at 30 June 2022 increased slightly by 1.5% to US\$69.04 million/GBP 56.83 million (31 December 2021: US\$68.03 million/GBP50.33 million).
- NAV per share at 30 June 2022 US\$0.59 (GBP0.49) (30 June 2021 US\$0.90/GBP0.65).
- Period end cash position of US\$0.44 million (30 June 2021: US\$2.56 million).

INVESTMENT AND OPERATIONAL HIGHLIGHTS:

- Future Metal Holdings Limited ("**Future Metal**")
 - o The Investment Manager and Board of the Company continue to focus on divestment opportunities for this asset.

- o The local management team is actively seeking new sales channels to enhance the business and also seeking local divestment opportunities as directed by the Investment Manager.
- Meize Energy Industries Holdings Limited ("**Meize**")
 - o The Company partially divested its interest in the period as it entered into a share sale agreement for 112,500 shares of the Series B Preferred Equity in Meize for consideration of USD1.2 million, which was settled in three equal tranches.
 - o The first tranche was received in June 2022 with the remaining two tranches received by the end of August 2022.
 - o The Company maintains an interest of 6.3 per cent in this business.
- DocDoc Pte Ltd ("**DocDoc**")
 - o The investee company has continued to develop its 'Neo Insurer' model by building partnerships with insurance companies in the region. It is also in discussions with various investors regarding capital raisings to position the business for its future growth.

HIGHLIGHTS

CHAIRMAN OF JADE ROAD INVESTMENTS, JOHN CROFT, COMMENTED:

“The past six months continued to pose a challenging period for the Chinese economy as it faces the slowest GDP growth forecast in four decades.

Notwithstanding these difficult times, Jade Road successfully completed the partial divestment of Meize, demonstrating that the Company has the in-country resources and expertise to work closely with portfolio companies to achieve investment returns.

The Board of the Company and the Investment Manager’s assessment is that Asian SMEs continue to provide investment opportunities for the Company as strong, income-generating assets, at an attractive entry point for Jade.

The Board is confident that significant opportunities exist for Jade Road going forward, particularly investment candidates in the IT, Fintech, Healthcare, and online commerce sectors in Southeast Asia.”

For further information on JADE, please visit the Company’s website at www.jaderoadinvestments.com and follow the Company on Twitter (@JadeFinance).

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ABOUT JADE ROAD INVESTMENTS

Jade Road Investments Limited is quoted on the AIM Market of the London Stock Exchange and is committed to providing shareholders with attractive uncorrelated, risk-adjusted long-term returns from a combination of realising sustainable capital growth and delivering dividend income.

The Company is focused on providing growth capital and financing to emerging and established Small and Medium Enterprises (SME) sector throughout Asia, and is well-diversified by national geographies, instruments and asset classes. This vital segment of the economy is underserved by the traditional banking industry for regulatory and structural reasons.

The Company’s investment manager, Harmony Capital, seeks to capitalise on its team’s established investment expertise and broad networks across Asia. Through rigorous diligence and disciplined risk management, Harmony Capital is dedicated to delivering attractive income and capital growth for shareholders with significant downside protection through selectively investing in assets and proactively managing them.

Harmony Capital is predominately sourcing private opportunities and continues to create a strong pipeline of attractive income-generating assets from potential investments in growth sectors across Asia, including healthcare, fintech, hospitality, IT and property.

CHAIRMAN'S STATEMENT

The successful partial disposal of Meize Energy Industries ("Meize"), a leading privately owned wind turbine blade manufacturing company in China, at a 22% premium to the carrying value as at the 31st of December 2021, helped validate Jade Road's investment strategy during challenging times for the capital markets.

The past six months continued to pose a challenging period for the Chinese economy as it faces the slowest GDP growth forecast in four decades.

Notwithstanding these difficult times, Jade Road successfully completed the partial divestment of Meize, demonstrating that the Company has the in-country resources and expertise to work closely with portfolio companies to achieve investment returns.

Total income increased to USD1.56 million from interest income and profit, compared to the corresponding period in the previous year (H1 2021: USD1.24 million).

Net profit increased to USD1.02 million (H1 2021: USD0.27 million loss) while consolidated profit per share (basic) increased to USD0.88 compared to a loss of USD0.24 (H1 2021).

INVESTMENT PORTFOLIO

Jade Road's largest shareholding is an 85% stake in Future Metal Holdings Limited (FMHL), the largest magnesium dolomite quarry in Shanxi Province. The gradual removal of travel restrictions in China is helping FMHL to reach out to new clients with a further geographical radius for its high-end products. The investment team's focus is on achieving a partial or complete sale of this asset and a formal sales process has been initiated with this objective in mind.

In June 2022, the Company announced the partial divestment via a share purchase agreement (SPA) for 112,500 shares of the Series B Preferred Equity in Meize for a consideration of USD1.2 million. The consideration for the disposal was to be received in three equal tranches of USD400,000. The first of these tranches was received in June, the second and third tranche payments of USD400,000 were received in July and August, thereby completing the transaction.

The core investment strategy remains to pivot away from China and focus on the broader Asian SME subsector, which is showing greater resilience than larger companies in terms of recovery and build a base of income generating assets that covers overheads, management fees and finance costs, with a growing surplus to fund dividends.

The Board is confident that significant opportunities exist for Jade Road going forward, particularly investment candidates in the IT, Fintech, Healthcare and online commerce sectors in Southeast Asia.

A good example is Jade Road's investment in Singapore-based DocDoc, which continues to develop its Neo Insurer model.

ESG

Environmental, Social and good corporate Governance is integral to Jade Road's responsible investment approach., which is executed through its Investment Manager, Harmony Capital.

POST BALANCE SHEET EVENTS

The partial disposal of the Company's interest in Meize Energy for \$1.2m was announced in June 2022. \$800k of the total \$1.2m consideration was received in two tranches in July and August. As reported, the partial divestment of Meize implies a valuation of USD10 million and a premium of 22.0% to the carrying value as at the 31st of December 2021 (USD8.2 million). Following this transaction, Jade retains a 6.3% stake in Meize.

The Board remains confident in the longer term prospects of this and its other portfolio investments.

SUMMARY

Whilst China falters, the Asian Development Bank has reported that "*developing Asia's economies are forecast to grow 5.2% this year and 5.3% in 2023, thanks to a robust recovery in domestic demand and continued expansion in exports*". The Board of the Company and the Investment Manager's assessment is that Asian SMEs continue to provide investment opportunities for the Company as strong, income-generating assets, at an attractive entry point for Jade. Given the stage of growth of many of these SMEs, the Investment Manager continues to pursue a strategy of structuring investments through credit instruments where possible. Coupled with continued divestments from our Chinese legacy assets, the Company believes this investment strategy will create a better constructed portfolio with near-term downside protection.

CHAIRMAN'S STATEMENT

I would like to take this opportunity to thank the investment team for the successful completion of the partial divestment in Meize, proving that with patience and perseverance, deals can still be done.

I would also like to thank our shareholders for your continued support, and I look forward to updating you on progress.

* Asian Development Bank, 'Developing Asia Economies Set to Grow 5.2% this Year Amid Global Uncertainty', 6 April 2022.

The principal assets as of 30 June 2022 are detailed below:

Principal assets	Effective interest %	Instrument type	Valuation at 31 December 2021		Cash receipts	Equity investment/ other movement		Fair value adjustment	Valuation at 30 June 2022
			US\$ million	Credit income US\$ million		US\$ million	US\$ million		
FLM Holdings	-	Convertible Bond	-	0.7	-	-	(0.7)	-	
Future Metal Holdings Limited	84.8	Structured Equity	50.4	0.3	-	-	-	50.7	
Meize Energy Industrial Holdings Ltd	6.3	Redeemable convertible preference shares	8.2	0.3	-	(1.2)	1.5	8.8	
DocDoc Pte Ltd	-	Convertible Bond	2.6	-	-	0.1	-	2.7	
Infinity Capital Group	-	Secured Loan Notes	1.4	0.2	-	-	-	1.5	
Infinity TNP	40	Equity	3.6	-	-	-	-	3.6	
Project Nicklaus	-		1.8	-	-	-	-	1.8	
Loan to HKMH	-		3.7	-	-	-	-	3.7	
Other receivables	-		-	-	-	0.8	-	0.8	
Corporate debt	-		(3.6)	-	-	(0.2)	-	(3.8)	
Other liabilities	-		(1.0)	-	-	(0.3)	-	(1.3)	
Cash	-		0.8	-	0.4	(0.8)	-	0.4	
Total Net Asset Value			68.0	1.5	0.4	(1.6)	0.8	69.0	

FUTURE METAL HOLDINGS LIMITED ("FMH")

Our largest asset by value is the dolomite quarry project ("**Quarry**") in China, Future Metal Holdings Limited ("**FMHL**"), which was previously known as Hong Kong Mining Holdings. The Company has an 85% shareholding in FMHL.

JADE has been exploring the option of a partial or full exit of this investment by actively engaging with interested parties on the ground in the Shanxi Province as well as with brokers in Mainland China, Hong Kong and Singapore.

Including loan disbursements provided by the Company to FMHL and its subsidiaries and accrued PIK interest, the estimated fair value of the Company's investment is US\$50.7 million as of 30 June 2022.

MEIZE ENERGY INDUSTRIES HOLDINGS LIMITED ("MEIZE")

Swift Wealth Investments Limited, a 100% (2019: 100%) owned subsidiary of the Company incorporated in the British Virgin Islands, held a 7.2% stake in Meize through a redeemable preference share structure.

Meize is a privately owned company that designs and manufactures blades for both onshore and offshore wind turbines.

In June 2022, the Company entered into a share purchase agreement for 112,500 shares of the Series B Preferred Equity in Meize for consideration of USD1.2 million. The transaction price implies a valuation of USD10.0 million for the Company's investment in Meize.

The partial divestment was completed by the end of August 2022. The Company held approximately 6.3% interest in Meize post this divestment.

As of 30 June 2022, the Company's interest in Meize had a fair value of US\$8.8 million based on an implied valuation following the divestment of 112,500 shares.

INFINITY TNP

The Company maintains a 40% equity stake of Infinity Capital Group Limited's ("**ICG**") wholly-owned subsidiary Infinity TNP, which holds units in a luxury hotel-condominium called Tellus Niseko.

Tellus Niseko is a unique development in Hirafu Village, with its high-end concierge service, an in-house Michelin star chef-managed restaurant, in-room onsen (hot spring) baths, and prime location just minutes away from the Grand Hirafu ski lifts.

The local team has been closely monitoring the local condition, the reservation for this winter is available now. The Investment Manager and Board of the Company is also evaluating its options for recovering its initial investment with all options under consideration.

As of 30 June 2022, the carrying value of its investment was US\$3.6 million.

INFINITY CAPITAL GROUP LIMITED ("**ICG**")

Ultimate Prosperity Limited, a 100% owned subsidiary of the Company incorporated in the British Virgin Islands, holds a Secured Loan to ICG.

ICG develops premium residential projects in Hirafu Village, a world-class ski village in Niseko, Japan – one of the most popular winter travel destinations in the world.

As the COVID-19 pandemic continues to impact Japan and the Hokkaido region, ICG has been working closely with the local management to monitor the domestic property market and the local market's response to the pandemic, including construction project planning and potential movements in property prices.

As of 30 June 2022, the carrying value of the Secured Loan was US\$1.5 million taking into account the current face value of the instrument and cash interest receivable, less an Expected Credit Loss ("**ECL**") provision of US\$38k against aged cash interest receivables. The Company has decided to escalate its efforts to ensure an exit from this position including taking legal action while also pursuing consensual avenues.

DOCDOC PTE LTD. ("**DOCDOC**")

DocDoc is a Singapore-headquartered online network of over 23,000 doctors, 600 clinics, and 100 hospitals serving a wide array of specialities. It uses artificial intelligence, cutting-edge clinical informatics, and proprietary data to connect patients to doctors which fit their needs at an affordable price.

DocDoc pivoted its business model to become a "Neo Insurer" and attempts to partner with insurance companies to enhance their policy offerings. DocDoc is working to offer fully-digitised insurance products to consumers or businesses, exclusively through digital channels, with end-to-end digital service delivery. These offerings will include quoting, binding, issuing of policies, documentation, proof of insurance, electronic billing, payment and real time policy management all digitally.

As of 30 June 2022, the carrying value of the Convertible Bond was US\$2.7 million. An annual coupon of 8% (4.0% cash and 4% Payment-in-Kind) was converted to 8% Payment-in-Kind.

GREATER CHINA CREDIT FUND LP (THE "**GCCF**") & OTHER INVESTMENTS

As of 31 December 2021, we have applied a 100% provision against GCCF. Given there is no GCCF number in this item, we separated the two primary components namely Project Nicklaus and Loan to HKMH.



John Croft
Chairman

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended		Year ended
	Note	30 June 2022 Unaudited US\$000	30 June 2021 Unaudited US\$000	31 December 2021 Audited US\$000
Income from unquoted financial assets		580	575	1,162
Finance income from loans		679	673	1,347
Gain on disposal		300	–	–
Gross portfolio income	4	1,559	1,248	2,509
Fair value changes on financial assets at fair value through profit or (loss)		737	48	(38,893)
Expected credit (loss) provision	9	(3)	–	731
Net portfolio income/(loss)	4	2,293	1,296	(35,653)
Management fees	13	(674)	(914)	(1,861)
Incentive fees		–	–	424
Administrative expenses		(344)	(394)	(812)
Operating profit/(loss)		1,275	(12)	(37,902)
Finance expense		(259)	(259)	(522)
Profit/(Loss) before taxation		1,016	(271)	(38,424)
Taxation	5	–	–	–
Profit/(Loss) and total comprehensive expense for the period		1,016	(271)	(38,424)
Earnings per share	7			
Basic		0.88 cents	(0.24) cents	(33.33) cents
Diluted		0.76 cents	(0.24) cents	(33.33) cents

The results above relate to continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2022 Unaudited US\$000	30 June 2021 Unaudited US\$000	31 December 2021 Audited US\$000
Assets				
Unquoted financial assets at fair value through profit or loss	8	67,344	73,991	66,202
Loans and other receivables	9	6,347	34,681	5,556
Cash and cash equivalents		437	2,560	848
Total assets		74,128	111,232	72,606
Liabilities				
Other payables and accruals		1,257	1,515	1,010
Current liabilities		1,257	1,515	1,010
Loans & borrowings	10	3,827	3,536	3,568
Total liabilities		5,084	5,051	4,578
Net assets		69,044	106,181	68,028
Equity and reserves				
Share capital	11	148,903	148,903	148,903
Treasury share reserve		(615)	(615)	(615)
Share based payment reserve		2,937	2,936	2,936
Accumulated losses		(82,181)	(45,043)	(83,196)
Total equity and reserves attributable to owners of the parent		69,044	106,181	68,028

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US\$000	Treasury share reserve US\$'000	Share based payment reserve US\$000	Accumulated losses US\$000	Total US\$000
Group balance at 1 January 2021	148,903	(615)	2,936	(44,772)	106,452
Loss for the period	–	–	–	(271)	(271)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(271)	(271)
Group balance at 30 June 2021	148,903	(615)	2,936	(45,043)	106,181
Loss for the period	–	–	–	(38,153)	(38,153)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(38,153)	(38,153)
Group balance at 31 December 2021 and 1 January 2022	148,903	(615)	2,936	(83,196)	68,028
Profit/(Loss) and total comprehensive expense for the period	–	–	–	1,016	1,016
Total comprehensive income for the period	–	–	–	1,016	1,016
Group balance at 30 June 2022	148,903	(615)	2,936	(82,180)	69,044

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended		Year ended
	30-Jun 2022 Unaudited US\$'000	30-Jun 2021 Unaudited US\$'000 (Restated)	31 December 2021 Audited US\$'000 (Restated)
<i>Cash flow from operating activities</i>			
Profit/(Loss) before taxation	1,016	(271)	(38,424)
Adjustments for:			
Finance income	(679)	(673)	(1,347)
Finance expense	259	259	522
Exchange (gain)/loss	29	(58)	23
Fair value changes on unquoted financial assets at fair value through profit or loss	(2,043)	(566)	7,222
Share-based expenses		–	–
Fair value changes on loans and receivables at fair value through profit or loss	679	–	30,459
Realised (gain) on disposal of investments	(300)	–	–
Increase in other receivables	(21)	(16)	(295)
Increase/(Decrease) in other payables and accruals	247	(15)	(520)
Net cash used in operating activities	(812)	(1,340)	(2,360)
<i>Cash flow from investing activities</i>			
Sale proceeds of unquoted financial assets at fair value through profit or loss	400	–	–
Purchase of unquoted financial assets at fair value through profit and loss	–	–	–
Net cash generated from investing activities	400	–	–
Issue of Shares	–	–	–
Sale of treasury shares	–	–	–
Purchase of treasury shares	–	–	–
Proceeds from loans and borrowings	–	–	–
Payment of interest on loans and borrowings	–	(228)	(459)
Net cash used in financing activities	–	(228)	(459)
Net (decrease) in cash & cash equivalents during the period	(412)	(1,568)	(2,819)
Cash and cash equivalents and net debt at the beginning of the period	848	4,093	3,673
Foreign exchange on cash balances	1	35	(6)
Cash & cash equivalents and net debt at the end of the period	437	2,560	848

NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited company incorporated in the British Virgin Islands (“**BVI**”) under the BVI Business Companies Act 2004 on 18 January 2008. The address of the registered office is Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG 1110 and its principal place of business is 19/F., CMA Building, 64 Connaught Road Central, Central, Hong Kong.

The Company is quoted on the AIM Market of the London Stock Exchange (code: JADE) and the Quotation Board of the Open Market of the Frankfurt Stock Exchange (code: 1CP1).

The principal activity of the Company is investment holding. The Company is principally engaged in investing primarily in unlisted assets in the areas of mining, power generation, health technology, telecommunications, media and technology (“**TMT**”), and financial services or listed assets driven by corporate events such as mergers and acquisitions, pre-IPO, or re-structuring of state-owned assets.

The condensed consolidated interim financial information was approved for issue on 22nd September 2022.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” and presented in US Dollars.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through the income statement.

The accounting policies and methods of computation used in the condensed consolidated financial information for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021 and are those the Group expects to apply into financial statements for the year ending 31 December 2022.

The seasonality or cyclicity of operations does not impact the interim financial information.

4. SEGMENT INFORMATION

The operating segment has been determined and reviewed by the Board to be used to make strategic decisions. The Board considers there to be a single business segment, being that of investing activity.

The reportable operating segment derives its revenue primarily from debt investment in several companies and unquoted investments.

The Board assesses the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (“**EBITDA**”). This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments.

NOTES TO THE FINANCIAL INFORMATION

The segment information provided to the Board for the reportable segment for the periods are as follows:

	Six months ended	Year ended	
	30 June	30 June	31 December
	2022	2021	2021
	US\$000	US\$000	US\$000
Income on unquoted financial assets	580	575	1,162
Financial income on loans & receivables	679	673	1,347
Gain on disposal	300	–	–
Gross portfolio income	1,559	1,248	2,509
Expected credit loss provision	(3)	–	731
Other provisions	–	–	–
Foreign exchange	(84)	48	(53)
Equity fair value adjustments	821	–	(38,840)
Portfolio income through profit or loss	(2,293)	1,296	(35,653)
Net assets:			
FMHL	50,666	50,696	50,400
Meize	8,801	8,201	8,200
GCCF	–	2,745	–
DocDoc	2,696	2,491	2,592
ICG	1,515	2,522	1,343
Infinity TNP	3,650	7,320	3,650
Other	16	16	17
Unquoted assets at fair value through profit or loss	67,344	73,991	66,202
Loans and other receivables at fair value through the profit or loss (third party)	6,347	34,681	5,556
Cash	437	2,560	848
Liabilities	(5,084)	(5,051)	(4,578)
Net assets	69,044	106,181	68,028

NOTES TO THE FINANCIAL INFORMATION

The impact of fair value changes on the investments in the portfolio are as follows:

	Six months ended		Year ended
	30 June	30 June	31 December
	2022	2021	2021
	US\$000	US\$000	US\$000
Income on unquoted financial assets through profit or loss	580	575	1,162
Equity fair value adjustments:			
– FMHL		–	(583)
– Meize	1,500	–	–
– GCCF	–	–	(2,745)
– ICG	–	–	(1,384)
– Infinity TNP	–	–	(3,670)
	1,500	–	(8,382)
Expected credit loss provision:			
– ICG	(3)		27
Foreign exchange on unquoted financial assets at fair value through profit or loss	(34)	(9)	(29)
Total fair value changes on financial assets at fair value through profit or loss	2,043	566	(7,222)

5. TAXATION

The Company is incorporated in the BVI and is not subject to any income tax.

6. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2022 (30 June 2021: Nil).

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Group is based on the following:

		Six months ended	Year ended	
		30 June	30 June	31 December
		2022	2021	2021
		US\$000	US\$000	US\$000
Numerator				
Basic/Diluted:	Net profit/(loss)	1,016	(271)	(38,424)
		Number of shares		
		'000	'000	'000
Denominator				
Basic:	Weighted average shares	115,278	115,278	115,278
	Dilutive effect of warrants	17,568	–	–
Diluted:	Adjusted weighted average shares	132,846	115,278	115,278
Earnings per share				
	Basic (cents)	0.88	(0.24)	(33.33)
	Diluted (cents)	0.76	(0.24)	(33.33)

For the year ended 31 December 2021, the warrants issued to the Investment Manager were anti-dilutive and therefore there is no impact on the weighted average shares in issue. No warrants were issued during the period to 30 June 22.

8. UNQUOTED FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June	30 June	31 December
	2022	2021	2021
	US\$000	US\$000	US\$000
At the beginning of the period	66,202	73,423	73,423
Fair value changes through profit and loss	2,045	568	(7,248)
Expected credit loss provision through profit and loss	(3)	–	27
Disposals	(900)	–	–
Payment of cash interest	–	–	–
At the end of the period	67,344	73,991	66,202

During the period, the Company entered into a share purchase agreement of 112,500 shares of the series B Preferred Equity in Meize for the consideration of US\$1.2 million. The Transaction Price implies a valuation of US\$10.0 million, a 22% premium to the carrying value as at the 31 December 2021. In accordance with company accounting policies, the fair value of the remaining shares was adjusted upwards by US\$1.5m.

9. LOANS AND OTHER RECEIVABLES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	30 June 2022 US\$000	30 June 2021 US\$000	31 December 2021 US\$000
At the beginning of the period		5,556	33,970	34,390
Additions – Meize consideration	14	800	–	–
Cash receipts		–	–	(417)
Fair value changes through profit and loss		(688)	38	(30,468)
Expected credit loss provision through profit and loss		–	–	704
Finance income on loans		679	673	1,347
At the end of the period		6,347	34,681	5,556

	Note	30 June 2022 US\$000	30 June 2021 US\$000	31 December 2021 US\$000
Loans		–	29,081	–
Due in respect of Meize divestment	14	800	–	–
Other receivables		5,547	5,600	5,556
Amounts receivable from related parties		–	–	–
Total loans and borrowings		6,347	34,681	5,556

Loans represent the Convertible Bond issued by Fook Lam Moon Holdings plus accrued interest. The Group has assessed the recoverability of Loans in accordance with its policy, and at year-end 31 December 21 applied a 100% provision against this investment such that the carrying value of the Convertible Bond was US\$0.0m. The circumstances remain unchanged as at 30 June 2022 and a further provision of US\$0.68m has been taken against the bond interest accrued in the period. The breakdown of Loans is as follows:

	30 June 2022 US\$000	30 June 2021 US\$000	31 December 2021 US\$000
Loan principal	26,500	26,500	26,500
Accrued PIK interest	1,966	1,408	1,685
Accrued interest payable in cash	2,672	1,877	2,274
Fair Value Adjustments – Principal	(26,500)	–	(26,500)
Fair Value Adjustments – Accrued Interest	(4,638)	–	(3,959)
Gross loans receivable	–	29,785	–
Lifetime ECL allowance recognised	–	(704)	–
Net loans receivable	–	29,081	–

	30 June 2022 US\$000	30 June 2021 US\$000	31 December 2021 US\$000
At the beginning of the period	–	704	704
ECL allowance charged to profit or loss	–	–	(704)
At the end of the period	–	704	–

10. LOANS AND BORROWINGS

	30 June 2022 US\$000	30 June 2021 US\$000	31 December 2021 US\$000
Corporate debt	3,827	3,536	3,568
Total loans and borrowings	3,827	3,536	3,568

The movement in loans and borrowings is as follows:

	30 June 2022 US\$000	30 June 2021 US\$000	31 December 2021 US\$000
Opening balance	3,568	3,504	3,504
Borrowing costs amortised	31	32	63
Interest expense accrued	228	228	459
Payment of interest liability	–	(228)	(459)
Closing balance	3,827	3,536	3,568

11. SHARE CAPITAL

	Number of Shares	Amount US\$000
Authorised, called-up and fully paid ordinary shares of no-par value each at 30 June 2021	115,277,869	148,288
Authorised, called-up and fully paid ordinary shares of no-par value each at 31 December 2021 and at 30 June 2022	115,277,869	148,288
Consisting of:		
Authorised, called-up and fully paid ordinary shares of no-par value each at 30 June 2022	117,925,673	148,903
Authorised, called-up and fully paid ordinary shares of no-par value held as treasury shares by the Company at 30 June 2022	(2,647,804)	(615)

- (i) Under the BVI corporate laws and regulations, there is no concept of “share premium”, and all proceeds from the sale of no-par value equity shares are deemed to be share capital of the Company.

12. FINANCIAL INSTRUMENTS

Financial assets

	As at 30 June 2022 US\$'000	As at 30 June 2021 US\$'000	As at 31 December 2021 US\$'000
Unquoted financial assets at fair value	67,344	73,991	66,202
Loans at fair value	–	29,081	–
Other receivables at fair value	6,291	5,559	5,521
Cash and cash equivalents at amortised cost	437	2,560	848
Financial assets	74,073	111,191	72,571

Financial liabilities

	As at 30 June 2022 US\$'000	As at 30 June 2021 US\$'000	As at 31 December 2021 US\$'000
Other payables and accruals at amortised cost	1,257	1,515	1,010
Corporate debt at amortised cost	3,827	3,536	3,568
Financial liabilities	5,084	5,051	4,578

The Corporate Bond is due for repayment in October 2022 and all other financial liabilities are due within 12 months.

Financial assets at fair value through profit or loss

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1, 2 or 3 based on the degree to which the fair value is observable:

	Note	As at 30 June 2022 US\$000	As at 30 June 2021 US\$000	As at 31 December 2021 US\$000
Level 3				
Unquoted financial assets at fair value	8	67,344	73,991	66,202
Loans at fair value	9	–	29,081	–
Other receivables at fair value	9,14	6,291	5,559	5,556
		73,635	108,631	71,757

There is no transfer between levels in the current period. Carrying values of all financial assets and liabilities are approximate to fair values. The value of level 3 investments has been determined using the yield capitalisation (discounted cash flow) method.

13. RELATED PARTY TRANSACTIONS

During the period under review, the Group entered into the following transactions with related parties and connected parties:

	Note	30 June 2022 US\$000	30 June 2021 US\$000	31 December 2021 US\$000
Remuneration payable to Directors		117	159	309
Harmony Capital Management fee	(i)	674	914	1,861
Incentive fee		–	–	(424)
Amount due to Harmony Capital at period end		1,089	1,289	865

- (i) Harmony Capital has been appointed as the Investment Manager of the Group. The management fee, which was calculated and paid bi-annually in advance calculated at a rate of 0.875% of the net asset value of the Company's portfolio of assets at 30 June and 31 December in each calendar year.

Harmony Capital is entitled to receive an incentive fee from the Company in the event that the audited net asset value for each year is (1) equal to or greater than the audited net asset value for the last year in relation to which an incentive fee became payable ("**High Water Mark**"); and (2) in excess of 105% of the audited net asset value as at the last calendar year-end ("**the Hurdle**"). Subject to the High Water Mark and Hurdle being exceeded in respect of any calendar year, the incentive fee will be equal to 20% of the difference between the current year-end NAV and the previous year-end NAV. 50% of the incentive fee shall be paid in cash and the remaining 50% of the incentive fee shall be paid by ordinary shares.

14. EVENTS AFTER THE REPORTING PERIOD

On the 20 July 2022 the Company received the Second Tranche Price of US\$400,000 from its partial divestment in Meize. On the 18 August 2022 the Company received the final Tranche Price of US\$400,000 from its partial divestment in Meize.

15. COPIES OF THE INTERIM REPORT

The interim report is available for download from www.jaderoadinvestments.com.

