

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company no. 09200457



HARVEST GLOBAL INVESTMENTS (UK) LIMITED

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HARVEST GLOBAL INVESTMENTS (UK) LIMITED

COMPANY INFORMATION

Directors	Johan Peter Arne Lindqvist Darren Anstee Kerry Wai Ling Chow Chen Sun
Registered office	6th Floor 130 Jermyn Street London England SW1Y 4UR
Registered number	09200457
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Bankers	HSBC Bank Plc 8 Canada Square, London E14 5HQ
Accountants	Cordium Accounting Limited 6th Floor 130 Jermyn Street London England SW1Y 4UR

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

STRATEGIC REPORT

The directors present their strategic report of Harvest Global Investments (UK) Limited (the "Company") for the year ended 31 December 2018.

Principal activities and review of the business

The Company is authorised and regulated by the Financial Conduct Authority. Its principal activity is to provide investment management services to its clients. There have been no significant changes or developments to the business during the year.

Key performance Indicators ("KPI")

The key financial highlights, as set out in the audited financial statements are as follows:

	Year ended 31 December 2018
	£
Revenue	104,918
Loss before tax	(1,311,877)
Total equity	1,937,280

Given the straight forward nature of the business the directors are of the opinion that further analysis using non-financial KPIs is not necessary for the understanding of the development, performance or position of the business.

Principal risks and uncertainties

Market and reputation risks are the principal risks faced by the Company. A general market downturn leading to loss in investor confidence, or damage to the Company's reputation, most likely to result from poor investment performance, may lead to reduced revenues and a fall in assets under management ("AUM"). An additional market risk is in relation to foreign exchange fluctuations on non-Sterling fees due to it between the date of recognition of fee income in its accounting books and records and the receipt of such fees and on balances held in non-Sterling bank accounts. The directors formally review risks of the Company and establish appropriate procedures and controls to monitor and mitigate them.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED


STRATEGIC REPORT (continued)

Future prospects and going concern

The directors expect that the Company will reduce its losses over the forthcoming financial year with the intention of becoming profitable by year end as they continue to grow the business by marketing their services and increasing their client base and current AUM. The Company will continue to receive on-going financial support from its parent company Harvest Global Investments Limited, a company established in Hong Kong.

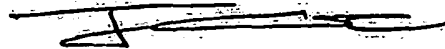
The Company is dependent upon the on-going financial support from Harvest Global Investments Limited. Through this support the Directors believe that the Company has access to sufficient liquid resources to continue operations for the foreseeable future. The foreseeable future is a period which is no less than 12 months following the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and finance statement.

On behalf of the board



Kerry Chow
Director

Director
24 April 2019



HARVEST GLOBAL INVESTMENTS (UK) LIMITED

REPORT OF THE DIRECTORS (continued)

The directors present their report and the audited financial statements the Company for the year to 31 December 2018.

Results

The results for the year are set out on page 8.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Kerry Wai Ling Chow	(appointed 9 October 2014)
Darren Charles Anstee	(appointed 17 August 2015)
Johan Peter Arne Lindqvist	(appointed 11 May 2016)
Chen Sun	(appointed 28 December 2015)

Future developments

Future developments of the Company have been presented in the Strategic Report.

Dividend

The directors do not propose a dividend for the year (2017: nil).

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

REPORT OF THE DIRECTORS (continued)

Disclosure of information to independent auditors

In the case of each director in office at the date the Directors' Report is approved:

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

Financial Risk Management

Financial risks and the management of these have been set out in note 4.

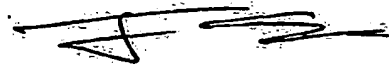
Independent auditors

PricewaterhouseCoopers LLP have been appointed as independent auditors and a resolution concerning the appointment was passed at the Annual General Meeting.

On behalf of the board



Kerry Chow
Director



Director
24 April 2019

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

Independent auditors' report to the members of Harvest Global Investments (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Harvest Global Investments (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

Independent auditors' report to the members of Harvest Global Investments (UK) Limited

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Peter Venables (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 DECEMBER 2018**

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Revenue	5	104,918	161,006
Administrative expenses		<u>(1,416,795)</u>	<u>(1,438,141)</u>
Operating loss	6	(1,311,877)	(1,277,135)
Finance result		<u>-</u>	<u>-</u>
Loss before tax		(1,311,877)	(1,277,135)
Tax expense	9	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(1,311,877)</u>	<u>(1,277,135)</u>
Other comprehensive income for the year net of tax		-	-
Total comprehensive expense		<u>(1,311,877)</u>	<u>(1,277,135)</u>

All of the above results of the Company arose from continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
Assets			
Fixed assets	11	3,270	5,853
Current assets			
Trade and other receivables	12	561,532	557,045
Cash and cash equivalents	4	1,839,035	739,051
Total current assets		2,400,567	1,296,096
Liabilities			
Current liabilities			
Trade and other payables	13	(466,557)	(602,792)
Net current assets		1,934,010	693,304
Total assets less total liabilities		1,937,280	699,157
Capital and reserves			
Called up share capital	14	6,300,001	3,750,001
Accumulated losses	15	(4,362,721)	(3,050,844)
Total equity		1,937,280	699,157

The financial statements on pages 8 to 11 were approved by the board of directors on
24 April 2019 and signed on its behalf by:



Darren Anstee
Director
Company no. 09200457

The notes on pages 12 to 25 form part of these financial statements.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 DECEMBER 2018**

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Cash flows from operating activities		
Loss for the financial year	(1,311,877)	(1,277,135)
<i>Adjustments for</i>		
Depreciation of property, plant and equipment	3,783	9,913
Increase in trade and other receivables	(4,487)	(132,928)
(Decrease)/Increase in trade and other payables	(136,235)	264,383
Net cash used in operations	(1,448,816)	(1,135,767)
Investing activities		
Capital expenditure	(1,200)	(5,799)
Purchase of property, plant and equipment	-	-
Net cash used in investing activities	(1,200)	(5,799)
Financing activities		
Issue of ordinary shares	2,550,000	750,000
Net cash generated from financing activities	2,550,000	750,000
Net increase/(decrease) in cash and cash equivalents	1,099,984	(391,566)
Cash and cash equivalents beginning of year	739,051	1,130,617
Cash and cash equivalents at end of year	1,839,035	739,051

The notes on pages 12 to 25 form part of these financial statements.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR TO 31 DECEMBER 2018**

	Called up share capital	Accumulated losses	Total equity
	£	£	£
Balance at 1 January 2017	3,000,001	(1,773,709)	1,226,292
Comprehensive expense for the year			
Loss for the financial year	-	(1,277,135)	(1,277,135)
Total comprehensive expense	-	(1,277,135)	(1,277,135)
Contributions			
Issue of share capital	750,000	-	750,000
Total contributions	750,000	-	750,000
Balance as at 31 December 2017	3,750,001	(3,050,844)	699,157
Balance at 1 January 2018	3,750,001	(3,050,844)	699,157
Comprehensive expense for the year			
Loss for the financial year	-	(1,311,877)	(1,311,877)
Total comprehensive expense	-	(1,311,877)	(1,311,877)
Contributions			
Issue of share capital	2,550,000	-	2,550,000
Total contributions	2,550,000	-	2,550,000
Balance as at 31 December 2018	6,300,001	(4,362,721)	1,937,280

The notes on pages 12 to 25 form part of these financial statements.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018

1. BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial statements are set out in note 2. The comparative numbers in the financial statements cover the year 1 January 2017 to 31 December 2017.

The Company is incorporated and domiciled in the United Kingdom.

The financial statements are presented in the Company's functional currency, Pound Sterling.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 as applicable to companies using IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Going concern

The directors expect that the Company will continue to make a loss over the forthcoming financial year as they continue to grow the business by marketing the Company's investment products and advisory services. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities.

As part of a larger group the Company has at its disposal considerable financial resources and as a consequence, the directors believe that the Company is well placed to manage its business risks. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Impact of new accounting standards

This note details new standards, amendments and improvements to IFRS effective for the first time for periods beginning on or after 1 January 2018; and ii) forthcoming new standards or amendments issued and effective for periods beginning on or after 1 January 2019

i) New standards, amendments and improvements to IFRS

The Company has applied IFRS 9 Financial Instruments (IFRS 9) and IFRS 15 Revenue from Contract with Customers (IFRS 15) from 1 January 2018. The impact of these is as follows:

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)**

Topic	Key requirements	Effective date
IFRS 9, 'Financial instruments'	<p>This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.</p> <p>As a result of adopting IFRS 9, there have been no changes in the classification of financial instruments. All financial assets are recognized at amortised cost, which is consistent with the measurement basis under IAS 39.</p> <p>The Company has also considered the impact of recognising impairment on an expected loss, rather than incurred loss basis. Substantially all financial assets are either cash and cash equivalents deposits with banks rated 'A' or higher, or intercompany balances with the Company's parent. The Company has assessed the expected credit losses associated with financial assets and concluded these were insignificant. Consequently there has been no impact as a result of adopting IFRS 9.</p>	Effective for annual periods beginning on or after 1 January 2018
IFRS 15, 'Revenue from contracts with customers'	<p>This is a converged standard from the IASB and FASB on revenue recognition. The standard introduces a five step model for recognizing revenue, which consists of identifying the contract with customer, identifying the relevant performance obligations, determining the amount of consideration to be received under the contract, allocating the consideration to each performance obligation, and recognising the revenue as the performance obligations are satisfied.</p> <p>The Company has undertaken a review of all its contracts with customers and concluded that there is no impact on the way in which the Company recognises revenue.</p>	Effective for annual periods beginning on or after 1 January 2018

1) Forthcoming requirements

The only new standard that is anticipated to have a material impact in 2019 is IFRS 16 Leases (IFRS 16). The expected impact is set out below:

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)**

Topic	Key requirements	Effective date
IFRS 16, Leases	<p>This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.</p> <p>Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.</p> <p>For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.</p> <p>Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.</p> <p>The Company has not yet completed its impact assessment in relation to IFRS 16, however the impact is not expected to materially impact the Statement of Comprehensive Income.</p>	Effective for annual periods beginning on or after 1 January 2019

2. ACCOUNTING POLICIES**Revenue**

Revenue represents fees receivable from the supply of investment management services. These are recognised net of Value Added Tax and are recognised as services are provided and it is probable that the fee will be collected.

Functional and presentational currency

Items included in the financial statements of the Company are measured in Pounds Sterling, being the currency of the primary economic environment in which the Company operates (the functional currency).

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)

2. ACCOUNTING POLICIES (continued)

Transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the relevant transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition. Non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses arising from the settlement of foreign currency transactions and from the translation, at year-end exchange rates, or monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income or expense (page 8).

Financial assets

The Company classifies all financial assets as financial assets at amortised cost. The asset is measured at the amount recognised at initial recognition less principal repayments and any loss allowance. Interest income is calculated using the effective interest method and is recognised in the comprehensive income statement.

Expected credit losses are determined based on either the expected losses that will be incurred in the next 12 months where there has not been a significant increase in credit risk, and for the life of the receivable where there has been a significant increase in credit risk. Losses are estimated based on expected cash flows discounted at the effective interest rate.

Financial liabilities

All financial liabilities are trade payables and other short-term monetary liabilities, which are initially recognised and subsequently carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks only and are outstanding for less than 90 days.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company ordinary shares are classified as equity instruments.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)

2. ACCOUNTING POLICIES (continued)

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation

Deferred tax is accounted for on an undiscounted basis at expected tax rates on all timing differences that have originated but not reversed at the balance sheet date where transactions and events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. A deferred tax asset is only recognised where it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the reversal of timing differences can be deducted.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors.

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The only externally imposed capital requirements are solvency tests computed in accordance with the rules set down by the regulator, the Financial Conduct Authority (FCA). Throughout the year the Company held capital resources in excess of the amount. In order to ensure continued compliance the capital resources are monitored each and in the event that insufficient capital resources are projected corrective action is taken. Capital resources managed by the entity are shown under equity in the statement of financial position.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)

2. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment is initially recorded at cost and depreciated so as to write off the cost of each asset over its estimated useful life. Costs include those costs which are directly attributable to bringing the asset into working condition for its intended use.

Where events or changes in circumstances indicate that the carrying amount of fixed assets may not be recoverable, the assets will be written down to their recoverable amount.

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment, over their estimated useful lives. It is calculated on a straight-line basis over the following period:

Computer equipment - 3 years

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Company determines estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. The application of accounting policies and management's judgements for certain items are especially critical for the Company's results and financial situation due to their materiality. No estimates are considered critical in the preparation of these financial statements.

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The group is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Market risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

(ii) Financial instruments by category

Financial assets

	2018	2017
	£	£
Cash and cash equivalents	1,839,035	739,051
Trade and other receivables	561,532	557,045
Total financial assets	2,400,567	1,296,096

Financial liabilities

	2018	2017
	£	£
Trade and other payables	466,557	602,792
Total financial liabilities	466,557	602,792

(iii) Financial instruments not measured at fair value

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

General objectives, policies and processes

The board has overall responsibility for the determination of the Company risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company finance function. The Board receives monthly reports from the Company Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from intercompany balances.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 12.

	2018 £	2017 £
HSBC	1,839,035	739,051
Total cash at bank	<u>1,839,035</u>	<u>739,051</u>

The Risk Management Committee monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

Market risk

Market risk arises from the Company use of foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk).

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than their functional currency. The Company policy is, where possible, to allow to settle liabilities denominated in their functional currency) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be used to settle.

In order to monitor the continuing effectiveness of this policy, the board receives a monthly forecast, analysed by the major currencies held by the Company, of liabilities due for settlement and expected cash reserves.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (continued)

The group's net exposure to foreign exchange risk was as follows:

	2018	2017
	£	£
Net foreign currency financial assets		
US dollar	708	41,898
Euro	2,050	25,681
Total net exposure	<u>2,758</u>	<u>67,579</u>

Liquidity risk

Liquidity risk arises from the Company management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

The board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At 31 December 2018	Up to 3 months	Between 3 and 12 months	Between 1 and 2 year	Between 2 and 5 years	Over 5 years
	£	£	£	£	£
Trade and other payables	466,557	-	-	-	-
Total	<u>466,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017	Up to 3 months	Between 3 and 12 months	Between 1 and 2 year	Between 2 and 5 years	Over 5 years
	£	£	£	£	£
Trade and other payables	602,792	-	-	-	-
Total	<u>602,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)

5. REVENUE

The revenue shown in the statement of comprehensive income represents amounts due in respect of investment management services generated in the United Kingdom.

	2018 £	2017 £
Provision of services	104,918	161,006
Total	<u>104,918</u>	<u>161,006</u>

During the year the Company provided investment management services in the United Kingdom.

6. OPERATING LOSS

Operating loss is stated after charging:

	2018 £	2017 £
Depreciation	3,783	9,913
Foreign exchange losses	-	-
Operating lease expenses	188,510	178,592
Audit costs*	35,375	33,690
	<u>227,668</u>	<u>222,195</u>

2017 audit costs were under accrued, the 2017 costs have been restated to reflect the final fees paid.

7. EMPLOYEE BENEFIT EXPENSES

	2018 £	2017 £
Wages and salaries	655,955	576,743
Social security costs	77,478	57,979
Other pension costs	53,867	33,243
	<u>787,300</u>	<u>667,965</u>

The employee expenses above include benefit expenses in relation to the Directors.

Employees including directors during the year can be categorised as follows;

- Professional 4 (2017: 3)

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)****8. DIRECTORS' REMUNERATION**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, including the directors of the Company listed on page 4.

	2018 £	2017 £
Salary	510,741	539,162
Social security costs	49,675	56,584
Other pension costs	39,652	28,281
	<u>600,068</u>	<u>624,027</u>

The highest paid Director received £322,600 (2017: £273,587) during the year and £29,225 (2017: £20,833) in respect of pension contributions.

No other key management personnel have been identified.

9. TAX EXPENSE

	2018 £	2017 £
Current tax:		
UK corporation tax on loss for the year	-	-
Total current tax charge	<u>-</u>	<u>-</u>
	2018 £	2017 £
Loss on ordinary activities before taxation	<u>(1,311,877)</u>	<u>(1,277,135)</u>
Tax at UK corporation tax rate of 19% (2017: 19.25%)	(249,256)	(245,805)
Effects of:		
Expenses not deductible for tax purposes	2,428	244
Depreciation in excess of capital allowances	16	-
Unutilised losses	<u>246,812</u>	<u>245,561</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in these financial statements as the generation in the future of sufficient taxable profits, and the timing thereof, is currently uncertain.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)****10. DIVIDENDS**

The directors do not propose a dividend for the year (2017: nil).

11. FIXED ASSETS

	Computer equipment £	Total £
Cost:		
At 1 January 2018	30,951	30,951
Additions in the year	1,200	1,200
At 31 December 2018	<u>32,151</u>	<u>32,151</u>
Accumulated Depreciation:		
At 1 January 2018	28,881	25,098
Charge for the year	3,783	3,783
At 31 December 2018	<u>28,881</u>	<u>28,881</u>
Net book value:		
At 31 December 2018	3,270	3,270
At 31 December 2017	<u>5,853</u>	<u>5,853</u>

12. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Receivables from group undertakings	458,193	385,291
Prepayments	19,015	71,211
Accrued income	-	40,067
Other receivables	<u>84,324</u>	<u>60,476</u>
	<u>561,532</u>	<u>557,045</u>

The carrying value of trade and other receivables classified as amortised cost approximates fair value.

Receivables from group undertakings are interest free, unsecured and callable on demand. The Company does not hold any collateral as security.

HARVEST GLOBAL INVESTMENTS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)****13. TRADE AND OTHER PAYABLES**

	2018	2017
	£	£
Trade payables	50,766	92,480
Other payables	69,727	207,079
Accruals	168,435	141,318
Payables to group undertakings	177,629	161,915
	<u>466,557</u>	<u>602,792</u>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

14. CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid 6,300,001 (2017: 3,750,001) ordinary shares of £1 each	6,300,001	3,750,001
	<u>6,300,001</u>	<u>3,750,001</u>

15. ACCUMULATED LOSSES

	Profit and loss reserve £
Balance at 1 January 2017	<u>(1,773,709)</u>
Loss for the financial year	<u>(1,277,135)</u>
Balance at 31 December 2017	<u>(3,050,844)</u>
Balance at 1 January 2018	<u>(3,050,844)</u>
Loss for the financial year	<u>(1,311,877)</u>
Balance at 31 December 2018	<u>(4,362,721)</u>

HARVEST GLOBAL INVESTMENTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018 (continued)

16. LEASES

The Company has a number of operating leases relating to property and equipment.

The minimum rent receivables under non-cancellable operating leases are as follows:

	2018 £	2017 £
Operating leases which expire		
Within than one year	36,125	36,788
Between one and two years	-	-
	<u>36,125</u>	<u>36,788</u>

17. RELATED PARTY TRANSACTIONS

Harvest Global Investments Limited, an entity incorporated in Hong Kong, is a wholly owned subsidiary of the Company's ultimate controlling party, Harvest Fund Management Co. Limited. During the year, the Company earned management fees of £104,918 (2017: £60,470) in respect of investment management services provided to European investors. As at 31 December 2018 Harvest Global Investments Limited owed the Company £458,193 (2017: £385,291). As at 31 December 2018 Harvest Global Investments (UK) Limited owed Harvest Global Investments Limited £177,629 (2017: £161,915).

The company earned income of £30,168 (2017: £100,536) from Harvest China Evolution Equity Fund, a fund which the company manages invests in Chinese Equity and equity-related securities.

18. NOTES SUPPORTING STATEMENT OF CASH FLOWS

Cash and cash equivalents for purposes of the statement of cash flows comprise cash at bank.

19. CONTROLLING PARTY

The immediate controlling party of the Company is its parent entity, Harvest Global Investments Limited, a company incorporated in Hong Kong.

The ultimate controlling party is Harvest Fund Management Co. Limited, a company incorporated in China. Harvest Fund Management Co. Limited does not, itself, have a majority controlling party. Financial statements are available from its registered office: 16/F China Resources Building, No 8 Jianguomen North Avenue, Beijing, 100005, China.

20. POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the year which significantly affected, or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company to the financial year ended 31 December 2018.