

Annual Report 2022



CONTENTS

Company Information	2
Company Description & Investing Policy	3
Chairman's Statement	6
Biographies of Directors and Senior Management	15
Directors' Report	16
Corporate Governance Statement	20
Independent Auditor's Report	26
Consolidated Statement of Comprehensive Income	32
Consolidated Statement of Changes in Equity	33
Consolidated Statement of Financial Position	34
Consolidated Cash Flow Statement	35
Notes to the Financial Statements	36



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*

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

29/F, Infinitus Plaza
199 Des Voeux Road Central, Hong Kong

REGISTRARS

Computershare Investor Services (BVI) Limited,
Woodbourne Hall PO Box 3162 Road Town,
Tortola, British Virgin Islands

DEPOSITARY INTEREST REGISTRARS

Computer Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY

REGISTERED AGENT

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

NOMINATED ADVISER

WH Ireland Limited
24 Martin Lane
London EC4R 0DR

BROKER

Hybridan LLP
1 Poultry,
London EC2R 8EJ

AUDITORS

PKF Littlejohn LLP
15 Westferry Circus
London E14 4HD

LEGAL ADVISERS

Locke Lord (UK) LLP
Second Floor
201 Bishopsgate
London EC2M 3AB

Conyers Dill & Pearman
Romasco Place, Wickhams Cay 1
PO Box 3140
Road Town, Tortola
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**") worldwide, 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 now more globally focused and aims to provide shareholders with attractive uncorrelated risk-adjusted returns over the short and longer-term from a diversified portfolio of 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 Directors believe that there is an excellent long-term opportunity to provide financing, primarily backed by real assets, with a primary focus on income-production and a secondary focus on capital gains. The Directors believe that by investing in asset-backed assets that are income-generating, the Company will be provided with more certainty when predicting future cash flows, thus allowing it to plan an appropriate dividend policy in due course. It is believed that this will allow for the optimal delivery of shareholder value in the form of the payment of a safe, consistent dividend yield at an attractive spread to other yielding options, while growing the underlying capital base of the Company.

In order to take advantage of this opportunity and to deliver this shareholder value, the Company requires an updated Investing Policy that will permit it to take advantage of the best risk-adjusted investments globally, provided the majority of them are asset-backed and/or income producing and backed by legal jurisdictions that the Directors are comfortable with and provide a safe underpinning to allow for the Company to earn its return and recoup its investment as per the terms of the financing that it agrees to.

Moreover, given the long-term nature of the Company's investment horizon, the Directors believe that an updated Investing Policy should enable the Company to navigate changes in the relative attractiveness of various financing opportunities through varying economic cycles and geopolitical shifts.

Finally, and most importantly, the Board expects the Company's investment portfolio to be repositioned over time such that it generates both income and capital gains.

In order to facilitate the Company's strategic objectives, the Company approved the Resolution to amend the Investing Policy to the following:

- 1) The Company has an indefinite life, is sector agnostic and is targeting assets in any class which will produce income returns, with a secondary focus on capital gains over time for its Shareholders.
- 2) The Company will seek the best risk-adjusted returns globally, with a preference for investments governed by legal systems that the Company understands and believes to be reliable.
- 3) The Company may invest directly into listed securities, over-the-counter traded securities, currencies, companies, real assets, contractual obligations, or commodities ("**Direct Financings**").
- 4) The Company may provide financing to entities, becoming a lender to, or a limited partner or shareholder of, an affiliated or third party which itself has a strategy to invest in underlying listed securities, over-the-counter traded securities, currencies, companies, real assets, contractual obligations or commodities ("**Indirect Financings**").
- 5) The Company shall ensure that at the time of entering into a Direct Financing, it shall represent not more than 30% of the Company's net asset value immediately following the relevant transaction. There is no limit on the number of investments the Company may take.
- 6) The Company shall ensure that at the time of entering into an Indirect Financing, no underlying asset of the indirectly financed entity shall represent more than 30% of the Company's net asset value immediately following the relevant transaction.
- 7) There is no restriction on the duration the Company will hold any investment nor any restriction on the time for the Company to make its investments in such assets.
- 8) The Company will pursue a predominantly passive management strategy. However, on a case by case basis, it may consider securing additional governance rights such as observer or board appointments where the situation or asset dictates such additional oversight.

- 9) The Company may utilise gearing when appropriate. The Company will continue to exercise prudence in determining whether prevailing market conditions and investor expectations warrant the utilisation of any leverage over its portfolio.
 - 10) The Company will consider issuing its own shares as consideration for interests in other companies but such cross holdings will be limited to 20 per cent. of the Company's issued shares in aggregate from time to time.
- Implement its long-term objective of providing Shareholders with a stock that produces income and retains the potential for appreciation.

The Board and the Investment Manager each have extensive international experience across a range of industries and asset classes. Income-producing assets which are backed by real assets have already been indicatively assessed as part of the Investment Manager's internal processes and while no specific commitments have been entered into, the Board and Investment Manager are comfortable in their ability to execute the New Investing Policy.

The Directors believe that the change of Investing Policy will broaden the Company's activities and allow it to build a portfolio of investments producing income and with the potential for capital gains. The Directors further believe that the change of Investing Policy also enables the Company to:

- Increase the breadth of the transactions and opportunities it can consider;
- Lower its overall investment risk by increasing diversification and shifting geographic focus toward more stable geographies with stronger legal systems; and

A full-page background image of a lush, rolling green landscape. In the foreground, a dark asphalt road curves through the hills, bordered by a wooden fence. The hills are covered in vibrant green grass and some darker, scrubby patches. In the distance, more hills are visible under a bright blue sky with scattered white clouds. The overall scene is peaceful and scenic.

CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT



The Company continues to make great strides to pivot from its legacy portfolio of Asian assets to investing in geographically diverse assets in more stable regions with stronger legal systems, uncorrelated to the general market and expected to consistently generate attractive risk-adjusted returns. As an integral part of this strategy, a primary focus has been on generating cash through disposals and this has led to some difficult decisions having to be taken which has resulted in some significant impairment of the portfolio.

OVERVIEW

Solid progress was made to transition the Company away from its legacy asset portfolio of Asian SMEs towards a more globally diverse portfolio.

As part of the Company's new amended investment strategy to continue to deploy capital into multiple asset-backed and/or income-generating investments but shift the geographical focus, the Company completed a significant (post balance sheet) investment in a highly diversified and low-correlated fund, managed by Delaware-based Heirloom Investment Management.

To enable this, the Company successfully restructured its US Dollar-denominated secured debt, extending its maturity to 31 December 2023.

In terms of its current Asian asset portfolio, the Investment Manager is conducting an accelerated disposal programme. In August, the Company received the third and final equal tranche payment of US\$400,000 from China-based Meize Energy Industries, thereby completing the partial disposal transaction.

These developments, consisting of the new amended investment strategy, significant new investment and accelerated disposal programme, have placed the Company on a much firmer footing and I believe is now heading in the right direction to achieve its long-term aim of becoming a dividend-paying vehicle.

NEW INVESTMENT STRATEGY: SEEKING THE BEST RISK-ADJUSTED RETURNS GLOBALLY

Last year, I wrote about the economic and geopolitical challenges facing China and Southeast Asia and how the Company had been hard at work pivoting away from its legacy assets in the region. The new investment strategy, approved by an overwhelming number of shareholders at the Company's recent General Meeting, allows the Company to expand beyond its previous focus on Asian investments to a global approach.

The intention is to create a geographically diverse portfolio as well as benefit from an environment where inflation levels are higher than interest rates. The long-term aim is to create strong risk-adjusted returns with the capability to generate regular income in addition to capital gains, and become a dividend paying vehicle.

In order to facilitate this transformation, productive talks were held with the holders of the Company's US Dollar-denominated bonds totaling USD3.6 million. The Board was able to extend the maturity of the Loan Notes to 31 December 2023 on 1st December 2022; albeit with a modest increase in the interest rate payable on the principal amount of the Loan Notes outstanding to 15% per year, and an increase in the interest rate payable on the principal amount of the outstanding Loan Notes to 16% per year where US\$1.8 million or more of the principal amount of the Loan Notes remain outstanding by 30 June 2023.

In addition, a "priority return" provision was agreed requiring the Company to prioritise proceeds received by it pursuant to an equity placing of more than £10,000,000, or of any sale (including any contractual rights) within the Company's existing portfolio in making repayments on the Notes. Any such repayment would be limited to 10% of the net proceeds received by the Company pursuant to a Qualifying Placing, or 65% of the net proceeds received by the Company following an asset sale.

Finally, it was agreed that the Loan Note holders would be issued with 3-year warrants equivalent to 5% of the next share issuance undertaken by the Company with a strike price at a 50% premium to the price of such share issuance on 22nd March 2023.

The Board believes that the new agreement with the Loan Note holders and the amended investment strategy will prove more attractive to the Company's shareholders than its current investment portfolio.

LEGACY PORTFOLIO: CLEARING THE DECKS

The Company turned its focus in 2022 to accelerating the disposal of its mainly China based assets as a first step in its strategy to pivot away from Asia.

Its Investment Manager embarked on a programme to seek buyers for its major assets, with a prime focus on generating cash that could be reinvested in other geographies and income generating assets.

During the year, Jade Road completed the successful partial disposal of Meize Energy Industries, a leading privately owned wind turbine blade manufacturing company in China at a 22% premium. The Company continues to retain a 7.08% stake in Meize valued at USD8.8 million. Importantly, the deal demonstrated that international transactions can still be done in China.

The Company's largest shareholding is an 85% stake in Future Metal Holdings Limited (FMHL), the largest magnesium dolomite quarry in Shanxi Province, China. As previously announced, the local management team remains committed to seeking divestment opportunities with two potential buyers lodging formal letters of interest to acquire the Quarry. To be conservative, the Company's investment has effectively been written down from US\$50.4 million to US\$5.3 million.

Singapore-headquartered DocDoc describes itself as the world's first patient intelligence company, harnessing the power of AI to provide patients with the information they need to make optimal health care decisions. As of 31 December 2022, the carrying value of the Convertible Bond was US\$2.8 million.

Additional investments in Asian SMEs include a senior secured loan investment in Japanese luxury real estate developer Infinity Capital Group (ICG) and a 40% holding in Infinity TNP, a wholly owned subsidiary of ICG. During 2022 ICG faced certain difficulties caused by the COVID lock down in Japan. After failing to make a number of due interest payments to Jade, the Company decided to take legal action to recover its loan principal and accrued interest. In November 2022, the High Court in Hong Kong upheld Jade's claim in full and the Company is now seeking enforcement of this judgement. The Company had previously taken an interest credit default charge against this investment and in order to be prudent, the Company decided to maintain the same US\$1.4 million carrying value for ICG, while for Infinity TNP it was decided to take a 100% provision against this investment in the light of the legal dispute with its parent company ICG.

Whilst action is being taken to accelerate asset disposals, the Company is also focused on reducing its cost base where possible and to implement this repositioning, the Company signed an amended Services Agreement with its Investment Manager, Harmony Capital Investors Limited to reduce its management fee to US\$350,000 per year as it shifts its focus to the orderly monetisation of its Asian assets. HCIL will also receive an incentive fee amounting to 20% of the cash received by the Company (or any of its Associates) from the sale of any Investment that is part of the Legacy Portfolio and is sold to an HCIL Buyer. The HCIL agreement is for an initial period of one year.

As the Board believes that the current value of its portfolio has not been reflected in its current share price, and by having taken the tough decisions with its legacy portfolio, this will place it in good stead going forward and therefore it is anticipated that any future disposals will represent an upside in valuation to the Company.

POST BALANCE SHEET EVENTS: NEW INVESTMENT

In February of this year, the Company announced the completion of a conditional equity fundraise which was conditionally underwritten in its entirety by Heirloom Investment Management LLC ("HIM"). The gross placing amount for this fundraise is \$1,750,000.

CHAIRMAN'S STATEMENT

At the General Meeting all resolutions were duly approved, including the new investment strategy.

In line with its new amended investment strategy, the Company announced in April that it had invested USD500,000 in Heirloom Investment Fund SPC – Heirloom Fixed Return Fund SP, managed by HIM.

The new fund is geographically diverse with low correlation to most markets or major asset classes, such as equities, fixed income and real estate. Current themes include asset-backed lending, equipment leasing, agriculture (farm business), niche real estate (US single family rental), infrastructure, litigation finance and music royalties.

An important aspect is that the fixed return class of shares in the fund are supported by Loss Absorption Shares, owned by the manager of the Fund, which absorbs any negative monthly losses. This provides strong downside risk protection while offering the ability to generate modest returns. The fund has established a fixed return rate of 6% to provide clarity and transparency to investors.

The Company believes that the fund ticks all its boxes, providing a diversified portfolio of primarily asset-backed and/or income producing investments targeted to deliver an attractive risk-adjusted return over the long term: Currently, the fund has a target yield of 7% and target net returns of 10-12%, and represents a precise example of the type of new investments it intends to seek in future.

THE BOARD

In March 2023, the Company announced that John Batchelor, Non-Executive Director, had resigned from the Board with immediate effect. The Board would like to use this opportunity to once more thank John for his contribution over the last two and half years.

OUTLOOK

The Company has pushed through the majority of its restructuring with a number of significant changes to its financial and operational structure. The upshot is that we now have a Company that is primed to push on with its new investment strategy.

The past year has been challenging for the Company, but the Board now believes that by adopting a new investment strategy and accelerating the disposals of its legacy assets, it is in a strong position to fulfil its clear objective of providing shareholders with attractive uncorrelated, risk-adjusted, long-term returns to becoming a dividend paying vehicle.

I would like to take this opportunity to personally thank everyone involved in the successful completion of the partial divestment in Meize, the extension of the maturity date of the US Dollar-denominated corporate bonds and the new amended investment strategy.

Finally, on behalf of the board, I would like to extend my thanks to all of our shareholders for your continued support.



John Croft

26 May 2023

Chairman of the Board

PORTFOLIO

At 31 December 2022

Principal assets	Effective interest %	Instrument type	Valuation at	Credit income	Credit investment	Cash receipts	Equity investment/ other movement	Fair value adjustment	Provision	Valuation at
			31 December 2021 US\$ million							31 December 2022 US\$ million
Fook Lam Moon Holdings	-	Convertible Bond	-	1.4	-	-	-	-	(1.4)	-
Future Metal Holdings Limited	84.8	Structured Equity	50.4	0.6	-	-	-	(45.1)	(0.6)	5.3
Meize Energy Industrial Holdings Ltd	6.3	Redeemable convertible preference shares	8.2	0.3	-	-	(1.2)	1.5	-	8.8
DocDoc Pte Ltd	-	Convertible Bond	2.6	0.2	-	-	-	-	-	2.8
Infinity Capital Group	-	Secured Loan Notes	1.4	0.3	-	-	-	-	(0.3)	1.4
Infinity TNP	40	Equity	3.6	-	-	-	-	(3.6)	-	-
Project Nicklaus	-		1.9	-	-	-	-	(0.1)	-	1.8
Loan to HKMH	3.7		3.7	-	-	-	-	-	(3.7)	-
Corporate debt	-		(3.6)	-	-	-	(0.3)	-	-	(3.9)
Other liabilities	-		(1.0)	-	-	-	(0.4)	-	-	(1.4)
Cash			0.8	-	-	1.2	(1.7)	-	-	0.3
Total Net Asset Value			68.0	2.8	-	1.2	(3.6)	(47.3)	(6.0)	15.1

PORTFOLIO OVERVIEW

Future Metal Holdings Limited

The Company has an 85% shareholding in FMHL.

In 2022, due to the continued severe Covid-19 situation in Mainland China, as compared to the resurgence of economic activity almost without exception in Asia, and the Chinese government's tight regulations on travel and logistical activities, the Quarry carried out production for less than 4 months. Despite these severe restrictions, the local management managed to preserve the asset while ensuring that the Company was not required to provide any additional investment.

Due to these extreme conditions throughout the year, coupled with the Company's decision to change its Investment Policy and strategic direction, it has been determined that substantial investment would be required to keep the mines operating. As a result, a decision was taken to accelerate the divestment of the Quarry in 2022, particularly towards the

later part of the year. Due to this focus on an accelerated divestment, rather than seeking to hold the investment to maximise its value in the medium to long term, the Company sourced two potential buyers that lodged written letters of interest to acquire the Quarry. Both interested parties, from the Quarry's local region, were aware of the Company's motivated sale of the asset and their indicative bids reflected this.

Historically the asset was valued with reference to its fundamental value, derived from an independent assessment of its core asset being its Magnesium Dolomite Reserves. Given the accelerated divestment focus, the Investment Manager has recommended that a more accurate valuation of the asset in 2022 would be to recognise the potential near term 'recovery value' implied by the two expressions of interest received from the domestic Chinese acquirers.

In accordance with this view, the Company has decided to apply a 100% provision against its carrying value of its equity investment in the asset. It has further provisioned against historical loans it has made to the Quarry. The result is that the value of the Company's investment will be US\$5.3 million as of 31 December 2022 (31 December 2021: US\$50.4 million).

Loan to HKMH

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 that CASIL had been granted in the past against FMHL. Considering the heightened emphasis on divestment, the Investment Manager has proposed a revised valuation approach for the asset in 2022. This approach seeks to reflect the potential "recovery value" in the near term. According to the loan agreement, the original repayment date was set for ten years after the contract was signed in 2019. Therefore, seeking short-term investment recovery can indeed be quite challenging due to the extended timeline specified in the agreement.

To be conservative, the Company has decided to apply a 100% provision against this receivable in 2022. As of 31 December 2022, the carrying value of the Receivable was US\$0.0 million (2021: US\$3.7 million).

Fook Lam Moon

The Company holds a convertible bond of US\$26.5 million ("**Convertible Bond**") in Fook Lam Moon Holdings ("**FLMH**"), which is a shareholder of a Hong Kong-based restaurant group Fook Lam Moon ("**FLM**"). 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, as did its peers' in the food and beverage industry in Hong Kong in 2022. FLM has faced significant challenges due to the impact of COVID-19, which greatly affected its business development and revenue. Additionally, factors such as the restructuring of its equity structure have further contributed to the current lack of prospects for near-term recovery in the case of FLM.

In order to be prudent, the Company decided to apply a 100% provision against this investment in 2021. And the Company wrote off its credit income in 2022.

As of 31 December 2022, the carrying value of the Convertible Bond was US\$0.0 million (2021: US\$0.0 million).

Infinity TNP

Tellus Niseko ceased operation in 2022 due to reduction in local tourists. The local team has been closely monitoring the local condition and shall resume business once tourism recovers.

Due to an ongoing dispute with ICG, a major shareholder of Infintiy TNP, ICG has also breached a number of its undertakings and the Company is considering legal action in order to exit/recover its investment in due course. As a result of the uncertainty of this situation, the Company has taken a 100% Provision against this investment.

As of 31 December 2022, the carrying value of this investment was US\$0.0 million (2021: US\$3.6 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.

In early 2022, we did not receive any response regarding the interest payment due to us. The Company launched a lawsuit against ICG to recoup its investment and the High Court of the Hong Kong Special Administrative Region ruled completely in the Company's favour on a hearing dated the 25th of November 2022. As a result of this ruling, the Company is now pursuing various options for recovering its investment including enforce against a personal guarantee provided by the Principal of ICG.

The Company will provide further updates in a timely manner should there be any material developments.

The claimed amount for compensation is around \$8 million. In order to be prudent, the Company decided to maintain the same US\$1.4 million carrying value, given the uncertainty over the outcome of the litigation.

Meize Energy Industries Holdings Limited ("Meize")

Swift Wealth Investments Limited, a 100% (2021: 100%) owned subsidiary of the Company incorporated in the British Virgin Islands, holds a 7.08 % stake in Meize through a redeemable preference share structure.

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

In 2022, the highlight is that since March, a new factory has been under construction in Mori Kazak Autonomous County, Xinjiang Province. The plant commenced operations in September 2022 as the main construction work had been completed. The construction work is expected to be fully completed in August 2023.

In June 2022, JADE announced a partial divestment in Meize by divesting 112,500 shares of the Series B Preferred Equity for consideration of US\$1.0 million ("**Transaction Price**"). The number of shares sold in this partial divestment represents 12.0% of JADE's holding in Meize.

Paid in three equal tranches, the Transaction Price was fully received by JADE in August 2022.

Post this partial divestment, JADE holds approximately 7.08% interest in Meize.

As of 31 December 2022, the Company's interest in Meize had a fair value of US\$8.8 million (2021: US\$8.2 million) based on the Transaction Price.

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 2022, DocDoc successfully raised over USD1 million through a convertible bond offering. The funding was secured from one of our existing investors based in Japan.

On the 13th of October 2022, DocDoc announced a collaboration with QBE Singapore to launch Group Medical Prestige, a group health insurance product. This product was offered in Singapore starting October 2022 and subsequently other markets in Asia.

On the 8th of November 2022, DocDoc announced offering its health insurance solutions to Aon's clients. Starting with Singapore in October 2022, these solutions was offered to employers via insurers across multiple markets in Asia.

As of 31 December 2022, the carrying value of the Convertible Bond was US\$2.8 million (2021: US\$2.6 million).

Project Nicklaus (Changtai Jinhongbang Real Estate Development Co. Ltd)

Lead Winner Limited ("LWL") is a 100% (2021: 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.

CJRE has launched a lawsuit against the buyer in November 2021 to claim end payment

On 13 July, a court session was held at the Xiamen Intermediate People's Court regarding the litigation against Fuzhou R&F Properties. Subsequently, on 2 November 2022, the Court issued a ruling in favor of the Plaintiffs. Following the ruling, Fuzhou R&F Properties filed an appeal to the Fujian Higher People's Court on the 2 December 2022. In response, on 13 December 2022, CJRE engaged solicitors to proceed with further legal processes related to the litigation. Once this payment is received by CJRE, it is the Company's expectation that the outstanding loan will be repaid in full.

As at 31 December 2022, the fair value of the loan was US\$1.8 million (2021: US\$1.9 million).

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.

He is also a non-executive Director at Aura Renewable Acquisitions PLC and Golden Rock Global PLC, both Special Acquisitions Companies (SPACs) quoted on the Standard List of the London Stock Exchange and is also a non-executive Director at Brazilian Nickel PLC.

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 and a Vice-Chairman of the British-Japanese Parliamentary Group.

Mr. Charles Stuart Crocker, Non-executive Director

Stuart Crocker served eleven years in the British Army before starting a banking career primarily with Merrill Lynch and HSBC, in Europe and the Middle East. Latterly he became the CEO HSBC Private Bank UAE and Oman, and the Global Head Private Banking Group at Abu Dhabi Islamic Bank. Stuart has been a member and Liveryman of the Worshipful Company of International Bankers, and a Freeman of the City of London, since 2006 and became a Fellow of the Institute of Directors (FIoD) in 2022.

Since 1994 Stuart has been a Director and then Trustee at St Martin-in-the-Fields in London. He was a founding investor and the first Non-Executive Chairman of a renewable forestry company, which is now one of the largest forestry operations in West Africa having planted over 20 million trees.

Stuart is a founder advisor and shareholder in a multi-award winning FinTech company in the Middle East. In 2020 he was the Interim-Chairman of an advanced technology company for ensuring the

safety, security and efficiency of people and assets in some of the world's most difficult places, supporting client operations in 35 countries. In December 2021 Stuart became Chairman of an exclusive distributor of clean, ethical beauty brands for women and men. Current distribution is across the GCC through retail, pharmaceutical, professional channels and e-commerce.

In May 2022 Stuart was honoured to be invested as a Knight of The Order of St. George (KStG) at Rochester Cathedral. The Order is a non-profit charity registered in England and has had special consultative status as an NGO at the UN Economic and Social Council since 2015.

Dr. Lee George Lam, Non-executive Director

Dr. Lam is Chair 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), Chairman of the Permanent Commission on Economic and Financial Issues of the World Union of Small and Medium Enterprises (WUSME), and a member of the Belt and Road and Greater Bay Area Committee of the Hong Kong Trade Development Council. A former member of the Hong Kong Bar, 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 and the Hong Kong Institute of Directors, 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, an International Affiliate of the Hong Kong Institute of Certified Public Accountants, and a Distinguished Fellow of the Hong Kong Innovative Technology Development Association.

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 26 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 2022.

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 loss before taxation of US\$52.9 million (2021: loss US\$38.4 million).

The loss reflects fair value decrease on assets in the portfolio of US\$51.9 million (2021: decrease US\$37 million), net finance income of US\$0.8 million (2021: US\$0.8 million) and total operating expenses of US\$1.8 million (2021: US\$2.3 million). The fair value decrease on assets included in the period includes income from investments of US\$1.2 million (2021: US\$1.2 million) and a fair value adjustment upon valuation of portfolio assets at the period end of US\$53.1 million (2021: US\$38.2 million).

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

With the exception of the related party transactions stated in Note 16 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 2022 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

	2022		2021	
	Direct	Indirect	Direct	Indirect
Mr. John Croft	130,463	10,733	130,463	10,733
Hugh Viscount Trenchard	60,634	–	60,634	–
Dr. Lee George Lam	101,057	–	101,057	–
Mr. Stuart Crocker	80,845	–	80,845	–
Mr. John Batchelor	–	–	–	–

REVIEW OF THE BUSINESS

The Group’s audited net asset value as at 31 December 2022 stood at US\$15.1 million (2021: US\$68.0 million) equivalent to US\$0.13 per share (2021: US\$0.58), 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 18 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 (resigned March 2023)

John Batchelor, Non-Executive Director, has resigned from the Board of Jade Road Investments on 24 March 2023.

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

	2022		2021	
	Direct	Indirect	Direct	Indirect
Mr. John Croft	877,346	–	877,346	–
Hugh Viscount Trenchard	457,634	–	457,634	–
Dr. Lee George Lam	496,057	–	496,057	–
Mr. Stuart Crocker	76,845	–	76,845	–
Mr. John Batchelor	–	–	–	–

SUBSTANTIAL SHAREHOLDINGS IN THE COMPANY

As far as the Directors are aware at 31 December 2022, the following persons were 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 Limited	16,179,310	14.0%
Heirloom Group	10,068,676	8.7%
Harmony Capital Investors Limited	6,059,306	5.3%
Barry Lau	4,561,400	4%

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

On 20 February 2023, the company issued an additional 201,996,350 shares with a gross placing proceeds of \$1,750,000. This includes 20,046,667 shares issued pursuant to the underwriting fee (net proceeds \$1,566,573). The total number of new ordinary shares issued to Heirloom Group is 179,770,672. Afterward, the following persons were interested in 3% or more of the issued share capital of the Company:

Shareholder	Number of ordinary shares	Percentage of issued share capital
Heirloom Group	189,508,269	59.24%
– Heirloom SPV 2022 II	155,703,842	48.67%
– Ocorian Singapore Trust Company Pte Ltd as Trustee of Fidelis Fund	21,135,665	6.61%
– Heirloom Investment Management LLC	7,785,192	2.43%
– Heirloom Fixed Return Fund	4,883,570	1.53%
Elypsis Solutions Limited	55,225,127	17.26%
Infinity Capital Group Limited	16,179,310	5.06%
First Equity Limited	10,000,000	3.13%

Heirloom SPV 2022 II, Heirloom Investment Management LLC, Ocorian Singapore Trust Company Pte Ltd as Trustee of Fidelis Fund and Heirloom Fixed Return Fund are under one controlling group – Heirloom Group. The total shareholdings of Heirloom Group are 59.24%.

FINANCIAL INSTRUMENTS

The Group's use of financial instruments is described in Note 9 and Note 14.

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 14 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 2022, 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 13 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 2022, the Group had Nil (2021: Nil) employees excluding Directors.

CHARITABLE DONATIONS

The Group didn't make any charitable donations during the year (2021: Nil).

GOING CONCERN

Notwithstanding the operating loss of US\$2.4Mn and operating cash outflows of USD\$1.5Mn for the year ended 31 December 2022 and net current liabilities of \$4.8Mn at year-end, the group has prepared the financial statements under the going concern.

In considering the appropriateness of the going concern basis of preparation, the Directors have reviewed the Group's cash 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 can secure adequate resources to continue for the foreseeable future through financing and realisation of carrying value of investments and loan receivables to meet proposed investment requirements and working capital needs as they fall due. Whilst management is confident that they can secure funding based on the advance discussion with investors and buyers, there is no certainty that such funding would be secured within the required timelines.

Accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the group was unable to continue as a going concern.

The auditors refer to going concern by way of material uncertainty within their audit report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in conformity with EU-adopted International Financial Reporting Standards. Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the profit and loss of the Group for that period.

In preparing the financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Ensure statements are in conformity with EU-adopted International Financial Reporting Standards; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with EU-adopted International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Financial Statements are published on the Group's website <https://jaderoadinvestments.com>. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

AUDITOR INFORMATION

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

On behalf of the Board



John Croft
26 May 2023
Chairman of the Board

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 primarily 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.

The Board has 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, and Stuart Crocker.

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. Currently, we have received offers from two potential buyers for our quarry. We are actively seeking buyers for the other assets.

The Board, in collaboration with the Investment Manager, maintains a vigilant watch over the current investment climate and macro-economic conditions worldwide. These factors have the potential to impact and, at times, pose challenges to the Company's strategic execution. This includes considerations of regulatory and governmental policy changes that may arise, requiring the Company to adapt and navigate accordingly.

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 three 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 were all appointed to the Board in 2017 or later. These four individuals serve as Non-Executive Directors and are regarded as independent members. However, it is important to note that as of March 2023, Mr. John Batchelor has departed from the Board.

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 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2022 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(c) in the financial statements, which indicates that the group is reliant on securing further financing and realisation of carrying value of investments and loan receivables to meet proposed investment requirements and working capital needs as they fall due. Whilst management is confident that they can secure funding based on the advance discussion with investors and buyers, there is no guarantee that such funding would be secured within the required timelines. As stated in Note 2(c), these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' 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:

- consideration of the group's objectives, policies and processes in managing its working capital as well as exposure to financial, credit and liquidity risks;
- discussing with management regarding the future plans and availability of funding;
- reviewing the cash flow forecasts for the ensuing twelve months from the date of approval of these financial statements and assessment thereof;
- obtaining corroborative supporting for the key assumptions and estimates used in the cashflow forecast;
- challenging the reasonableness of the key assumptions included in the cashflow forecast; and
- reviewing the adequacy and completeness of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

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

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as a magnitude of misstatement, including omission, that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We have also considered those misstatements including omissions that would be material by nature and would impact the economic decisions of a reasonably knowledgeable person based on our understanding of the business, industry and complexity involved.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. Materiality is used to determine the financial statements areas that are included within the scope of our audit and the extent of sample sizes during the audit. No significant changes have come to light during the audit which required a revision to our materiality for the financial statements as a whole.

Group materiality for the financial statements as a whole was US\$422,000 (2021: US\$1,108,000). This was calculated based on 1.5% of gross assets (2021: 1.5% of gross assets) based on the draft financial statements at planning. The benchmark used is the one which we determined, in our professional judgment, to be the principal benchmark within the financial statements relevant to shareholders in assessing financial performance of the group as the principal activity is that of an investment company and that current and potential investors will be most interested in the valuation of the investments.

Performance materiality was US\$253,200 (2021: US\$664,800) being 60% of headline materiality.

In determining performance materiality, we considered the following factors:

- our cumulative knowledge of the group and its environment, including industry specific trends;
- the change in the level of judgement required in respect of the key accounting estimates;
- significant transactions during the year;
- the stability in key management personnel; and
- the level of misstatements identified in prior periods.

The materiality and performance materiality thresholds for the significant components of the group were calculated considering the same factors as for group materiality.

We agreed to report to audit committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of US\$21,100 (2021: US\$55,400). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT

Due to audit adjustments, the materiality benchmark has reduced significantly. As all the audit adjustments and significant transactions have been tested, the risk of material misstatement based on the planning materiality has not increased. We therefore believe that the materiality determined at the planning stage is still applicable as the audit evidence we have obtained through audit procedures is sufficient and appropriate to provide a basis for our opinion.

OUR APPROACH TO THE AUDIT

Our audit was risk based and was designed to focus our efforts on the areas at greatest risk of material misstatement, together with areas subject to significant management judgement.

The group includes the listed parent company, Jade Road Investments Limited ('Jade BVI'), and its subsidiary, Jade Road Investments (HK) Limited ('Jade HK').

The scope of our audit was based on the significance of component operations and materiality. Each component was assessed as to whether they were significant or not to the group by either their size or risk. The parent company was identified as a significant component due to their size and identified risks.

Due to Jade BVI being a significant component of the group, we performed a full scope audit. The work on this significant component of the group has been performed by us as group auditor. Jade HK is a non-significant component of the group and group auditor has performed analytical review over the financial information.

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements, considering the structure of the group.

We considered those areas which were deemed to involve significant judgement by the directors, such as the key audit matters relating to the valuation of unquoted financial assets and other receivables. Other judgemental areas were the consideration of future events that are inherently uncertain impacting going concern. We also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The group's key accounting function is based in both Hong Kong and the United Kingdom and our audit was performed by our team in London with regular contact maintained with the group throughout.

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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our scope addressed this matter
<i>Valuation of unquoted financial assets and other receivables (Refer Note 2(g), 2(n), 9, 10 and 14)</i>	
The financial statements include investments in unquoted financial assets at fair value through profit and loss of US\$18.2Mn. All these investments are measured at fair value based on Level 3 (unobservable) inputs. The financial statements include other receivables at fair value through profit and loss of US\$1.8 million. All these receivables are tested for impairment in line with IFRS 9 – Financial Instruments. Consequently, the valuation of unquoted financial assets and other receivables requires the exercise of considerable judgement which increases the risk that valuation and presentation may be misstated due to management override. Furthermore, the Investments Manager, which is responsible for advising on the valuation, 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. This risk is considered to be key audit matter due to complexity around valuation, risk of management override and fraud.	Our work in this area included: • Obtaining an understanding of the valuation process followed by management; • Involving our internal valuation expert to benchmark and challenge key assumptions in management's valuation models used to determine fair value and/or recoverable amount, including discount rates used; • Involving our internal valuation expert to consider the appropriateness of the valuation methodologies applied and management's evaluation of the sensitivity of valuations to changes in assumptions and inputs; • Reviewing the latest available assessments of the recoverability of loans and other receivables prepared by the investment manager and assessing against the requirements under IFRS 9; and • Reviewing the classification, disclosure of valuations and inputs within the financial statements and ensuring that it was appropriate and in compliance with IFRS 7 and IFRS 13. The unquoted investments include an investment in Future Metal Holdings Limited (FMHL) which in turn holds an investment in a mining company in China amounting to US\$5.3Mn at the year end. The group intend to exit the investment and is under advance discussions with the potential buyer. We draw attention to the fact that the mining licence held by mining company expired in March 2023 and the local management have filed for renewal of the mining licence which is yet to be granted. The good standing of this licence is critical for subsequent value extraction. If future renewal applications were to be unsuccessful and proposed sale does not materialise, this may result in an impairment of the carrying value of the investment. We further draw attention to the fact that the mining company needs deployment of resources for working capital, development of infrastructure and comply with local laws. The mining company is dependent on FMHL for future funding and FMHL in turn is reliant on the group. Considering the current financial position of the group, the group may not be able to meet the funding requirements in the ensuing 12 months which may increase the requirement for an impairment of this investment.

INDEPENDENT AUDITOR'S REPORT

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, except to the extent otherwise explicitly stated in our report, 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 during 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 statement of directors' responsibilities, the directors are responsible for the preparation of the group 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 group 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 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 cumulative 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; Disclosure and Transparency Rules; General Data Protection Regulations; Anti-Bribery Act; Anti Money Laundering Regulations; and 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: enquiries of management; obtaining confirmation from third parties on compliance with laws and regulations; reviewing of board minutes and RNS announcements; and reviewing the nature of legal and professional fees incurred in the year.

INDEPENDENT AUDITOR'S REPORT

We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls and revenue recognition, inappropriate application of the going concern assessment in the financial statements and management bias in determining key accounting estimates and judgements used in relation to valuation of unquoted financial assets and other receivables. We addressed this by challenging the estimates/judgements made by management when auditing these significant accounting estimates/judgements (refer to the key audit matter and going concern section).

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 testing of journals, reviewing key accounting judgement used in valuation of unquoted financial assets and other receivables for evidence of bias (refer to the key audit matter section) 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 engagement letter 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 (*Engagement Partner*)

For and on behalf of

PKF Littlejohn LLP

Registered Auditor

26 May 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 US\$'000	2021 US\$'000
Income from unquoted financial assets		1,174	1,162
Finance income from loans		1,359	1,347
Realised gains		300	–
Gross portfolio income	3	2,833	2,509
Fair value changes on financial assets at fair value through profit or loss	4	(47,409)	(38,893)
Investment provisions		(6,003)	731
Net portfolio loss	3	(50,579)	(35,653)
Management fees		(1,200)	(1,861)
Incentive fees	16	158	424
Administrative expenses		(763)	(812)
Operating loss	5	(52,384)	(37,902)
Finance expense	6	(520)	(522)
Loss before taxation		(52,904)	(38,424)
Taxation	8	–	–
Total comprehensive loss for the year		(52,904)	(38,424)
Loss per share			
Basic loss per share	17	(45.89) cents	(33.33) cents
Diluted loss per share	17	(45.89) cents	(33.33) cents

The results reflected above relate to continuing operations.

The accompanying notes on pages 36 to 64 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital US\$'000	Treasury share reserve US\$'000	Share based payment reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
Group balance at 1 January 2021	148,903	(615)	2,936	(44,772)	106,452
Loss for the year	–	–	–	(38,424)	(38,424)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	(38,424)	(38,424)
Group balance at 31 December 2021 and 1 January 2022	148,903	(615)	2,936	(83,196)	68,028
Loss for the year	–	–	–	(52,904)	(52,904)
Other comprehensive income	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	(52,904)	(52,904)
Group balance at 31 December 2022	148,903	(615)	2,936	(136,100)	15,124

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 15)
Accumulated losses	Represents the cumulative net gains and losses recognised in the statement of comprehensive income

The accompanying notes on pages 36 to 64 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 US\$'000	2021 US\$'000
Assets			
Unquoted financial assets at fair value through profit or loss	9	18,227	66,202
Other receivables at fair value through profit or loss	10	1,769	5,556
Cash and cash equivalents		321	848
Total assets		20,317	72,606
Current Liabilities			
Other payables and accruals	11	1,334	1,010
Loans & borrowings	12	3,859	3,568
Total liabilities		5,193	4,578
Net assets		15,124	68,028
Equity and reserves			
Share capital	13	148,903	148,903
Treasury share reserve	13	(615)	(615)
Share based payment reserve		2,936	2,936
Accumulated losses		(136,100)	(83,196)
Total equity and reserves attributable to owners of the parent		15,124	68,028

The financial statements were approved by the Board of Directors and authorised for issue on 26th May 2023 and signed on its behalf by:



John Croft
Executive Chairman

The accompanying notes on pages 36 to 64 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

	2022 US\$'000	2021 US\$'000
<i>Cash flows from operating activities</i>		
Loss before taxation	(52,904)	(38,424)
<i>Adjustments for:</i>		
Finance income	(1,359)	(1,347)
Finance expense	520	522
Foreign exchange	83	23
Fair value changes on unquoted financial assets at fair value through profit or loss	47,071	7,222
Fair value changes on loans and receivables at fair value through profit or loss	5,059	30,459
Realised gain on investments	(300)	–
Decrease/(increase) in other receivables	28	(295)
Increase/(decrease) in other payables and accruals	325	(520)
Net cash used in operating activities	(1,477)	(2,360)
<i>Cash flows from investing activities</i>		
Sale proceeds of unquoted financial assets at fair value through profit or loss	1,200	–
Net cash used in investing activities	1,200	–
<i>Cash flows from financing activities</i>		
Payment of interest	(228)	(459)
Net cash used in financing activities	(228)	(459)
Net decrease in cash and cash equivalents	(505)	(2,819)
Cash and cash equivalents and net debt at the beginning of the year	848	3,673
Foreign exchange on cash balances	(22)	(6)
Cash and cash equivalents and net debt at the end of the year	321	848

The accompanying notes on pages 36 to 64 are an integral part of these financial statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company is a limited (by shares) 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, 35/F, Level 35, 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. The address of the registered office and its principal place of business is c/o Harmony Capital, 35/F, Level 35, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 IFRS 10 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 IFRS 9, 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

Notwithstanding the operating loss of US\$52.4Mn and operating cash outflows of USD\$1.5Mn for the year ended 31 December 2022 and net current liabilities of \$4.8Mn at year-end, the group has prepared the financial statements under the going concern.

In considering the appropriateness of the going concern basis of preparation, the Directors have reviewed the Group's cash 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 can secure adequate resources to continue for the foreseeable future through financing and realisation of carrying value of investments and loan receivables to meet proposed investment requirements and working capital needs as they fall due. Whilst management is confident that they can secure funding based on the advance discussion with investors and buyers, there is no certainty that such funding would be secured within the required timelines.

Accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the group was unable to continue as a going concern.

The auditors refer to going concern by way of material uncertainty within their audit report.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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) Dividends

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

k) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

l) 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.

m) Share Issue Expenses

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

n) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 IAS 28 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 statement of comprehensive income.

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 Group utilizes various valuation methods to assess the value of its assets. For example, in the case of the Quarry valuation this year, the Group takes into account the estimated realizable value of the asset. This estimated value serves as an important factor in evaluating the potential returns and feasibility of the divestment.

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, the Group may utilize a Market Approach. In valuing credit-focused investments, the Group exercises prudent judgment and selects the appropriate valuation technique(s) most appropriate for such investments.

- 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. Based on the Company's decision to seek an accelerated realisation of its legacy investments, the primary methodology utilised for instruments in this asset class is to estimate the realisable value of a particular investment. This process applies a significant amount of judgement while considering prevailing market conditions, any potential or actual legal action being taken by the Company to seek recovery of an investment and/or bids from 3rd parties even on an indicative basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Private Equity Investments

The Fair Value of equity investments are determined by reference to 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.

Based on the Company's decision to seek an accelerated realisation of its legacy investments, the primary methodology utilised for instruments in this asset class is to estimate the realisable value of a particular investment. This process applies a significant amount of judgement while considering prevailing market conditions, any potential or actual legal action being taken by the Company to seek recovery of an investment and/or bids from 3rd parties even on an indicative basis.

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) or 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 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 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.

Based on the Company's decision to seek an accelerated realisation of its legacy investments, the primary methodology utilised for instruments in this asset class is to estimate the realisable value of a particular investment. This process applies a significant amount of judgement while considering prevailing market conditions, any potential or actual legal action being taken by the Company to seek recovery of an investment and/or bids from 3rd parties even on an indicative basis.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

o) Foreign currency translation

– Functional and Presentation Currency

Both the functional and presentational 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.

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.

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

No standards, amendments or interpretations which became effective from 1 January 2022 had an impact on the Group Financial Statements.

New and amended standards effective from 1 January 2022 and adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 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); and
- References to Conceptual Framework (Amendments to IFRS 3).

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not significantly affect the current or future periods.

New and amended standards not yet effective and not adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group.

Effective from 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current).

Effective from 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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:

	Note	2022 US\$'000	2021 US\$'000
Income statement:			
Realised gain on disposal		300	–
Income on unquoted financial assets	4	1,174	1,162
Financial income on loans & receivables	6	1,359	1,347
Gross portfolio income		2,833	2,509
Expected credit loss provision	4, 5	(6,003)	731
Foreign exchange	4	(113)	(53)
Fair value adjustments	4	(47,926)	(38,840)
Portfolio loss through profit or loss		(50,579)	(35,653)
Net assets:			
FMHL		5,270	50,400
Meize		8,801	8,200
GCCF		–	–
DocDoc		2,806	2,592
ICG		1,335	1,343
Infinity TNP		–	3,650
Other		15	17
Unquoted assets at fair value through the profit or loss		18,227	66,202
Loans and other receivables at fair value through the profit or loss (third party)		1,769	5,556
Cash		321	848
Liabilities		(5,193)	(4,578)
Net assets		15,124	68,028

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

	2022 US\$'000	2021 US\$'000
Unquoted Financial Assets		
Income through profit or loss	1,174	1,162
Equity fair value adjustments:		
– Meize/Swift Wealth	1,500	–
– FMHL	(45,146)	(583)
– GCCF	–	(2,745)
– ICG	–	(1,384)
– Infinity TNP	(3,650)	(3,670)
	(47,296)	(8,382)
Realised Gain	300	–
Expected credit loss provision:		
– ICG	(363)	27
– FMHL	(581)	–
Foreign exchange on unquoted financial assets at fair value through profit or loss	(8)	(29)
Total fair value changes on unquoted financial assets at fair value through profit or loss	(46,774)	(7,222)
	2022 US\$'000	2021 US\$'000
Loans & Receivables financial assets		
Income through profit or loss	1,359	1,347
Fair value adjustments:		
– FMHL (loan principal)	–	(26,500)
– FMHL (Accrued interest)	–	(3,959)
– CJRE (Project Nicholas)	(83)	–
Expected credit loss provision:		
– FLMHL	–	704
– FLMHL (Accrued interest)	(1,359)	–
– HKMH (Loan principal)	(3,700)	–
Other movements	–	118
Foreign exchange on Loans & Receivables at fair value through profit or loss	(22)	(21)
Total fair value changes on Loans & Receivables at fair value through profit or loss	(3,805)	(28,311)
Expected Credit Loss Provision		
Balance at 1 January	35	766
ECL charged (released) to profit or loss	6,003	(731)
Balance at 31 December	6,038	35

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

	2022 US\$'000	2021 US\$'000
FMHL	(8)	(29)
Meize	–	–
GCCF	–	–
DocDoc	–	–
Foreign exchange on unquoted financial assets at fair value through profit or loss	(8)	(29)
CJRE	(83)	(16)
FLMH	–	–
Other receivables	–	(2)
Foreign exchange on loans and receivables	(83)	(18)
Cash	(22)	(6)
Foreign exchange on portfolio	(113)	(53)

5. OPERATING LOSS

Operating loss is stated after charging expenses:

	2022 US\$'000	2021 US\$'000
Investment Manager fee	1,200	1,861
Investment Manager incentive fee	(158)	(424)
Fees to the Group's auditor for audit of the Company and its subsidiaries	53	55
Directors' remuneration	260	309
Professional fees	414	366
Promotion and marketing	–	16
Business travel expenses	4	11
Bank charges	9	13
Foreign exchange	1	(1)
Other expenses	22	43
Total expenses	1,805	2,249

The Investment Manager's incentive fee is only payable in any given year depending on the performance of the Company's net asset value. The charge above is a result of warrants owed (not yet issued) revalued to their prevailing share price at 31 December 2022 (also see Note 16).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. NET FINANCE INCOME

	2022 US\$'000	2021 US\$'000
Interest from financial assets measured at fair value through profit and loss	1,359	1,347
Finance income	1,359	1,347
Interest payable on debt	(520)	(522)
Finance cost	(520)	(522)
Net finance income	839	825

Finance income in the year is from the Convertible Bond issued by FLMH.

7. DIRECTORS' REMUNERATION

	2022 US\$	2021 US\$
Short term employment benefits		
John Croft	120,755	156,137
Hugh Trenchard	44,223	49,572
Lee George Lam	45,971	46,305
Stuart Crocker	49,112	56,567
	260,061	308,581

Directors' remuneration includes all applicable social security payments. There was no pension cost incurred during 2022 (2021: US\$ Nil).

There are no employees within the group other than the Directors (2021: Nil).

8. TAXATION

The Company is incorporated in the BVI and Hong Kong. Not subject to any income tax in the BVI. The company does not engage in any business activities or generate income in Hong Kong; therefore it is not subject to taxation in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

	2022 Unquoted financial assets US\$'000	2022 Loans and receivables US\$'000	2021 Unquoted financial assets US\$'000	2021 Loans and receivables US\$'000
Balance as at 1 January	66,202	5,556	73,423	34,390
Additions	–	–	–	–
Cash receipts	–	–	–	(417)
Reclassification	–	–	–	–
Fair value changes through profit or loss	(46,131)	(87)	(7,248)	(30,468)
Disposal	(1,200)	–	–	–
Realised gain	300	–	–	–
ECL	(944)	(5,059)	27	704
Finance income on loans	–	1,359	–	1,347
Balance as at 31 December	18,227	(1,359)	66,202	5,556

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. Over the course of 2022, the Quarry carried out production activities for less than 4 months, due to the severe Covid-19 situation and restrictions that were imposed by local authorities.

Currently, the Quarry is in the process of renewing its mining rights. This is a process that was undertaken 3 years ago with a successful renewal of the required licence. Due to the issues faced in China, the Company has accelerated its divestment efforts and has thus far secured indicative interest from local buyers at a material discount to the carrying value of the investment.

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\$5.3 million as of 31 December 2022 (2021: US\$50.4 million).

Loan to HKMH

The Group provided in full against a loan balance receivable from Hong Kong Mining Holdings Limited in 2022. As of 31 December 2022, the carrying value of the loan was US\$0.0 million (2021: US\$3.7 million).

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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

The Company had written down this investment in 2021.

As of 31 December 2022, the carrying value of the Convertible Bond was US\$0.0 million (2021: US\$0.0 million).

Meize Energy Industries Holdings Limited

Swift Wealth Investments Limited, a 100% (2021: 100%) owned subsidiary of the Company incorporated in the British Virgin Islands, holds a 7.08% stake in Meize through a redeemable preference share structure.

The Company has three production facilities, which are located in Inner Mongolia, Jiangsu Province, and Xinjiang Province.

The newly established Xinjiang plant commenced operations in September 2022 as the main construction work had been completed. The construction work is expected to be fully completed in August 2023.

Product-wise, 9 different models were under production and the designed life span of each model is around 20 to 25 years.

- Inner Mongolia: In 2022, the Inner Mongolia plant maintained a full order book, a total of 530 blades were produced with 455 blades being Model B765 and 75 blades being Model B900B. These blades were fully sold and related trade receivables were received except for some Quality Deposits.
- Xinjiang: Since the 16th of September 2022, the production activities have been ongoing and a total of 81 blades of Model 186 were produced.

During the year, the Company entered into a share purchase agreement for 112,500 shares of the series B Preferred Equity in Meize for the consideration of US\$1.2 million. The Transaction Price implied a valuation of US\$10.0 million, a 22% premium to the carrying value as at the 31st December 2021.

As of 31 December 2022, the Company's interest in Meize had a fair value of US\$8.8 million (2021: US\$8.2 million).

DocDoc Pte Ltd

Eastern Champion Limited, a 100% (2021: 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. 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 2022, DocDoc successfully raised over US\$1.0MM in the form of a convertible bond from one of its existing investors in Japan and announced collaborations with QBE Singapore and Aon.

As of 31 December 2022, the carrying value of the Convertible Bond was US\$2.8 million including accrued interest (2021: US\$2.6 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

In 2022, due to ongoing disputes over the payment of interest and other matters, and in light of the personal guarantee provided by ICG, the Company launched a lawsuit against ICG to recoup its investments.

The Hong Kong courts have ruled in the Company’s favour in a hearing scheduled at the High Court of the Hong Kong Special Administrative Region. The Company will seek to enforce and recover amounts owing as a result of this outcome.

As of 31 December 2022, the carrying value of the Secured Loan was US\$1.4 million including accrued unpaid interest (2021: US\$1.4 million).

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.

Due to the dispute with ICG, Infinity TNP has also breached a number of its undertakings and the Company is considering legal action in order to exit/recover its investment in due course.

As of 31 December 2022, a 100% provision was applied to the investment (2021: US\$3.6 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.

In order to be prudent, the Company decided to apply a 100% provision against this investment in 2021.

As of 31 December 2022, the Company’s interest in GCCF has an allocated fair value of US\$0.0 million (2021: US\$0.0 million).

Changtai Jinhongbang Real Estate Development Co. Ltd (“CJRE”)

Lead Winner Limited (“**LWL**”) is a 100% (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

CJRE has launched a lawsuit against the buyer in November 2021 to claim end payment. Once this payment is received by CJRE, it is the Company's expectation that the outstanding loan will be repaid in full.

As at 31 December 2022, the fair value of the loan was US\$1.7 million (2021: 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 2022.

Name of SPV	Country of Incorporation	Percentage owned		Principal activities
		2022	2021	
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 14, 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

	2022 US\$'000	2021 US\$'000
Other receivables	1,769	5,556
	1,769	5,556

As at 31 December 2022, Loans represent the Convertible Bond issued by Fook Lam Moon Holdings plus accrued Paid-in-Kind ("PIK") and cash interest. In 2021 the Group assessed the recoverability of Loans in accordance with its policy and has decided to provide against the full value of the convertible debt and accrued interest. This was recognised as a fair value adjustment through profit or loss and the associated ECL allowance associated with the cash interest payable was also released in the statement of comprehensive income. The recoverability assessment remains the same in 2022 and therefore the accrued Paid-in-kind (PIK) and cash interest has been fully provided against. The Group also re-assessed the recoverability of a loan to Hong Kong Mining Holdings Limited and provided against the full loan balance of US\$3.7m at the year-end date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

The remaining balance above as at 31 December 2022 includes an amount receivable from CJRE as explained in note 9.

	2022 US\$'000	2021 US\$'000
FLMHL		
Loan principal	26,500	26,500
Accrued PIK interest	2,248	1,685
Accrued interest payable in cash	3,070	2,274
Fair Value Adjustments – Principal	(26,500)	(26,500)
Fair Value Adjustments – Accrued Interest	(5,318)	(3,959)
Gross loans receivable	–	–
HKMH		
Loan principal	3,700	3,700
Fair Value Adjustments – Principal	(3,700)	–
Gross loans receivable	–	3,700

11. OTHER PAYABLES AND ACCRUALS

	2022 US\$'000	2021 US\$'000
Accounts payable	1,254	870
Accruals	80	140
Other payables and accruals	1,334	1,010

12. LOANS AND BORROWINGS

	2022 US\$'000	2021 US\$'000
Corporate debt	3,859	3,568
Loans and borrowings	3,859	3,568

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

The movement in loans and borrowings is as follows:

	2022 US\$'000	2021 US\$'000
Opening balance	3,568	3,504
Borrowing costs amortised	52	64
Interest expense accrued	467	459
Payment of interest liability	(228)	(459)
Closing balance	3,859	3,568

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

	Currency	Interest rate	Year of maturity
Secured loan notes	US\$	15%	2023

The corporate debt US\$3.9 million are proceeds from loan notes issued to a family office investor, with a related debenture which constitutes a fixed over the assets and undertakings of the Company. Capitalised debt issue costs have been fully amortised.

The loan notes reached maturity in October 2022. The Company has not yet realised sufficient funds from its current program of legacy asset disposals to redeem these bonds. In December 2022 the Company agreed an extended maturity of the loan notes issued to 31 December 2023 and an increased interest rate of 15% from December 2022. The interest rate payable on the principal amount of the loan notes will increase to 16% per annum where US\$1.8m or more of the principal amount remains outstanding by 30 June 2023.

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 2022	3,568	148,903	(615)
<i>Changes from cashflows</i>			
Payment of interest	(228)	—	—
Total changes from financing cashflows	(228)	—	—
<i>Other changes:</i>			
Interest expense	519	—	—
Total other changes to liabilities	519	—	—
Closing balance at 31 December 2022	3,859	148,903	(615)

For non-cash movement on account of investing activities refer note 4.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

13. SHARE CAPITAL AND TREASURY SHARE RESERVE

	Number of shares	Share capital amount US\$'000
Issued share capital excluding treasury shares at 31 December 2021	115,277,869	148,288
Issued share capital excluding treasury shares at 31 December 2022	115,277,869	148,288
<i>Consisting of:</i>		
Authorised, called-up and fully paid ordinary shares of no par value each at 31 December 2022	117,925,673	
Authorised, called-up and fully paid ordinary shares of no par value held as treasury shares by the Company at 31 December 2022	(2,647,804)	

14. 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

	2022 US\$'000	2021 US\$'000
Unquoted financial assets at fair value	18,227	66,202
Other receivables at fair value	1,738	5,521
Cash and cash equivalents	321	848
Financial assets	20,286	72,571

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Financial liabilities

	2022 US\$'000	2021 US\$'000
Other payables and accruals at amortised cost	1,334	1,010
Corporate debt at amortised cost	3,859	3,568
Financial liabilities	5,193	4,578

The Company has agreed an extended maturity of the loan notes issued to 31 December 2023. Capitalised debt issue costs have been fully amortised. 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*:

	2022 US\$'000	2021 US\$'000
Level 3		
Unquoted financial assets at fair value through profit or loss (Note 9)	18,227	66,202
Other receivables at fair value through the profit or loss (Note 9)	1,769	5,556
	19,996	71,758

There were no transfers between levels in the current period. Carrying values of all financial assets and liabilities (not measured at fair value through profit or loss) are approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

Significant unobservable inputs used in measuring fair value – Level 3

Description	Fair value at 31 Dec 2022 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\$5.3m; (2021: US\$50.4m)	Level 3	Market Approach – in this approach, the value of an asset is determined by comparing it to similar assets in the marketplace based on recent transaction prices and terms, for FMHL, the net realizable value is calculated based on the bid received from potential buyers.	Not applicable	Not applicable
	7.2% preferred equity investment in Meize Energy Industries Holdings Limited engaged in designing and manufacturing blades for wind turbines – US\$8.8m; (2021: US\$8.2m)				
	15% equity investment in Changtai Jinhongbang Real Estate Development Co. Limited engaged in a luxury resort and residential development project – US\$1.8m; (2021: US\$1.9m)				
	Private credit fund – Greater China Credit Fund LP US\$0.0m; (2021: US\$0.0m)	Level 3	Net Realisable Value	Not applicable	Not applicable
	40% equity investment (with guaranteed income yield) in Infinity TNP, holding units in luxury hotel condominium Tellus Niseko – \$0m; (2021: US\$3.6m)				
Credit investments	Convertible Bond – Fook Lam Moon US\$0.0m (2021: US\$0.0m)	Level 3	Net Realisable Value	Not applicable	Not applicable
	Convertible Bond – DocDoc Pte Ltd US\$2.8m (2021: US\$2.6m)				
	Secured Loan Notes – Infinity Capital Group US\$1.4m (2021: US\$1.4m)				

The above table sets out information about significant unobservable inputs used at 31 December 2022 in measuring material financial instruments categorised as Level 3 in the fair value hierarchy.

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 Infinity Capital Group, see Note 10 for details.

The Group's maximum exposure to credit risk is represented by the total financial assets held by the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 1% 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\$3,000.

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 15.0% and a maturity date of 31 December 2023. There is an increase interest rate payable on the principal amount of the outstanding loan notes of 16% per annum where US\$1.8m or more of the principal amount remains outstanding by 30 June 2023. 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 December 2023.

Market (Price and valuation) Risk

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\$2m (2021: US\$7.2m) 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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

15. SHARE BASED PAYMENTS

15.1 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 2022, there were 1,907,882 warrants outstanding, issued to the Company's Directors in previous periods in respect of services provided to the Group. 1,600,000 warrants have an exercise price of US\$1.21 per share, equivalent to £1.00 at 31 December 2022. The warrants will expire in 2027, 10 years after the date of grant. 307,882 warrants have an exercise price of US\$0.40 per share, equivalent to £0.33 at 31 December 2022. The warrants will expire in 2023, 3 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.

15.2 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 the warrant is exercised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 2022. 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 2022 (2021: 8,000,000).

	2022			2021		
	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	–	17,567,663	0.84	–	17,567,663	0.84
Issuance during the financial year						
– Investment manager	–	–	–	–	–	–
– Directors	–	–	–	–	–	–
– Shareholders	–	–	–	–	–	–
Expired during the financial year	–	–	–	–	–	–
Balance at end of financial year	–	17,567,663	0.84	–	17,567,663	0.84
Exercisable at end of financial year	–	17,567,663	0.84	–	17,567,663	0.84

The weighted-average remaining contractual life of outstanding warrants at 31 December 2022 was 3 years and 3 months (2021: 4 years and 3 months). During the year there has been a credit of \$0.2m (2021: \$0.4m) relating to share-based compensation of the Investment Manager. This relates to the revaluation of the shares yet to be issued to HCILin respect of the 2020 accrued incentive fee, due to the price at grant being lower than the accrued price. There was no incentive fee charged in 2022.

15.3 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 exceeded in respect of any calendar year, the incentive fee will be equal to 20% of the difference between the current year end NAV and the previous year end NAV. 50% of the incentive fee shall be paid in cash and the remaining 50% of the incentive fee shall be paid by ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

No incentive fee was accrued in 2022 (2021: \$0.0m).

16. 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:

	Notes	2022 US\$'000	2021 US\$'000
Remuneration payable to Directors (see Note 7)	(i)	260	309
Harmony Capital Investors Limited	(ii)		
– Management fee		1,200	1,861
– Incentive fee		(158)	(424)
Amount due to Harmony Capital Investors Limited at 31 December		1,234	865

Note:

Incentive Fee includes:

- A credit of \$0.158m (2021 \$0.424m) was recognized in respect of Incentive Fee shares yet to be issued, revalued as at 31 December 2022.
- (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. \$18k of the total remuneration payable, due from Jade Road Investments (HK) Limited, to John Croft, was still outstanding at 31 December 2022. 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 exceeded in respect of any calendar year, the incentive fee will be equal to 20% of the difference between the current year end NAV and the previous year end NAV. 50% of incentive fee shall be paid in cash and the remaining 50% of incentive fee shall be paid by ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

17. LOSS PER SHARE

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

		2022 US\$'000	2021 US\$'000
Numerator			
Basic/Diluted:	Net loss	(52,904)	(38,424)
		No. of shares '000	No. of shares '000
Denominator			
Basic/Diluted:	Weighted average shares	115,278	115,278
Loss per share: Basic/Diluted		(45.89) cents	(33.33) cents

Treasury shares issued by the company totaling 2,647,804 as at the reporting date, have been excluded from the weighted average shares calculation.

18. EVENTS AFTER THE REPORTING PERIOD

On 20 February 2023, the company issued an additional 201,996,350 shares with a gross placing proceeds of \$1,750,000. This includes 20,046,667 shares issued pursuant to the underwriting fee (net proceeds \$1,566,573). The company issued amended and restated Memorandum and Articles of Association on 26 February 2023.

On 22 March 2023, the company issued 3-year warrants to the Loan Note holders. The strike price for these warrants is set at a 50% premium to the price of the respective share issuance.

On 24 March 2023, John Batchelor, Non-Executive Director, has resigned from the Board of Jade Road Investments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

On 27 March 2023, the company released an RNS providing details of revision to its investment management agreement with HCIL. Pursuant to an agreement amending the Services Agreement to be entered into between the Company and HCIL:

1. HCIL will, subject to the overall supervision and control of the Board, advise the Board and the Company on the orderly disposal of those assets and investments currently owned by it (the **"Legacy Portfolio"**) and advise on any proposed new investments to be made in accordance with the new Investment Policy recently approved by shareholders. HCIL shall, subject to the overall supervision and control of the Board, also undertake general administrative, investor relations, marketing, portfolio management and risk management functions for the Company.
2. In place of the original fee arrangements whereby HCIL received an annual management fee of 1.75% of Net Asset Value and an annual incentive fee of 20% of any year on year increase in audited Net Asset Value subject to a high water mark and performance hurdle it will now be paid a fixed fee of US\$350,000 for its services in connection with the orderly disposal and management of the Legacy Portfolio and supporting the Company in its operations. This represents a substantial reduction in fees as compared to the previous agreement. Additionally, upon the realisation of any assets comprised in the Legacy Portfolio, HCIL will also be entitled to an incentive fee of 20% calculated as a percentage of the net proceeds received by the Company therefrom, such fee only being payable once aggregate net proceeds from all such disposals exceed an agreed hurdle.
3. HCIL's appointment under these revised terms is for a fixed term of one year, capable of extension by mutual agreement between HCIL and the Company.

On the 5 April 2023 the company invested US\$500,000 in Heirloom Investment Fund SPC. The Fund's Portfolio represents a mix of geographically diverse assets and adds diversification to Jade's portfolio.

