Jade Road Investments Limited

Annual Report 2020

Contents

Company Information

Directors
Mr. John Croft
– *Executive Chairman*
Hugh Viscount Trenchard
– *Non-executive Director*
Dr. Lee George Lam
– *Non-executive Director*
Mr. Stuart Crocker
– *Non-executive Director*
Mr. John Batchelor (appointed August 2020)
– *Non-executive Director*

Investment Manager
Harmony Capital Investors Limited
Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town
Grand Cayman KY1-9005 Cayman Islands

Key Personnel of Investment Manager
Harmony Capital Investors Limited
Mr. Suresh Withana
– *Co-founder, Managing Partner*

Registered Office
Commence House, Wickhams Cay 1
PO Box 3140
Road Town, Tortola
British Virgin Islands VG1110

Company Secretary
Conyers Trust Company (BVI) Limited
Commence House, Wickhams Cay 1
PO Box 3140
Road Town, Tortola,
British Virgin Islands VG1110

Principal Place of Business
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Registrars
Computershare Investor Services (BVI) Limited, Woodbourne Hall PO Box 3162 Road Town, Tortola, British Virgin Islands

Depositary Interest Registrars
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Bristol BS99 6ZY

Registered Agent
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Commence House, Wickhams Cay 1
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British Virgin Islands VG1110

Nominated Adviser
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24 Martin Lane
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Broker
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2 Jardine House
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Harrow HA1 3EX

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London E14 4HD

Legal Advisers
Locke Lord (UK) LLP
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201 Bishopsgate
London EC2M 3AB

Conyers Dill & Pearman
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British Virgin Islands VG1110

Website
www.jaderoadinvestments.com

Stock Code
AIM: JADE
Frankfurt: 1CP1

Company Description & Investing Policy

Jade Road Investments Limited ("**Jade Road**" or the "**Company**") is focused on providing growth capital and financing to emerging and established Small and Medium Enterprises ("**SMEs**") throughout Asia, well-diversified by national geographies, instruments and asset classes. This vital segment of the economy is underserved by the traditional banking industry and capital markets due to regulatory and structural reasons. The Company is focused on providing shareholders with attractive uncorrelated risk-adjusted returns over the short and longer-term from a diversified portfolio of pan-Asian investments.

Jade Road Investments Limited is an investment company holding portfolio investments while Harmony Capital Investors Limited acts as its external Investment Manager.

Our common stock is publicly traded on the Alternative Investment Market ("**AIM**") market of the London Stock Exchange, under the ticker symbol "JADE". The Board of Jade Road Investments works together with Harmony Capital Investors Limited ("**Harmony Capital**") to execute our investment strategy. Ultimate authority for investment decisions vests with the Board.

Investing Policy

The Investment Manager of the Company has the flexibility to invest across Asia, across sectors and across the capital structure of companies. Furthermore, given the long-term nature of the Company's investment horizon, a more flexible Investing Policy should enable the Investment Manager to navigate changes in the relative attractiveness of various financing asset classes in Asia through economic cycles and, potentially, geopolitical shifts which may increase the sovereign risk associated with specific countries relative to others within the region.

The investing policy of Jade Road is the following:

a. The Company has an indefinite life and is targeting both capital gains and income distributions for its Shareholders over time.
b. The Company will provide equity and credit funding to companies, principally in the Pan-Asia region or with a connection to Asia. It will seek to do this by:

   i. providing funding directly to companies via the provision of loans or other credit instruments, which may be secured against assets of the borrower or its affiliates;
   ii. providing funding to companies to accelerate their growth, expand the scale of their business and/or to consolidate their organisational structure in preparation for a public listing. Investments could be in the form of structured equity, debt, and hybrid debt securities;
   iii. providing growth, development, and acquisition capital in the form of equity or quasi-equity to companies within growth industries;

iv. providing funding to transactions structured around significant corporate events such as recapitalisations, debt restructurings, buybacks of shares, asset spin-offs, and corporate reorganisations;

v. investing in publicly traded or over-the-counter traded equity or credit securities, such as preferred stock, common stock, high yield bonds, senior loans, warrants, where the market is mispricing a company's securities and thereby offering an attractive risk-adjusted return due to one-off or short-term factors;

vi. investing (in addition to securing co-investment rights for the Company) as a limited partner or shareholder in third party managed vehicles which have a strategy to provide credit and/or equity funding to companies in a specific industry; and

vii. the Company will be sector agnostic in its investment activities.

c. New investments will be managed actively, including through appropriate investor protections which will be negotiated on each transaction as appropriate and relevant.

d. The Company will consider using debt to finance transactions on a case-by-case basis and may assume debt on its own balance sheet when appropriate to enhance returns to Shareholders and/or to bridge the financing needs of its investment pipeline.

e. The Company may decide to dispose of or exit, partially or fully, existing investments in the Company's portfolio where appropriate and based on the recommendations of the Investment Manager.

Chairman's Statement 2020

After strong strategic progress in 2020, Jade Road Investments is poised for growth as pan-Asian economies lead the global recovery. The continued scarcity of institutional capital to fund Asian SME growth places Jade Road in an extremely strong position to negotiate very attractive terms for new investments.

Overview

I am pleased to report that your Company delivered a very positive financial performance for the year ended 31 December 2020 with Net Asset Value (NAV) rising 5.5% from US$100.9m to US$106.4m, during an unprecedented year.

Net Portfolio Income grew by over 200% from US$2.2m to US$6.7m delivering a Net Profit of US$1.6m versus a loss of US$2.8m in 2019. Earnings per share were 1.56c versus a loss of 3.11c per share in 2019.

The Company's investments have delivered a resilient performance and remain structured for long-term growth.

You may have noticed that this is our first report under our new name Jade Road Investments Ltd. (AIM Ticker: JADE). We felt that the new name better reflects the Company's Asian heritage, while also acknowledging the spirit of connecting investors and capital from the West, across the Middle East and into the Asian small- and medium-sized markets. In China, Jade is the symbol of balance and strength and known to protect and bring harmony.

Key Developments

Turning to our current investment portfolio, you will find a detailed update on each principal investment later in this report, where you will note how some of our companies have been dealing with the unavoidable effects of the pandemic.

As we apply a most rigorous physical due diligence process, it is unfortunate that the Company was unable to close any of its advanced investment opportunities due to international travel restrictions. However, our investment manager Harmony Capital continued to focus intensely on our existing investments.

I would like to highlight Future Metal Holdings Limited (FMHL), our largest asset by value, as an example of how our Investment Manager has worked to maximise the value of the project. China-based FMHL is a producing dolomite quarry focussed on sales to domestic construction companies. In 2020, significant works were undertaken to improve the operations and environmental compliances at the site. Construction of a steel structure to enclose its stockpile site was completed, as well as the process of land hardening to comply with the local environmental requirements. The construction of both the land hardening and the enclosed structure was completed around the end of Q2 2020. In August, FMHL successfully completed its Mining Licence renewal, after securing all necessary approvals from the local Ministry of Natural Resources. The renewed Mining Licence has a validity period of three years and permits a maximum annual dolomite production capacity of 300,000 tonnes.

SRK Consulting was commissioned by the Company to undertake an update of its Competent Persons Report (CPR) for FMHL. The CPR includes JORC Mineral Resources and Ore Reserves estimates totalling: 113Mt of dolomite as measured by Proved and Probable Reserves, and 149Mt of dolomite as calculated by Measured, Indicated and Inferred Resource. In early 2021, SRK conducted a renewed independent valuation of the quarry. According to SRK's assessment, the quarry's extraction method is conventional and commonly adopted for large-scale open pit quarries and the environmental risks are managed in accordance with Chinese national requirements. Taking into consideration the potential expansion capacity of the quarry, the estimated life of the quarry is 40 years including a two-year construction period and the Project's internal rate of return ("IRR") is 28.55%. In addition, product prices include VAT and are considered to remain stable during the life of the mining operation.

In 2021, we will continue to focus on this and other significant assets, also seeking valuation events and exits, or partial exits where possible.

ESG Commitments

The Company, along with Harmony Capital, employs extremely strict assessment methodologies when screening potential new investments and during 2020, the Company formally adopted a new and comprehensive Environmental, Social and Governance (ESG) policy, which is now fully integrated into our investment process.

Harmony Capital is also a signatory of the United Nation's Principles for Responsible Investment (UN PRI). We strongly believe that ESG principles should be an integral part of the Company's Investment Management Process.

Therefore, going forward, the Company's objective is to implement a policy that clearly demonstrates our commitment to ESG principles to both the investors it represents and new investee companies: such a policy states the Company's intention to pursue opportunities that do not contravene its ESG principles from the beginning of the Investment Process and throughout the lifecycle of a particular investment. The scope of the ESG policy is binding to the Company's Investment Management Process in its entirety, applying to all geographies where the Company may invest in the future, as well as across both debt and equity investments.

Placing Update

The Company conducted its first capital raise since coming to market in 2014, raising a total of £2.0 million (before expenses) ensuring that the Company retains a strong balance sheet with more than adequate cash for the operation of its business and planned investment activities. The Company no longer expects to receive the outstanding £1.1 million funds under the Placement.

Management Changes

I was pleased to announce the appointment of John Batchelor as a Non-Executive Director of the Company with effect from 14 August 2020. John is a Senior Managing Director with FTI Consulting and was formally Co-Lead of Asia and Head of the Corporate Finance & Restructuring segment in Asia. John is representing Jade Road's largest shareholder on the board.

Outlook

As the pan-Asian markets bounce back, we are seeing more exciting investment opportunities. The current investment pipeline includes a number of companies operating in high growth and very topical sectors such as Healthcare, Technologies, Fintech and eCommerce. The scarcity of institutional capital for SMEs in Asia to fund their growth places the Company in an extremely strong position to negotiate very attractive terms for new investments.

Summary

The Company made solid progress in 2020. With uncertain market conditions, the commercial awareness demonstrated by our team has helped to both protect and bolster our existing investments as well as identify exciting new opportunities.

I remain cautiously optimistic about the outlook for 2021. As travel and other restrictions are gradually lifted, businesses are beginning to get back to more normal levels of activity.
For example, restaurants in Hong Kong, including Fook Lam Moon, our second largest investment by value, are operating near to pre-pandemic levels, while in Niseko, Japan (where we have property investments) operators are now accepting bookings for the coming winter skiing season.

Finally, I would like to extend my thanks to all the team for what has been an incredible all-round team effort.

John Croft
24th June 2021
Chairman of the Board

Portfolio at 31 December 2020

Principal assets	Effective interest %	Instrument type	Valuation at 31 December 2019 US$ million	Credit income US$ million	Credit investment US$ million	Cash receipts US$ million	Equity investment/ other movement US$ million	Fair value adjustment US$ million	Provision US$ million	Valuation at 31 December 2020 US$ million
Fook Lam Moon Holdings	-	Convertible Bond	27.5	1.3	-	-	-	-	(0.4)	**28.4**
Future Metal Holdings Limited	84.8	Structured Equity	44.7	0.6	0.2	-	0.1	4.8	-	**50.4**
Meize Energy Industrial Holdings Ltd	7.9	Redeemable convertible preference shares	8.2	-	-	-	-	-	-	**8.2**
DocDoc Pte Ltd	-	Convertible Bond	2.2	0.2	-	-	-	-	-	**2.4**
Infinity Capital Group	-	Secured Loan Notes	2.1	0.4	-	(0.1)	-	-	(0.1)	**2.3**
Infinity TNP	40	Equity	7.3	-	-	-	-	-	-	**7.3**
GCCF & Other investments	-		8.9	-	-	-	(0.2)	-	-	**8.7**
Corporate debt	-		(1.9)	-	-	(1.7)	0.1	-	-	**(3.5)**
Other liabilities	-		(2.2)	-	-	-	0.7	-	-	**(1.5)**
Cash			4.1	-	(0.2)	1.8	(2.0)	-	-	**3.7**
Total Net Asset Value			100.9	2.5	-	-	(1.3)	4.8	(0.5)	**106.4**

Portfolio Overview

Future Metal Holdings Limited

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.

FMHL was brought back into trial production towards the end of 2019. In early 2020, the Quarry operations paused temporarily due to the COVID-19 pandemic. During Q1 2020, the Quarry recommenced activity with the construction of a steel structure to enclose its stockpile site as well as the process of land hardening to comply with the local environmental requirements. The construction of both the land hardening and the enclosed structure was completed around the end of Q2 2020. Due to the two construction projects, production was suspended between April and May 2020. The Quarry resumed production in June 2020.

The Quarry has secured a full package of licences/permits in 2020. Key licences, such as the Mining Licence and Work Safety Permit, are valid until August 2023.

An independent third party valuation has been utilised to derive the value of the Quarry. It was conducted by SRK Consulting (“SRK”) – an internationally renowned consultancy firm, employing more than 1,400 professionals on six continents. To conduct its valuation, in early 2021, SRK inspected the site and prepared an independent technical report in compliance with the requirements of the Australasian Joint Ore Reserves Committee Code 2012 Edition. SRK has assessed that the Quarry contains approximately 113Mt of dolomite as measured by Proved and Probable Reserves and approximately 149Mt of dolomite as calculated by Measured, Indicated and Inferred Resource. According to SRK’s assessment, the Quarry’s extraction method is conventional and commonly adopted for large-scale open pit quarries and the environmental risks are managed in accordance with Chinese national requirements.

The Quarry’s mining licence covers an area of 2.3063 square kilometres and allows a mining capacity of 0.3 million tonnes per year (“Mtpa”) of ore/dolomite. The designed capacity, which can be realised upon expansion, is 3Mtpa.

Taking into consideration the potential expansion capacity of the Quarry, the estimated life of the Quarry is 40 years including a two-year construction period and the Project’s internal rate of return (“IRR”) is 28.55%. In addition, product prices include VAT and are considered to remain stable during the life of the mining operation.

Jade Road will publish SRK’s independent assessment report on the Quarry on its website in due course.

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$50.4million as of 31 December 2020.

Fook Lam Moon

Our second largest investment by value is in the controlling shareholder of a Hong Kong-based restaurant group Fook Lam Moon ("FLM").

The Company holds a Convertible Bond of US$26.5 million in Fook Lam Moon Holdings. The Convertible Bond has a maturity of 5 years and pays a coupon of 5.0% per annum (3.0% paid in cash with the remainder rolled up with the principal amount outstanding).

FLM's business was impacted by the COVID-19 pandemic in 2020, which severely limited inbound tourism, particularly from Mainland China. However, FLM is an over 70-year-old business that has weathered many past crises such as SARS and the Company is confident in FLM's resilience and ability to ensure its long-term future. In addition, as Hong Kong gradually relaxes its social distancing measures, patronage has since begun to return to more normalised levels.

As of 31 December 2020, the carrying value of the Convertible Bond was US$28.4 million taking into account the current face value of the instrument, accrued PIK interest and cash interest receivable, less an Expected Credit Loss ("ECL") provision against aged cash interest receivables (see Note 10 for details).

Infinity TNP

In November 2019, the Company acquired 40% of ICG's wholly owned subsidiary Infinity TNP, which holds units in a luxury hotel-condominium called Tellus Niseko, in exchange for US$7.2 million in shares in the Company at a price of £0.348 per share, representing a premium of 20% to the 30-day weighted average price per share in Jade Road immediately prior to the execution of the sale and purchase agreement.

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.

In early 2020, the residential area of Tellus Niseko was leased to guests for the 2019/20 winter season.

During 2020, the occupancy at Tellus Niseko in 2020 has been negatively impacted by the spread of COVID-19 in Japan, as tourism from Greater China was sharply reduced. Local management has been closely monitoring the COVID-19 situation in Japan and has implemented a series of cost-cutting measures to conserve cashflow. It is their expectation that the recovery in tourism will likely be felt in the 2021/2022 winter season as Japan re-opens its borders to international travellers.

An independent third party valuation of Infinity TNP's assets, conducted by Jones Lang LaSalle ("JLL") was utilised to derive the value of the Company's stake. As of 31 December 2020, the carrying value of its investment was US$7.3 million (2019: US$7.3 million).

Infinity Capital Group ("**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. The Company agreed to provide a US$4.0 million Secured Loan note facility to ICG in December 2018. The facility included two equal tranche drawdowns, carrying a coupon of 17.5% per annum in cash. The first tranche and second tranche were drawn on 31 January 2019 and 30 August 2019, respectively. The Company was also issued detachable warrants, which give it the right to purchase shares in ICG or its parent company should either undertake a liquidity event, such as an Initial Public Offering.

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 31 December 2020, the carrying value of the Secured Loan was US$2.3 million taking into account the current face value of the instrument and cash interest receivable, less an Expected Credit Loss ("ECL") provision against aged cash interest receivables.

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, holds 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.

Due to the outbreak of the COVID-19 pandemic in Mainland China, the operations of the Inner Mongolia and Ningxia plants were suspended in Q1 2020. However, they successfully resumed operations later in the first half of 2020. Since then, Meize has also completed a third plant in Jiangsu Province, which commenced operations in August 2020. In terms of production, it is the largest production site and produces 24 sets of blades each month. The Jiangsu site is looking to double its production by the middle of 2021.

As of 31 December 2020, the Company's interest in Meize had a fair value of US$8.2 million based on a Discounted Cash Flow analysis. The carrying amount represents a discount of over 50% to the full redemption value of the Company's investment.

While 2020 was a very challenging year, Meize Energy was a standout performer within Jade Road's Portfolio given its expansion of capacity and the consolidation of its position within this exciting sector. As the company continues to perform, there is a likelihood that Jade Road may look for opportunities to monetise this investment in the near to medium term.

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 specialties. It uses artificial intelligence, cutting-edge clinical informatics, and proprietary data to connect patients to doctors which fit their needs at an affordable price. In June 2020, DocDoc announced a partnership with Kaitaiming Technology ("KTM"), an insurance agent platform, to expand its reach into China. The partnership is a gateway into the lucrative Chinese market for DocDoc where, through the KTM platform, it will offer its doctor discovery services to the policyholders of China's leading insurance companies.

As of 31 December 2020, the carrying value of the Convertible Bond was US$2.4 million. An annual coupon of 8% (4.0% cash and 4% Payment-in-Kind was converted to 8% Payment-in-Kind).

Biographies of Directors and Senior Management

Board of Directors

Mr. John Croft, Executive Chairman

John Croft is an experienced Chairman, non-executive Director and executive with a successful international career in the technology and financial services sectors. John moved to Hong Kong in 2020 to take on an Executive role with the Company. He is also a non-executive Director at Brazilian Nickel Ltd., which is developing a Nickel Laterite project in Northeast Brazil and is a non-executive Director at Golden Rock Global Ltd., a company quoted on the Standard List of the London Stock Exchange. He has previously held senior Director level positions in Racal Electronics and NCR Corporation, following an early career in banking with HSBC and Citibank.

Hugh Viscount Trenchard, Non-executive Director

Viscount Trenchard began his career as an investment banker at Kleinwort Benson in 1973. He has more than 40 years' experience of Japanese business, including 12 years as a resident of Japan. He ran Kleinwort Benson's East Asian operations for 15 years and was later Head of Japanese Investment Banking for Robert Fleming & Co. Limited, before working with Mizuho International plc from 2007 to 2014. He served as a Senior Adviser for Japan and Korea to Prudential Financial, Inc. from 2002 to 2008. Lord Trenchard is a member of the House of Lords, a Senior Adviser to the UK Government on Japanese Financial Services, and a Vice-Chairman of the British-Japanese Parliamentary Group.

Mr. Charles Stuart Crocker, Non-executive Director

Stuart served in the British Army in the United Kingdom, Northern Ireland, and Germany until 1985. On leaving, he began his career in banking at Merrill Lynch and focused on the Middle East where he has lived for over 20 years. Previously, he became the CEO of HSBC Private Bank UAE and Oman and the Global Head Private Banking Group at Abu Dhabi Islamic Bank. Latterly he has been the Founder Chairman of one of the largest forestry companies in West Africa and founder shareholder of an award-winning Fintech company in Dubai. Most recently he became Non-Executive Chairman of Inquiron/Track24. Actively involved in voluntary charity work, he has been a Director, and then Trustee, at St. Martin-in-the-Fields in London for 28 years.

Dr. Lee George Lam, Non-executive Director

Dr. Lam is Chairman of Hong Kong Cyberport, Chairman of the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Sustainable Business Network

(ESBN), Vice Chairman of Pacific Basin Economic Council (PBEC), and a member of the Hong Kong Trade Development Council Belt and Road and Greater Bay Area Committee. Dr. Lam is a Solicitor of the High Court of Hong Kong, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Fellow of Certified Management Accountants (CMA) Australia, the Hong Kong Institute of Arbitrators, the Hong Kong Institute of Directors and the Institute of Corporate Directors Malaysia (ICDM) and an Honorary Fellow of Certified Public Accountants (CPA) Australia, the Hong Kong Institute of Facility Management and the University of Hong Kong School of Professional and Continuing Education.

Mr. John Batchelor, Non-executive Director

Mr. Batchelor is a Senior Managing Director with FTI Consulting and was formerly Co-Lead of Asia and Head of the Corporate Finance & Restructuring segment in Asia. He has more than 25 years of experience in restructuring, corporate recovery, and transaction advisory. Prior to FTI Consulting, Mr. Batchelor was an executive director of Ferrier Hodgson.

Key Personnel of the Investment Manager, Harmony Capital

Mr. Suresh Withana is the Co-Founder and Managing Partner of Harmony Capital Investors Limited. Prior to founding Harmony Capital Investors Limited ("**HCIL**"), he was most recently Global Head of Special Situations and Co-Head of Asia at Tikehau Capital, the listed investment management company with over €29 billion in assets. Previously, he was the Co-Founder and Chief Investment Officer at Harmony Capital Partners, an affiliate of HCIL, which managed a fund focused on Asian special situations investments. Prior to that, he was a Director of the Global Special Situations Group at Mizuho International Plc in London and a Vice President in the Investment Banking Group at Merrill Lynch International (London). In total, he has accumulated 25 years of experience, including over 18 years of special situations investing primarily focused on Asia.

Directors' Report

The Board (the "**Board**") of Directors (the "**Directors**") are pleased to present their report on the affairs of the Company and its subsidiaries (collectively referred to as the "**Group**"), together with the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company was incorporated with limited liability under the laws of the British Virgin Islands ("**BVI**"). The Company's shares were admitted to the AIM Market of the London Stock Exchange on 19 October 2009 and on the Quotation Board of the Open Market of the Frankfurt Stock Exchange on 6 December 2012.

RESULTS AND DIVIDENDS

The Company recorded a profit before taxation of US$1.6 million (2019: loss US$2.8 million).

The profit reflects fair value increase on assets in the portfolio of US$5.9 million (2019: US$1.1 million), net finance income of US$0.9 million (2019: US$1.2 million) and total operating expenses of US$5.2 million (2019: US$5.1 million). The fair value increase included in the period includes income from investments of US$1.1 million (2019: US$0.9 million) and a fair value adjustment upon valuation of portfolio assets at the period end of US$4.8 million (2019: US$0.1 million).

The Directors are not recommending the payment of a dividend for the year.

REVIEW OF THE BUSINESS

The Group's audited net asset value as at 31 December 2020 stood at US$106.4 million (2019: US$100.9 million) equivalent to US$0.92 per share (2019: US$0.99), excluding the effect of treasury shares held by the Group.

The principal investment assets held by the Company at the year-end, together with their valuations are set out in the Chairman's statement.

EVENTS AFTER THE REPORTING PERIOD

The significant events after the reporting period are set out in Note 19 of the financial statements, none of which impact on the results and net assets reported in these financial statements.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served during the year and up to the date of this report were as follows:

Mr. John Croft
Hugh Viscount Trenchard
Dr. Lee George Lam
Mr. Stuart Crocker
Mr. John Batchelor (appointed August 2020)

The Directors retiring by rotation are Stuart Crocker and Hugh Viscount Trenchard, who, being eligible, offer themselves for re-election at the Company's forthcoming annual general meeting.

With the exception of the related party transactions stated in Note 17 to the Financial Statements, there were no other significant contracts, other than Directors' contracts of service, in which any Director had a material interest. The Directors who held office as at 31 December 2020 had no beneficial interests in any of the shares of the Company and Group companies other than as follows:

Number of ordinary shares of no par value as at 31 December

		2020		2019
	Direct	**Indirect**	Direct	Indirect
Mr. John Croft	118,463	10,733	4,117	10,733
Hugh Viscount Trenchard	60,634	-	-	-
Dr. Lee George Lam	101,057	-	-	-
Mr. Stuart Crocker	80,845	-	-	-
Mr. John Batchelor	0	-	-	-

Number of warrants over ordinary shares of no par value as at 31 December

		2020		2019
	Direct	**Indirect**	Direct	Indirect
Mr. John Croft	881,346	-	800,000	-
Hugh Viscount Trenchard	460,634	-	400,000	-
Dr. Lee George Lam	501,057	-	400,000	-
Mr. Stuart Crocker	80,845	-	-	-
Mr. John Batchelor	-	-	-	-

SUBSTANTIAL SHAREHOLDINGS IN THE COMPANY

As far as the Directors are aware, the following persons are interested in 3% or more of the issued share capital of the Company:

Shareholder	Number of ordinary shares	Percentage of issued share capital
Elypsis Solutions Limited	55,225,127	47.9%
Infinity Capital Group	16,179,310	14.0%
Heirloom Investment Management LLC	10,068,676	8.7%
Harmony Capital Investors Limited	6,059,306	5.3%
Barry Lau	4,561,400	4.0%

The percentage of shares not in public hands (as defined in the AIM Rules for Companies) is 79.9%.

The Directors have not been made aware of any other beneficial shareholdings of 3% or more of the issued share capital of the Company as of the date of this report.

FINANCIAL INSTRUMENTS

The Group's use of financial instruments is described in Note 9 and Note 15.

FINANCIAL RISK MANAGEMENT OBJECTIVES

Management has adopted certain policies on financial risk management with the objective of ensuring that appropriate funding strategies are adopted to meet the Group's short-term and long-term funding requirements, taking into consideration the cost of funding, gearing levels, and cash flow projections. The policies are also set to ensure that appropriate strategies are adopted to manage related interest and currency risk funding and to ensure that credit risks on receivables are properly managed. In addition, Note 15 to the financial statements include the Group's objectives, policies, and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk, interest rate risk, liquidity risk, price risk, and currency risk.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Group seeks to maintain good terms with all of its trading partners. In particular, it is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers and, provided the supplier has complied with its obligations, to abide by the terms of payment agreed.

SHARE CAPITAL

The Company has a single class of shares which is divided into ordinary shares of no par value.

At 31 December 2020, the number of ordinary shares in issue was 117,925,673, of which 2,647,804 were held in treasury by the group. Details of movements in the issued share capital during the year are set out in Note 14 to the financial statements.

DIRECTORS' INDEMNITY

The Company's Articles of Association provide, subject to the provisions of BVI legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Directors.

EMPLOYEE INFORMATION

As at 31 December 2020, the Group had Nil (2019: Nil) employees excluding Directors.

CHARITABLE DONATIONS

The Group has not made any charitable donations during the year (2019: Nil).

GOING CONCERN

The financial statements are required to be prepared on the going concern basis unless it is inappropriate to do so. The Directors, having considered "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" issued by The Financial Reporting Council in 2016, consider the going concern basis of preparation to be appropriate in preparing the financial statements.

The key conclusions are summarised below:

- The Group realises and applies its investment resources in accordance with its available liquidity.
- The Group held cash and cash equivalents of US$3.7 million at 31 December 2020 and had debt of US$3.5 million.

In considering the appropriateness of this basis of preparation, the Directors have reviewed the Group's working capital forecasts for a minimum of 12 months from the date of the approval of this financial information. Following this assessment, the Directors have reasonable expectation that the Group has adequate resources to continue for the foreseeable future and that carrying values of intangible assets are supported. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

A resolution to re-appoint PKF Littlejohn LLP as the Company's auditors will be proposed at the Annual General Meeting.

On behalf of the Board

John Croft
Executive Chairman

Corporate Governance Statement

THE BOARD

The Board of Jade Road Investments Limited, in accordance with the AIM Rules, adopted an appropriate corporate governance code. It has decided to apply the Quoted Companies Alliance Corporate Governance Code (the QCA Code). The QCA Code is a pragmatic and practical corporate governance tool which adopts a proportionate, principles-based approach which the Board believes will enable the explanation of how the Company applies the QCA Code and its overall corporate governance arrangements. The QCA Code is constructed around 10 broad principles which are set out below together with an explanation of how the Company complies with each principle, and where it does not do so, an explanation for that.

As suggested by the QCA, our Chairman, John Croft makes the following statement in relation to corporate governance:

"As Chairman of the Company, I lead our Board of Directors and have primary responsibility for ensuring that the Company meets the standards of corporate governance expected of an AIM investment company of our size. Our over-arching role as a Board is to monitor the Company's progress with its investing policy and to ensure that it is being properly pursued. In pursuing that strategy, our second key focus is to supervise, manage and objectively assess the performance of our Investment Manager, Harmony Capital Investors Limited. Given there is no executive team in the Company and no other employees, this relationship is critically important in terms of delivering value to our shareholders.

We set out below how we as a Board seek to apply the QCA Code, bearing in mind the particular nature of the Company and its business. Being an investment company means we are naturally focused on investment strategy and deploying our cash resources in the most efficient way to produce returns for shareholders in the medium to long term, balancing the potential risks and rewards of each investment which our Investment Manager proposes. We have a rigorous investment process including third-party legal, commercial, and financial due diligence, site visits, management meetings, and independent valuations where relevant. The output of this work is consolidated and presented to the Board by the Investment Manager in high-quality investment presentations which are reviewed and discussed at length at investment board meetings. We are not a large corporate with multiple stakeholders and, as noted above, our Board is non-executive as at the year end. We, therefore, intend to take a pragmatic approach to governance structures and processes and whilst retaining a high-performance culture at Board level, adopt policies and procedures which we think are appropriate to an investment company on AIM."

The Board, the Investment Manager and Board Committees

The Board is responsible for reviewing and approving the Company's Investing Policy and for monitoring the performance of Harmony Capital Investors Limited in the performance of its obligations under the Services Agreement. The Company holds board meetings as required and not less than four times annually. The Board has constituted committees with responsibility for overseeing audit, remuneration, valuation and investment matters.

Following the end of the reporting period, the Board constituted the following Committees:

The Remuneration Committee constituted by Hugh Viscount Trenchard and Dr Lee George Lam.

The Remuneration Committee reviews the scale and structure of the Directors' remuneration and the terms of their service or employment contracts, including warrant schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive Directors are set by the entire Board, with Directors absenting themselves, at the appropriate time, from discussions on matters directly reflecting their remuneration.

The Investment Committee constituted by John Croft, Hugh Viscount Trenchard, Dr Lee George Lam, Stuart Crocker and John Batchelor.

The Investment Committee has the primary authority to develop the Company's investment objectives and corporate policies on investing. It reviews and approves investment opportunities presented by the Company's Investment Manager. The Committee will at all times be constituted by all the Company's directors.

The Audit Committee constituted by John Croft and Stuart Crocker.

The Audit Committee appoints and determines the terms of engagement of the Group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee monitors the independence of the Group's auditor, and the appropriateness of any non-audit services. The Audit Committee receives and reviews reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee has unrestricted access to the Group's auditors. The Audit Committee makes recommendations to the Board.

The Valuation Committee constituted by Hugh Viscount Trenchard and Dr. Lee George Lam.

The Valuation Committee is responsible for reviewing the valuation process for all investments, including the application of appropriate valuation standards, based on the input of the Company's Investment Manager and on the Company's Valuation Policy which was formally adopted in 2020. Its members are sourced from independent directors of the Board. It retains the authority to engage with independent 3rd parties at any time with respect to valuation matters. The Committee comprises a minimum of two members and reports directly to the Board.

DELIVER GROWTH

Principle 1 Establish a strategy and business model which promote long-term value for shareholders

Principle

The Board must be able to express a shared view of the Company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long term. It should demonstrate that the delivery of long term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.

Compliance

The Company provides equity and credit funding to companies, principally in the Pan-Asian region or with a connection to Asia. It will do this through investing in direct financings, pre-IPO investments, growth private equity, event driven special situations, opportunistic special situations, and indirect financing.

The Company is sector agnostic in its investment activities.

New investments will be managed actively, including through appropriate investor protections which will be negotiated on each transaction as appropriate and relevant.

The Company will consider using debt to finance transactions on a case-by-case basis and may assume debt on its own balance sheet when appropriate to enhance returns to Shareholders and/or to bridge the financing needs of its investment pipeline.

The Company is in the process of a disposal programme for its "legacy" assets, which is substantially complete. The Company has made two new investments in 2019 and intends in the short to medium term to continue to transition its portfolio of investments to one that consists predominantly of income-generating assets, which will enable the Company to pay regular dividends to its shareholders.

The Board, together with the Investment Manager, continually monitors the prevailing investment climate and macro-economic conditions affecting the Asian region and other macro factors which will influence and, in some cases, hinder the ability of the Company to execute its strategy, for example, regulatory and governmental policy changes.

Principle 2 Seek to understand and meet shareholder needs and expectations

Principle

Directors must develop a good understanding of the needs and expectations of all elements of the Company's shareholder base. The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.

Compliance

The Board is aware of the need to protect the interests of minority shareholders and the balancing of these interests with those of the majority shareholder. The Board also considers the terms of the relationship agreement the Company has entered with its largest shareholder and, where necessary, will enforce any relevant terms.

The Company holds regular investor events in London, Hong Kong and Dubai, where the Chairman, other members of the Board and the Investment Manager update attendees on key developments in the portfolio. All shareholders are invited to attend these events. The Chairman is principally responsible for shareholder liaison.

The Company regularly updates the market via its RNS news feed of any disclosable matters and where appropriate, also uses social media platforms to engage with a wider audience.

The Company publishes all relevant materials, according to QCA definitions, on its website. This includes annual reports and shareholder circulars.

Principle 3 Take into account wider stakeholder and social responsibilities and their implications for long-term success

Principle

Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators, and others). The Board needs to identify the Company's stakeholders and understand their needs, interests, and expectations.
Where matters that relate to the Company's impact on society, the communities within which

it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long term, then those matters must be integrated into the Company's strategy and business model.

Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.

Compliance

The balance of economic value to the Group and social impact is carefully considered, not only throughout the due diligence for any potential investments but also ongoing monitoring by of periodical site visits for the invested projects, with the maintenance of high environmental standards is a key priority. The Board is conscious of its responsibilities in relation to society, particularly in a developing economy such as China.

The key resources for the Company are principally the Investment Manager and the Company's advisory team, including its nominated adviser, brokers, solicitors, and auditors. The Investment Manager and therefore the Company rely on a network of intermediaries to originate investment deal flow. The Board speaks to the advisory team on a regular basis and takes feedback from it throughout the year. In particular, it seeks advice in relation to compliance with the AIM Rules and their impact on its investments from the nominated adviser and solicitors and from the auditors in relation to accounting matters including net asset value and the annual audit.

Principle 4 Embed effective risk management, considering both opportunities and threats, throughout the organisation

Principle

The Board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the Company's supply chain, from key suppliers to end-customer.

Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).

Compliance

Effective risk management in relation to the Company's portfolio is key to the Board's assessment of the Investment Manager's performance. Measuring risk in each investment case, in terms of both how it can be mitigated and the potential upside of taking on such risk are critical elements of the analysis produced by the Investment Manager and reviewed by the Board on each proposed investment. Similarly, in conducting the managed disposal programme, the Board is focused on achieving the best possible value for the assets being disposed of. At the same time, the Board assesses the risk of maintaining those positions with the potential for further value to be eroded at the same time as it requires additional time to be spent by the Board and by the Investment Manager.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

Principle 5 Maintain the Board as a well-functioning, balanced team led by the Chairman

Principle

The Board members have a collective responsibility to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chairman.

The Board (and any committees) should be provided with high-quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.

The Board should have an appropriate balance between Executive and Non-Executive Directors and should have at least two independent Non-Executive Directors. Independence is a board judgement.

The Board should be supported by committees (e.g., audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.
Directors must commit the time necessary to fulfill their roles.

Compliance

The Board consists of the Executive Chairman and four Non-Executive Directors.

The Executive Chairman has been involved with the Company since its predecessor company, China Private Equity Investment Holdings Limited was admitted to AIM in 2009. Viscount Trenchard, Dr. Lee George Lam, Mr. Stuart Crocker and Mr. John Batchelor have all been appointed to the Board in 2017 or later. All four Non-Executive Directors are considered to be independent.

Each Non-Executive Director is engaged on a 12-month contract with three months' notice on either side and is required to commit to a minimum of two days per calendar month.

The Executive Chairman's roles and responsibilities include but are not limited to engaging potential clients across Jade Road's domain in the APAC region, initiating and agreeing Terms of Engagement with clients, providing the lead consultancy services to clients and support the business development of the Company, liaising with the Company's NOMAD and other advisors in London, and being the main contact between the Board and the Investment Manager, approving public announcements, engaging with Shareholders, Investors and other Stakeholders to promote the Company and its business objectives.

As explained above, the Board receives detailed investment papers from the Investment Manager in relation to any asset which is either recommended for investment or disposal, including an executive summary of the due diligence findings, results of site visits and management meetings (including an assessment of the investee company's management team), key financial metrics, key risk factors, the potential returns available, security for the investment and the type of instrument to be used.

Principle 6 Ensure that between them the directors have the necessary up-to-date experience, skills, and capabilities.

Principle

The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition.

The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.

As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.

Compliance

Directors who have been appointed to the Company have been chosen because of the skills and experience they offer. The identity of each Director and his full biographical details are provided on the website, which include each Director's relevant experience, skills, personal qualities, and capabilities. The current team of Directors offer a mix of investment, quoted company, sector and geographical expertise and exposure.

The Board has not taken any specific external advice on a specific matter, other than in the normal course of business as an AIM-quoted company and in pursuit of the investment policy. There are no internal advisors to the Board. The Directors rely on the Company's advisory team to keep their skills up to date and through attending market updates and other seminars provided by the advisory team, the London Stock Exchange plc, and other intermediaries.

The Investment Manager is the key external adviser to the Board.

Principle 7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Principle

The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual Board members.

The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.

It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for Boards. No member of the Board should become indispensable.

Compliance

The Board consists predominantly of Non-Executive Directors, the Company having no employees. In this regard, Board performance and oversight lies predominantly with the Chairman and other stakeholders, particularly shareholders. In early 2020, it was determined by the Remuneration Committee that John Croft be designated as Executive Chairman to align with his time commitment and contribution to the Company's affairs.

Events are held with shareholders where feedback on the Company's progress is sought on a regular basis, and this interaction provides valuable input on Board performance. Advice is also sought on Board composition on an ongoing basis from the Company's NOMAD.

The composition of the Board is reviewed regularly, and changes made where appropriate. As the size of the portfolio grows, the Company may look to broaden its skills and experience base by the appointment of additional Directors and/or advisors in due course.

The Board does not carry out a formal review process.

Principle 8 Promote a corporate culture that is based on ethical values and behaviours

Principle

The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and source of competitive advantage.

The policy set by the Board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the company.

The culture should be visible in every aspect of the business, including recruitment, nominations, training, and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.

Compliance

The Board is focused on investment returns for its shareholders and will at all times seek to make ethical investments, but this is not an investment focus or determinant for an asset being included in the portfolio. As discussed above, given the Company is an investment company with no employees or other internal stakeholders, the Board does not drive a corporate culture within the business.

Principle 9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Principle

The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its:
- size and complexity; and
- capacity, appetite, and tolerance for risk. The governance structures should evolve over time in parallel with the company's objectives, strategy, and business model to reflect the development of the company.

Compliance

This section provides full disclosure on the Company's corporate governance. There are no immediate plans to make any changes to the governance processes and framework which are described in the commentary above.
The Chairman has overall responsibility for shareholder liaison.

There are no specific matters reserved for the Board.

BUILD TRUST

Principle 10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Principle

A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Company.

In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist:
- the communication of shareholders' views to the Board; and
- shareholders' understanding of the unique circumstances and constraints faced by the Company.

Compliance

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy, and financial position. Details of all shareholder communications are provided on the Company's website, including historical annual reports and governance-related material together with notices of all general meetings for the last five years. The Company discloses outcomes of all general meeting votes.

The Company has appointed a professional Financial Public Relations firm with an office in London to advise on its communications strategy and to assist in the drafting and distribution of regular news and regulatory announcements. Regular announcements are made regarding the Company's investment portfolio as well as other relevant market and regional news.

The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

Independent Auditor's Report

Independent Auditor’s Report to the Members of Jade Road Investments Limited

Opinion

We have audited the financial statements of Jade Road Investments Limited (the “**Group**”) for the year ended 31 December 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the group financial statements:

- give a true and fair view of the state of the Group’s affairs as at 31 December 2020 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the director’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the group’s ability to continue to adopt the going concern basis of accounting included a review of the forecast financial information prepared by management, a review of management’s assessment of going concern, and post year end information, including committed expenditure.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. Group materiality for the financial statements as a whole was US$1,635,000 based on 1.5% of gross assets. Performance materiality was US$981,000. We believe assets to be the main driver of the business as the group's principal activity is that of an investment company. We consider the key benchmark for the group to be gross assets, given that current and potential investors will be most interested in the valuation of the investments.

We agreed with the audit committee that we would report to the committee all audit differences identified during the course of our audit in excess of US$81,750. There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors, such as the fair value of investments, and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The key balance held within the group relates to the fair value of investments and is thus considered to be a significant risk and has been determined to be a key audit matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How the scope of our audit addressed the key audit matter*
Valuation and classification of investments The financial statements include investments in unquoted financial assets at fair value of US$73.4 million. Substantially all of those investments are measured at fair value based on Level 3 (unobservable) inputs. The financial statements include investments in loans and other receivables of US$34.4 million. Consequently, the valuation of investments requires the exercise of considerable judgement which increases the risk that valuation and presentation of investments may be mis-stated. Furthermore, the Investment Manager, which is responsible for advising on the valuation of investments, is remunerated by reference to a percentage of the value of investments and is entitled to receive a performance incentive fee if certain performance criteria are met. These remuneration arrangements increase the risk of bias in the calculations.	Our work included the following: • We benchmarked and challenged key assumptions in management's valuation models used to determine fair value and/or recoverable amount and also discount rates used, performed testing of the mathematical accuracy of underlying cash flow models, re-performed relevant calculations and challenged and agreed the key assumptions to available data. • Wherever possible we benchmarked the assessments of value to independent sources. We considered the appropriateness of the use of external experts and valuations, the valuation methodologies applied, and consider management's evaluation of the sensitivity of valuations to changes in assumptions and inputs. We reviewed the disclosure of valuations and inputs within the financial statements. • We reviewed the latest available assessments of the recoverability of loans and other receivables prepared by the Investment Manager. • We reviewed the classification of investments and ensured that it is appropriate and in compliance with IFRS 7. We ensured that any consequent fair value changes arising from the valuations are appropriately classified through the income statement. Based on the procedures performed, we consider management's judgements and estimates to be reasonable and the related disclosures appropriate.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 group'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 Group or 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and industry experience. We also selected a specific audit team based on experience with auditing entities within this industry facing similar audit and business risks.
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from:
  - AIM Rules
  - Local tax laws and regulations
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management;
  - A review of Board minutes;
  - Ensuring adherence to the terms within the exploration permits, including environmental conditions;
  - A review of legal ledger accounts;
  - A review of RNS announcements
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals, reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with our letter of engagement dated 11 December 2020. 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.

Eric Hindson (Senior Statutory Auditor)
for and on behalf of
PKF Littlejohn LLP
Registered Auditor
London

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	**2020** **US$'000**	2019 US$'000
Income from unquoted financial assets		**1,137**	902
Finance income from loans		**1,337**	1,341
Gross portfolio income	*3*	**2,474**	2,243
Fair value changes on financial assets at fair value through profit or loss		**5,045**	201
Investment provisions		**(779)**	(237)
Net portfolio income	*3*	**6,740**	2,207
Management fees		**(1,888)**	(1,679)
Incentive fees	*17*	**(1,750)**	(1,907)
Administrative expenses		**(1,017)**	(1,296)
Operating profit/(loss)	*5*	**2,085**	(2,675)
Finance expense	*6*	**(442)**	(98)
Profit/(loss) before taxation		**1,643**	(2,773)
Taxation	*8*	**-**	-
Other comprehensive expense			
Foreign currency translation differences		**-**	(81)
Profit/(loss) and total comprehensive income/(expense) for the year		**1,643**	(2,854)
Earnings/(loss) per share			
Basic	*18*	**1.56 cents**	(3.11) cents
Diluted	*18*	**1.34 cents**	(3.11) cents

In the prior period there was a change in functional currency of the Group's entities to align with presentation currency (US$). In the prior period there were translation differences recognised as part of accumulated losses reserve for the part-year where the presentation and functional currencies differed. There were no foreign currency translation differences in the current year, as the functional currency and presentation currency of the Group's entities were the same throughout the period.

The results reflected above relate to continuing operations.

The accompanying notes on pages 44 to 68 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	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 2019	134,054	-	2,555	(43,561)	93,048
Loss for the year	-	-	-	(2,773)	(2,773)
Other comprehensive income	-	-	-	(81)	(81)
Total comprehensive loss for the year	-	-	-	(2,854)	(2,854)
Issue of shares	10,973	-	-	-	10,973
Treasury shares acquired	-	(671)	-	-	(671)
Share-based payments	-	-	381	-	381
Group balance at 31 December 2019 and 1 January 2020	145,027	(671)	2,936	(46,415)	100,877
Profit for the year	-	-	-	1,643	1,643
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,643	1,643
Issue of shares net of costs	3,876	-	-	-	3,876
Treasury shares acquired	-	(201)	-	-	(201)
Treasury shares sold	-	257	-	-	257
Share-based payments	-	-	-	-	-
Group balance at 31 December 2020	148,903	(615)	2,936	(44,772)	106,452

Note: In October 2020, the Company issued 8,356,663 shares as part of its first ever equity capital raise (which include 389,000 Placing Commission Fee Shares). It raised a total of £2.0 million (before expenses) via an Open Offer and Placement. The shares were issued at £0.25. In conjunction with the share issuance, the Company issued 7,967,663 warrants at a strike price of £0.40 and a 3 year maturity.

The following describes the nature and purpose of each reserve within owners' equity.

Share capital	Amount subscribed for share capital at no par value
Treasury share reserve	Cost of the Company's shares re-purchased and held by the Group
Share based payment reserve	The share-based payment reserve represents amounts in previous and the current periods, relating to share based payment transactions granted as options/warrants and under the Group's share option scheme (Note 16)
Total comprehensive income / (Total comprehensive expense)	Represents the cumulative net gains and losses recognised in the statement of comprehensive income

The accompanying notes on pages 44 to 68 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 US$'000	2019 US$'000
Assets			
Unquoted financial assets at fair value through profit or loss	9	**73,423**	67,172
Loans and other receivables at fair value through profit or loss	10	**34,390**	33,720
Cash and cash equivalents		**3,673**	4,071
Right of use asset	11	**-**	34
Total assets		**111,486**	104,997
Liabilities			
Other payables and accruals	12	**1,530**	2,211
Current liabilities		**1,530**	2,211
Loans & borrowings	13	**3,504**	1,909
Total liabilities		**5,034**	4,120
Net assets		**106,452**	100,877
Equity and reserves			
Share capital	14	**148,903**	145,027
Treasury share reserve	14	**(615)**	(671)
Share based payment reserve		**2,936**	2,936
Accumulated losses		**(44,772)**	(46,415)
Total equity and reserves attributable to owners of the parent		**106,452**	100,877

The financial statements were approved by the Board of Directors and authorised for issue on 24th of June 2021 and signed on its behalf by:

John Croft
Executive Chairman

The accompanying notes on pages 44 to 68 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	2020	2019
	US$'000	US$'000
Cash flows from operating activities		
Profit/(loss) before taxation	**1,643**	(2,773)
Adjustments for:		
Finance income	**(1,336)**	(1,341)
Finance expense	**442**	98
Foreign exchange	**(197)**	(57)
Depreciation of right of use assets	**-**	4
Fair value changes on unquoted financial assets at fair value through profit or loss	**(5,923)**	(1,103)
Share-based expenses	**479**	381
Decrease in other receivables	**776**	603
Increase in other payables and accruals	**202**	1,925
Net cash used in operating activities	**(3,914)**	(2,263)
Cash flows from investing activities (Note A)		
Purchase of unquoted financial assets at fair value through profit or loss	**(207)**	(3,723)
Net cash used in investing activities	**(207)**	(3,723)
Cash flows from financing activities (Note B)		
Issue of shares net of issue costs	**2,367**	-
Proceeds from loans and borrowings	**1,720**	1,900
Payment of interest	**(476)**	-
Sale of treasury shares	**257**	-
Purchase of treasury shares	**(201)**	(671)
Net cash generated in funding activities	**3,667**	1,229
Net decrease in cash and cash equivalents	**(454)**	(4,757)
Cash and cash equivalents and net debt at the beginning of the year	4,071	8,828
Foreign exchange on cash balances	56	-
Cash and cash equivalents and net debt at the end of the year	**3,673**	4,071

Note A - The following investing activities were undertaken which did not require the use of cash and have been excluded from the statement of cash flows:

	2020	2019
	US$'000	US$'000
Purchase of unquoted financial assets – share interest in Infinity TNP	-	(7,200)
Purchase of unquoted financial assets – share interest in FMHL	(56)	(73)
Purchase of loans and receivables – loan to FMHL	-	(3,700)

Note B - The following financing activities were undertaken which did not require the use of cash and have been excluded from the statement of cash flows:

	2020	2019

	US$'000	US$'000
Issue of shares - Infinity TNP	-	7,200
Issue of shares to minority investor – share interest in FMHL	56	73
Issue of shares to minority investor – loan to FMHL	-	3,700
Issue of shares to HCIL	1,453	-

The accompanying notes on pages 44 to 68 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2020

1. GENERAL 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, PO Box 3140, Road Town, Tortola, British Virgin Islands VG1110 and its principal place of business is c/o Harmony Capital, 29/F, Level 29, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

The Company is the holding company of a group of companies comprising a subsidiary, Jade Road Investments (HK) Limited and a number of wholly owned special purpose vehicles ("**SPV**") each of which holds investments.

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 Company is targeting delivery of income and capital gain from a diversified mix of pan-Asian investments in the Small- and Medium-Sized Enterprise ("**SME**") sector.

2. ACCOUNTING POLICIES

a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the EU. The financial statements have been prepared under the historical cost convention. Financial instruments are measured at fair value at the end of each reporting period.

Historical cost is generally based on the Fair Value of the consideration given in exchange for goods and services.

Fair Value Measurements:

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Fair Value of investments is first based on quoted prices, where available. Where quoted prices are not available, the Fair Value is estimated using consistent valuation techniques across periods of measurement.

The Group's private credit and equity investments are recorded at Fair Value or at amounts whose carrying values approximate Fair Value. Net gains and losses, including any interest or dividend income, are recognised in its profit or loss statement.

In accordance with IFRS 13, Fair Value measurements are categorised into Level I, II or III based on the degree to which the inputs to the Fair Value measurements are observable and the significance of the inputs to the Fair Value measurement in its entirety. These are described as follows:

Level I Fair Value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level II Fair Value measurements are those derived from inputs other than quoted prices included within Level I that are observable for the assets or liability, either directly or indirectly.
Level III Fair Value measurements are those derived from inputs that are not based on observable market data.

b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (other than structured entities) controlled by the Company. Control is achieved where the Company:

- has the power over the investee;
- is expected, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Company holds investments through a number of unlisted wholly owned special purpose vehicles (“**SPVs**”). The directors have considered the definition of an investment entity in IFRS10 and the associated application guidance and consider that the Company meets that definition. Consequently, the Group’s investments in SPVs and the underlying investments are accounted for at fair value through profit and loss and the SPVs are not consolidated as subsidiaries. Please see Note 4(o) *Critical accounting estimates and judgements* for description of fair value methodology.

Consolidation of a subsidiary other than those held for investment purposes begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating activities.

Investments that are held as part of the Group’s investment portfolio are carried in the balance sheet at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28 – Investment in Associates, which requires investment held by venture organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IFRS9, with changes in fair value recognised in the statement of comprehensive income in the period of change. The Group has no interests in associates through which it carries on its business.

*c**) Going Concern***

The Company’s primary source of income comprises finance charges under debt instruments and, from time to time, realisations from investment exits. The Company’s expenses primarily consist of advisory and incentive fees paid to the Investment Manager, part of which are paid in shares, Directors’ and professional fees. The level of day-to-day overheads payable in cash is relatively low. In addition, the Company makes investments by the issue of shares and also by the application of cash reserves. Cash reserves are enhanced from time to time by the issue of equity and the realisation of portfolio investments. Investment decisions are made based on detailed appraisals of the investment opportunity and also on the Directors’ assessment of the availability of any funding requirement.

In considering the appropriateness of the going concern basis of preparation, the Directors have reviewed the Group’s working capital forecasts for a minimum of 12 months from the date of the approval of these financial statements. Following this assessment, the Directors have reasonable expectation that the Group has adequate resources to continue for the foreseeable future and that carrying values of intangible assets are supported. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information. Whilst the COVID-19 pandemic may have an impact on the Company’s ability to exit from some of its investments, in the short to medium term, the Directors assessment of going concern is not predicated on the availability of cash proceeds from investment exits in the period.

d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management and Board members. The senior management and Board members, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the senior management and Board members that make strategic decisions. The Group is principally engaged in investment business, the Directors consider there is only one business activity significant enough for disclosure. This activity consists of entities which operate in two geographical locations, i.e., BVI and Hong Kong.

e) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following basis:

- Dividend income is recognised when the Company's right to receive payment is established.

- Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

- Fair value changes on financial assets represents the overall changes in net assets from the investment portfolio net of deal-related costs.

Other income comprised management recharges from the parent company to its subsidiary which are eliminated on consolidation.

f) Impairment of Non-Financial Assets

At each balance sheet date, the Group reviews internal and external sources of information to determine whether its fixtures, fittings and equipment and investment in subsidiaries have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e., cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

g) Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets at fair value through profit or loss includes loans and receivables.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Unquoted Financial Assets:

Classification
The Group classifies its unquoted financial assets as financial assets at fair value through profit or loss. These financial assets are designated by the directors as at fair value through profit or loss at inception.

Financial assets designated as at fair value through profit or loss at inception are those that are managed as part of an investment portfolio and their performance evaluated on a fair value basis in accordance with the Group's Investment Strategy.

Recognition/Derecognition
Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the investment.

A fair value through profit or loss asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when rights are realised, expire or are surrendered and the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership. Realised gains and losses on fair value through profit or loss assets sold are calculated as the difference between the sales proceeds and cost. Fair value through profit or loss assets that are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Group has transacted an unconditional disposal of the assets.

Measurement
Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed through the profit or loss. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value in accordance with the Group's valuation policy, as the Group's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the period in which they arise. For more information on valuation principles applied, please see section 4(o) Critical Accounting Estimates.

Quoted Financial Assets:
The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and are classified as current assets. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market.

In the opinion of the Directors, cash flows arising from transactions in equity investments represent cash flows from investing activities.

Allowance for Expected Credit Losses:
An allowance for ECLs may be established for amounts due from credit contracts within Loans and Receivables where evidence of credit deterioration is observed. In order to assess credit deterioration, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on its historical experience and informed credit assessment, that includes forward-looking information. The main factors considered include material financial deterioration of the borrower, breach of contract such as default or delinquency in interest or principal repayments, probability that a borrower will enter bankruptcy or financial re-organisation and material decline in the value of the underlying applicable security. ECL allowances are distinguished from Likely Credit Loss ("**LCL**") allowances based on the expectation of a loss. An LCL reserve is established when a loss is both probable and the amount is known.

ECLs are a probability-weighted estimate of lifetime credit losses. Under the ECL model, the Group calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive) with a discount factor applied.

Cash and Cash Equivalents:
For the purpose of the cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash, and which are subject to an insignificant risk of change in value, net of bank overdrafts.

Financial Liabilities
The Group's financial liabilities include other payables and accruals and amounts due to related parties. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

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

h) Investment in Subsidiaries
Investments in subsidiaries are stated at cost less provision for any impairment in value. Under IFRS 10, where the parent company is qualified as an investment entity, the subsidiaries have been deconsolidated from the Group financial statements.

i) Taxation
The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be recognised.

j) Leasing
At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets, which are expensed to the profit & loss over the expense term.

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, plus any initial direct costs incurred, plus any costs associated with restoring the asset to its original condition, less any lease incentive received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise such an option to extend and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. The liability recognised at inception of the lease comprises the present value of future payments payable under the lease contract, discounted at the rate implicit in the lease. If there is no discount rate implicit in the lease, then the incremental rate of borrowing is used. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if carrying amount has been reduced to zero. The Group presents lease liabilities within loans and borrowings within the statement of financial position

k) Dividends

Dividends payable are recorded in the financial statements in the period in which they meet the IAS 32 definition of have been declared.

l) Share Based Payments

The Group has applied the requirements of IFRS 2 "Share Based Payments". The Group issues share options/warrants as an incentive to certain key management and staff (including Directors) and its Investment Manager. The fair value of options/warrants granted to Directors, management personnel, employees and Investment Manager under the Company's share option/warrant scheme is recognised as an expense with a corresponding credit to the share-based payment reserve. The fair value is measured at grant date and spread over the period during which the awards vest. The fair value is measured using the Black Scholes Option pricing model.

The Group, on special occasions as determined by the Directors, may issue options/warrants to key consultants, advisers and suppliers in payment or part payment for services or supplies provided to the Group. The fair value of options/warrants granted is recognised as an expense with a corresponding credit to the share-based payment reserve. The fair value is measured at grant date and spread over the period during which the options/warrants vest. The fair value is measured at the fair value of receivable services or supplies.

The options/warrants issued by the Group are subject to both market-based and non-market based vesting conditions.

Non-market vesting conditions are not taken into account when estimating the fair value of awards as at grant date; such conditions are taken into account through adjusting the equity instruments that are expected to vest.

The proceeds received, net of any attributable transaction costs, are credited to share capital when options/warrants are converted into ordinary shares.

m) Earnings Per Share

The Group calculates both basic and diluted earnings per share in accordance with IAS 33 "Earnings per Share". Under IAS 33, basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares during the period plus the period dilutive effect of options outstanding during the period. Potential ordinary shares are only treated as dilutive if their conversion to shares would decrease earnings per share or increase loss per share from continuing operations.

n) Share Issue Expenses

Share issue expenses are written off against the share capital account arising on the issue of share capital.

o) Critical Accounting Estimates and Judgements

Preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are in the following areas:

Assessment of accounting treatment under IFRS 10, IFRS 12, and IAS 27 - Investment entities

The directors have concluded that the Company meets the definition of an Investment Entity because the Company:

a. obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
b. commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c. measures and evaluates the performance of substantially all of its investments on a fair value basis.

The investment objective of the Company is to produce returns from capital growth and to pay shareholders a dividend. The Group has multiple unrelated investors and indirectly holds multiple investments. Investment positions are in the form of structured loans or equity instruments in private companies operating which is valued on a fair value basis.

As a result, the unlisted open-ended investments, also referred to as SPVs, and in which the Company invests in are not consolidated in the Group financial statements.

Assessment of Accounting Treatment under IAS 28 - Investment in Associates
The Group has taken advantage of the exemption under IAS28 Investments in Associates whereby IAS 28's requirements do not apply to investments in associates held by venture capital organisations. This exemption is conditional on the investments being designated as at fair value through profit and loss or being classified as held for trading upon initial recognition. Such investments are measured at fair value with changes in fair value being recognised in the income statement.

Valuation of Investments
The Group's investment portfolio includes a number of investments in the form of structured loans or equity instruments in private companies operating in emerging markets. Investee companies are often at early or growth stages in their development and operating in an environment of uncertainty in capital markets. Should planned development prove successful, the value of the Group's investment is likely to increase, although there can be no guarantee that this will be the case. Should planned development prove unsuccessful, there is a material risk that the Group's investments may incur fair value losses. The carrying amounts of investments are therefore highly sensitive to the assumption that the strategies of these investee companies will be successfully executed.

The Group has adopted a valuation policy with respect to its portfolio of investments, based on the International Private Equity and Venture Capital Valuation Guidelines ("**IPEV Guidelines**") valuation practices to derive Fair Value (please see Note 2(a) *Basis of preparation* for definition of Fair Value). The IPEV Guidelines set out recommendations intended to represent current best practices on the valuation of private capital (unlisted) investments, as well as compliance with IFRS.

The majority of the Group's current and expected investments are credit instruments and as such are likely to be valued based on Level III principles (please see Note 2(a) *Basis of preparation* for definition of Fair Value measurement categories). The inputs into the determination of Fair Value require significant management judgment or estimation and are subjective in nature. The types of financial instruments generally included in this category are private portfolio companies, real assets investments and credit investments. Details of the Group's Level III valuation methodologies per investment type are as follows:

Private Credit Investments
For credit-focused investments that are not publicly traded or whose market prices are not readily available, the Group may utilise the Discounted Cash Flow ("**DCF**") method or a Market Approach. In valuing credit-focused investments, the Group exercises prudent judgement. In addition, the Group exercises judgment in selecting the appropriate valuation technique(s) most appropriate for a credit-focused investment:

- The DCF method projects the expected cash flows of the credit instrument based on contractual terms and discounts such cash flows back to the valuation date using a market-based yield. The market-based yield is estimated using yields of publicly-traded credit instruments issued by companies operating in similar industries as the subject investment, with similar leverage statistics and time to maturity.
- The Market Approach is generally used to determine the enterprise value of the issuer of a credit investment and considers valuation multiples of comparable companies or transactions. The

resulting enterprise value will dictate whether or not such credit investment has adequate enterprise value coverage. In cases of distressed credit instruments, the market approach may be used to estimate a recovery value in the event of a restructuring.

Private Equity Investments
The Fair Value of equity investments are determined by reference to projected net earnings, earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"), the DCF method, public market or private transactions, valuations for comparable companies and other measures which, in many cases, are based on unaudited information at the time received.

Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (for example, multiplying a key performance metric of the investee company such as EBITDA by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods. Where a DCF method is used, a terminal value is derived by reference to EBITDA or price/earnings exit multiples. The Group will exercise prudent judgment in valuing equity investments and in selecting the appropriate Valuation Technique(s) most appropriate for an equity investment.

Private Convertible & Quasi-Credit Instruments
Private convertible and quasi-credit instruments are hybrids of credit and equity financing. The Fair Value of convertible credit instruments, such as a Convertible Bond, may be determined as a normal private credit instrument (taking into account features such as mandatory / non-mandatory conversion features) <u>or</u> by (i) adding the independent value of the straight credit instrument and (ii) the independent value of the conversion option.

The independent value of the straight credit instrument may be assessed using the DCF method or Market Approach described in Private Credit Investments. The independent value of the conversion option can be determined by first deriving the terminal value of using the DCF method or the comparables method described Private Equity Investments, then adjusting for any conversion premium or discount, the conversion ratio and other conversion mechanisms.

Similarly, the Fair Value for quasi-credit instruments, such as mezzanine financing, can be determined by adding the independent value of the straight credit and the independent value of the conversion option and/or embedded equity instrument features, such as warrants. In valuing both private convertible and quasi-credit instruments the Group exercises its prudent judgment.

Non-US$ Investments
The Group reports its performance in US$. Where this is different from the currency in which the investment is denominated, translation into US$ for reporting purposes is done using the exchange rate prevailing at the Measurement Date.

p) Foreign currency translation

- *Functional and Presentation Currency*
  Both the function and presentation currency of the Group's entities are the United States Dollar. The financial statements are presented in United States Dollars and rounded to the nearest thousand dollars, except when otherwise indicated. In the prior year the functional currency of the Group's entities was the Hong Kong Dollar, but this was changed to United States Dollar in September 2019.

  Transactions in foreign currencies are converted into the functional currency on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

- *Group Companies*
  The results and financial position of all the Group entities, including the parent company, (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

New Standards, Amendments to Standards or Interpretations adopted in these financial statements:

The following standards, amendments, and interpretations became effective from 1 January 2020, however, none of these new standards has had an impact on the Group financial statements:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business) Conceptual
- Framework for Financial Reporting (Revised)
- IBOR Reform and its Effects on Financial Reporting
- Covid-19-Related Rent Concessions – Amendment to IFRS 16

Standards, amendments, and interpretations to existing standards that are not yet effective and have not been early adopted by the Company in the 31 December 2020 financial statements:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3)

The Directors do not expect that their adoption will have a material impact on the financial statements of the company in future years. The Directors continue to monitor the impact of future changes to the reporting requirements but do not believe the proposed changes will significantly impact the financial statements.

3. SEGMENT INFORMATION

The operating segment has been determined and reviewed by the senior management and Board members to be used to make strategic decisions. The senior management and Board members consider there to be a single business segment, being that of investing activity. The reportable operating segment derives its revenue primarily from structured equity and debt investment in several companies and unquoted investments.

Senior management and Board members assess the performance of the operating segments based on a measure of adjusted 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.

The amounts provided to the senior management and Board members with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the strategic operations of the segment.

The segment information provided to the Board for the reportable operating segment is as follows:

Income statement:		**2020**	*2019*
	Note	**US$'000**	*US$'000*
Income on unquoted financial assets	*4*	**1,137**	902
Financial income on loans & receivables	*6*	**1,336**	1,341
Gross portfolio income		**2,473**	2,243
Expected credit loss provision	*5*	**(529)**	(237)

Other provisions	*5*	**(250)**	-
Foreign exchange	*4*	**215**	67
Equity fair value adjustments	*4*	**4,831**	134
Portfolio income through profit or loss		**6,740**	2,207
Operating profit/(loss)			

Net assets:

FMHL	**50,400**	
Meize	**8,200**	
GCCF	**2,745**	
DocDoc	**2,395**	
ICG	**2,346**	
Infinity TNP	**7,320**	
Other	**17**	
Unquoted assets at fair value through the profit or loss	**73,423**	
Loans and other receivables at fair value through the profit or loss (third party)	**34,390**	
Cash	**3,673**	
Liabilities	**(5,034)**	
Net assets	**106,452**	

Gross portfolio income generated from the Company's investments is derived from a combination of income from investments held through wholly owned special purpose vehicles (Unquoted Financial Assets) and direct investments (Loans & Receivables).

4. FAIR VALUE CHANGES ON UNQUOTED FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 US$'000	*2019 US$'000*
Income on unquoted financial assets through profit or loss	**1,137**	902
Equity fair value adjustments:		
– FMHL	4,831	14
– ICG	-	120
	4,831	134
Expected credit loss provision:		
– ICG	**(62)**	-
Foreign exchange on unquoted financial assets at fair value through profit or loss	**17**	67
Total fair value changes on unquoted financial assets at fair value through profit or loss	**5,923**	1,103

The impact of foreign exchange on the investments in the portfolio is as follows:

	2020 US$'000	*2019 US$'000*
FMHL	**17**	56
Meize	**-**	7
GCCF	**-**	2

DocDoc	**-**	2
Foreign exchange on unquoted financial assets at fair value through profit or loss	**17**	67
CJRE	**112**	(20)
FLMH	**-**	24
Other receivables	**30**	(4)
Foreign exchange on loans and receivables	**142**	-
Cash	**56**	-
Foreign exchange on portfolio	**215**	67

5. OPERATING LOSS

Operating loss is stated after charging expenses:

	2020	*2019*
	US$'000	*US$'000*
Investment Manager fee	**1,888**	1,679
Investment Manager incentive fee	**1,750**	1,907
Expected credit loss provision	**529**	237
Fees to the Group's auditor for audit of the Company and its subsidiaries	**55**	46
Directors' remuneration	**256**	185
Professional fees	**580**	516
Promotion and marketing	**40**	51
Business travel expenses	**24**	47
Warrants issued to Investment Manager (Note 16)	**-**	381
Depreciation of right of use assets	**-**	4
Operating lease rentals – land and buildings	**-**	26
Bank charges	**16**	11
Foreign exchange	**5**	(1)
Other expenses	**41**	32
Total expenses	**5,184**	5,121

The lease in place in 2019 was terminated with effect from 01/01/2020.

The Investment Manager's incentive fee is only payable in any given year depending on the performance of the Company's net asset value (see Note 17). The share-based payment expense in 2019 was related to the grant of the final tranche of warrants to the Investment Manager which were agreed at the time of their appointment (see Note 16).

6. NET FINANCE INCOME

	2020	2019
	US$'000	US$'000
Interest from financial assets measured at fair value through profit and loss	**1,336**	1,341
Finance income	**1,336**	1,341
Interest payable on debt	**(442)**	(97)
Interest expense on lease liabilities	**-**	(1)
Finance cost	**(442)**	(98)
Net finance income	**894**	1,243

Finance income in the year is from the Convertible Bond issued by Fook Lam Moon Holdings.

7. DIRECTORS' REMUNERATION

Short term employment benefits	**2020**	*2019*
	US$	*US$*
John Croft	122,422	76,414
Hugh Trenchard	44,405	38,207
Ernest Wong Yiu Kit	-	12,438
Lee George Lam	44,482	38,297
Stuart Crocker	44,405	19,928
John Batchelor	-	-
	255,714	185,284

Directors' remuneration includes all applicable social security payments. There was no pension cost incurred during 2020 (2019:US$ Nil).

There are no employees within the group other than the Directors (2019: Nil)

8. TAXATION

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

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

	2020 Unquoted financial assets US$'000	2020 Loans and receivables US$'000	2019 Unquoted financial assets US$'000	2019 Loans and receivables US$'000
Balance as at 1 January	67,172	33,720	55,519	28,902
Additions	264	64	10,550	3,715
Payment of cash interest	(81)	-	-	-
Reclassification	156	(156)	-	-
Fair value changes through profit or loss	5,975	(114)	1,103	(238)
ECL	(62)	(467)		
Finance income on loans	-	1,337	-	1,341
Balance as at 31 December	73,423	34,390	67,172	33,720

The Group values its investments at fair value through profit or loss, as prescribed by the investment methodology adopted by the Board which is summarised in Note 2(o) *Critical accounting estimates and judgements.*

Future Metal Holdings Limited

The Company holds an 84.8% interest in Linfen Zhuangpeng Magnesium Co. Ltd, which owns a dolomite magnesium limestone quarry operation in the province of Shanxi, China.

In August 2019, the Company's debt and equity interests in the quarry operation, which were formerly held through Hong Kong Mining Holdings Limited, were restructured in line with the Company's plan to reposition and eventually monetise the investment. The investment stake in the quarry remains unchanged at 84.8%, but it is now held through two special purpose vehicles, Future Metal Holdings Limited and Dynamite Win Limited.

During the year the local management team, which was appointed by the Company, engaged contractors to assist with the renovation, repair, and installation of buildings and equipment. The design of the new operations was approved by the local Ministry of Emergency Management, in May 2019. Production at the quarry commenced in December 2019, and, as a result, it generated some initial revenue from the sale of products.

An independent CPR was commissioned to evaluate the quarry project and to perform an economic analysis in order to estimate the net present value of the business in early 2018. Following this assessment, at 31 December 2018 the Company's investment was valued at US$42.5 million.

In June 2019, an independent market research firm and a leading research agency in China, China Market Research Centre ("**CMRC**"), was engaged by the Company to conduct a detailed study on the dolomite and wall rock markets in China. The study concluded that the products have a readily accessible market for a number of reasons including a shortage of supply, the quarry's proximity to smelters and an early mover advantage in terms of compliance with strict environmental regulations. The market prices estimated in the CMRC study indicated that sales prices for qualified dolomite, unqualified dolomite and wall rock were RMB 50-65 (US$7.0-9.1), RMB 30-40 (US$4.2-5.6) and RMB 55-60 (US$7.7-8.4) per tonne, respectively. Compared to the assumptions of sales prices used in the 2018 CPR, the study indicated higher prices for unqualified dolomite and wall rock.

In 2020, an independent CPR assessment was commissioned again. Following the assessment, including loan disbursements provided by the Company to Future Metal Holdings and its subsidiaries and accrued PIK interest, the estimated fair value of the Company's investment is US$50.4 million as of 31 December 2020.

FMHL was brought back into trial production towards the end of 2019. In early 2020, quarry operations paused temporarily due to the COVID-19 pandemic. During Q1 2020, the Quarry commenced the construction of a steel structure to enclose its stockpile site as well as the process of land hardening to comply with the local environmental requirements. The construction of both the land hardening and the enclosed structure was completed around the end of Q2 2020. Due to the two construction projects, production was suspended between April and May 2020. The Quarry resumed production in June 2020.

The Quarry has secured a full package of licences/permits in 2020. Key licences, such as the Mining Licence and

Work Safety Permit, are valid until August 2023.

Fook Lam Moon Holdings Limited
The Company holds a Convertible Bond of US$26.5 million in FLMH. The Convertible Bond has a maturity of 5 years and pays a coupon of 5.0% per annum (3.0% paid in cash payable quarterly with the remainder rolled up with the principal amount outstanding).

FLMH is the controlling shareholder of Fook Lam Moon, which is engaged in the operation of high-end Chinese restaurants and food & beverage management in Hong Kong. FLMH was originally founded in 1948 serving Cantonese haute cuisine.

The 6 month-long protests which took place city-wide in Hong Kong during the second half of 2019 were a major factor which caused many restaurants in Hong Kong, including Fook Lam Moon, to experience a reduction in patronage and as a result, lower operating revenues. Additionally, in 2020, the outbreak of COVID-19 has caused a further reduction in patronage across the dining sector in the city. Restrictions were implemented from time to time, such as a maximum number of people gathering and no dine-in post 6pm, throughout the year, which affected FLMH's business operation. Management of Fook Lam Moon have closely monitored the situation in Hong Kong and have taken active measures to minimise the impact of these unforeseen events. These measures included immediate cost reduction initiatives and engaging online food distribution channels. The main restaurant business of the Fook Lam Moon group is housed in a building which it owns, further providing it with flexibility in managing its fixed overheads. The local management team remains confident that the business is resilient given its over 70-year history, having withstood numerous external shocks, including another serious epidemic, SARS, which severely affected Hong Kong in 2003. The Fook Lam Moon group was able to control the short-term impact of SARS on its operations and recovered quickly once the public health crisis was over.

As of 31 December 2020, the carrying value of the Convertible Bond was US$28.4 million taking into account PIK interest accrued and cash interest receivable, less an ECL provision against aged cash interest receivables (see Note 10 for details).

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

Meize is a privately owned company that designs and manufactures blades for wind turbines. In 2019, the company experienced an issue with its sole client, a Chinese State-Owned Enterprise ("**SOE**") which effectively underwent a restructuring and repudiated a number of its commercial contracts. In response, Meize, continued to pursue outstanding amounts owing from its contracts abut also completed its own internal restructuring, which lead to a recommencement of operations in late 2019.

Due to the outbreak of the COVID-19 pandemic in Mainland China, the operations of the Inner Mongolia and Ningxia plants were suspended in Q1 2020. However, they successfully resumed later in the first half of 2020. Since then, Meize has also completed a third plant in Jiangsu Province, which commenced operations in August 2020. In terms of production, it is the largest production site and produces 24 sets of blades each month. The Jiangsu site is looking to double its production by the middle of 2021. The local management team has also re-engaged with its target market as it continues to increase its order book given the renewed focus on clean energy initiatives by the Chinese Government.

As of 31 December 2020, the Company's interest in Meize had a fair value of US$8.2 million which was derived from a Discounted Cash Flow analysis originally conducted by an external valuer in 2018 (2019: US$8.2 million), but which also represents a discount of over 50% to the full redemption value of the Company's investment.

DocDoc Pte Ltd
Eastern Champion Limited, a 100% (2019: 100%) owned subsidiary of the Company incorporated in the British Virgin Islands, holds a Convertible Bond in DocDoc.

DocDoc is a privately owned company operating in the healthtech space across Asia and it is headquartered in Singapore. It is Asia's leading patient empowerment company with a presence in over 8 countries and more than 23,000 doctors listed on their doctor discovery platform. The company uses artificial intelligence to find the right medical professional for patients as well as to provide access to qualified professionals who initially assess the patients' needs.

In June 2019, the business had closed its Pre-Series B Convertible Bond round at US$13 million. The round was led by the Company and included co-investors such as Hong Kong's Cyberport Marco Fund, family offices and a fund managed by a global investment firm specialising in financial services. During the COVID-19 pandemic, DocDoc has experienced an increased amount of inquiries from a range of global insurance companies and multi-national corporates seeking to understand how its platform can assist in the reduction of costs and enhance its core offerings to policyholders and employees.

In June 2020, DocDoc announced a partnership with Kaitaiming Technology ("KTM"), an insurance agent platform, to expand its reach into China. The partnership is a gateway into the lucrative Chinese market for DocDoc where, through the KTM platform, it will offer its doctor discovery services to the policyholders of China's leading insurance companies.

As of 31 December 2020, the carrying value of the Convertible Bond was US$2.4 million taking into PIK interest accrued and cash interest receivable (2019: US$2.2 million)

Infinity Capital Group ("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. The Company agreed to provide a US$4 million Secured Loan note facility to ICG, in December 2018. The facility included two equal tranche drawdowns, carrying a coupon of 17.5% per annual in cash. The first tranche was drawn on 31 January 2019 upon the completion of all Conditions Precedent. The land of one of ICG's projects was pledged to the Company as security for the first tranche. The second tranche was drawn on the 30th of August 2019. ICG pledged two apartments of a local property to the Company as security of the second tranche. The Company was also issued with detachable warrants, which gave it the right to purchase shares in ICG or its parent company should either undertake a liquidity event, such as an Initial Public Offering.

In July 2019, a Hong Kong-based family office agreed to participate alongside the Company to fund 50% of the facility and to correspondingly share the economic benefits and obligations.
The Government of Hokkaido, the province in which ICG's residential projects are located, declared a state of emergency in late February 2020 due to the outbreak of COVID-19. Winter tourism was severely affected as a result. While the restrictions have caused ICG to re-assess its construction plans for residential projects in 2020, it did not impact the security package pledged to the Company for the Secured Loan which consisted of land and already completed apartments.

As at 31 December 2020 the carrying value of the Secured Loan was US$2.3 million taking into account cash interest receivable.

Infinity TNP
In November 2019, the Company acquired 40% of ICG's wholly owned subsidiary Infinity TNP, which holds units in a luxury hotel condominium called Tellus Niseko, in exchange for US$7.2m in shares in the Company.

Tellus Niseko is a unique development in Hirafu Village, with its high-end concierge service, a Michelin star chef-managed restaurant, in-room onsen (hot spring) baths and prime location just minutes away from the Grand Hirafu ski lifts. As at 31 December 2019, the residential area of Tellus Niseko was fully completed and the apartments were leased to guests for the 2019/20 winter season.

The occupancy at Tellus Niseko in 2020 has been negatively impacted by the spread of COVID-19 in Japan, as tourism from Greater China was sharply reduced. Local management has monitored the COVID-19 situation in Japan closely and implemented a series of measures at the property to ensure guests' safety and hygiene. It is their expectation that the recovery in tourism will be felt in the summer period as Japan likely re-opens its borders.

In 2019 and subsequently, in 2020, an independent 3rd party's valuation of Infinity TNP's assets was utilised to derive the value of the Company's stake. It was carried out by JLL. As of 31 December 2020, the carrying value of its investment was US$7.3 million.

Legacy Portfolio Investments:

Greater China Credit Fund LP (the "GCCF")
The Company invested in GCCF in 2013, a private equity investment fund launched by Adamas Asset

Management (HK) Limited ("**Adamas**"), a Hong Kong-based investment management firm. The fund targets high-return investments in Small and Medium Enterprises ("**SMEs**") predominantly in Greater China.

As of 31 December 2020, the Company's interest in GCCF has an allocated fair value of US$2.8 million (2019: US$2.8 million) within the legacy portfolio.

Changtai Jinhongbang Real Estate Development Co. Ltd ("CJRE")
Lead Winner Limited ("**LWL**") is a 100% (2019: 100%) owned subsidiary of the Company incorporated in the British Virgin Islands.

LWL held a 15% stake in CJRE, the owner of a luxury resort and residential development project in Fujian Province, Eastern China. The Company divested its entire investment in 2017, however, the transaction was structured such that an outstanding amount of RMB12.0 million (approximately US$1.8 million), remained receivable on or before 21 December 2018. This 'tail' payment from the original divestment was characterised as a loan and was dependent on CJRE itself receiving funds from the underlying project which was being developed.

The outstanding balance of proceeds from CJRE is approximately US$1.7 million, which is US$0.1 million less than the value recorded in 2018 due to the depreciation of the RMB against the US$ in 2019. CJRE is in turn awaiting payment from another counterparty in relation to the project. Once this payment is received by CJRE, it is the Company's expectation that the outstanding loan will be repaid in full. The Company is working closely with CJRE to recover the amount owed and it has received confirmation of the outstanding amount with a good faith undertaking to ensure it is settled as soon as funds are received from the underlying project.

As at 31 December 2020, the fair value of the loan was US$1.8 million (2019: US$1.8 million).

SPVs

The unlisted open-ended investments below are defined as SPVs and are reported at the fair value of their underlying investments described above at 31 December 2020.

Name of SPV	**Country of Incorporation**	**Percentage owned**		**Principal activities**
		2020	*2019*	
Lead Winner Limited	BVI	100%	100%	Investment Holdings
Dynamite Win Limited	BVI	100%	100%	Investment Holdings
Future Metal Holdings Limited	BVI	100%	100%	Investment Holdings
Swift Wealth Investments Limited	BVI	100%	100%	Investment Holdings
Ultimate Prosperity Limited	BVI	100%	100%	Investment Holdings
TNP Asia Limited	BVI	100%	100%	Investment Holdings

Further details of financial assets are set out in Note 15, and investment valuation methodologies are set out in Note 2(o) *Critical accounting estimates and judgements*.

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

	2020	2019
	US$'000	US$'000
Loans	**28,408**	27,474
Other receivables	**5,982**	5,820
Amounts receivable from related parties	**-**	426
	34,390	33,720

As at 31 December 2020, 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 determined that an ECL allowance is required in respect of accrued cash interest relating to its fixed interest credit investment. The allowance is recognised due to increased credit risk observed at the period end. The breakdown of Loans is as follows:

	2020 US$'000	2019 US$'000
Loan principal	**26,500**	26,500
Accrued PIK interest	**1,132**	591
Accrued interest payable in cash	**1,479**	620
Gross loans receivable	**29,111**	27,711
Less lifetime ECL allowance recognised	**(704)**	(237)
Net loans receivable	**28,407**	27,474

Reconciliation of ECL allowance balance:

	2020 US$'000
Balance as at 1 January	237
ECL allowance charged to profit or loss	467
Balance as at 31 December	**704**

Other receivables include a US$3.7 million loan provided by the Company but that was disbursed by the issuance of Company shares to CASIL, a former minority shareholder, in return for the cancellation of a put option which CASIL had been granted in the past against FMHL.

11. RIGHT OF USE ASSETS

	2020 US$'000
Opening cost of right of use assets	**38**
Additions	**-**
Disposal upon termination	**(38)**
Closing cost of right of use assets	**-**
Opening accumulated depreciation	**4**
Depreciation	**-**
Disposal upon termination	**(4)**
Closing accumulated depreciation	**-**
Opening net book value at 1 January 2020	**34**
Closing net book value at 31 December 2020	**-**

The right of use asset in 2019 represented the present value of future payments under a 3-year operating lease of office premises in Hong Kong, discounted at an external rate of debt payable over a similar term. There were no cashflows associated with the lease. This lease was terminated with effect on 1st January 2020.

12. OTHER PAYABLES AND ACCRUALS

	2020 **US$'000**	2019 US$'000
Other payables	**-**	182
Accounts payable	**6**	75
Amount due to directors	**-**	-
Accruals	**1,524**	1,954
Other payables and accruals	**1,530**	2,211

13. LOANS AND BORROWINGS

	2020 **US$'000**	2019 US$'000
Corporate debt	**3,504**	1,875
Lease liability	**-**	34
Loans and borrowings	**3,504**	1,909

i. Terms and conditions of the outstanding debt is as follows:

	Currency	**Interest rate**	**Year of maturity**
Secured loan notes	US$	12.5%	2022

The corporate debt US$3.5 million are proceeds from loan notes issued to a family office investor, with a related debenture which constitutes a fixed and floating charge over the assets and undertakings of the Company. There are US$0.1m capitalised debt issue costs, being amortised over the term of the debt.

ii. Reconciliation of movements of liabilities & equity to cashflows arising from financing activities

	Loans & borrowings US$'000	***Share capital/ premium US$'000***	***Treasury reserve US$'000***
Opening balance at 1 January 2020	**1,909**	**145,027**	**(671)**
Changes from cashflows			
Issue of share capital net of costs	-	3,819	-
Purchase of treasury shares	-	-	(201)
Sale of treasury shares	-	-	257
Proceeds from issue of loan notes	1,720	-	-
Payment of interest	(476)	-	-
Total changes from financing cashflows	**1,244**	**3,819**	**56**
Other changes:			
Issue of shares to FMHL for equity investment	-	57	-
Termination of lease	(34)	-	-
Capitalised borrowing costs	(57)	-	-
Interest expense	442	-	-
Total other changes to liabilities	**351**	**57**	**-**
Closing balance at 31 December 2020	**3,504**	**148,903**	**(615)**

14. SHARE CAPITAL AND TREASURY SHARE RESERVE

	Number of shares	Share capital amount US$'000
Authorised, called-up and fully paid ordinary shares of no par value each at 1 January 2019	82,465,205	134,054
Share issuance minor shareholder of HKMH February & March 2019	6,267,864	3,773
Share issuance – ICG for equity investment in Infinity TNP	16,179,310	7,200
Purchase of treasury shares	(3,316,804)	(671)
Issued share capital excluding treasury shares at 31 December 2019	101,595,575	144,356
Share issuance minor shareholder of FMHL June 2020	159,847	57
Sale of treasury shares February 2020	1,264,000	257
Purchase of treasury shares September 2020	(595,000)	(201)
Share issue October 2020 – open offer and placement	8,356,663	2,699
Share issue October 2020 – HCIL incentive fees	4,496,784	1,453
Share issue costs October 2020		(333)
Issued share capital excluding treasury shares at 31 December 2020	115,277,869	148,288
Consisting of:		
Authorised, called-up and fully paid ordinary shares of no par value each at 31 December 2020	117,925,673	145,027
Authorised, called-up and fully paid ordinary shares of no par value held as treasury shares by the Company at 31 December 2020	(2,647,804)	(671)

15. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

Management has adopted certain policies on financial risk management with the objective of ensuring that:

(i) appropriate funding strategies are adopted to meet the Company's and Group's short-term and long-term funding requirements taking into consideration the cost of funding, gearing levels, and cash flow projections;

(ii) appropriate strategies are also adopted to manage related interest and currency risk funding; and

(iii) credit risks on receivables are properly managed.

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets

	2020 US$'000	2019 US$'000
Unquoted financial assets at fair value	**73,423**	67,172
Loans at fair value	**28,408**	27,474
Other receivables at fair value	**5,956**	6,246
Cash and cash equivalents	**3,673**	4,071
Financial assets	**111,460**	104,963

Financial liabilities

	2020 US$'000	2019 US$'000
Other payables and accruals at amortised cost	**1,530**	2,211
Corporate debt at amortised cost	**3,504**	1,875
Financial liabilities	**5,034**	4,086

The Corporate Bond has a remaining term of 2 years, due for repayment in October 2022. 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 Levels 1, 2, or 3 based on the degree to which the fair value is observable as described in Note 2(a) *Basis of preparation*:

	2020 US$'000	2019 US$'000
Level 3		
Unquoted financial assets at fair value through profit or loss (Note 9)	**73,423**	67,172
Loans and other receivables at fair value through the profit or loss (Note 10)	**34,390**	33,702
	107,813	100,874

There were no transfers between levels in the current period. Carrying values of all financial assets and liabilities are approximate to fair values.

Significant unobservable inputs used in measuring fair value – Level 3

Description	Fair value at 31 Dec 2020 US$'000	Fair value hierarchy	Valuation technique	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Private equity investments	84.81% equity investment in Future Metal Holdings Limited engaged in mining project – US$50.4m; (2019: US$44.7m) 7.2% preferred equity investment in Meize Energy Industries Holdings Limited engaged in designing and manufacturing blades for wind turbines – US$8.2m; (2019: US$8.2m) 40% equity investment (with guaranteed income yield) in Infinity TNP, holding units in luxury hotel condominium Tellus Niseko – US$7.3m	Level 3	Income Approach — in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.	Risk appropriate market-based discount rate applied, ranging from 15.0-25.0% (2019: 15.0-25.0%)	The higher the discount rate applied, the lower the fair value.
	Private credit fund - Greater China Credit Fund LP US$2.8m; (2019: US$2.8m)	Level 3	Unadjusted NAV	Not applicable	Not applicable
Credit investments	Convertible Bond – Fook Lam Moon US$28.4m (2019: US$27.5m) Secured Loan Notes – Infinity Capital Group US$2.3m (2019:US$2.1m)	Level 3	Income Approach – see above	Revenue and expense growth rate 5% - 10%, discount rate 6%	Not applicable

The above table sets out information about significant unobservable inputs used at 31 December 2020 in measuring material financial instruments categorised as Level 3 in the fair value hierarchy.

The discount of 17% (2019: 17%) is applied to the externally derived Project Value in estimating fair value of the investment in FMHL is a key unobservable input into the valuation model. In the event that other possible discounts had been applied the impact on carrying value of the investment would be as follows:

Discount rate applied	Impact on carrying value (US$ million)
10%	4.4
25%	(5.1)
30%	(8.2)
35%	(11.4)

Credit Risk
The Group's credit risk is primarily attributable to other receivables. Management has a credit policy in place and the exposure to credit risks are monitored on an ongoing basis.

In respect of other receivables, individual credit evaluations are performed whenever necessary. During the year, an ECL provision was recognised in respect of aged interest on the Convertible Bond issued to Fook Lam Moon, see Note 10 for details.

The Group's maximum exposure to credit risk is represented by the total financial assets held by the Group. The Group does not hold any collateral over these balances.

Interest Rate Risks
The Group currently operates with positive cash and cash equivalents as a result of issuing share capital and corporate debt in anticipation of future funding requirements.

Other receivables bear interest at a fixed annual rate, therefore there is no exposure to market interest rate risk on these financial assets. The effect of a 10% increase or fall in interest rates obtainable on cash and on short-term deposits would be to increase or decrease the Group's operating results by not more than US$1,000 (2019: US$1,000).

The Group has a US$10 million debt facility with a private family office investor, under which the Company has issued US$3.6 million loan notes, with an associated fixed interest rate of 12.5% for a term of 3 years. As the interest rate has been fixed for the term of the facility, there is no interest rate risk associated with the instruments.

Liquidity Risk
The Group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Group's policy to ensure facilities are available as required is to issue equity share capital and/or loan notes in accordance with long-term cash flow forecasts.

The Group's financial liabilities are primarily operational costs and debt instruments. All operational costs are due for payment in accordance with agreed settlement terms with professional firms, and all are due within one year. Debt principal and related interest are due for settlement in October 2022.

Price and Valuation Risks
The Group's investment portfolio is susceptible to risk arising from uncertainties about future values of the investment securities, either in relation to market prices (for quoted securities) or fair values (for unquoted securities). This risk is that the fair value or future cash flows will fluctuate because of changes in market prices or valuations, whether those changes are caused by factors specific to the individual investment or financial instrument or its holder or factors affecting all similar financial instruments or investments traded in the market. The Group's investment committee provides the Board of Directors with investment recommendations that are consistent with the Group's objectives. The investment committee recommendations are carefully reviewed by the Board of Directors before the investment decisions are implemented.

During the year under review, the Group did not hedge against movements in the value of its investments. A 10% increase/decrease in the fair value of investments would result in an US$11.0m (2019: US$10.0m) increase/ decrease in the net asset value.

While investments in companies whose business operations are based in China may offer the opportunity for significant capital gains, such investments also involve a degree of business and financial risk, in particular for unquoted investment.

Generally, the Group prepares to hold the unquoted investments for a middle to long term time frame, in particular, if admission to trading on a stock exchange is considered likely in the future. Sales of securities in unquoted investments may result in a discount to the book value at the time of future disposal.

Currency Risks
As the majority of the Company and Group's investments are in US Dollars, the decision has been made during

the year to change the functional currency of the Company and Group from HK Dollar to US Dollar. Management considers that foreign currency exposure is not significant to the Group and as such, there is no hedging of foreign currencies.

Capital Management
The Group's financial strategy is to utilise its resources to further grow the Group's portfolio. The Group keeps investors and the market informed of its progress with its portfolio through regular announcements and raises additional equity finance at appropriate times when market conditions allow.

The Company regularly reviews and manages its capital structure for the portfolio companies to maintain a balance between the higher shareholder returns that might be possible with certain levels of borrowings for the portfolio and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure of the portfolio in the light of changes in economic conditions.

The capital structure of the Company and the Group consists of cash and cash equivalents, loans and equity comprising issued capital and reserves.

16. SHARE BASED PAYMENTS

16.1 Ownership-Based Compensation Scheme for Senior Management
The Group has an ownership-based compensation scheme for senior management of the Group. In accordance with the provisions of the plan, senior management may be granted warrants to purchase ordinary shares. Each warrant converts into one ordinary share of Jade Road Investments Limited on exercise. No amounts are paid or payable by the recipient of the warrants. The warrants carry neither rights to dividends nor voting rights. Warrants may be exercised at any time from the date of vesting to the date of their expiry.

At 31 December 2020, there were 1,600,000 warrants outstanding, issued to the Company's Directors in previous periods in respect of services provided to the Group with at an exercise price of US$1.21 per share, equivalent to £0.89 at 31 December 2020. The warrants will expire 10 years after the date of grant. All warrants are equity-settled and may be exercised at any time from the date of grant to the date of their expiry.

In the event that a Director's appointment is terminated for any reason, then in such circumstances each Director's subscription rights shall, to the extent he/she has not been issued or exercised either (i) prior to the date of termination (Date of Termination); or (ii) within the period of 60 days immediately following the Date of Termination, be immediately cancelled.

16.2 Equity Compensation Scheme for Harmony Capital Investors Limited *(the "**Investment Manager**")*
The Group has an equity compensation scheme for Investment Manager of the Group. In accordance with the provision of the scheme, the Investment Manager is granted warrants to subscribe for 20 million (before share consolidation undertaken by the Company on 20 September 2017) ordinary shares, which is to be issued in five equal tranches. No amounts are paid or payable by the recipient of the warrants. The warrants carry neither rights to dividends nor voting rights. Warrants may be exercised at any time from the date of vesting to the date of their expiry. Any equity compensation shares issued to or acquired by Investment Manager are subject to an orderly market period, which is 12 months after each date of issue. During each orderly market period, the Investment Manager undertakes to the Company and the broker not to effect a disposal of the relevant shares unless the Investment Manager gives written notice to do so.

All warrants are equity-settled, the only conditions for all warrants granted is that the warrants holder remains in the office when exercises.

The number of warrants due to the Investment Manager to subscribe for ordinary shares in respect of services provided to the Group were recalculated pursuant to paragraph 2 of Section 2 of the warrant instruction to reflect the share consolidation undertaken by the Company on 20 September 2017. The warrants have an exercise price of US$1.21 per share, equivalent to £0.89 at 31 December 2020. The warrants will expire 10 years after the date of grant. In total the Investment Manager owns 8,000,000 warrants as at 31 December 2020 (2019: 8,000,000).

	2020			2019		
	Number of options	**Number of warrants**	**Weighted average exercise price US$**	Number of options	Number of warrants	Weighted average exercise price US$
Balance at beginning of the financial year	**-**	**9,600,000**	**1.21**	-	8,400,000	1.21
Issuance during the financial year						
-Investment manager	**-**	**-**	**-**	-	1,600,000	1.21
-Directors	**-**	**-**	**-**	-	-	-
-Shareholders		**7, 967,663**	**0.40**	-	-	-
Expired during the financial year	**-**	**-**	**-**	-	(400,000)	1.21
Balance at end of financial year	**-**	**17,567,663**	**0.84**	-	9,600,000	1.21
Exercisable at end of financial year	**-**	**17,567,663**	**0.84**	-	9,600,000	1.21

The weighted-average remaining contractual life of outstanding warrants at 31 December 2020 was 6 years and 10 months (2019: 8 years and 3 months). During the year there has been a charge of $1.1m relating to share based compensation of the Investment Manager. This consists of $0.47m relating to shares issued to HCIL in respect of the 2019 accrued incentive fee, due to the price at grant being higher than the accrued price. During the year there has also been an accrual for the share-based element of the 2020 incentive fee, of $0.64m.

16.3 Equity-Settled Share-Based Payment for Investment Manager as Incentive Fee

Investment Manager 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 excessed 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.

The remaining 50% of incentive fee ("**Equity Compensation Amount**") shall be satisfied by the Company issuing to Investment Manager such number of ordinary shares as have a Fair Market Value which in aggregate is equal to the Equity Compensation Amount. The Fair Market Value is the closing Volume Weighted Average Price ("**VWAP**") for the ordinary shares trading on AIM for the ninety prior trading days as at the relevant calculation period year end, i.e., 31 December 2017. The shares issued to or acquired as incentive fee by Investment Manager is subject to an orderly market period, which is 12 months after each date of issue. During each orderly market period, Investment Manager undertakes to the Company and the broker not to effect a disposal of the relevant shares unless the Investment Manager gives written notice to do so.

An incentive fee of $1.3m has been accrued in 2020 (2019: $1.9m).

17. RELATED PARTY TRANSACTIONS

During the year, the Company and the Group entered into the following transactions with related parties and connected parties under existing contracts:

		2020	2019
	Notes	**US$'000**	US$'000

Remuneration payable to Directors (see Note 7)	(i)	**256**	185
Harmony Capital Investors Limited	(ii)		
– Management fee		**1,888**	1,679
– Incentive fee		**1,750**	1,907
Amount due to Harmony Capital Investors Limited at 31 December		**1,289**	1,907

Note: Incentive Fee includes:

- US$0.461 million adjustment expense for the FYE2019 Incentive Fee to Harmony Capital paid in shares. The Incentive Fee was calculated using a 90-day volume weighted average share price as of the year-end 2019 but as the Incentive Fee shares were issued in 4Q2020, there was a c.47% share price increase at the issue date. Shares are valued at the point at which they are issued (as opposed to a historical rate), thus, this is reflected as a charge in 2020.
- US$1.29 million in Incentive Fees payable to Harmony Capital and pursuant to the Company's NAV performance for the FYE 2020. The fee is to be paid 50% in cash and 50% in shares.

(i) The key management personnel of the Company are considered to be the Directors and appropriate disclosure with respect to them is made in Note 7 of the financial statements. There are no other contracts of significance in which any Director has or had during the year a material interest.

(ii) Harmony Capital Investors Limited is 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 Group's portfolio of assets as at 30 June and 31 December in each calendar year.

Harmony Capital Investors Limited 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 excessed 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 incentive fee shall be paid in cash and the remaining 50% of incentive fee shall be paid by ordinary shares.

18. EARNINGS PER SHARE

The calculation of the basic and diluted profit/(loss) per share attributable to the ordinary equity holders of the Company is based on the following:

		2020	2019
		US$'000	US$'000
Numerator			
Basic/Diluted:	Net Profit/(loss)	**1,643**	(2,773)
		No. of shares '000	No. of shares '000
Denominator			
Basic:	Weighted average shares	**105,518**	89,219
	Dilutive effect of warrants	**17,568**	-
Diluted:	Adjusted weighted average shares	**123,086**	89,219
Earnings per share:			
Basic		**1.56**	(3.11) cents
Diluted		**1.34**	(3.11) cents

During the year, the Company continued a share buyback programme, at the year-end totaled 2,647,804 treasury shares. These shares have been excluded from the weighted average shares calculation.

19. EVENTS AFTER THE REPORTING PERIOD

In January 2021, the Company changed its name to “Jade Road Investments Limited” and its shares started trading under the ticker “JADE.LN”. The name reflects the Company’s pan-Asian Small-and Medium-sized enterprise focus and the spirit of connecting investors and capital from the West, across the Middle East and into the markets of the Far East.