25 June 2021

Africa Opportunity Fund Limited (AOF LN)

Announcement of Annual Results for the Year ended 31 December 2020

The Board of Africa Opportunity Fund Limited ("AOF", the "Company" or the "Fund") is pleased to announce its audited results for the year ended 31 December 2020. The Company's full annual report and financial statements will shortly be sent to shareholders and will be available to view and download from the Company's website at: www.africaopportunityfund.com.

The following text and financial information does not constitute the Company's annual report but has been extracted from the annual report and financial statements for the year ended 31 December 2020.

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The Company

Africa Opportunity Fund Limited ("AOF" or the "Company") is a Cayman Islands incorporated closed-end investment company traded on the Specialist Fund Segment ("SFS") of the London Stock Exchange ("LSE"). AOF's net asset value on 31 December 2020 was $22.6 million and its market capitalisation was $15.8 million.

CHAIRPERSON'S STATEMENT

2020 Review

Africa Opportunity Fund (the "Fund" or "AOF") completed the first half of its three year asset realization period at the end of 2020. It made two distributions to shareholders amounting to $25 million or 59% of its December 2019 net asset value.

2020 was a difficult year for the Fund as its net asset value (including redemptions) declined 0.8% while its share price declined by 19%[1]. To provide some basis for comparison, South Africa rose 1%, Nigeria rose 43%, Kenya fell 11%, and Egypt fell 10%. In non-African emerging markets, China rose 38%, Brazil fell 20%, Russia fell 5% and India rose 13%. In developed markets, Japan rose 24%, the US rose 18%, Europe rose 8%, and the UK fell 8%.[2]

Covid-19 was the overarching theme of 2020. Despite countries like Tanzania which claimed to have vanquished the virus by prayer or Zambia which decided against imposing lockdown restrictions, the overall impact on the typical African household was decidedly negative. The actual number of African victims of covid-19 will never be known. What is certain, though, is that, unlike other economies, a majority of Sub-Saharan Africa's economies grew anemically in 2020. But, the gross domestic products of its two largest economies-South Africa and Nigeria-shrank, respectively, 7%, the biggest decline in a century, and 3%. Africa's recovery picked up in 2020's second

[1] The Fund reported a total return of -2.5% based on its unaudited results. Upon completion of its audited financial statements, its total return was -0.8%. The difference was the outcome of adjustments in its valuations of Level 2 securities described more fully in note 6(d) of its audited financial statements.

[2] Reference indices are calculated in US Dollars using: Nigeria NSE Allshare Index, South Africa FTSE/JSE Africa Allshare Index, Nairobi NSE Allshare Index, Egypt Hermes Index, Moex Russia Index, previously known as Russia MICEX Index, Brazil IBOV Index, the Shanghai Shenzen 300 CSI Index, the India SENSEX Index, the S&P 500, the Stoxx Europe 600 Index, the FTSE 100 and the Nikkei 225.

half as prices of major commodities like crude oil, and copper, as well as precious metals like gold and platinum group metals, rose in 2020. Palm oil was up 30%. However, prices of key imports for African consumers such as white maize and yellow maize also rose 33% and 27% respectively. To offset the harsh impact of the pandemic on poor citizens, financial conditions were loosened in heavily indebted countries like South Africa, Ghana, and Kenya even as most African governments also increased dramatically their budget deficits. Zambia defaulted on its Eurobonds in Q4 2020. Hyperinflation in Zimbabwe declined from 460% in 2019 to 340% in 2020.[3] The Fund participated in this recovery as its net asset value per share rose 13% in H2 2020.

AOF's 2020 strategy was one of deliberate realization to maximize the value of the assets returned to shareholders. In some cases, that objective inclined the Fund towards corporate transactions to create value for the Fund. In several other cases, the Fund exited through the secondary public markets.

2021 Outlook

AOF's 2021 is likely to be determined by commodity price trends-currently favourable-and the slow pace of Africa recovery from the Covid-19 pandemic matching the slow rollout of vaccines in Africa. The International Monetary Fund forecasts that Sub-Saharan Africa's gross domestic product should rise 3.2% in 2021 and 3.9% in 2022. Sub-Saharan Africa will be the second slowest growing region in 2021. There is little doubt that it will take a few years for Africa to recover from this pandemic.

Concluding Thoughts

In closing, I wish also to extend my thanks to our shareholders for their support.

Dr. Myma Belo-Osagie
Chairperson
June 2021

MANAGER'S REPORT

2020 Review

2020 marked the thirteenth full year of operation of Africa Opportunity Fund (the "Fund" or "AOF"). Its ordinary shares had an annual return of -0.8%. At year-end, AOF held $3.9 million in cash, $20.8 million in equity securities, and $1 million in debt securities. The Fund's underlying end-of-year holdings were in Botswana, Cote d'Ivoire, Egypt, Ghana, Kenya, Senegal, South Africa, Tanzania, Zambia, and Zimbabwe.

The Fund's shareholders decided in June 2019 to commence an orderly realization of the Fund over a three-year period ending in June 2022. Realization proceeds are to be returned to shareholders via intermittent mandatory redemptions of the Fund's shares. The Fund liquidated nine investments in their entirety in 2020, of which, Anglogold, Kosmos Energy, and Continental Reinsurance, were the most significant in size. The Fund made those disposals via the secondary markets as well as in corporate transactions. It also reduced its holdings in seven other issuers. After year end, it completed its exit from Egypt. The balance of this report will discuss a few of the Fund's holdings.

The Fund's largest investment is in Enterprise Group. Enterprise Group's total return was -14% in 2020. It announced in November that it had been granted a license to commence life assurance operations in Nigeria. With this entry into Nigeria, Enterprise is present in three West African countries: Gambia, Ghana, and Nigeria. Greenfield insurance operations tend to commence in losses, as they pay upfront commissions to agents to build their life policy books, in the hope of enjoying subsequent profits. A cautious approach is to expect up to three years of losses. Today's overvalued Naira and the negative real interest rates of Nigeria's money market instruments will handicap Enterprise in its search for inflation-beating investment destinations for its Nigerian premiums. Lastly, Nigeria's low insurance penetration must exist for good reason. Our enquiries indicate that Nigeria's insurance industry is perceived to be a slow claims-paying industry. Against these negatives stand Nigeria's patent potential and size. Enterprise Life Assurance Company (Nigeria) Limited faces formidable opportunities and obstacles. Yet, it should succeed in its Nigerian mission. Enterprise's Ghanaian subsidiaries remain, by market share, number one in life assurance, property and casualty insurance, and pension administration. Its property subsidiary continues to be a profit drag. Enterprise recorded solid 2020 results. It is very encouraging that, despite

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[3] Zimbabwe National CPI -March 2021-in Zimbabwe Dollars. Available from the Reserve Bank of Zimbabwe website Our shareholders should rest assured that the lengthy realization strategy of the Fund will allow it to avoid involuntary or indiscriminate liquidation of the Fund's holdings and that the Fund will strive to manage its realization strategy without suffering permanent impairment of its capital.

Enterprise's actual revenue and investment income results turning out much lower than forecast in its March 2018 rights offering circular and the unanticipated covid-19 pandemic, its 2020 group profits exceeded those forecasts for the third year in a row. Enterprise's trend of rising management expense and claims ratios reversed in 2019 and 2020. Those diminishing ratios improve Enterprise's competitiveness. Operating expenses, year-on-year, rose 17% in an 11% inflation environment; net premiums rose 22%, and profit after tax rose 18% (in $ terms) to $26 million. Enterprise's own shareholders were entitled to $13 million of those profits. The most significant development, though, was that Enterprise's cost of float (money owed to policyholders that is treated a balance sheet liability in accounting terms) declined for the third straight year to 1.4%, as it reduced its underwriting losses. Contrast that 1.4% cost of float with the risk-free Government of Ghana 5 year bonds of 20.6% and Ghana's inflation rate to understand how Enterprise's float earned a minimum real (inflation adjusted) spread of 9.6%. Whether measured in Cedis or Dollars, in a world of negative real interest rates, that spread is a wide moat. No wonder it reported a return on assets of 9%, and a return on equity of 17% in 2020. The most important development, though, was that the embedded value of Enterprise Life had risen to 775 million Cedis (or $132 million) at year end versus 678 million Cedis ($119 million) in December 2019. Enterprise Group is valued at a 45% discount to its share of its December 2020 embedded value of Enterprise Life (worth $79 million). With a current market capitalization of $45 million, Enterprise is trading on a P/E of 3x and a P/B ratio of 0.4x. At these levels, investors are getting Enterprise's other Ghanaian businesses and its Nigerian life expansion for free. Our goal is to realize a commercially reasonable value for the Fund's Enterprise stake.

The Fund's second largest holding is in African Leadership International ("ALI"). The Fund made its initial investment in 2015, followed by an additional investment in 2016. Founded in 2013 by Fred Swaniker - one of four co-founders of African Leadership Academy, a small two-year pre-university high school for Africa students located in South Africa, ALI is a for-profit private Mauritius holding company for educating talented young Africans (regardless of income or background) to be ethical and entrepreneurial leaders. The original intent was to use a blend of (a) regular classroom instruction; (b) online university course through modern Internet technology; (c) mutual instruction among students organized in teams; and (d) 3-4 month internships of students with the same employers during their university careers to provide high quality "employment ready" university education to some of the brightest students in Africa. The hope was that ALI would be a low-cost tertiary institution. Like many start-ups, though, ALI's strategy has undergone several twists while preserving a steadfast focus on its goals. It started with an undergraduate university campus in Mauritius. African parents were unwilling or unable to pay its tuition costs. A second and cheaper campus in Rwanda suffered the same financial fate. Campus capital and operating costs were too high, inflicting losses on ALI.

ALI spun out its campuses to place them in a not-for-profit entity. It: (a) retained an educational division – ALX - that uses only student-driven and technology enabled instruction outside the conventional accreditation requirements for tertiary educational institutions; (b) launched a network for connecting talented individuals - the Room - to economic opportunities; and (c) concluded the first of several collaborations with both charitable organizations and companies to accelerate job creation on the African continent for its network. ALI is far more capital-lite today than it was at inception, but it has succeeded in raising a considerable amount of equity capital and non-dilutive capital in its short existence to build its business. We expect to sell our ALI holding in the private secondary market.

The Fund's Zimbabwean property holdings turned in excellent returns. First Mutual posted an annual total return of 247% while Mashonaland Holdings generated a total return of 101%. We continue to monitor the various Zimbabwe Dollar exchanges rates to select the most realistic rate for valuing the Fund's Zimbabwean holdings[4]. Zimbabwe continues to suffer from hyperinflation and intense foreign currency shortages. Covid-19 lockdowns have hurt several sectors like commercial property, as tenants are forced to work remotely. Nevertheless, our property holdings do preserve purchasing power in the long run. Like property companies elsewhere, it is apparent that First Mutual Properties and Mashonaland Holdings will have to adapt to a post Covid world. First Mutual's buildings are well located in Harare's suburbs while those of Mashonaland suffer from their older age and location in Harare's city centre. There is likely to be consolidation, via corporate transactions, to align commercial real estate supply with changing demand. As Zimbabwe's economy recovers - the timing of such a recovery a known unknown - there will also be need for significant increases in capital expenditure and new construction. Our intent in disposing of these holdings is to minimize the devaluation risk facing disposal proceeds.

Copperbelt's share price gained 19% in H2, scant relief after the 51% decline of H1. However, its total return was down 18% for 2020. Copperbelt raised its dividend for the 4th straight year by 11% in Dollar terms, giving it an astounding 44% dividend yield. Evidently the market did not believe the dividend would be forthcoming, but the Fund received its dividend despite Zambia having defaulted on its sovereign debt. The reason? Zambia has no exchange controls. Copperbelt's future remains shrouded in uncertainties as it wages legal and arbitral battles against two key parties: a major customer - Konkola Copper Mine - seeking repayment of $145 million in unpaid invoices; and also a major supplier – ZESCO and the Zambian government - for imposing loss-making tariffs on its electricity transmission services. So far, the Zambian high courts have ruled in favor of Copperbelt against Konkola Copper Mine and the Zambian government. Both Konkola Copper Mines and the Zambian government have appealed to the Zambian appeals court against the two high court decisions. Copperbelt delivered strong results in 2020, despite its legal battles and the covid-19 pandemic. As is its norm, Copperbelt completed its twelfth fatality free year. Its electricity sales rose 5% to 3284GWh, a sign of copper production recovery. Underlying net

[4] See note 6(d) of the audited financial statements for discussion of Zimbabwean exchange rate estimation.

profit (excluding impairments and write-offs) climbed to its highest level in 5 years - $54 million, although net profit fell 54% to $5.6 million. Copperbelt has written off or impaired $80 million of receivables over the last two years because of the outstanding Konkola Copper Mine debt. Net cash from operations rose 43% to $71 million-the third highest level in the last five years. By contrast, net debt dropped to $27 million-its lowest level in five years. Copperbelt's current enterprise value of $118 million is less than 2x operating cash flow. Despite the uncertainties, it is a deeply undervalued holding.

The Fund's financial liabilities – primarily short positions and hedges – generated profits of $1,173,488 in 2020. The four loss-incurring years for financial liabilities were 2009, 2012, 2016, and 2019. Over its life, the Fund has generated from its financial liabilities a cumulative gain of $5.7 million and a cumulative gain of $3.3 million since 2014.

2021 promises to be a year in which the pandemic will continue to cast doubts on the pace of economic recovery. We shall strive to preserve the value of the Fund in this fog of doubts and uncertainty. Although the realization pace may slow, we continue to believe that the Fund's holdings are undervalued. Our mission is to monetize that undervaluation through our realization strategy.

Francis Daniels
Africa Opportunity Partners
June 2021

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		USD	USD
Income			
Net gains on investment in subsidiaries at fair value through profit or loss	6(a)	**482,924**	-
		482,924	-
Expenses			
Net losses on investment in subsidiaries at fair value through profit or loss	6(a)	**-**	1,115,691
Management fee		**534,637**	1,002,326
Other operating expenses		**107,015**	37,219
Directors' fees		**70,000**	148,750
Audit and professional fees		**173,016**	199,628
		884,668	2,503,614
Loss/total comprehensive loss for the year attributable to equity holders		**(401,744)**	(2,503,614)
Earnings per share attributable to equity holders		**(0.011)**	(0.033)

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020	2019
		USD	USD
ASSETS			
Cash and cash equivalents	8	**38,965**	103,067
Other receivables	7	**7,516**	7,911
Loan receivable from related party	7	**83,329**	70,180
Investment in subsidiaries at fair value through profit or loss*	6(a)	**22,584,303**	47,888,007
Total assets		**22,714,113**	48,069,165
EQUITY AND LIABILITIES			
LIABILITIES			
Trade and other payables	10	**147,817**	334,497
Total liabilities		**147,817**	334,497
Net assets attributable to shareholders		**22,566,296**	47,734,668
Ordinary share capital		**350,062**	748,496
Share premium		**13,553,258**	37,921,452
Retained earnings		**8,662,976**	9,064,720
Total equity	9(b)	**22,566,296**	47,734,668
Net assets value per share:			
- Ordinary shares	9(b)	0.645	0.638

* The investment in subsidiaries at fair value through profit or loss include the investment in the Master Fund- Africa Opportunity Fund L.P

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital	Share Premium	Retained Earnings	Total
	USD	USD	USD	USD
At 1 January 2019	748,496	37,921,452	11,568,334	50,238,282
OPERATIONS:				
Loss/total comprehensive loss for the year	-	-	(2,503,614)	(2,503,614)
At 31 December 2019	748,496	37,921,452	9,064,720	47,734,668

	Share Capital	**Share Premium**	**Retained Earnings**	**Total**
	USD	**USD**	**USD**	**USD**

At 1 January 2020	**748,496**	**37,921,452**	**9,064,720**	**47,734,668**
CAPITAL TRANSACTIONS:				
Redemption of ordinary shares	**(398,434)**	**(23,601,566)**	**-**	**(24,000,000)**
Dividend Payment	**-**	**(766,628)**	**-**	**(766,628)**
OPERATIONS:				
Total comprehensive loss for the year	**-**	**-**	**(401,744)**	**(401,744)**
At 31 December 2020	**350,062**	**13,553,258**	**8,662,976**	**22,566,296**

AFRICA OPPORTUNITY FUND LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
		USD	USD
Operating activities			
Loss for the year		**(401,744)**	(2,503,614)
Adjustment for non-cash items:			
Net (gain)/losses on investment in subsidiaries at fair value through profit or loss	6(a)	**(482,924)**	1,115,691
Cash used in operating activities		**(884,668)**	(1,387,923)
Net changes in operating assets and liabilities			
Reduction in investment in subsidiaries at fair value through profit or loss *	6(a)	**25,786,628**	1,382,200
Repayment of loan receivable from related party		**(13,149)**	(70,180)
Decrease/(increase) in other receivables		**395**	(2,962)
(Decrease)/increase in trade and other payables		**(186,680)**	177,556
Net cash generated from operating activities		**25,587,194**	1,486,614
Financing activities			
Redemption of ordinary shares		**(24,000,000)**	-
Divided payment		**(766,628)**	-
Net cash flow used in financing activities		**(24,766,628)**	-

Net increase/(decrease) in cash and cash equivalents	**(64,102)**	98,691
Cash and cash equivalents at 1 January	**103,067**	4,376
Cash and cash equivalents at end of year	**38,965**	103,067

* The investment in subsidiaries at fair value through profit or loss include the investment in the Master Fund- Africa Opportunity Fund L.P.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was launched with an Alternative Market Listing "AIM" in July 2007 and moved to the Specialist Funds Segment "SFS" in April 2014.

Africa Opportunity Fund Limited is a closed-ended fund incorporated with limited liability and registered in Cayman Islands under the Companies Law on 21 June 2007, with registered number MC-188243. The Company is exempted from registering with CIMA under the Private Funds Act of the Cayman Islands given that it is listed on the Specialist Funds Segment of the London Stock Exchange which is approved by CIMA.

The Company aims to achieve capital growth and income through investment in value, arbitrage, and special situations investments in the continent of Africa. The Company may therefore invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa. The Company has the ability to invest in a wide range of asset classes including real estate interests, equity, quasi-equity or debt instruments and debt issued by African sovereign states and government entities.

The Company's investment activities are managed by Africa Opportunity Partners Limited, a limited liability company incorporated in the Cayman Islands and acting as the investment manager pursuant to an Amended and Restated Investment Management Agreement dated 12 February 2014.

To ensure that investments to be made by the Company and the returns generated on the realisation of investments are both effected in the most tax efficient manner, the Company has established Africa Opportunity Fund L.P. ("the Master Fund") as an exempted limited partnership in the Cayman Islands. All investments made by the Company are made through the Master Fund. The limited partners of the Master Fund are the Company and AOF CarryCo Limited. The general partner of the Master Fund is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited has 100% holdings in Africa Opportunity Fund (GP) Limited.

The financial statements for the Company for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 25 June 2021.

Presentation currency

The financial statements are presented in United States dollars ("USD"). All figures are presented to the nearest dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The Company satisfies the criteria of an investment entity under IFRS 10: Consolidated Financial Statements.

As such, the Company does not consolidate the entities it controls. Instead, its interest in the subsidiaries has been classified as fair value through profit or loss and measured at fair value. This consolidation exemption has been applied prospectively and more details of this assessment are provided in Note 4 “significant accounting judgements, estimates and assumptions.” The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities measured at fair value through profit or loss. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year.

Although these estimates are based on management’s knowledge of current events and actions, actual results ultimately may differ from those estimates. In additional to the following: All assets including the investment in subsidiaries have been assessed for impairment regardless of whether any indicators for impairment were identified; and all possible liabilities that might arise from the winding up of the Company have been accrued for. Following the assessment, no assets were identified which were subject to impairment. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

As the entity is not a going concern due to the limited life, the directors have considered an alternative basis of preparation but believe that IFRS as a basis for preparation best reflects the financial position and performance of the entity. The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given to whether any additional provisions are necessary as a result of the decision to deregister. It is expected that all assets will realise at least at the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery within 12 months (current) and more than 12 months after the reporting date (non-current) is presented in Note 14.

The Company’s financial statements include disclosure notes on the Master Fund, Africa Opportunity Fund L.P given that the net asset value of the Master Fund is a significant component of the Investment in subsidiaries of the Company. These additional disclosures are made in order to provide the users of the financial statements with an overview of the Master Fund performance.

Foreign currency translation

(i) Functional and presentation currency

The Company’s financial statements are presented in USD, which is the functional currency, being the currency of the primary economic environment in which both the Company operates. The Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company is USD. The Company chooses USD as the presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of the exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Classification

The Company classifies its financial assets and liabilities in accordance with IFRS 9 into the following categories:

(i) Financial assets and liabilities at fair value through profit or loss

For the Company, financial assets classified at fair value through profit or loss upon initial recognition include investment in subsidiaries.

Investment in subsidiaries

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial assets at fair value through profit or loss in accordance with IFRS 9-Financial Instruments.

Management concluded that the Company meets the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments on a fair value basis. Accordingly, consolidated financial statements have not been prepared.

(ii) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost comprise 'trade and other receivables' and 'cash and cash equivalents in the statement of financial position.

(iii) Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Company includes in this category amounts relating to trade and other payables and dividend payable.

(a) *Initial Recognition*

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(b) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value.

Financial assets at amortised cost and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus or minus any directly attributable incremental costs of acquisition or issue.

(c) Subsequent measurement

The Company measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest earned elements of such instruments are recorded separately in 'Interest revenue'.

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

The Company measures it investments in subsidiaries at fair value through profit or loss at fair value at each reporting date.

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. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At the reporting date, the trade and other receivables and cash and cash equivalents are de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

Shares that impose on the Company, an obligation to deliver to shareholders a pro-rata share of the net asset of the Company on liquidation classified as financial liabilities

The shares are classified as equity if those shares have all the following features:

(a) It entitles the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation.

The Company's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:

(i) dividing the net assets of the Company on liquidation into units of equal amount; and
(ii) multiplying that amount by the number of the shares held by the shareholder.

(b) The shares are in the class of instruments that is subordinate to all other classes of instruments. To be in such a class the instrument:

(i) has no priority over other claims to the assets of the Company on liquidation, and
(ii) does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

(c) All shares in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing Company to deliver a pro rata share of its net assets on liquidation.

In addition to the above, the Company must have no other financial instrument or contract that has:

(a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company (excluding any effects of such instrument or contract); and

(b) the effect of substantially restricting or fixing the residual return to the shareholders.

The shares that meet the requirements to be classified as a financial liability have been designated as at fair value through profit or loss on initial recognition.

Dividend expense

Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amendments to IFRS as from 1 January 2020:

	Effective for accounting period beginning on or after
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting	1 January 2020

The above new standards and amendments applied for the first time in 2020, they did not have a material impact on the financial statements of the Company.

3.1 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. The Company would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of directors.

	Effective for accounting period beginning on or after
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Reference to the Conceptual Framework - Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16	1 January 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	1 January 2022
Amendments to IFRS 16 Covid-19 Related Rent Concessions	1 June 2020

The Company does not expect that the adoption of these standards will have any material impact on its financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

In June 2019, the Directors convened an Annual General Meeting and an Extraordinary General Meeting where the following was passed:

- Ordinary resolution that the requirement of the Company to propose the realisation opportunity be and is hereby waived.
- Ordinary resolution that the continuation of the existence of the Company be and is hereby approved.
- The text set out under "New Investing Policy" in paragraph 2 of Part III of the Company's circular to Shareholders dated 5 June 2019 (the "Circular") be and is hereby adopted as the new investment policy of the Company;
- The terms of the Amended and Restated Investment Management Agreement (as defined in the Circular) be and are hereby approved;
- The memorandum and the articles of association in the form initialled by the Chair of the meeting be adopted as the memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association; and
- Any variation to the rights attaching to the Ordinary Shares in the Company pursuant to the adoption of the new memorandum and articles of association, and in particular the right for the Company to redeem the Ordinary Shares (including any redemptions made of 15 per cent. or more of the Company's issued share capital), be and is hereby approved.

Below is a brief synopsis of the "New Investing Policy" as per the Company's Circular dated 5 June 2019:

For a period of up to three years following the Extraordinary General Meeting (the "Return Period"), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital. It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of largely liquid equity holdings, the Company has some illiquid investments and it may take the Investment Manager some time to realise these. Shareholders will be provided with an opportunity to reassess the investment policy and distribution policy at the end of the Return Period. To that end, a further ordinary resolution for the Company's continuation will be proposed at an extraordinary general meeting to be convened at the end of the Return Period (the "Second Continuation Vote"). Subsequent to the disposal of the investments, the Company will be liquidated, which indicates that it will no longer be a going concern. IAS 1 - Presentation of Financial Statements and IAS 10 - Events after the reporting period require that the financial statements should not be prepared on a going concern basis if management determines that it intends to liquidate the entity. The directors have considered an alternative basis of preparation but believe that International Financial Reporting Standards ("IFRS") as a basis for preparation best reflects the financial position and performance of the Company.

Other than financial assets at fair value through profit or loss, the carrying value of the remaining assets, which were determined in accordance with the accounting policies, have been reviewed for any possible impairment, and consideration has been given to whether any additional provision is necessary as a result of the Directors' intention to wind up the Company at the end of the Return Period that is in June 2022. It is expected that all assets will realise at least at the amounts at which they are presented in the statement of financial position and that there will be no material additional liabilities. It should be noted that due to events after finalisation of the interim financials, the final amounts to be received could vary from the amount shown in the statement of financial position due to circumstances which arise subsequent to preparation of the financial statement and these variations could be material.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar.

Assessment for an investment entity

An investment entity is an entity that:

(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.

An investment entity must demonstrate that fair value is the primary measurement attribute used. The fair value information must be used internally by key management personnel and must be provided to the entity's investors. In order to meet this requirement, an investment entity would:

- Elect to account for investment property using the fair value model in IAS 40 Investment Property
- Elect the exemption from applying the equity method in IAS 28 for investments in associates and joint ventures, and
- Measure financial assets at fair value in accordance with IFRS 9.

In addition, an investment entity should consider whether it has the following typical characteristics:

- It has more than one investment, to diversify the risk portfolio and maximise returns;
- It has multiple investors, who pool their funds to maximise investment opportunities;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The Board considers that the Company meets the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments in subsidiaries on a fair value basis. In addition, the Company has more than one investor and the major investors are not related parties of the Company. The Company also has an exit strategy given that it is a limited life entity, realising its investments at the end of the Return Period of 3 years as per the 'New Investment Policy'. Accordingly, consolidated financial statements have not been prepared. IFRS 10 allows the application of this change to be made prospectively in the period in which the definition is met. IFRS 10 Consolidated Financial Statements provides 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measures the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

Assumptions and Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models.

Fair value of financial instruments

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety as provided in Note 6. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Company performs sensitivity analysis or stress testing techniques.

5a. AGREEMENTS

Investment Management Agreement

For the period 1 January 2019 to 30 June 2019, the Amended and Restated Investment Management Agreement with Africa Opportunity Partners (the "Investment Manager"), an investment management company incorporated in the Cayman Islands, to manage the operations of the Company subject to the overall supervision of the Company's board as specified in the 2014 prospectus of the Company, was in effect. Under the Amended and Restated Investment Management Agreement, the Investment Manager received, a management fee equal to the aggregate of: (i) two percent of the Net Asset Value per annum up to US$50 million; and (ii) one per cent of the Net Asset Value per annum in excess of US$50 million, payable in US$ quarterly in advance.

In addition, the principals (directors) of the Investment Manager are beneficially interested in CarryCo, which under the terms of the Amended and Restated Limited Partnership Agreement, is entitled to share an aggregate annual carried interest (the "Performance Allocation") from the Limited Partnership equivalent to 20 per cent of the excess of the Net Asset Value (as at 31 December in each year) over the sum of (i) the annual management fee for that year end (ii) a non-compounding annual hurdle amount equal to the Net Asset Value as at 31 December in the previous year, as increased by 5 per cent. The Performance Allocation will be subject to a "high watermark" requirement. Subsequent to the merger of the ordinary shares and the C shares, the high watermark is calculated as the aggregate of the Net Asset Value of the pre-merger ordinary share high watermark plus the proceeds of the C class share placing before expenses. The Performance Allocation accrues monthly and is calculated as at 31 December in each year and is allocated following the publication of the NAV for such date.

Effective 1 July 2019, the Company and the Investment Manager have, upon the approval of the Reorganisation Resolution at the EGM in June 2019, entered into the Amended and Restated Investment Management Agreement which amends the fees payable to the Investment Manager as follows:

Management fees

The management fee shall be reduced to 1 per cent of the Net Asset Value per annum for the first two years of the Return Period (the period of up to three years following the EGM held in June 2019) and then further reduced to 0 per cent in the last year of the Return Period.

The Investment Manager's entitlement to future performance fees (through AOF CarryCo Limited) will be cancelled and AOF CarryCo Limited's limited partnership interest in the Limited Partnership will be transferred to the Company for nominal value in the last year of the Return Period, that being 2022.

Realisation fees

The Investment Manager shall be entitled to the following realisation fees during the Return Period from the net proceeds of all portfolio realisations (including any cash returned by way of a Compulsory Redemption):

On distributions of cash to Shareholders where the applicable payment date is on or prior to 30 June 2020: 2 per cent of the net amounts realised.

On distributions of cash to Shareholders where the applicable payment date is 1 July 2020 or later: 1 per cent of the net amounts realised.

The revisions to the arrangements with the Investment Manager, constitute a related party transaction under the Company's related party policy, and in accordance with that policy, the Company was required to obtain: (i) the approval of a majority of the Directors who are independent of the Investment Manager; and (ii) a fairness opinion or third-party valuation in respect of such related party transaction from an appropriately qualified independent adviser.

The management fee for the financial year under review amounts to **USD 534,637** (2019: USD 1,002,326) of which **USD 134,585** (2019: USD 246,321) relates to accrued realisation fees and the performance fees for the financial year under review was nil (2019: nil).

Administrative Agreement

SS&C Technologies is the Administrator for the Company. Administrative fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Custodian Agreement

A Custodian Agreement has been entered into by the Master Fund and Standard Chartered Bank (Mauritius) Ltd, whereby Standard Chartered Bank (Mauritius) Ltd would provide custodian services to the Master Fund and would be entitled to a custody fee of between 18 and 25 basis points per annum of the value of the assets held by the custodian and a tariff of between 10 and 45 basis points per annum of the value of assets held by the custodian. The custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Prime Brokerage Agreement

Under the Prime Brokerage Agreement, the Master Fund appointed Credit Suisse Securities (USA) LLC as its prime broker for the purpose of carrying out the Master Fund's instructions with respect to the purchase, sale and settlement of securities. Custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Brokerage Agreement

Under the Broker Agreement revised during 2016, the Master Fund appointed Liberum, a company incorporated in England to act as Broker. The broker fee is payable in advance at six-month intervals. The broker fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

5b. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AT THE MASTER FUND LEVEL

Africa Opportunity Fund LP (the "Master Fund") is incorporated in the Cayman Islands and is not subject to regulatory review. Management has voluntarily disclosed all the policies and notes to the accounts of the Master Fund to provide shareholders of the Company with a better insight.

The primary accounting policies for interest revenue and expense, dividend revenue and expense and cash and cash equivalents, are similar as in Note 2. Those policies which only relate to the Master Fund's financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Classification

The Master Fund classifies its financial assets and liabilities in accordance with IFRS 9 into the following categories:

(i) Financial assets and liabilities at fair value through profit or loss

The category of the financial assets and liabilities at fair value through the profit or loss is subdivided into:

Financial assets and liabilities held for trading

Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. This category includes equity securities, investments in managed funds and debts instruments. These assets are acquired principally for the purpose of generating a profit from short term fluctuation in price. All derivatives and liabilities from the short sales of financial instruments are classified as held for trading.

Financial assets at fair value through profit or loss upon initial recognition

These include equity securities and debt instruments that are not held for trading. These financial assets are classified at FVTPL on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in each of their offering documents. The financial information about the financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

Derivatives - Options

Derivatives are classified as held for trading (and hence measured at fair value through profit or loss), unless they are designated as effective hedging instruments (however the Company does not apply any hedge accounting). The Master Fund's derivatives relate to option contracts.

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Master Fund purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the Master Fund provide the Master Fund with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Master Fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Master Fund provide the purchaser the opportunity to purchase from or sell to the Master Fund the underlying asset at an agreed-upon value either on or before the expiration of the option.

Options are generally settled on a net basis.

Derivatives relating to options are recorded at the level of the Master Fund. The financial statements of the Company do not reflect the derivatives as they form part of the net asset value (NAV.) of the Master Fund which is fair valued.

(ii) Financial assets at amortised cost

The Master Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Master Fund's financial assets at amortised cost comprise 'trade and other receivables' and 'cash and cash equivalents in the statement of financial position.

(iii) Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Master Fund includes in this category amounts relating to trade and other payables and dividend payable.

(a) Recognition

The Master Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(b) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value.

Financial assets at amortised cost and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(c) Subsequent measurement

The Master Fund measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest earned elements of such instruments are recorded separately in 'Interest revenue'. Dividend expenses related to short positions are recognised in 'Dividends on securities sold not yet purchased'. Dividend income/distributions received on investments at FVTPL is recorded in "Net gain or loss on financial assets at fair value through profit or loss".

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(iii) Other financial liabilities

(d) Subsequent measurement

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Master Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Master Fund has transferred substantially all the risks and rewards of the asset, or (b) the Master Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Master Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Master Fund's continuing involvement in the asset.

The Master Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

The Master Fund measures its investments in financial instruments, such as equities, debentures and other interest-bearing investments and derivatives, at fair value at each reporting date.

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. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Master Fund. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

Impairment of financial assets

The Master Fund uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Master Fund recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Master Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised either on a 12-month or lifetime basis. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Master fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Master fund may also consider a financial asset to be in default when internal or external information indicates that the Master fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Master fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Master Fund applies a simplified approach in calculating ECLs. Therefore, the Master Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. At the reporting date, the assessment of the Master Fund's debt instruments which include trade and other receivables and cash and cash equivalents were considered as de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and expenses. At the Master Fund Level, the fair value gains and losses exclude interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the Average Cost (AVCO) method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date at the Master Fund level. Refer to the accounting policy for financial liabilities, other than those classified at fair value through profit or loss for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for financial assets at amortised cost for recognition and measurement.

Interest revenue and expense

Interest revenue and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Dividend revenue

Dividend revenue is recognised when the Master Fund's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss of the Master Fund.

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

6(a). Investment in subsidiaries at fair value

The Company has established Africa Opportunity Fund L.P., an exempted limited partnership in the Cayman Islands to ensure that the investments made and returns generated on the realisation of the investments are both effected in the most tax efficient manner. All investments made by the Company are made through the limited partner which acts as the master fund. At 31 December 2020, the limited partners of the limited partnership are the Company (99.45%) and AOF CarryCo Limited (0.55%). The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited holds 100% of Africa Opportunity Fund (GP) Limited.

	2020	2019
	USD	**USD**
Investment in Africa Opportunity Fund L.P.	**22,581,947**	47,885,834
Investment in Africa Opportunity Fund (GP) Limited	**2,356**	2,173
Total investment in subsidiaries at fair value	**22,584,303**	47,888,007
Fair value at 01 January	**47,888,007**	50,385,898
Reduction in investment in subsidiaries*	**(25,786,628)**	(1,382,200)
Net gain/(loss) on investment in subsidiaries at fair value	**482,924**	(1,115,691)
Fair value at 31 December	**22,584,303**	47,888,007

* The reduction in investment in subsidiaries relates to capital withdrawn from the Master Fund by the Company.

6(b). Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Note: The assets and liabilities of the Master Fund have been presented but do not represent the assets and liabilities of the Company as the Master Fund has not been consolidated.

- **Fair value hierarchy of the Company**

	31 December 2020	Level 1	Level 2	Level 3
COMPANY	**USD**	**USD**	**USD**	**USD**
Investment in subsidiaries	**22,584,303**	**-**	**22,584,303**	**-**

31 December

COMPANY	2019 USD	Level 1 USD	Level 2 USD	Level 3 USD
Investment in subsidiaries	47,888,007	-	47,888,007	-

- **Fair value hierarchy of the Master Fund**

The Company has investment in Africa Opportunity Fund L.P, the Master Fund amounting to USD 22,581,947. The underlying investments of the Master Fund amounts to USD 19,480,476. Details on the financial assets and liabilities of the Master Fund and the fair value hierarchy are as follows:

	31 December 2020 **USD**	**Level 1** **USD**	**Level 2** **USD**	**Level 3** **USD**
MASTER FUND				
Financial assets at fair value through profit or loss				
Equities	18,351,992	12,139,383	6,212,609	-
Debt securities	1,128,484	1,128,484	-	-
	19,480,476	13,267,867	6,212,609	-

	31 December 2019 USD	Level 1 USD	Level 2 USD	Level 3 USD
MASTER FUND				
Financial assets at fair value through profit or loss				
Equities	37,212,025	34,026,371	3,185,654	-
Debt securities	1,160,484	1,160,484	-	-
	38,372,509	35,186,855	3,185,654	-
Financial liabilities at fair value through profit or loss				
Written put options	632,250	632,250	-	-

6(c). The valuation technique of the investment in subsidiaries at Company level is as follow:

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Given that there have been no such adjustments made to the NAV of the underlying subsidiaries and given the simple structure of the subsidiaries investing over 95% in quoted funds, the Company classifies these investments in subsidiaries as Level 2.

6(d). The valuation technique of the investments at Master Fund level are as follows:

Equity and debt securities

These pertain to equity and debt instruments which are quoted for which there is a market price. As a result, they are classified within level 1 of the hierarchy except for the valuation of listed on the Zimbabwe Stock Exchange which have been classified as level 2 given that their quoted share price has been discounted as at 31 December 2020 as follows:

Valuation of investments listed on the Zimbabwe Stock Exchange

The fair value of the investments listed on the Zimbabwe Stock Exchange amounted to USD 3,780,962 based on the Zimbabwe official exchange rate of ZWL 81.79 to the US Dollar. The Company has applied discounts to its investments listed on the Zimbabwe Stock Exchange since November 30, 2018. In applying those discounts, it has taken note of rising economic uncertainties, and signs of sovereign stress, in Zimbabwe, especially since October 2018, manifest, for example, in lengthening queues for the foreign exchange remittances, and a heightened volatility in share prices. It selected a transparent discount factor to the market values of its listed Zimbabwean holdings, otherwise, and popularly, known as the Old Mutual Implied Rate. However, since June 2020, the Zimbabwe authorities suspended Old Mutual shares from the Zimbabwe Stock Exchange, necessitating the Company to devise an alternative transparent discount factor. The new discount factor is based on the official Zimbabwe Dollar exchange rate at the end of June 2019, when the Zimbabwe Dollar, became the sole legal tender in Zimbabwe, modified by the inflation differential between Zimbabwe and the United States captured in their respective monthly Consumer Price Indices (the US Consumer Price Index is that for urban consumers), then adjusted by the proportion of export proceeds that must be surrendered by Zimbabwean exporters to the Zimbabwe Reserve Bank. The initial surrender requirement was 20% of export proceeds, but the Company uses a 5% surrender requirement to reflect subsequent exemptions from this surrender requirement granted to some export industries. This discount factor changes every month. The consequence of applying this discount factor is that the Zimbabwe Dollar prices of the Company's investments listed on the Zimbabwe Stock Exchange were converted into US Dollars, on December 31, 2020, at a rate of ZWL 119.54 versus an official Zimbabwe exchange rate of ZWL 81.79. The value of the Zimbabwe investments recorded in the books of the Company, after applying this discount factor, was USD 2,586,810.

Written put options

These are traded on an active market and have a quoted market price. They have therefore been classified in level 1 of the hierarchy.

Unquoted debt and equity investments

African Leadership University ("ALU") is a network of tertiary institutions, currently with operations in both Mauritius and Rwanda. The Investment Manager valued ALU on the basis of an observable arms-length transaction between an existing shareholder selling a portion of their shares and an unaffiliated third party. The economics of this transaction were agreed to in December 2020, and thus were utilized as the basis of the valuation as at 31 December 2020.

Unquoted debt and equity investments

	2020	2019
	USD	USD
Investment in ALU	**3,625,800**	2,361,193

Financial assets at fair value through profit or loss	**2020**	2019
	USD	USD
Investment in ALU:		
At 1 January	**2,361,193**	2,361,193
Total gain in profit or loss	**1,264,607**	-
At 31 December	**3,625,800**	2,361,193
Total gain included in the statement of profit or loss and other comprehensive income of Africa Opportunity Fund L.P. for asset held at the end of the reporting period	**1,264,607**	-

6(e). Statement of profit or loss and other comprehensive Income of the Master Fund for the year ended 31 December 2020

The net gain on financial assets at fair value through profit or loss amounting to **USD 482,924** (2019: net loss USD 1,115,691 is mainly due to the loss arising at the Master Fund level which is disclosed below:

	2020	2019
	USD	USD
Income		
Interest revenue	**209,116**	511,309
Dividend revenue	**1,487,564**	2,208,919
Other income	**348**	23,773
	1,697,028	2,744,001
Expenses		
Net losses on financial assets and liabilities at fair value through profit or loss	**741,764**	2,762,813
Net foreign exchange loss	**45,542**	179,653
Custodian fees, Brokerage fees and commission	**126,930**	471,637
Other expenses	**71,107**	170,544
	985,343	3,584,647
Operating loss before tax	**711,685**	(840,646)
Less withholding tax	**(205,367)**	(281,256)
Total Comprehensive loss for the year	**506,318**	(1,121,902)
Attributable to:		
AOF Limited (direct interests)	**482,741**	(1,115,641)
AOF Limited (indirect interests through AOF (GP) Ltd)		(50)
	482,924	(1,115,691)
AOF CarryCo Limited (NCI)	**23,394**	(6,211)
	506,318	(1,121,902)

The financial assets and liabilities of the Master Fund are analysed as follows:

(i) Net gains on financial assets and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	2020	2019
	USD	USD
Net losses on fair value of financial assets at fair value through profit or loss	**(1,846,446)**	(3,421,780)
Net gains on fair value of financial liabilities at fair value through profit or loss	**1,173,488**	658,967
Net losses	**(672,958)**	(2,762,813)

(ii) Financial asset and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	2020	2019
	USD	USD
Held for trading assets:		
At 1 January	**38,372,508**	49,278,324
Additions	**-**	3,547,544
Disposal	**(17,045,587)**	(11,031,579)
Net losses on financial assets at fair value through profit or loss	**(1,846,446)**	(3,421,780)

	2020	2019
At 31 December (at fair value)	**19,480,476**	38,372,509
Analysed as follows:		
- Listed equity securities	**14,726,191**	34,850,831
- Listed debt securities	**1,128,485**	1,160,485
- Unlisted equity securities	**3,625,800**	2,361,193
	19,480,476	38,372,509

(iii) Net changes on fair value of financial assets at fair value through profit or loss

	2020	2019
	USD	USD
Realised	**(4,368,072)**	(4,350,287)
Unrealised	**2,521,625**	928,507
Total losses	**(1,846,446)**	(3,421,780)

(iv) Financial liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	2020	2019
	USD	USD
Held for trading financial liabilities		
Written call options	-	632,250
Financial liabilities at fair value through profit or loss	-	632,250

(v) Net changes on fair value of financial liabilities at fair value through profit or loss

	2020	2019
	USD	USD
Realised	**1,210,600**	585,447
Unrealised	**(37,112)**	73,520
	1,173,488	658,967

7. RECEIVABLES

	2020	2019
	USD	USD
Amount due from Africa Opportunity Fund L.P. (Note 12)	83,329	70,180
Prepayments	7,516	7,911
	90,845	78,091

8. CASH AND CASH EQUIVALENTS

	2020	2019
	USD	USD

Other bank accounts	**38,965**	103,067

9(a). ORDINARY SHARE CAPITAL

Company

	2020	**2020**	2019	2019
	Number	**USD**	Number	USD
Authorised share capital				
Ordinary shares with a par value of USD 0.01	**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000
Issued share capital				
Ordinary shares with a par value of USD 0.01	**35,006,160**	**350,062**	74,849,606	748,496

The directors have the general authority to repurchase the ordinary shares in issue subject to the Company having funds lawfully available for the purpose. However, if the market price of the ordinary shares falls below the Net Asset Value, the directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of the ordinary shares.

9(b). SHARE CAPITAL AND SHARE PREMIUM

	Ordinary Shares
	USD
At 1 January 2019	**38,669,948**
At 31 December 2019	**38,669,948**

	Ordinary Shares
	USD
At 1 January 2020	**38,669,948**
Changes during the period:	
Redemption of ordinary shares	(24,000,000)
Dividend payment	(766,628)
At 31 December 2020	**(24,766,628)**

Ordinary and C share Merger, Issuance of Contingent Value Rights

In 2014, AOF closed a Placing of 29.2 million C shares of US$0.10 each, at a placing price of US$1.00 per C share, raising a total of $29.2 million before the expenses of the Issue. The placing was closed on 11 April 2014 with the shares commencing trading on 17 April 2014. AOF's Ordinary Shares and the C Shares from the April placing were admitted to trading on the LSE's Specialist Fund Segment ("SFS") effective 17 April 2014.

Due to the fact that there were two separate pools of assets and liabilities attributable to the C Class and Ordinary shareholders respectively, the requirements of IAS 32.16C(a) would not be met. Therefore, both the classes were classified as financial liabilities as from 17 April 2014 upon issuance of a Class C shares.

The Fund merged the C share class and the ordinary shares as contemplated in the April 2014 issuance of the C share class, and with the consent of the Board of Directors, on 23 August 2017. The C Class shares were converted into ordinary shares.

The Shoprite arbitral award was issued in 2016. The arbitral award resulted in AOF not being considered the legal owner of the specified Shoprite Holdings; therefore, the Shoprite investment was written off. To effectuate this merger, Contingent Value Rights certificates for any residual rights with respect to Shoprite shares listed on the Lusaka Stock Exchange were issued to the ordinary shareholders of record on 21 August 2017.

Subsequent to the merger, one class of ordinary shares exists for all investors and all financial and return information presented reflects the existing ordinary share class. Upon conversion of the C Class shares into Ordinary shares, the remaining shares in AOF are classified as equity. Information regarding the merger was distributed and released to the market prior to, and upon execution of, the merger. This information and information relative to the CVRs can be found on the Fund's website.

10. TRADE AND OTHER PAYABLES

	2020	2019
	USD	USD
Directors fees payable	17,500	17,500
Other payables	130,317	316,997
	147,817	334,497

Other payables and accrued expenses are non-interest bearing and have an average term of six months. The carrying amount of trade and other payables approximates their fair value.

11. EARNING PER SHARE

The earnings per share (EPS) is calculated by dividing the decrease in net assets attributable to shareholders by number of ordinary shares. The EPS for 2020 and 2019 represent both the basic and diluted EPS.

		2020	**2019**
		Ordinary shares	Ordinary shares
Total comprehensive loss	USD	(401,744)	(2,503,614)
Number of shares in issue		35,006,160	74,849,606
Change in net assets attributable to shareholders per share	USD	(0.011)	(0.033)

12. RELATED PARTY DISCLOSURES

The Directors consider Africa Opportunity Fund Limited (the "Company") as the ultimate holding company of Africa Opportunity Fund (GP) Limited and Africa Opportunity Fund L.P.

Name	**Country of incorporation**	**% equity interest 2020**	**% equity interest 2019**

Africa Opportunity Fund (GP) Limited	Cayman Islands	**100**	**100**
Africa Opportunity Fund L.P.	Cayman Islands	**98.66**	**99.45**

During the year ended 31 December 2020, the Company transacted with related entities. The nature, volume and type of transactions with the entities are as follows:

Name of related parties	**Type of relationship**	**Nature of transaction**	**Volume USD**	**Balance at 31 Dec 2020**
				USD
Africa Opportunity Partners Limited	Investment Manager	Management fee expense	534,637	35,000
Africa Opportunity Fund LP	Subsidiary	Receivable	-	83,329
SS&C Technologies	Administrator	Administration fees	18,900	-

Name of related parties	Type of relationship	Nature of transaction	Volume USD	Balance at 31 Dec 2019
				USD
Africa Opportunity Partners Limited	Investment Manager	Management fee expense	1,002,326	-
Africa Opportunity Fund LP	Subsidiary	Payable	-	70,180
SS&C Technologies	Administrator	Administration fees	105,855	-

Key Management Personnel (Directors' fee)

Except for Robert Knapp who has waived his fees, each director has been paid a fee of USD 35,000 per annum plus reimbursement for out-of pocket expenses during both 2020 and 2019.

Robert Knapp, who is a director of the Company, also forms part of the executive team of the Investment Manager. Details of the agreement with the Investment Manager are disclosed in Note 5. He has a beneficiary interest in AOF CarryCo Limited. The latter is entitled to carry interest computed in accordance with the rules set out in the Admission Document (refer to Note 5 - 'Investment management agreement' for further detail of the performance fee paid to the director).

Details of investments in the Company by the Directors are set out below:

	No of shares held	Direct interest held %
2020	**5,697,994**	**16.28**
2019	12,183,358	16.28

13. TAXATION

Under the current laws of Cayman Islands, there is no income, estate, transfer, sales or other Cayman Islands taxes payable by the Company. As a result, no provision for income taxes has been made in the financial statements.

Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of profit or loss and other comprehensive income. Withholding taxes are not separately disclosed in statement of cash flows as they are deducted at the source of the income.

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	2020	2019

	USD	USD
Total comprehensive loss	(401,744)	(2,503,614)
Income tax expense calculated at 0%	-	-
Withholding tax suffered outside Cayman Islands	-	-
Income tax expense recognized in profit or loss	-	-

Withholding taxes are borne at the master fund level and amounted to USD 205,367 (2019: USD 281,256). These have been included in the NAV of the subsidiary.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

14(a). AT THE COMPANY'S LEVEL

Introduction

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities. It is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company's exposure to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds is disclosed as follows.

Risk management structure

The Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management approach of the Company.

Fair value

Investment in subsidiaries at Company level are measured at fair value at the reporting date. The carrying amount of other receivables, cash and cash equivalents, Loans receivable from related party and trade and other payables approximates their fair value due to their short-term nature.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and equity price risk. The Company is not directly exposed to market risk. The Company holds investments in subsidiaries, Africa Opportunity Fund L.P (Master Fund) and Africa Opportunity Fund (G.P) Limited which are valued at their net asset value. The Company is thus exposed to market risk indirectly through the investments held by the Master Fund.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk of the Company arises from the net asset value (NAV) of the underlying funds, the Master Fund and AOF G.P. The equity price risk at Company level is analysed as follows:

Equity

Company	**Change in NAV price**	**Effect on Equity 2020**
		USD
Investment in subsidiaries at fair value through profit or loss	10%	**2,258,430**
	-10%	**(2,258,430)**

Effect on

Company	**Change in NAV price**	**Equity 2019**
		USD
Investment in subsidiaries at fair value through profit or loss	10%	4,788,801
	-10%	(4,788,801)

Currency risk

All of the Company's financial assets and financial liabilities are denominated in its functional currency. The Master Fund's investments are denominated in various currencies. The effect of a change in USD against other currencies at the Master fund level will have the same impact at the Company level and will form part of the NAV of the subsidiary (refer to note 14(b)). The currency profile of the Company's financial assets and liabilities is therefore summarised as follows:

	2020 Financial assets	**2020 Financial liabilities**	2019 Financial assets	2019 Financial liabilities
	USD	**USD**	USD	USD
United States Dollar	**22,706,597**	**147,817**	48,061,254	334,497
	22,706,597	**147,817**	48,061,254	334,497

Prepayments are typically excluded as these are not financial assets; prepayments as at 31 December 2020 and 2019 amounted to USD **7,516** and US 7,911, respectively.

Company	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities set off in the statement of financial position**	**Net amount of financial assets presented in the statement of financial position**	**Financial instruments**	**Cash collateral**	**Net amount**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Cash and cash equivalents	**38,965**	**-**	**38,965**	**-**	**-**	**38,965**
Total	**38,965**	**-**	**38,965**	**-**	**-**	**38,965**

As at 31 December 2019

Company	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	103,067	-	103,067	-	-	103,067
Total	103,067	-	103,067	-	-	103,067

Cash and cash equivalents are offset as the Company has current bank balances and bank overdraft with the same counterparty which the Company has the current legally enforceable right to set off the recognised amounts and the intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's financial assets and liabilities are non-interest bearing; therefore, the Company is not exposed to interest rate risk and thus, no sensitivity analysis has been presented.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets that potentially expose the Company to credit risk consist principally of cash and cash equivalent balances and trade and other receivables, comprising of an intercompany balance with the Master Fund. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	2019
	USD	USD
Other receivables, excluding prepayments (Note 7)	83,329	70,180
Cash and cash equivalents (Note 8)	7,516	103,067

The cash and cash equivalent assets of the Company are maintained with Standard Chartered Bank (Mauritius) Ltd. Standard Chartered Bank has an A1- issuer rating from Moody's long term rating agency, a P-1 short term rating from Moody's rating agency, an AA- issuer rating from Standard and Poor's rating agency, and an A-1+ short term rating from Standard and Poor's rating agency.

Concentration risk

The Company does not have any concentration risk as at 31 December 2020. Given that the Company has invested in Africa Opportunity Fund L.P (the Master Fund) which holds investments in various countries in Africa, the concentration risk therefore arises primarily at the Master Fund Level.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows. The table below illustrates the maturity profile of the Company's financial liabilities based on undiscounted payments.

Year 2020	**Due on demand**	**Due within 3 Months**	**Due Between 3 and 12 Months**	**Due Between 1 and 5 years**	**Due greater than 5 years**	**Total**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Financial liabilities						
Other payables	**-**	**147,817**	**-**	**-**	**-**	**147,817**

Total liabilities	**-**	**147,817**	**-**	**-**	**-**	**147,817**

Year 2019	Due on demand	Due within 3 Months	Due Between 3 and 12 Months	Due Between 1 and 5 years	Due greater than 5 years	Total
	USD	USD	USD	USD	USD	USD
Financial liabilities						
Other payables	-	334,497	-	-	-	334,497
Total liabilities	-	334,497	-	-	-	334,497

Capital Management

Total capital is considered to be the total equity as shown in the statement of financial position.

The Company is a closed end fund and repurchase of shares in issue can be done with the consent of the Board of Directors. The Company is not subject to externally imposed capital requirements.

The objectives for managing capital are:

- To invest the capital in investment meeting the description, risk exposure and expected return indicated in the Admission document.
- To achieve consistent capital growth and income through investment in value, arbitrage and special situations opportunities derived from the African continent.
- To maintain sufficient size to make the operation of the Company cost effective.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

14(b). AT MASTER FUND'S LEVEL

The financial risks at Master Fund Level are described as follows:

Fair value

The carrying amount of financial assets and liabilities at fair value through profit or loss held at Master Fund level are measured at fair value at the reporting date. The carrying amount of other receivables, cash and cash equivalents, trade and other payables and amount payable to related party at Master Fund levels approximates their fair value due to their short-term nature.

Market risk

The market risk lies primarily at the Master Fund level. Short selling involves borrowing securities and selling them to a broker-dealer. The Master Fund has an obligation to replace the borrowed securities at a later date. Short selling allows the Master Fund to profit from a decline in market price to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities, while the gain is limited to the price at which the Fund sold the security short. Possible losses from short sales may be unlimited as the Master Fund has an obligation to repurchase the security in the market at prevailing prices at the date of acquisition.

With written options, the Master Fund bears the market risk of an unfavourable change in the price of the security underlying the option. Exercise of an option written by the Master Fund could result in the Master Fund selling or buying a security at a price significantly different from its fair value.

A contract for difference creates, as its name suggests, a contract between two parties speculating on the movement of an asset price. The term 'CFD' which stands for 'contract for difference' consists of an agreement (contract) to exchange the difference in value of a particular currency, commodity share or index between the time at which a contract is opened and the time at which it is closed. The contract payout will amount to the difference in the price of the asset between the time the contract is opened and the time it is closed. If the asset rises in price, the buyer receives cash from the seller, and vice versa. The Master Fund bears the risk of an unfavourable change on the fair value of the CFD. The risk arises mainly from changes in the equity and foreign exchange rates of the underlying security.

The Master Fund's financial assets are susceptible to market risk arising from uncertainties about future prices of the instruments. Since all securities investments present a risk of loss of capital, the Investment Manager moderates this risk through a careful selection of securities and other financial instruments. The Master Fund's overall market positions are monitored on a daily basis by the Investment Manager.

The directors have based themselves on past and current performance of the investments and future economic conditions in determining the best estimate of the effect of a reasonable change in equity prices, currency rate and interest rate.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of the equity indices and the values of individual stocks.

The equity price risk exposure arises from the Master Fund's investments in equity securities, from equity securities sold short and from equity-linked derivatives (the written options). The Master Fund manages this risk by investing in a variety of stock exchanges and by generally limiting exposure to a single industry sector to 15% of NAV.

Management's best estimate of the effect on the profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. There is no effect on 'other comprehensive income' as the Master Fund have no assets classified as 'available-for-sale' or designated hedging instruments.

In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite impact.

Master Fund	**Change in NAV price**	**Effect on net assets attributable to shareholders 2020**
		USD
Financial assets at fair value through profit or loss	10%	**1,948,048**
	-10%	**(1,948,048)**
Financial liabilities at fair value through profit or loss	10%	**-**
	-10%	**-**

Master Fund	**Change in NAV price**	**Effect on net assets attributable to shareholders 2019**
		USD
Financial assets at fair value through profit or loss	10%	3,837,251
	-10%	(3,837,251)
Financial liabilities at fair value through profit or loss	10%	(63,225)
	-10%	63,225

Currency risk

The Master Fund's investments are denominated in various currencies as shown in the currency profile below. Consequently, the Company is exposed to the risk that the exchange rate of the United States Dollar (USD) relative to these various currencies may change in a manner which has a material effect on the reported values of its assets denominated in those currencies. To manage its risks, the Master Fund may enter into currency arrangements to hedge currency risk if such arrangements are desirable and practicable.

The following table details the master fund's sensitivity to a possible change in the USD against other currencies. The percentage applied as sensitivity represents management's assessment of a reasonably possible change in foreign currency denominated monetary items by adjusting the translation at the year-end for the change in currency rates at the Master Fund level. A positive number below indicates an increase in profit where the USD weakens against the other currencies. In practice, actual results may differ from estimates and the difference can be material. The effect of a change in USD against other currencies at the master fund level as per the table below will have the same impact at the company level and will form part of the NAV of the subsidiary.

The sensitivity analysis shows how the value of a financial instrument will fluctuate due to changes in foreign exchange rates against the US Dollar, the functional currency of the Company.

Currency Risk - Year 2020

	Currency	**Effect on net assets attributable to shareholders in (USD)**	
Master Fund			
Change:		**30%**	**-30%**
	Botswana Pula	(244,269)	244,269
	Ghana Cedi	(1,241,371)	1,241,371
	Kenyan Shilling	(113,067)	113,067
	Tanzanian Shilling	(332,521)	332,521
	South African Rand	(356,415)	356,415
	Zambian Kwacha	(536,326)	536,326
Change:		**10%**	**-10%**
	CFA Franc	(329,555)	329,555
	Egyptian Pound	(33,629)	33,629
Change:		**5%**	**-5%**
	Australian Dollar	(9,395)	9,395
	Great British Pound	717	(717)

Currency Risk - Year 2019

	Currency	**Effect on net assets attributable to shareholders in (USD)**	
Master Fund			
Change:		**30%**	**-30%**
	Botswana Pula	(246,091)	246,091
	Ghana Cedi	(1,965,547)	1,965,547
	Kenyan Shilling	(200,264)	200,264
	Nigerian Naira	(1,101,834)	1,101,834
	South African Rand	(396,164)	396,164
	Tanzanian Shilling	(335,406)	335,406
	Uganda Shilling	(46,612)	46,612
	Zambian Kwacha	(1,165,784)	1,165,784
Change:		**10%**	**-10%**
	CFA Franc	(550,235)	550,235
	Egyptian Pound	(168,527)	168,527
Change:		**5%**	**-5%**
	Australian Dollar	(44,594)	44,594
	Great British Pound	(9,708)	9,708

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The fair values of the Master Fund's debt securities fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments.

The investments in debt securities have fixed interest rate and the income and operating cash flows are not exposed to interest rate risk. The change in fair value of investments based on a change in market interest rate (a 50 basis points change) is not significant and has not been disclosed.

Credit risk

Financial assets that potentially expose the Master Fund to credit risk consist principally cash balances and interest receivable. The extent of the Master Fund's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Master Fund's statement of financial position (note 15).The Master Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020 Master Fund Carrying amount	2019 Master Fund Carrying amount
	USD	USD
Other receivables, excluding prepayments	62,221	486,335
Cash and cash equivalents	3,899,860	10,479,259

Concentration risk

At 31 December 2020 the Master Fund held investments in Africa which involves certain considerations and risks not typically associated with investments in other developed countries. Future economic and political developments in Africa could affect the operations of the investee companies.

Analysed by geographical distribution of underlying assets:

	Master Fund 2020	Master Fund 2019
	USD	USD
Bond & Notes		
South Africa	**1,128,484**	1,160,484
Total	**1,128,484**	1,160,484

	Master Fund 2020	Master Fund 2019
	USD	USD
Equity Securities		
Ghana	**4,137,903**	8,015,936
South Africa	**94,463**	5,758,288
Senegal	**2,217,651**	4,357,495
Nigeria	**-**	4,100,179
Other	**3,625,800**	4,034,293
Zambia	**1,787,754**	3,458,549
Zimbabwe	**2,774,717**	1,895,919
Egypt	**336,287**	1,685,274
Cote D'Ivoire	**1,077,896**	1,144,851
Tanzania	**1,108,402**	1,118,020
Botswana	**814,231**	820,302
Kenya	**376,888**	667,546
Uganda	**-**	155,373

Total	**18,351,992**	37,212,025
Shortsellings		
Other	**-**	(426,750)
South Africa	**-**	(205,500)
	-	(632,250)
Total	**19,480,476**	37,740,259

Analysed by industry of underlying assets:

	Master Fund 2020	Master Fund 2019
	USD	USD
Bond & Notes		
Consumer Finance	**956,607**	956,459
Consumer Product & Services	**171,877**	204,025
	1,128,484	1,160,484

	Master Fund 2020	Master Fund 2020
	USD	USD
Equity Securities and Shortsellings		
Financial Services	**4,232,365**	10,526,724
Mining Industry	**187,908**	7,487,688
Utilities	**2,164,642**	4,553,494
Telecommunications	**2,217,651**	4,357,495
Other	**3,962,087**	4,046,468
Oil Exploration & Production	**-**	1,464,113
Plantations	**1,077,896**	1,144,851
Beverages	**1,108,402**	1,118,020
Real Estate	**2,586,810**	824,461
Consumer Finance	**814,231**	820,302
Transport	**-**	179,572
Media	**-**	56,586
	18,351,992	36,579,775
Total	**19,480,476**	37,740,259

15. ANALYSIS OF NAV OF MASTER FUND ATTRIBUTABLE TO ORDINARY SHARES

	31.12.2020	31.12.2019
	USD	USD
ASSETS		
Cash and cash equivalents	**3,899,860**	10,479,259
Trade and other receivables	**62,221**	486,335
Financial assets at fair value through profit or loss	**19,480,476**	38,372,509
Total assets	**23,442,557**	49,338,103

EQUITY AND LIABILITIES

Liabilities

Trade and other payables	**474,296**	470,431
Payable to AOF Ltd	**83,329**	70,180
Financial liabilities at fair value through profit or loss	**-**	632,250
Total liabilities	**557,625**	1,172,861
Net assets attributable to shareholders	**22,884,932**	48,165,242

16. SEGMENT INFORMATION

For management purposes, the Company is organised in one main operating segment, which invests in equity securities, debt instruments and relative derivatives. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

For geographical segmentation at Master Fund level, please refer to Note 14.

17. PERSONNEL

The Company did not employ any personnel during the year (2019: the same).

18. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at the reporting date.

19. SIGNIFICANT EVENTS

MANDATORY REDEMPTION

The Directors, at their sole discretion, can effect a compulsory redemption of the Ordinary Shares on an ongoing basis and will therefore undertake a staged return of capital to shareholders. During the year ended 31 December 2020, the Directors approved 2 partial mandatory redemptions of the Company's Ordinary Shares. On 10 March 2020, the Board of Directors of Africa Opportunity Fund Limited approved the mandatory redemption of 30,278,230 Ordinary shares. On 16 March 2020, the mandatory redemption was completed and AOF redeemed the 30,278,230 Ordinary Shares, on a pro rata basis, at the prevailing NAV per Ordinary Share of $0.611 as at 29 February 2020. On 22 June 2020, the Company redeemed another 9,565,216 ordinary shares, on a pro rata basis, at the prevailing NAV per Ordinary Share of $0.5750 as at 31 May 2020. Such shares were cancelled automatically following their redemption. Fractions of shares produced by the applicable redemption ratios have not been redeemed and so the number of shares redeemed in respect of each shareholder has been rounded down to the nearest whole number of shares. Payments of redemption proceeds were effected either through Euroclear or Clearstream (in the case of shares held in uncertificated form) or by cheque (in the case of shares held in certificated form) on or around 25 March 2020 and 25 June 2020 respectively. Following the Mandatory Redemption, the Company has 35,006,160 Ordinary Shares in issue. As a result of the Mandatory Redemption described above, Robert Knapp and Myma Belo-Osagie, Directors of the Company now hold 5,651,225 and 46,769 Ordinary Shares, respectively. The Company benefitted from a strong level of realisations from its underlying portfolio. The redemptions during the year were funded through proceeds received from realising the assets of the Company.

20. EVENTS AFTER REPORTING DATE

COVID-19 PANDEMIC

The Board of Directors and Investment Manager continue to assess the impact of the recent outbreak of a novel and highly contagious form of coronavirus ("Covid-19"), which the World Health Organization has officially declared a pandemic. Covid-19, has resulted in numerous deaths across the globe, adversely impacted global commercial activity, interrupted normal business and social activities and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel, restrictions on imports and exports, and the closure of offices, businesses, schools, retail stores and other public venues. Businesses, including the Investment Manager and key vendors of the Company are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of Covid-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. The impact of Covid-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As Covid-19 continues to spread, the impacts, including a potential global, regional or other economic recession, are increasingly uncertain and difficult to assess. Public health emergencies, including outbreaks of Covid-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Company, including the fair value of its investments. As at 31 December 2020, over 50% of the remaining investment portfolio has been disposed. The proceeds from the disposal of these investments as well as existing cash resources as at 31 December 2020 have been used for redemption of shares on 16 March 2020 and 22 June 2020, and for the 22 June 2020 dividend payment. The current investment strategy and distribution policy, while mitigating some operational risks due to the enhanced levels of cash and cash equivalents as a consequence of the realisation efforts, does pose other challenges as the Investment Manager continues to attempt to maximise value while realising investments during this volatile environment. The Company and the Master fund will continue to meet their working capital requirements and other obligations through utilisation of existing cash resources. As at 31 March 2021, the Master fund disposed 4% of its investment portfolio, with proceeds amounting to USD 752,274. Despite COVID 19, the value of the remaining portfolio of investments witnessed an increase of 29% as at 30 April 2021.

The Directors consider the emergence of the Covid-19 pandemic to be a non-adjusting post balance sheet event and hence any future impact is likely to be in connection with the assessment of the fair value of investments at future valuation dates. The Fund's portfolio of investments may see a range of impacts due to Covid-19, the specifics of which will depend on a variety of factors, including geographic location, industry sector, the effectiveness of governmental actions and country specific infection rates, amongst others. The Board and the Investment Manager are actively working towards assessing and minimizing risks to the Fund's portfolio, however, given the degree of uncertainty around the potential future course of Covid-19, it is not possible to accurately quantify the future impact on the portfolio at this.

MANDATORY REDEMPTION

On 24 May 2021, the Board of Directors of Africa Opportunity Fund Limited approved the mandatory redemption of 10,218,402 Ordinary shares. On 1 June 2021, the mandatory redemption was completed and AOF redeemed the 10,218,402 Ordinary Shares, on a pro rata basis, at the prevailing NAV per Ordinary Share of $0.705 as at 30 April 2021. Such shares were cancelled automatically following their redemption. Fractions of shares produced by the applicable redemption ratios have not been redeemed and so the number of shares redeemed in respect of each shareholder has been rounded down to the nearest whole number of shares. Payments of redemption proceeds were effected either through Euroclear or Clearstream (in the case of shares held in uncertificated form) or by cheque (in the case of shares held in certificated form) on or around 7 June 2021. Following the Mandatory Redemption, the Company has 24,787,758 Ordinary Shares in issue. As a result of the Mandatory Redemption described above, Robert Knapp and Myma Belo-Osagie, Directors of the Company now hold 4,001,616 and 33,117 Ordinary Shares, respectively. The redemption was funded through proceeds received from realising the assets of the Company.

Except as stated above, there are no other events after the reporting date which require amendments to and/or disclosure in these financial statements.

SHARE PRICE

Prices of Africa Opportunity Fund Limited are published daily in the Daily Official List of the London Stock Exchange. The shares trade under Reuters symbol "AOF.L" and Bloomberg symbol "AOF LN".

MANAGER

Africa Opportunity Partners Limited.

COMPANY INFORMATION

Africa Opportunity Fund Limited is a Cayman Islands incorporated closed-end investment company admitted to trading on the SFS operated by the London Stock Exchange.

CAPITAL STRUCTURE

The Company has an authorized share capital of 1,000,000,000 ordinary shares of US$0.01 each of which 35,006,160 are issued and fully paid.

LIFE OF THE COMPANY

Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, Shareholders passed an ordinary resolution at an extraordinary general meeting of the Company on 28 February 2014 that the Company continues in existence.

In June 2019, the Directors convened an Annual General Meeting and an Extraordinary General Meeting where the following was passed:

- Ordinary resolution that the requirement of the Company to propose the realisation opportunity be and is hereby waived.
- Ordinary resolution that the continuation of the existence of the Company be and is hereby approved.
- The text set out under "New Investing Policy" in paragraph 2 of Part III of the Company's circular to Shareholders dated 5 June 2019 (the "Circular") be and is hereby adopted as the new investment policy of the Company;
- The terms of the Amended and Restated Investment Management Agreement (as defined in the Circular) be and are hereby approved;
- The memorandum and the articles of association in the form initialled by the Chair of the meeting be adopted as the memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association; and
- Any variation to the rights attaching to the Ordinary Shares in the Company pursuant to the adoption of the new memorandum and articles of association, and in particular the right for the Company to redeem the Ordinary Shares (including any redemptions made of 15 per cent. or more of the Company's issued share capital), be and is hereby approved

In summary, shareholders voted to give AOF three years during which the Investment Manager will realize the portfolio in an orderly manner and distribute the proceeds to the shareholders.

A brief synopsis of the “New Investing Policy” is below: (Please review the Company’s Circular dated 5 June 2019 for a detailed and comprehensive description of the Policy):

For a period of up to three years following the EGM (the "Return Period"), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital.

It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of largely liquid equity holdings, the Company has some illiquid investments and it may take the Investment Manager some time to realise these.

REGISTERED NUMBER

Registered in the Cayman Islands number MC-188243.

WEBSITE

www.africaopportunityfund.com