WORLDSEC LIMITED

Annual Report for the year ended 31 December 2023

CORPORATE INFORMATION

Board of Directors

Non-Executive Chairman
Alastair GUNN-FORBES*

Executive Directors
Henry Ying Chew CHEONG (Deputy Chairman)
Ernest Chiu Shun SHE

Non-Executive Directors
Mark Chung FONG*
Martyn Stuart WELLS*
Stephen Lister d'Anyers WILLIS*

** independent*

Company Secretary
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Assistant Company Secretary
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Registered Office Address
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Registration Number
EC21466 Bermuda

Principal Bankers
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road, Central, Hong Kong

External Auditor
BDO Limited
25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong

Principal Share Registrar and Transfer Office
Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda

International Branch Registrar
Link Market Services (Jersey) Limited
12 Castle Street, St Helier, JE2 3RT, Jersey, Channel Islands

United Kingdom Transfer Agent
Link Group
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Chairman's Statement

RESULTS AND REVIEW

For the year ended 31 December 2023, the audited consolidated profit of Worldsec Limited (the "Company") and its subsidiaries (together the "Group") was US$58,000 compared with a loss US$843,000 in 2022. Earnings per share were US0.07 cent (2022 loss per share: US0.99 cent). Net asset value per share was US6.5 cents (2022: US6.4 cents). Detailed discussion of the results and financial position of the Group is set out in the directors' report on pages 3 to 24.

During the year under review, one of the Group's investee companies, Velocity Mobile Limited ("Velocity"), was taken over by Capital One Financial Corporation in the United States. Under the takeover bid, the Group was able to dispose of its entire investment in Velocity (the "Velocity Disposal") at a valuation that led to a gain of US$913,000. The cash proceeds from the Velocity Disposal have also provided the Group with additional wherewithal for future investment opportunities.

For the year ended 31 December 2023, there was a net negative change in the fair value of the Group's listed and unlisted financial assets amounting to US$396,000. As at the end of 2023, cash and cash equivalent amounted to US$1.12 million against US$526,000 as at the end of 2022 following the Velocity Disposal.

PROSPECTS

The worry of a possible recession, particularly in the United States, due to disruptions caused by the COVID-19 pandemic, rising interest rates, inflation and supply chain problems appear to have gradually subsided. The growth of global economy in 2023, estimated at 3.2% in the latest World Economic Outlook Report published by the International Monetary Fund in April 2024 (the "IMF Report") continued to show resilience. The IMF Report also forecasts the global economy to grow at 3.2%, the same level as that of 2023, in 2024 and 2025, with a slight acceleration in the growth of the advanced economies offset by a modest slowdown in the growth of the emerging market and developing economies. The headline rate of global inflation is forecast to decline from 6.8% in 2023 to 5.9% and 4.2% in 2024 and 2025, respectively. Notwithstanding a recent string of economic data suggesting lingering pressure on prices in the United States, the inflationary trend appears to remain in a sustainable path moving towards levels that could eventually lead to a lower interest rate environment.

2023 was a challenging year for the private equity and venture capital sectors as they faced, among others, a mini banking crisis, rising capital costs, geopolitics and technopolitics and intractable valuation gaps between buyers and sellers. The introduction of new regulatory rules and compliance requirements in areas of transparency, competition and efficiency in the private fund market have also kept private equity and venture capital managers on their toes. Overall deal value at US$1.3 trillion in 2023 showed substantial decline of 23% and 40% when compared with the US$1.7 trillion and US$2.2 trillion recorded in 2022 and 2021, respectively. In line with the decline in overall deal value, fundraising by the private equity and venture capital sectors also dropped in 2023 to US$804 billion against US$909 billion in 2022 and US$1,032 billion in 2021. Rising capital costs and uncertain economic outlook were the main reasons for the difficulty in fundraising especially for the medium and small sized fund managers.

Of the different private equity asset classes, buyout, add-on and carve out activities performed better as companies short of fundings were prepared to accept lower valuation. Private debt financing also posted reasonably good returns as most of the private debt securities were based on floating rate structure which benefited from the high interest rate environment.

General market consensus points to an improved outlook for private equity investment in 2024. With liquidity in the traditional markets remaining tight, there would be opportunities for the private equity market to provide fundings given its massive dry powder of US$3.7 trillion. While the anticipation of interest rate cuts and the improving economic visibility are likely to increase merger and acquisition activities, the “carbon-neutral” directive and the “environmental, social and governance” compliance requirements have shifted the investment landscape. It is expected that businesses in the areas of decarbonisation, renewable energy, diversifications and investments in supply chain, infrastructure, in addition to technology particularly under the AI frenzy, would attract special attention from private equity fund and venture capital managers. There is generally a cautiously optimistic mood in the private equity market and 2024 is expected to experience higher levels of deal transactions and increasing fundraising activities.

With the additional wherewithal generated from the Velocity Disposal, the Group will continue to explore investment opportunities under the changing investment environment in accordance with the Group’s investment policy.

NOTE OF APPRECIATION

I wish to thank my fellow directors and staff for their efforts and contributions made during the year ended 31 December 2023. I would also like to extend a note of appreciation to shareholders for their continued support of the Company.

Alastair Gunn-Forbes
Non-Executive Chairman
30 April 2024

DIRECTORS' REPORT

The directors submit the annual report of the Company and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company and its subsidiaries are principally engaged in investment in unlisted companies in the Greater China and South East Asian region.

RESULTS AND FINANCIAL POSITION

The audited consolidated profit of the Company and its subsidiaries for the year ended 31 December 2023 was US$58,000, compared with a loss of US$843,000 in 2022. Earnings per share were US0.07 cent (2022 loss per share: US0.99 cent). The turn from loss to profit was attributed to the contribution of the gain of US$913,000 arising from the Velocity Disposal.

During the year under review, the Group's Investment in the ICBC Specialised Ship Leasing Investment Fund (the "ICBC Shipping Fund") continued to provide a stable return, generating dividend income totalling US$96,000. In addition, there were dividends aggregated from its stock market investment portfolio that amounted to US$16,000.

As at 31 December 2023, the net assets of the Group stood at US$5.5 million (2022: US$5.4 million), equivalent to US6.5 cents per share (2022: US6.4 cents). Reflecting in part the Velocity Disposal, unlisted financial assets at fair value through profit or loss decreased from US$4.4 million to US$3.7 million and cash and cash equivalents increased from US$0.5 million to US$1.1 million during the year under review. There was also a net negative change in the fair value of the listed and unlisted financial assets of the Group amounting to US$396,000.

Further details of the Group's results and financial position are set out in the consolidated statement of profit or loss and other comprehensive income on page 31, the consolidated statement of financial position on page 32 and notes to the consolidated financial statements on pages 36 to71.

The Board does not propose to declare any dividend for the year ended 31 December 2023 (2022: nil).

REVIEW

The Company is a closed-ended investment company with a premium listing under Chapter 15 of the Listing Rules of the Financial Conduct Authority in the United Kingdom (the "Listing Rules"). In accordance with the Company's investment policy, a copy of which is set out on page 72, the investment strategy of the Group focuses on investing in small to medium sized trading companies based mainly in the Greater China and South East Asian region with a view to building a diversified portfolio of minority investments in such companies. The investment objective of the Company is to achieve attractive investment returns through capital appreciation on a medium to long term horizon. To spread the investment risk of the Group, none of the Group's investments at the time when made exceeded 20% of its gross assets.

After the Velocity Disposal during the year under review and at the date of this report, the investment portfolio of the Group comprises a total of six investments and investee companies.

ICBC Shipping Fund

The Group's investment in the ICBC Shipping Fund, which is involved in marine vessel leasing, continued to provide a stable contribution generating dividend income amounting to US$96,000.

Animoca Brands Corporation Limited ("Animoca") through VS SPC Limited ("VS SPC")

Through the VS Class Participating A Shares, the Group holds an investment in VS SPC, the sole underlying investment asset of which is an equity interest in Animoca.

Incorporated in Australia, Animoca is an unlisted holding company of a technology group engaged in in gamification and blockchain activities with a mission to advance digital property rights and contribute to building the open metaverse. It has a rapidly growing portfolio of over 400 investments in Web3 projects. Key assets of the Animoca group include The Sandbox, REVV RACING, GAMEE, BLOWFISH, quidd, nWAY, TinyTap and DAREWISE. Other of its major subsidiaries, joint ventures and strategic partnerships include Animoca Brands Japan, Yuga Labs, OneFootball, Anichess, Cool Cats NFT and ONE Championship. Animoca was a winner of the Fortune Crypto 40, named as one of the high growth companies in Asia-Pacific in a report compiled by the Financial Times and Statista and a honouree on the NFT100 List prepared by nft now in 2023.

Cryptocurrencies experienced a significant recovery in 2023 after a harsh crypto winter in 2022 marked by widespread sell-offs, contagion concerns and frauds around the world. According to TradingView data, the total cryptocurrency market capitalisation doubled from $798 billion at the beginning of the year to to $1.6 trillion by the end of year and subsequently reached over $2.6 trillion in March 2024.

The significant recovery in cryptocurrencies has naturally extended to the crypto assets of the Animoca group. In the update on financial position released by Animoca on 17 April 2024, it disclosed that the unaudited cash and digital asset balances of the Animoca group on 31 March 2024 consisted of $291 million in cash and stablecoins, $558 million in digital assets and $1.8 billion in off-balance sheet token reserves.

During 2023, Animoca continued to expand and diversify its rapidly growing portfolio acquiring interests in more than 15 investments across various sectors in the Web3 space. This broad and multifaceted investment approach underscores the active participation of Animoca in shaping the future of decentralised technologies and solidifies its role as a major influencer in the rapid evolution of the digital asset landscape.

Certain of the Animoca group's recent business highlights include the following:

- The Animoca group has investments in more than 30 AI startups three of which are particularly worth highlighting.
  - ✧ SEOUL ROBOTIS – a B2B provider of 3D modeling and object recognition used for infrastructure and smart city applications;
  - ✧ Clare.AI – a B2B chatbot solution for small and medium businesses built on WhatsApp to enhance customer communication and marketing; and
  - ✧ Finhay – a micro-investing and savings app in Vietnam with AI applications in content curation and customer support.

- In January 2024, Animoca and HashKey Exchange executed a memorandum of understanding to form a strategic partnership to work on, among other initiatives, the education of the public on Web3 and the potential listing of virtual assets on HashKey Exchange. Animoca would open an account with HashKey Exchange to emphasise the mutual commitment to compliant virtual asset trading. HashKey Exchange was among the first batch of licensed virtual asset platforms to offer retail services in Hong Kong under the licences for Type 1 (Dealing in Securities) and Type 7 (Providing Automated Trading Services) regulated activities granted by the Securities and Futures Commission of Hong Kong.

- In October 2023, Animoca entered into a conditional memorandum of understanding for a strategic partnership with NEOM, a company established under the sovereign wealth fund of Saudi Arabia for the development of a mega futuristic city at the northern tip of the Red Sea. The mission of the strategic partnership would be to drive the regional Web3 initiatives, including the collaboration on building enterprise service capabilities with global commercial applicability and the setting up of a hub in the NEOM city to nurture the local ecosystem, in line with the Saudi Vision 2030 plan. Additionally, along with the strategic partnership, a convertible note financing terms sheet was signed with the NEOM Investment Fund proposing to invest US$50 million in Animoca. Half of the US$50 million financing would be made through the subscription of convertible notes at a conversion cap price of A$4.50 per Animoca share issued by Animoca and the remaining would be used to purchase Animoca shares on the secondary market. Furthering its commitment to the Web3 regulatory supportive nation, Animoca also entered into a memorandum of understanding with King Abdulaziz City for Science and Technology, an independent government entity established for and dedicated to the advancement of science and technology and the promotion of cooperation among scientific institutions in Saudi Arabia. The strategic partnership would involve the setting up of a hub in Riyadh to incubate Web 3 startups and blockchain technologies in the region and cover the collaboration on joint research in Web3, blockchain, gaming, AI and the metaverse with local universities.

- In September 2023, Animoca raised the first tranche of funding of US$20 million for Mocaverse, the marquee membership network project of the Animoca group, through the issue of simple agreements for future equity ("SAFEs") with various sophisticated and professional investors at a price of A$4.50 per Animoca share. SAFEs would be automatically converted to shares of Animoca after six months. As part of the raise, participating investors had also been granted a free-attaching utility token warrant at a nominal price on a 1:1 dollar basis with a 30-month vesting schedule. In December 2023, Animoca proceeded with the second tranche of fundraising of US$11.9 million for the Mocaverse project on the same terms. The new capital raised by Animoca amounted to a total of $31.9 million and would be used by Mocaverse for product development and to facilitate Web3 adoption and to fund ecosystem network expansion. The Mocaverse project empowers members to create their own digital identity, accrue reputation and earn and spend loyalty points by engaging within the Mocaverse ecosystem, seeded by the over 400 portfolio companies of Animoca and its partner network with more than 700 million addressable users.

- Subsequent to the two tranches of fundraising in 2023, Mocaverse entered into various partnership agreements for strategic partner network expansion in South Korea, another market that is Web3 regulatory supportive. Through a multi-partner activation plan, the Mocaverse community would be able to access a curated catalog of experiences provided in partnership with some of South Korea's biggest brands including Cube Entertainment, IPX, Planetarium Labs, Gomble Games and Bellygom, the flagship NFT initiative launched by Lotte and operated by Daehong Communications. Animoca had previously entered into a memorandum of understanding with Daehong Communications, a marketing and advertising subsidiary of Lotte, for a strategic commercial partnership. Through the collaborations with the Animoca group and Mocaverse, the strategic commercial partnership would foster the growth of Daehong Communications in the Web3 space the ecosystem of Lotte beginning with the Bellygom NFT initiative.

- The Sandbox, a leading project of the Animoca group that operates a decentralised gaming virtual world, continued to expand geographically with the introduction of or participation through various partnerships in location-based metaverses in Thailand, Turkey, India and Dubai, with a collaboration to nurture Web3 gaming talents in Saudi Arabia and with an acquisition of a game development studio in Germany. There were also the launches of Infinite Pulse, a music hub, Cinerama LAND, a movie-themed neighbourhood and McNuggets® Land, a platform to interact with the gaming characters of McDonald's Chicken McNuggets in the virtual world of The Sandbox. In addition, The Sandbox has joined forces with Forkast Labs to produce metaverse indexes that enable more than 400 of The Sandbox's brand partners, including Warner Music, Ubisoft and Gucci Vault, to track the market performance of their digital assets in real-time using Forkast Labs' full-stack Web3 data infrastructure.

ByteDance Ltd. ("ByteDance") through the Homaer Asset Management Master Fund SPC (the "Homaer Fund")

Through the Unicorn Equity Investment Portfolio Class A Shares, the Group holds an investment in the Homaer Fund, the sole underlying investment asset of which is an equity interest in ByteDance.

ByteDance is an unlisted holding company of a technology group that operates a series of mobile app platforms powered by AI across cultures and geographies. The ByteDance group has a portfolio of products that are available in over 150 markets and 75 languages and that includes, among others, Douyin, Toutiao, TikTok, Xigua Video and Helo.

In spite of the lack of momentum in the Chinese economy and the inimical conditions and elevated regulatory scrutiny in key markets from the United States to India, the ByteDance group managed to achieve robust growth in 2023. Revenue was reported to have crossed the US$110 billion mark on the back of its fledgling e-commerce business. 80% of the sales were estimated to have come from the domestic market as Douyin capitalised on the burgeoning trend of livestream e-commerce. In the United States, with around 170 million users, TikTok was reported to have generated revenue of US$16 billion. It remained as one of the most downloaded apps with over 1 billion downloads worldwide in 2023 according to Statista.

The growth path of the ByteDance group has certainly not been plain sailing. Regulatory scrutiny regarding TikTok in particular continues to be a major hindrance and remains unabated and amplified due to concerns over user data management and privacy on top of what is deemed to be a connection that could not be severed with China. In October 2023, TikTok was forced to suspend its online shopping service in Indonesia because of new government regulations separating e-commerce from social media platforms, citing the need to protect small merchants and user data. In February 2024, ByteDance finalised an agreement to acquire a 75.01% majority stake in Tokopedia, Indonesia's largest e-commerce marketplace, for US$840 million. By integrating TikTok Shop into Tokopedia, TikTok was able to relaunch its online shopping operations in Indonesia in compliance with the new local regulations. Meantime, the regulatory issue has also been compounded and aggravated by the ongoing geopolitical tensions. The escalating discord between China and other countries, particularly the United States, is having a significant impact on the operations and strategic decisions of the ByteDance group. In April 2024, following a legislative manoeuvre to bundle the ban-or-divest bill on TikTok with a pivotal foreign aid package for Ukraine, Israel and Taiwan, the bundled legislation was passed by the House of Representatives and Senate of the U.S. Congress and signed into law by the President of the U.S. The provision targeting TikTok stipulates a potential nationwide ban on TikTok if its operations in the United States are not divested by ByteDance in a period of nine months with an optional extension of up to three months should there be an active sale process in place. This could lead to a protracted legal battle with lawsuits expected from TikTok and its American users. Amid such complex interplay of technology, economics, politics and international relations, ByteDance must navigate the web of regulatory environment, national interests and market dynamics to find a path to sustainable growth.

As reflected by the AI-powered algorithms that have contributed to the success of its flagship apps, including Douyin, Toutiao and TikTok, the ByteDance group has been an ardent advocate of AI since being established in 2012. It has also been moving into the generative AI arena in a meaningful way. Within a matter of months, the ByteDance group has rolled out a wide array of products. Embracing a strategy of trial and error, the ByteDance group trains its self-developed large language models, endeavouring for a breakthrough associated with the success achieved by its flagship apps. Among the notable AI products that it has rolled out include DouBao, Cici, ChitChop, XiaoWuKong, Coze, KouZi, BagelBell, SDXL-Lightning and MagicVideo-V2. DouBao and Cici serve as AI chatbots, with DouBao centring on providing accurate responses and understanding complicated rationale, whereas Cici caters to an international audience offering services such as knowledge Q&A and content generation. ChitChop stands out as a creative and entertainment tool developed by Poligon, a subsidiary of ByteDance, featuring over 200 smart applications across domains like AI creation and drawing. As an AI tool platform, XiaoWuKong offers 192 public tools categorised into creation, productivity and entertainment. Coze and its Chinese version KouZi enable users to integrate various plugins and develop AI bots without coding, highlighting the strategic vision of ByteDance for the integration of generative AI capabilities into various existing products such as Doubao, Feishu and WeChat. BagelBell is a virtual world where interactive fictional stories could be generated. SDXL-Lightning and MagicVideo-V2 are innovative AI solutions for converting text to high quality images and videos. The wide array of products rolled out by the ByteDance group demonstrates its commitment to pushing the boundaries of AI innovation in a broad range of applications.

As part of the strategic shift to prioritise the expansion into the AI arena, ByteDance decided to cut down the resources for two of the divisions of the ByteDance group, reflecting a departure from a previous expansion strategy that also encompassed the healthcare and gaming sectors. In January 2024, the ByteDance group discontinued the operation of the Baikemy website, a leading provider of online medical information and healthcare knowledge. The Baikemy website was acquired in mid-2020 at an undisclosed amount shortly after the outbreak of COVID-19 pandemic. Towards the end of 2023, notwithstanding a number of successful game launches over the years, the ByteDance group underwent a strategic restructuring of its gaming division. The restructuring process involved, among other things, sizable job cuts at Nuverse and Pico, the game publisher and the VR headset manufacturer of the ByteDance group, as well as the sale, closure or phasing out of certain gaming projects. Moreover, ByteDance has confirmed discussion with potential buyers for Moonton, the mobile game studio acquired for US$4 billion in 2021. The restructuring, however, is not expected to have a meaningful adverse impact on the ByteDance group as gaming revenue has been relatively marginal. Rather, the steps undertaken would enable ByteDance to refocus on the AI initiatives and the core businesses of Douyin, Toutiao and TikTok.

With massive cash holdings accumulated from the operations of the ByteDance group, ByteDance surely has the wherewithal for share buybacks. In March 2024, ByteDance was reported to have launched a new round of employee buyback offer to buy back shares from the employees of the ByteDance group at a price of US$170.81 per share. In December 2023, ByteDance was reportedly offering to buy back up to US$5 billion worth of shares from shareholders at US$160 per share. This was similar to the buyback price offered to the employees of the ByteDance group in November last year, valuing ByteDance at a reported US$268 billion. Accordingly, the valuation of ByteDance did record a correction during 2023 under the weak equity market environment in China and Hong Kong, even though it had outperformed its major peers based on available financial and operational information. An impairment in the carrying value of the Group's investment in the Homaer Fund has consequently been recognised for the year ended 31 December 2023.

Dingdong (Cayman) Limited ("Dingdong")

Subsequent to the listing of Dingdong on the New York Stock Exchange, the Group directly holds its investment in the American depositary shares of Dingdong (the "Dingdong ADS").

Dingdong is the holding company of an e-commerce group that operates a mobile app, Dingdong Fresh, providing users with fresh produce, prepared food and other food products supported by a self-operated frontline fulfillment grid with some 45 regional processing centres and about 1,000 frontline fulfillment stations on leased properties. The operations of the Dingdong group cover 25 cities across China with a significant portion of revenue derived from the Yangtze River Delta Megalopolis.

During 2023, the Dingdong group continued to achieve robust progress with improving financial metrics. It has, in fact, evolved in a matter of years from a startup that needed external financing to a self-sustaining business with an established position in a highly competitive industry. According to the founder and chief executive officer of Dingdong, the Dingdong group has become the first to achieve profitability among the leading companies competing in the online grocery sector.

Based on the 2023 audited consolidated accounts of the Dingdong group, revenue decreased by 17.3% from RMB24.2 billion in 2022 to RMB20.0 billion in 2023. The strategic decision the Dingdong group to withdraw operations from several cities where substantial time and resources would be required to build a meaningful presence, compounded with the high base effect arising from the strong sales driven by a surge in demand for online grocery shopping under the pandemic impact during the previous year, were the main culprits for the decrease in revenue. Gross profit margin, on the other hand, remained stable at above 30%* throughout the four quarters in 2023. Expense ratios were also optimised. Notably, fulfillment expenses as a percentage of revenue were cut from 25.2% in 2022 to 23.5% in 2023, thanks to the improved processing efficiency and frontline worker productivity. As a result, the Dingdong group was able to achieve the first full-year non-GAAP profitability** in 2023 and, including the fourth quarter of 2022, five consecutive quarterly non-GAAP profitability**. Furthermore, during the second half of 2023, cash flows from operating activities returned to positive levels, raising net cash balance, calculated by deducting short-term borrowings from the sum of cash and cash equivalents, restricted cash and short-term investments, to over RMB2 billion by the end of the year.

One factor that could have helped contribute to the stability of gross profit margin during 2023 under the post-pandemic environment with readjusting consumer behaviours could be attributable to the increasing contribution from private label products. Since July 2020, the Dingdong group has launched a total of over 30 private labels. The private label products that have been launched span across a variety of food categories focusing on prepared food, rice and noodles, fresh groceries and baked goods. Signature private labels of the Dingdong group include Cai Chang Qing, Good Craftsman Noodles, Fresh Everyday Pork, Black Diamond Family and You Dou Zhi. During 2023, contribution from private label products increased to 20% of total gross merchandise value and accounted for more than 30% under the non-fresh-grocery. In November 2023, at the 7th PLF Gold Star Awards, an annual award ceremony that honours excellence in the domestic private brand sector in China, the Dingdong group was recognised for its success in private label development, winning a total of 13 awards with 11 in the product category and one each in the team and trader categories.

To broaden its reach to consumers within the areas it operates and to expand its source of revenue, the Dingdong group started in 2023 selling private label and supply chain products through external channels including Douyin and Ele.me, generating sales of RMB500 million within a year. Capitalising on the reputation as a leading online grocery retailer it has developed over the years, the Dingdong group has also opened the first outlet store in its home base, Shanghai. This outlet would better position the Dingdong group to understand and respond to changing consumer behaviours and preferences under the post-pandemic environment and to reach the previously underserved market segment among the non-tech-savvy and elderly consumers.

With a promising and propitious start in 2024, the Dingdong group appeared to have regained the sales momentum with a strong first-quarter financial performance beyond the expectation of its management. In particular, during the slightly more than two weeks from the Eve of Chinese New Year to the Lantern Festival, overall same-store order volume increased by 6% on a year-on-year basis. The increase recorded for a period within a traditional low season for the retail sector with a legion of outbound residents away from home was indeed encouraging.

On 29 January 2024, Dingdong announced a share repurchase programme of up to US$20.0 million that might be implemented after the publication of the 2023 audited consolidated accounts of the Dingdong group and until 28 January 2025. The share repurchase would be funded by internal resources, reflecting the confidence of its management on the financial position and the cash flow generating capabilities of the Dingdong group.

** based on the unaudited financial results for the four quarters of 2023 published by Dingdong*
*** considered to be a useful indicator of the underlying business trend by excluding the non-cash charges of share-based compensation*

Seyond Holdings Ltd. ("Seyond", formerly Innovusion Holdings Ltd. ("Innovusion")) through the Hermitage Fund Twelve SP (the "Hermitage Fund Twelve")

Through the Class A Participating Shares, the Group holds an investment in the Hermitage Galaxy Fund SPC attributable to the Hermitage Fund Twelve, the sole underlying investment asset of which is an equity interest in Seyond.

Founded and headquartered in Silicon Valley in California in the United States, Seyond is an unlisted holding company of a technology group that specialises in the development of image grade light detection and ranging ("LiDAR") sensor systems for notably the autonomous vehicle and advance driver-assistance system markets with strategically placed research and manufacturing facilities across the globe. The product portfolio of the Seyond group includes both long-range front view LiDAR sensors and mid-to-short range side view LiDAR sensors.

In December 2023, Innovusion underwent a significant rebranding, adopting the new English name "Seyond" and introducing a new logo under the new name. The new name, a combination of "See" and "Beyond", encapsulates the essence of the LiDAR technology of the Seyond group, symbolising its ability to uncover the unseen with unparalleled precision and exceptional clarity.

The flagship ultra long-range front view LiDAR sensor of the Seyond group, Falcon, is a standard configuration of the Aquila system for eight NIO's models, including ET7, ES7 and ET5, and is also integrated into Faraday Future's FF91 Futurist electric vehicles. In addition, its compact side view LiDAR sensor, Robin-W, is used in NIO's ET9 model. In November 2023, the Seyond group achieved a major milestone with cumulative shipments of LiDAR units reaching the 200,000 mark, and according to Yole Intelligence's Global Automotive LiDAR Market and Technology Report 2023, the Seyond group had the majority of LiDAR market share in 2022 for passenger cars and light commercial vehicles.

The Seyond group is currently running three automotive grade manufacturing lines with an annual production capacity of more than 300,000 units of LiDAR sensors. The manufacturing process is about 90% automated, maintaining high product qualities and consistent precision performance and ensuring timely and efficient production. Given the rapidly growing demand for vehicle-based LiDAR's across the globe with total revenue expected to skyrocket to over US$4.6 billion by 2028 from US$332 million in 2022 according to Yole Intelligence's Global Automotive LiDAR Market and Technology Report 2023, the Seyond group will continue to expand its manufacturing lines with an end-of-2024 target of an annual production capacity to exceed 500,000 units of LiDAR sensors in the foreseeable future.

During the past twelve months, the Seyond group has entered into a number of strategic partnerships with a view to broadening the application of its LiDAR technologies across the automotive, intelligent transportation system ("ITS") and shipping industries. The collaboration with Wideye aims to jointly develop innovative solutions for the seamless integration of LiDARs and camera modules behind the windshield. The teaming up with Exwayz focuses on integrating the Seyond group's LiDAR capabilities with Exwayz's proprietary LiDAR simultaneous localisation and mapping ("SLAM") system to enhance SLAM performance and accelerate SLAM convergence. Through participating in A2RL, the Autonomous Car Racing League organised by the Abu Dhabi's Advanced Technology Research Council, the Seyond group would be given the opportunity to integrate its LiDARs into all of the competing vehicles to ensure that navigation and manoeuvres at thrilling speeds of up to 300 km/h would be executed with precision and safety. In the field of ITS, the partnership arrangements with D2 Traffic and Outsight involve the optimisation of traffic management through the adoption of 3D perception technologies, contributing to the development of the autonomous vehicle and advanced safety markets. Moreover, together with Avikus, a startup established by HD Hyundai specialising in ship autonomous navigation, the Seyond group is exploring the use of LiDARs for advanced navigation assist and improved autonomous functionality. Apart from these strategic partnerships, the Seyond group has also been actively cooperating with a multitude of other companies, including NIO, TuSimple, EACON, Deepway, AUTRA TECH, Zhito Technology, Plus, Driveblocks, EaseControl Autonomous, Waytous Technologies, Zhiji Tech and MOGO Auto. This demonstrates the commitment of Seyond to pushing the boundaries and applications of its LiDAR technology across various industries.

Oasis Education Group Limited ("Oasis Education")

Oasis Education is a 50% joint venture of the Group. The operating subsidiary of Oasis Education, Oasis Education Consulting (Shenzhen) Company Limited (奧偉詩教育諮詢(深圳)有限公司, "Oasis Shenzhen"), provides consulting and support services to the Huizhou Kindergarten in the Guangdong Province of China.

Following the graduation of 128 pupils in the summer of 2023, the Huizhou Kindergarten enrolled 81 new pupils for the academic term that commenced in September 2023 and another 15 new pupils for the academic term that commenced in February 2024, thus bringing its total pupil enrolment to a 261.

In April 2023, the Huizhou Kindergarten made a repayment of RMB600,000 to Oasis Shenzhen to retire part of its borrowings which were related to the set-up costs incurred at the time when the kindergarten was established.

PROSPECTS

Despite the continuing Russia-Ukraine war and the ongoing conflict between Israel and Hamas in the Gaza Strip, the stock markets in Europe have shown surprise resilience while the U.S. and Japanese markets have performed exceptionally well, trading at high levels during 2023 and record levels throughout most of 2024. Apart from market liquidity, the diversification of certain supply chains to reduce reliance on China, the interest rate cut expectations, the robust economic data, the improving corporate earnings and the boom in the technology sector on the back of the AI frenzy have been the driving force for the stock market performance. However, the same was not seen in the private equity market with both overall deal value and fundraising activities declining substantially in 2023. Lower numbers of merger and acquisition and initial public offering deals also meant reduced exit opportunities and hence distributions to limited partner investors. This has in turn affected new fundraising in the private equity market negatively.

There is, however, an air of optimism among the private equity fund and venture capital managers that the outlook for 2024 would be improved. The "carbon-neutral" directive and the "environmental, social and governance" compliance requirements have shifted the investment landscape. Companies and products which are identified to operate in the decarbonisation space would be better favoured. Deglobalisation would be another theme that would attract investor attention as countries move to rebuild and modernise their infrastructure under heightened geopolitical tensions. It is expected that a fair amount of the US$3.7 trillion dry powder would be deployed in these areas along with projects in digital technology especially AI.

In recent years, the Sino-U.S. relations have undergone a period of escalating discord and contention. The deteriorations in the bilateral ties could be attributable to a broad spectrum of factors ranging from the fundamental differences in core values, to economic and political issues including the trade war, the supply chain disruptions, the increasing technology competition, the conflicting foreign policies and the territorial disputes in the Taiwan Strait and the South China Sea, to specific events in the cases of the COVID-19 pandemic outbreak and the balloon incident. Following the summit meeting between the Presidents of China and the United States in November 2023, however, the Sino-U.S. relations appear to have stabilised with the resumption of certain high-level dialogues between the two powers. Nonetheless, with improved and closer cooperation among the United States and its allies under the Biden Administration, concerted efforts on the part of the West to institute measures to contain China's political clout and economic development are likely to continue if not intensify. Affected by this geopolitical environment, the performance of the Group's investment portfolio, with its underlying assets largely China-focused, would depend on the continued development of the domestic economy. In this regards, the Board remains confident on the long-term potential of these investments, which are expected to benefit from the strength of China's economy in the long-term. Meanwhile, the Board will continue to look for new opportunities to expand the investment portfolio of the Group in accordance with the Company's investment policy.

DIRECTORS

The directors during the year under review and up to the date of this report were and are:

Non-Executive Chairman
Alastair Gunn-Forbes*

Executive Directors
Henry Ying Chew Cheong
Ernest Chiu Shun She

Non-Executive Directors
Mark Chung Fong*
Martyn Stuart Wells*
Stephen Lister d'Anyers Willis*

** independent*

Brief biographical notes of the directors serving at the date of this report are set out on pages 73 to 75.

Save as disclosed in this report and in note 26 to the consolidated financial statements on page 70, none of the directors had during the year under review or at the end of the year a material interest, directly or indirectly, in any contract of significance with the Company or any of its subsidiaries.

Messrs Alastair Gunn-Forbes, Mark Chung Fong and Martyn Stuart Wells have served on the Board for more than nine years. (In accordance with Provision 21 of the UK Corporate Governance Code on corporate governance published in July 2018 by the Financial Reporting Council of the United Kingdom (the "Code"), Messrs Alastair Gunn-Forbes, Mark Chung Fong and Martyn Stuart Wells retired by rotation and were re-elected to office by separate resolutions passed at the Annual General Meeting held on 30 June 2023). During the past ten-year period, however, none of them has had any major interest in the issued share capital of the Company, has been an employee or involved in the daily management of any of the Group companies, or has had any material relationship with any of the Group companies or any of the major shareholders or managers of any such companies other than being a member of the Board. Accordingly, and in accordance with Provision 10 of the Code, the Board has determined that their independence and objectivity have not been impaired and that they will therefore be able to continue to act independently in character and judgement.

At the Annual General Meeting held on 29 September 2014, shareholders approved the inclusion of the Group's non-executive directors as eligible participants of the Worldsec Employee Share Option Scheme 1997 (the "Option Scheme"). As explained in the 2014 annual report of the Company, the reason for such inclusion was to enable the Group to reward its non-executive directors for their commitments to the Company beyond the nominal annual fees that the Group could afford to pay during its development stage. Accordingly, and in accordance with Provision 10 of the Code, given that such circumstances have basically remained unchanged as the Group has yet to make a profit on a consistent basis, the Board has determined that the participation of Messrs Alastair Gunn-Forbes, Mark Chung Fong, Martyn Stuart Wells and Stephen Lister d'Anyers Willis in the Option Scheme will not affect their ability to act independently in character and judgement.

Apart from the Option Scheme, the Group also operates a bonus scheme (the "Bonus Scheme"), which was approved by shareholders at the Special General Meeting held on 30 August 2013. All directors and employees of the Group are eligible to participate in the Bonus Scheme. Up to 20 per cent. of the operating profit, before payment of tax, of the Group in each financial year (the "Bonus Pool") may be employed in paying bonuses to directors and the Group's employees at the discretion of the Remuneration Committee. In making decisions on the award of bonuses, the Remuneration Committee takes into consideration an individual's overall performance and contribution to the business of the Group. Award of bonuses are entirely discretionary and the Remuneration Committee may elect to award only part of the Bonus Pool if the Remuneration Committee sees fit. No director or employee of the Group is contractually entitled to a share of the Bonus Pool, and the Bonus Pool may be awarded in its entirety to a single director or employee should the Remuneration Committee so resolve.

DIRECTORS' INTERESTS

The interests of the individuals who were directors during the year under review in the issued share capital of the Company, including the interests of persons connected with a director (within the meaning of Sections 252, 253 to 255 of the United Kingdom Companies Act 2006 as if the Company were incorporated in England), the existence of which was known to, or could with reasonable diligence be ascertained by, that director, whether or not held through another party, were as follows:

	At 1 January 2023	**At 31 December 2023**
	No. of shares	**No. of shares**
Alastair Gunn-Forbes	45,000	45,000
Henry Ying Chew Cheong (Note i)	11,722,620	11,722,620
Mark Chung Fong	Nil	Nil
Ernest Chiu Shun She	550,095	550,095
Martyn Stuart Wells	Nil	Nil
Stephen Lister d'Anyers Willis	16,000	16,000

Note: Mr Henry Ying Chew Cheong ("Mr Cheong") wholly owns HC Investment Holdings Limited ("HCIH"). HCIH beneficially owned 20,000,000 ordinary shares of US$0.001 each in the Company at 1 January 2023 and 31 December 2023, respectively.

In total, Mr Cheong and his associates were the legal and beneficial owners of 31,722,620 ordinary shares of US$0.001 each in the Company, representing 37.3% of the Company's issued share capital, at 1 January 2023 and 31 December 2023, respectively. The Company and Mr Cheong entered into a relationship agreement on 2 August 2013 (the "Relationship Agreement"). Pursuant to the Relationship Agreement, Mr Cheong has agreed to exercise his rights as a shareholder at all times, and to procure that his associates exercise their rights, so as to ensure that the Company is capable of carrying on its business independently of Mr Cheong or any control which Mr Cheong or his associates may otherwise be able to exercise over the Company. Moreover, Mr Cheong has undertaken to ensure, so far as he is able to, that all transactions, relationships and agreements between Mr Cheong or his associates and the Company or any of its subsidiaries are on arms' length terms on a normal commercial basis. Mr Cheong and the Company have also agreed, among other things, that he will not participate in the deliberations of the Board in relation to any proposal to enter into any commercial arrangements with Mr Cheong or his associates.

	At 1 January 2023 **No. of share options (Note)**	**At 31 December 2023** **No. of share options (Note)**
Alastair Gunn-Forbes	850,000	850,000
Henry Ying Chew Cheong	850,000	850,000
Mark Chung Fong	850,000	850,000
Ernest Chiu Shun She	850,000	850,000
Martyn Stuart Wells	850,000	850,000
Stephen Lister d'Anyers Willis	Nil	350,000

Note: 500,000 of the share options granted on 1 December 2015 entitle the holders to subscribe on a one for one basis new ordinary shares of US$0.001 each in the Company at an exercise price of US$0.122 per share. These share options vested six months from the date of grant and were then exercisable within a period of 9.5 years. 350,000 of the share options granted on 29 May 2019 entitle the holders to subscribe on a one for one basis new ordinary shares of US$0.001 each in the Company at an exercise price of US$0.034 per share. These share options vested six months from the date of grant and were then exercisable within a period of 9.5 years.

On 20 February 2023, the Company granted 350,000 share options to Mr. Willis to subscribe on a one for one basis new ordinary shares of US$0.001 each in the Company at an exercise price of US$0.034 per share under the Option Scheme. The share options vested six months from the date of grant and were then exercisable within a period of 9.5 years.

Save as disclosed above, none of the above-named directors had an interest, whether beneficial or non-beneficial, in any shares or debentures of any Group companies at the beginning or at the end of the year under review. Save as disclosed above, none of the above-named directors, or members of their immediate families, held, exercised or were awarded any right to subscribe for any shares or debentures of any Group companies during the year.

The Board confirms that (i) the Company has complied with the independence provisions set out in the Relationship Agreement since it was entered into; and (ii) so far as the Company is aware, Mr Cheong and his associates have complied with the independence provisions set out in the Relationship Agreement since it was entered into.

DIRECTORS' REMUNERATION

The remuneration of the directors for the year ended 31 December 2023 was as follows:

	Fees US$'000	Share-based payment expenses US$'000	Other emoluments US$'000	Total US$'000
Alastair Gunn-Forbes	12.7	-	-	12.7
Henry Ying Chew Cheong	12.7	-	-	12.7
Mark Chung Fong	12.7	-	-	12.7
Ernest Chiu Shun She	12.7	-	-	12.7
Martyn Stuart Wells	12.7	-	-	12.7
Stephen Lister d'Anyers Willis	12.7	-	-	12.7
	76.2	-	-	76.2

PROVIDENT FUND AND PENSION CONTRIBUTIONS FOR DIRECTORS

During the year under review, there was no provident fund and pension contributions for the directors.

LETTERS OF APPOINTMENT/SERVICE CONTRACTS

Messrs Alastair Gunn-Forbes, Mark Chung Fong and Martyn Stuart Wells, each has entered into a letter of appointment with the Company dated 28 November 2017, and Mr Stephen Lister d'Anyers Willis has entered into a letter of appointment with the Company dated 3 June 2019, to serve as non-executive director. Each of them is entitled to a fee of £10,000 per annum. The appointment may be terminated on one month notice in writing.

Messrs Henry Ying Chew Cheong and Ernest Chiu Shun She, each has entered into a letter of appointment with the Company dated 2 August 2013 to serve as executive director. Each of them is entitled to a fee of £10,000 per annum. The appointment may be terminated on not less than six-month notice in writing.

All directors are eligible to participate in the Option Scheme under which share options may be granted at the discretion of the Remuneration Committee. Except for the 350,000 share options granted to Mr. Willis as disclosed above, no share options were granted for the year ended 31 December 2023.

All directors are eligible to participate in the Bonus Scheme under which bonuses may be granted at the discretion of the Remuneration Committee. No bonuses were recommended for the year ended 31 December 2023.

Save as disclosed above, there are no existing or proposed letters of appointment or service contracts between any of the directors and the Company or any of its subsidiaries which cannot be determined without payment of compensation (other than any statutory compensation) within one year.

MAJOR INTERESTS IN SHARES

At 11 March 2024, the Company was aware of the following direct or indirect interests representing 5% or more of the Company's issued share capital:

	No. of shares	Percentage of issued share capital
HC Investment Holdings Limited (Note i)	20,000,000	23.5%
Yue Wai Keung	4,837,500	5.7%
Luis Chi Leung Tong	5,000,000	5.9%
Henry Ying Chew Cheong	11,722,620	13.8%
Aurora Nominees Limited (Note ii)	18,770,000	22.1%
Vidacos Nominees Limited (Note ii)	5,524,534	6.5%

Notes: (i) Mr Cheong is the legal and beneficial owner of the entire issued share capital of HCIH.

(ii) Aurora Nominees Limited and Vidacos Nominees Limited act as custodians for their customers, to whom they effectively pass all rights and entitlements, including voting rights.

INTERNAL CONTROL, RISK MANAGEMENT AND FINANCIAL REPORTING

The Board is responsible for establishing and maintaining appropriate systems of internal control and risk management to safeguard the Group's interests and assets. The control measures that have been put in place cover key areas of operations, finance and compliance and aim to manage rather than eliminate risks that are inherent in the running of the business of the Group. Accordingly, the Group's systems of internal control and risk management are expected to provide reasonable but not absolute assurance against material misstatements, loss or fraud.

Among the control measures, the key steps that have been put in place include:

- the setting of the investment strategy and the approval of significant investment decisions of the Group by the Board to ensure consistency with the investment objective and compliance with the investment policy of the Company;
- the segregation of duties between the investment management and accounting functions of the Group;
- the adoption of written procedures in relation to the operations of the bank accounts of the Group;
- the adoption of written procedures to deal with conflicts of interests and related party transactions;
- the maintenance of proper accounting records providing with reasonable accuracy at any time information on the financial position of the Group;
- the review by the Board of the management accounts of the Group on a regular basis; and
- the engagement of external professionals to carry out company secretarial works for the Company and to assist the Group on compliance issues.

The Board considers the identification, evaluation and management of the principal risks faced by the Group under the changing environment to be an ongoing process and has kept under regular review the effectiveness of the Group's systems of internal control and risk management. The Board is satisfied that the arrangements that have been put in place represent an appropriate framework to meet the internal control and risk management requirements of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group adopts a risk management strategy that encompasses the proactive detection and assessment of emerging risks. Its internal control and risk management framework is designed to be dynamic and responsive with a view to enabling prompt adaption to new challenges and opportunities.

The process adopted by the Group for identifying emerging risks involves the monitoring and review of the Group's control measures and operating procedures and activities, the scanning of the development and evolving trends across various sectors including the economic, political and investment domains and the leveraging of industry information and insights relevant to the Group's operations. Potential threats identified are assessed, analysed and evaluated and, where appropriate, mitigation measures, such as those described in the paragraphs below on pages 16 to 17, would be implemented.

The Board receives updates on emerging risks and conducts regular review to ensure that the risk management and mitigation efforts are effective and aligned with its oversight. The Audit Committee also plays a crucial role, providing additional scrutiny and guidance on risk-related matters.

In the risk assessment undertaken, the Board has identified the principal risks and uncertainties that are relevant to the Group which include:

Target market risk

Under the investment policy of the Company, the Group focuses on investing in small to medium sized trading companies based mainly in the Greater China and South East Asian region. Consequently, a sharp or prolonged downturn in the economic environment or a heightened uncertainty in the political environment in these target markets could adversely and seriously affect the underlying investments of the Group. This is clearly a risk factor beyond the Group's control. Nevertheless, in line with the investment policy of the Company, the Board would seek to invest in and maintain a diversified portfolio in order to spread the investment risk of the Group.

Investment opportunity risk

Investment capital and dry powder accumulated by the private equity sector during the ultra-low interest rate era prior to the tightening in monetary policies across major economies to control spiralling inflation remain abundant. Under such an environment, competition for quality deals is expected to continue to be vigorous and intense. This would limit the availability of attractive investment opportunities for the Group. However, the Company has maintained a broadened investment policy. This would offer greater flexibility for the Group to make investment choices from a broader range of opportunities to achieve the Company's investment objective.

Key person risk

As the Group does not engage any external investment manager, the Board is responsible for overseeing the Group's investment management activities with frontline management duties delegated to the executive directors. The Group is therefore heavily dependent on the executive directors' abilities to identify and evaluate investment targets, execute and implement investment decisions, monitor investment performance and execute and implement exit decisions. Both of the executive directors, Messrs Henry Ying Chew Cheong and Ernest Chiu Shun She, have entered into a letter of appointment with the Company with a termination clause of not less than six-month written notice. Moreover, Mr Cheong is also the deputy chairman and a major shareholder beneficially holding a substantial interest in the Company's issued share capital.

Operational risks

The Group is exposed to various operational risks that are inherent in the running of its business, including, among others, the failure to comply with the investment policy of the Company, the failure to prevent misstatements, loss or fraud due to inadequacies in the Group's internal operational processes, and the failure to comply with applicable rules and regulations by the Group. As mitigating measures, the Board has established and maintained systems of internal control and risk management to safeguard the Group's interests and assets, details of which are set out in the section headed "Internal Control, Risk Management and Financial Reporting" on page 15.

Financial risks

The Group is exposed to a variety of financial risks, including market risks, credit risk and liquidity risk, which arise from its operating and investment management activities. The Group's management of such risks is coordinated at the office of Worldsec Investment (Hong Kong) Limited, the principal operating subsidiary of the Group, in close cooperation with the Board. Details of the Group's approach on financial risk management are described in note 5(b) to the consolidated financial statements on pages 52 to 56.

COVID-19 pandemic risk

After battling with the COVID-19 pandemic for a number of years, the world has basically returned to normality, or rather, settled down in a new normal under the legacies of the health crisis that include a profound change in the daily lives of a vast proportion of the population across the globe. Furthermore, in the post-pandemic era, with an expanding armamentarium of vaccines and therapeutics in the fight against the disease, the threat of the coronavirus to economic and business activities is generally considered to be manageable. Against this backdrop, the Group would strive to maintain a diversified portfolio geographically and across industries in order to minimise any adverse impact that may be caused by the resurgence of new waves of infections or the emergence of new variants from time to time.

VIABILITY STATEMENT

The directors have assessed the viability of the Company for the three years to 31 December 2026.

The directors consider that, for the purposes of this viability statement, a three-year period is appropriate taking into account the Group's investment horizon under its investment strategy. Besides, there should unlikely be any significant change to most of the principal risks and uncertainties facing the Group over the timeframe selected for the assessment.

In assessing the viability of the Company and its ability to meet liabilities as they fall due, the directors have taken into consideration, among others:

- the investment strategy of the Group;
- the current position including the existing financial status and cost structure of the Group;
- the prospects of and the industry outlook for the Group;
- the economic and political environment of the Greater China and South East Asian region, the primary target markets in which the Group focuses its investments; and
- the potential adverse impact of the principal risks and uncertainties facing the Group and the effectiveness of the mitigating measures that have been put in place, details of which are described in the section headed "Principal Risks and Uncertainties" on pages 15 to 17.

The directors note, in particular, that the Group:

- has a liquid amount of unrestricted cash and bank balances;
- does not have any borrowings;
- does not have any commitments other than certain leases with modest lease liabilities; and
- has low operating expenses with a small but stable team under stringent cost control.

Accordingly, the directors are confident that the Company will be able to continue in operation and meet its liabilities as they fall due over the assessment period.

GOING CONCERN

After making careful enquiries, the directors have formed a judgement, at the time of approving the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023, that there was a reasonable expectation that the Group would have adequate resources to carry out its operations for a period of at least twelve months from the date of approving the consolidated financial statements. For this reason, the directors have adopted the going concern basis in preparing the consolidated financial statements.

CORPORATE GOVERNANCE

As a company with a premium listing on the Main Market of the London Stock Exchange, its business is subject to the principles contained in the Code, a copy of which is available on the website of the Financial Reporting Council of the United Kingdom. The Board confirms that, throughout the accounting period from 1 January to 31 December 2023, the Group complied with the relevant provisions of the Code, apart from certain exceptions set out and explained below.

The Board, comprising a non-executive chairman, three non-executive directors and two executive directors, is committed to maintaining a high standard of corporate governance. All non-executive directors are considered by the Board to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. All directors are able to take independent professional advice in furtherance of their duties, if necessary.

The Board is responsible for establishing strategic directions and setting objectives for the Company and making significant investment decisions and monitoring the performance of the Group. The management is responsible for the day to day running of the Group's operations.

The Board recognises the importance of a healthy corporate culture and its impact on the performance and reputation of the Group. As a small organisation with a stable workforce, the Group has identified and implemented a number of measures, including the monitoring and review of cultural metrics and workplace behaviours as well as the gathering and collection of employee engagement feedback. The Board from time to time discusses the outcomes of these measures to ensure that the Group's corporate culture is aligned with its core values and objectives.

The Board also recognises the importance of the contribution of the workforce of the Group. In this connection, an incentive program, including the Bonus Scheme, details of which are set out on page 12, and the Option Scheme, details of which are set out in note 25 to the consolidated financial statements on pages 68 to 69, has been put in place. In addition, the Group's approach to incentivising its workforce extends beyond financial rewards. Embracing the evolving trends of the workplace, the Group offers flexible working arrangements. This initiative supports work-life balance and has improved employee satisfaction. Remote work, flexible working hours and compressed workweeks allow staff members to tailor work schedules to fit their personal needs.

At the end of the period under review, the Company had not met the gender diversity targets of having (i) at least 40% of the individuals on the Board to be women; and (ii) at least one of the senior positions, including the chair, the chief executive, the senior independent director, or the chief financial officer, on the Board to be held by a woman. On the other hand, three members of the Board were Asian/Asian British.

Given the Group's small-scale operations which have yet to achieve a track record of consistent profitability, the Group has encountered difficulties in meeting the gender diversity targets as woman candidates with appropriate experience and qualifications to fill board positions are highly sought-after.

DIRECTORS' REPORT (CONTINUED)

Since the end of the period under review, there have been no changes to the Board that have affected the Company's ability to meet the gender diversity targets.

Table for reporting on gender identity or sex

	Number of Board members	**Percentage of the Board**	**Number of senior positions on the Board (CEO, CFO, SID and Chair)**	**Number in executive management**	**Percentage of executive management**
Men	6	100	100	2	100
Women	0	0	0	0	0
Not specified / prefer not to say	0	0	0	0	0

Table for reporting on ethnic background

	Number of Board members	**Percentage of the Board**	**Number of senior positions on the Board (CEO, CFO, SID and Chair)**	**Number in executive management**	**Percentage of executive management**
White British or other White (including minority-white groups)	3	50	1	0	0
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	3	50	0	2	100
Black/African/Caribbean/Black British	0	0	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified/ prefer not to say	0	0	0	0	0

Board and executive management diversity data was collected directly from the directors and the executive management through voluntary self-disclosures of their gender and ethnicity and was only used for the purposes of preparing the information required to be disclosed under LR 9.8.6 R(9) and (10) of the Listing Rules of the Financial Conduct Authority in the United Kingdom.

BOARD MEETING

The Board held four meetings during the year under review and the table below gives the attendance record.

Director	Board Meeting
Alastair Gunn-Forbes	3/4
Henry Ying Chew Cheong	4/4
Ernest Chiu Shun She	4/4
Mark Chung Fong	4/4
Martyn Stuart Wells	4/4
Stephen Lister d'Anyers Willis	4/4

Although the Board notes the requirement for a Nomination Committee (Provision 17 of the Code) to make recommendations to the Board on all new board appointments and to reassure shareholders of the suitability of a chosen director, the Board considers that, due to its small size and limited level of activities, it is not necessary to establish such a committee. The Board as a whole remains responsible for ensuring that a transparent, formal and rigorous process would be followed for any future board appointments, which would be made following a full review of the Board's balance of skills, experience, independence and knowledge. The Board is satisfied that appropriate succession planning is in place for appointments to both the Board and senior management.

Again, due to its small size and limited level of activities, the Board has not appointed a senior independent director and did not consider an annual self-evaluation to be required during the year under review. The responsibilities normally rested with a senior independent director have been reverted to the Board as a whole. These decisions will be re-considered annually by the Board.

The Board established both an Audit Committee and a Remuneration Committee upon the re-activation of the Group's business in 2013. Details of these committees are set out below.

AUDIT COMMITTEE

The Audit Committee held two meetings during the year under review and the table below gives the attendance record.

Director	Audit Committee Meeting
Mark Chung Fong	2/2
Martyn Stuart Wells	2/2
Stephen Lister d'Anyers Willis	2/2

The Audit Committee is chaired by Mr Mark Chung Fong and its other current members are Messrs Martyn Stuart Wells and Stephen Lister d'Anyers Willis. The Audit Committee is appointed by the Board and the committee's membership is comprised wholly of non-executive directors.

The terms of reference of the Audit Committee (copies of which are available at the Company's registered office and the Company's website) generally follow, where applicable, those stated in the provisions of the Code.

The Audit Committee meets a minimum of two times a year and may be convened at other times if required. The responsibilities of the Audit Committee include, among others, the examination and review of the Group's risk management, internal financial controls and financial and accounting policies and practices, as well as overseeing and reviewing the work of the Company's external auditor, their independence and the fees paid to them.

The Audit Committee has a formal process in place to assess the independence and effectiveness of the external audit. This process includes an evaluation of the Company's external auditor's compliance with relevant ethical and independence guidelines, the robustness of their audit plan and the thoroughness of their audit report. In assessing independence, the Audit Committee also considers the tenure of the Company's external auditor and their lead audit partner. In addition, feedback from the management involved in the audit is solicited to gauge the effectiveness and impartiality of the external audit process.

DIRECTORS' REPORT (CONTINUED)

During the year under review, the activities undertaken by the Audit Committee in discharge of its duties and functions included (i) the review and recommendation to the Board of the reappointment of BDO Limited as the Company's external auditor; (ii) the review and recommendation to the Board for approval of the annual report of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022; and (iii) the review and recommendation to the Board for approval of the interim report of the Company and the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2023. In recommending the reappointment of BDO Limited, the Audit Committee has taken into consideration, among others, BDO Limited's independence, objectivity and terms of engagement.

Subsequent to the year end, the activities that have been undertaken by the Audit Committee in relation to 2023 included (i) the review and recommendation to the Board of the annual report of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023; (ii) the monitoring of the effectiveness of the Group's risk management and internal financial controls; and (iii) the assessment of the effectiveness of the external audit process through feedback from the management involved in the audit and through interactions with and observations and review of the level of audit services provided.

As the scale of the operations of the Group remains relatively insubstantial, the Board has decided and the Audit Committee concurs that it would not be necessary or cost-effective to set up an internal audit function. In the absence of an internal audit function, internal assurance is achieved through the implementation of systems of internal controls and risk management, details of which are set out in the section headed "Internal Control, Risk Management and Financial Reporting" on page 15. These control measures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The Audit Committee also reviews both internal assurance and external audit findings to ensure a cohesive approach to financial integrity and risk management.

In connection with the review of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023, the Audit Committee has identified and reviewed two issues which it considered significant and details on these matters are set out in the table below.

Significant Reporting Issue	**Review and Assessment**
Impairment review of the Group's interests in respect of its 50% owned joint venture, Oasis Education – At 31 December 2023, the Group had an equity interest of US$61,000 in and an amount of US$257,000 due from Oasis Education. These carrying amounts were significant in the Group's context and their valuations were subject to judgements, estimation uncertainties and assumptions.	The Audit Committee has (i) reviewed the operational and financial performance and the latest development of Oasis Education and its subsidiary; and (ii) assessed the assumptions underlying the cash flow projection for Oasis Education and its subsidiary as well as the reliability of such projection by comparing relevant historic budgets with actual results.
Valuation of investments classified as financial assets at fair value through profit or loss ("FVTPL") categorised within level 3 of the fair value hierarchy – At 31 December 2023, the Group had interests in the ICBC Shipping Fund, Animoca, ByteDance and Seyond, all of which were accounted for as financial assets at FVTPL categorised within the level 3 of the fair value hierarchy, totalling US$3,734,000 and carried at fair value. These carrying amounts were significant in the Group's context and their valuations were subject to judgements, estimation uncertainties and assumptions.	The Audit Committee has (i) reviewed the operational and financial performance and the latest development of the financial assets at FVTPL categorised within level 3 of the fair value hierarchy.

BDO Limited was appointed as the external auditor of the Company in February 2015, since when audit services have not been tendered competitively. The Audit Committee has concluded that a competitive tender of audit services is not necessary at this time, but acknowledges that circumstances could arise where a competitive tender for audit services may be desirable. The performance of BDO Limited as the Company's external auditor will be kept under annual review, and if satisfactory, BDO Limited will be recommended by the Audit Committee for reappointment. There are, however, no contractual obligations that would restrict the Audit Committee's choice of external auditor for the Company.

As advised by the Audit Committee and concurred with by the Board, the annual report of the Company and the audited consolidated financial statements for the year ended 31 December 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

REMUNERATION COMMITTEE

In accordance with Provision 32 of the Code, the Company has set up a Remuneration Committee. The Remuneration Committee held one meeting during the year under review and the table below gives the attendance record.

Director	Remuneration Committee Meeting
Martyn Stuart Wells	1/1
Alastair Gunn-Forbes	1/1
Mark Chung Fong	1/1
Stephen Lister d'Anyers Willis	1/1

The Remuneration Committee is chaired by Mr Martyn Stuart Wells and its other current members are Messrs Alastair Gunn-Forbes, Mark Chung Fong and Stephen Lister d'Anyers Willis. The Remuneration Committee is appointed by the Board and the committee's membership is comprised wholly of non-executive directors.

The terms of reference of the Remuneration Committee (copies of which are available at the Company's registered office and the Company's website) generally follow, where applicable, those stated in the provisions of the Code. They provide for the Remuneration Committee to meet at least two times a year. However, as the Group has a very small and stable workforce, the Remuneration Committee did not consider it meaningful or necessary to hold more than one meeting during the year under review.

The Remuneration Committee's responsibilities include, among others, the evaluation of the performance of the executive directors and senior staff, and the comparison of the Group's remuneration policy with similar organisations in the market to form the basis for the recommendations to the Board to determine the remuneration packages, which may include the grant of share options under the Option Scheme and the grant of bonuses under the Bonus Scheme, for individual staff and director members.

In accordance with the Main Principle of Provision Q of the Code, no director has been involved in deciding his own remuneration.

During the year under review, the activities undertaken by the Remuneration Committee in discharge of its duties and functions included (i) the review of and recommendation to the Board to retain the Group's existing remuneration arrangements; and (ii) the recommendation to the Board not to award any bonus or grant any share options (other than the 350,000 share options granted to Mr. Wills in accordance with the approval of the Board resolution dated 20 February 2023) following a review of the financial performance and position of the Group. In reviewing the Group's existing remuneration arrangements, the Remuneration Committee noted the policy and structure of the remuneration for the executive directors encompassing a low level of director's fee enhanced by the entitlements to participate in the Bonus Scheme and the Option Scheme which, in the opinion of the Remuneration Committee, was appropriate given that the Group had yet to achieve consistent profitability.

WORLDSEC EMPLOYEE SHARE OPTION SCHEME 1997

The following table discloses the movements of the outstanding share options under the Option Scheme during the year under review.

		Number of options						
Grantee	**Exercisable period**	**Balance at 1 January 2023**	**Granted during the year**	**Exercised during the year**	**Forfeited during the year**	**Lapsed during the year**	**Balance at 31 December 2023**	**Exercise price per share (US$)**
Directors	20 August 2023 to 19 February 2033	-	350,000	-	-	-	350,000	0.034
	29 November 2019 to 28 May 2029	1,750,000	-	-	-	-	1,750,000	0.034
	1 June 2016 to 30 November 2025	2,500,000	-	-	-	-	2,500,000	0.122
Employees	29 November 2019 to 28 May 2029	300,000	-	-	-	-	300,000	0.034
	1 June 2016 to 30 November 2025	450,000	-	-	-	-	450,000	0.122
		5,000,000	350,000	-	-	-	5,350,000	

On 20 February 2023, the Company granted 350,000 share options to Mr. Willis to subscribe on a one for one basis new ordinary shares of US$0.001 each in the Company at an exercise price of US$0.034 per share under the Option Scheme. The share options vested six months from the date of grant and were then exercisable within a period of 9.5 years.

Further details relating to the granting of the share options are set out in note 25 to the consolidated financial statements on pages 68 to 69.

RELATION WITH SHAREHOLDERS

Communication with shareholders is given high priority. Information about the Group's activities is provided in the annual report and the interim report of the Company which are sent to shareholders each year and are available on the website of the Company. All shareholders are encouraged to attend the Annual General Meeting at which directors are available for questions. Enquiries are dealt with in an informative and timely manner. Directors, including non-executive directors, are also available to meet with major shareholders on request.

EXTERNAL AUDITOR

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023 have been audited by BDO Limited.

A resolution will be submitted to the next Annual General Meeting to reappoint BDO Limited as the Company's external auditor.

On behalf of the Board

Henry Ying Chew Cheong
Executive Director
30 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under the Bermuda Companies Act 1981 to prepare consolidated financial statements for each financial year. The directors acknowledge responsibility for the preparation of the consolidated financial statements for the year ended 31 December 2023, which give a true and fair view of the financial position of the Group as at the end of that financial year and of the financial performance of the Group for that year and which provide the necessary information for shareholders to assess the business activities and performance of the Group during that year. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that the above requirements have been met.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for the Group's system of internal financial controls, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The directors further confirm that, to the best of their knowledge and understanding, the chairman's statements on pages 1 to 2 and the directors' report on pages 3 to 25 include a fair review of the development and performance of the business and the position of the Company and its subsidiaries taken as a whole together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Henry Ying Chew Cheong
Executive Director
30 April 2024

TO THE MEMBERS OF WORLDSEC LIMITED
(incorporated in Bermuda with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Worldsec Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 31 to 71, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT ASSESSMENT OF INTEREST IN A JOINT VENTURE AND AMOUNT DUE FROM A JOINT VENTURE

Refer to note 17 to the consolidated financial statements

The Group owns a 50% interest in a joint venture, Oasis Education Group Limited ("Oasis Education"), which is accounted for using the equity method less any impairment loss. The interest in this joint venture amounted to approximately US$61,000 as at 31 December 2023 and the Group's share of its losses amounted to approximately US$3,000 for the year then ended.

In addition, the Group has advanced an amount of approximately US$257,000 to Oasis Education as at 31 December 2023, which is subject to an impairment assessment by management.

The impairment assessment of investment in, and amount due from, Oasis Education is considered by us as a key audit matter due to significant judgement made by management over the assumptions on the future cash flows to be generated from the operation of Oasis Education.

TO THE MEMBERS OF WORLDSEC LIMITED
(incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS (CONTINUED)

IMPAIRMENT ASSESSMENT OF INTEREST IN A JOINT VENTURE AND AMOUNT DUE FROM A JOINT VENTURE (CONTINUED)

Our response:

Our audit procedures in relation to this matter included:

- Obtaining an update of the latest development of Oasis Education's operation;
- Assessing the financial performance of Oasis Education based on information provided by management;
- Evaluating management's considerations of the impairment indicators of the investment in, and the amount due from, Oasis Education;
- Assessing the appropriateness of the management's assumptions concerning the future cash flows to be generated from the operation of Oasis Education; and
- Assessing reliability of the joint venture's forecast by comparing historical budget to actual performance and obtaining explanations from management on any significant variances identified.

FAIR VALUE MEASUREMENT OF INVESTMENTS CLASSIFIED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") CATEGORISED WITHIN LEVEL 3 OF THE FAIR VALUE HIERARCHY

Refer to notes 5(c)(iii) and 18 to the consolidated financial statements

As at 31 December 2023, the Group held a number of financial assets at fair value through profit or loss, with measurement categorised within the level 3 of the fair value hierarchy, totalling approximately US$3,734,000.

The fair value determination of these financial assets at the end of the reporting period involves the determination of appropriate valuation models as well as the selection of inputs and assumptions made by management. Different valuation models, as well as inputs and assumptions applied may lead to a significant change in the fair value of these financial assets.

We identified fair value determination of these financial assets as a key audit matter because it involves a high degree of estimation uncertainty and judgement; and their aggregate carrying value is material to the Group's consolidated financial statements taken as a whole.

TO THE MEMBERS OF WORLDSEC LIMITED
(incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS (CONTINUED)

FAIR VALUE MEASUREMENT OF INVESTMENTS CLASSIFIED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CATEGORISED WITHIN LEVEL 3 OF THE FAIR VALUE HIERARCHY (CONTINUED)

Our response:

Our audit procedures in relation to this matter included:

- Assessing the appropriateness of valuation methodologies applied on the fair value determination of these financial assets;

- Evaluating the reasonableness and relevance of key inputs and assumptions used in the fair value determination; and

- Involving an auditor's expert to assist our assessment on the appropriateness of the valuation methodologies and reasonableness of key inputs and assumptions used in the fair value determination.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report therein.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibility in this regard.

TO THE MEMBERS OF WORLDSEC LIMITED
(incorporated in Bermuda with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

TO THE MEMBERS OF WORLDSEC LIMITED
(incorporated in Bermuda with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER REGULATORY REQUIREMENTS

Under the listing rules of the Financial Conduct Authority in the United Kingdom (the "Listing Rules"), we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review in accordance with Listing Rule 9.8.10R(2). We have nothing to report arising from our review.

BDO Limited
Certified Public Accountants
Tang Tak Wah
Practising Certificate Number P06262
Hong Kong, 30 April 2024

WORLDSEC LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December **2023** **US$'000**	2022 US$'000
Revenue	7	**112**	193
Other income, gains and losses, net	9	**521**	(428)
Staff costs	10	**(286)**	(277)
Other expenses		**(283)**	(325)
Finance costs	11	**(3)**	(4)
Share of losses of a joint venture	17	**(3)**	(2)
Profit/(loss) before income tax expense	12	**58**	(843)
Income tax expense	13	**-**	-
Profit/(loss) for the year		**58**	(843)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of a joint venture	17	**(7)**	(27)
Other comprehensive income for the year, net of income tax		**(7)**	(27)
Total comprehensive income for the year		**51**	(870)
Profit/(loss) for the year attributable to:			
Owners of the Company		**58**	(843)
Total comprehensive income for the year attributable to:			
Owners of the Company		**51**	(870)
Earnings/(loss) per share – basic and diluted	14	**US 0.07 cent**	US (0.99) cent

The accompanying notes form an integral part of these consolidated financial statements.

WORLDSEC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023	2022
		US$'000	US$'000
Non-current assets			
Property, plant and equipment	16	**-**	-
Interest in a joint venture	17	**61**	71
Financial assets at fair value through profit or loss	18	**3,764**	4,409
Right-of-use assets	19	**113**	48
		3,938	4,528
Current assets			
Other receivables		**247**	223
Deposits and prepayments		**26**	26
Financial assets at fair value through profit or loss	18	**190**	97
Amount due from a joint venture	17	**257**	257
Cash and cash equivalents	21	**1,122**	526
		1,842	1,129
Current liabilities			
Other payables and accruals	22	**157**	160
Lease liabilities	19	**70**	55
		227	215
Net current assets		**1,615**	914
Non-current liability			
Lease liabilities	19	**55**	-
Net assets		**5,498**	5,442

	Notes	**2023**	2022
		US$'000	US$'000
Capital and reserves			
Share capital	23	**85**	85
Reserves	24	**5,413**	5,357
Total equity		**5,498**	5,442

The consolidated financial statements on pages 31 to 71 were approved and authorised for issue by the Board of Directors on 30 April 2024 and signed on its behalf by:

Alastair Gunn-Forbes
Director

Henry Ying Chew Cheong
Director

The accompanying notes form an integral part of these consolidated financial statements.

WORLDSEC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Equity attributable to owners of the Company							
	Share capital US$'000 (note 23)	Share premium US$'000 (note 24)	Contri-buted surplus US$'000 (note 24)	Share option reserve US$'000 (note 24)	Foreign currency translation reserve US$'000 (note 24)	Special reserve US$'000 (note 24)	Accumulated losses US$'000 (note 24)	Total US$'000
Balance at 1 January 2022	85	7,524	9,646	249	(6)	625	(11,811)	6,312
Loss for the year	-	-	-	-	-	-	(843)	(843)
Other comprehensive income for the year								
Share of other comprehensive income of a joint venture (note 17)	-	-	-	-	(27)	-	-	(27)
Total comprehensive income for the year	-	-	-	-	(27)	-	(843)	(870)
Balance as at 31 December 2022 and 1 January 2023	85	7,524	9,646	249	(33)	625	(12,654)	5,442
Profit for the year	-	-	-	-	-	-	58	58
Other comprehensive income for the year								
Share of other comprehensive income of a joint venture (note 17)	-	-	-	-	(7)	-	-	(7)
Total comprehensive income for the year	-	-	-	-	(7)	-	58	51
Recognition of share-based payments (note 25)	-	-	-	5	-	-	-	5
Balance at 31 December 2023	**85**	**7,524**	**9,646**	**254**	**(40)**	**625**	**(12,596)**	**5,498**

The accompanying notes form an integral part of these consolidated financial statements.

WORLDSEC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Cash flows from operating activities		
Profit/(loss) before income tax expense	**58**	(843)
Adjustments for:		
Bank interest income	**(7)**	(1)
Depreciation of right-of-use assets	**65**	63
Interest on lease liabilities	**3**	4
Share of losses of a joint venture	**3**	2
Share option expenses	**5**	-
Net realised and unrealised (gains)/losses on financial assets at fair value through profit or loss	**(517)**	444
Operating loss before working capital changes	**(390)**	(331)
Increase in other receivables	**(24)**	(109)
Decrease in other payables and accruals	**(3)**	(3)
Net cash used in operating activities	**(417)**	(443)
Cash flows from investing activities		
Investment in financial assets at fair value through profit or loss	**(170)**	(1,188)
Proceeds from disposal of financial assets at fair value through profit or loss	**1,239**	711
Bank interest income received	**7**	1
Net cash generated from/(used in) investing activities	**1,076**	(476)
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	**(60)**	(64)
Repayment of interest portion of lease liabilities	**(3)**	(4)
Net cash used in financing activities	**(63)**	(68)
Net increase/(decrease) in cash and cash equivalents	**596**	(987)
Cash and cash equivalents at the beginning of the year	**526**	1,513
Cash and cash equivalents at the end of the year	**1,122**	526

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Worldsec Limited (the “Company”) is a public listed company incorporated in Bermuda and its shares are listed on the Main Market of the London Stock Exchange. The address of the registered office of the Company is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. Its principal place of business is Unit 607, 6th Floor, 308 Central Des Voeux, 308 Des Voeux Road Central, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 20 to the consolidated financial statements.

The functional currency of the Company is Hong Kong Dollars (“HK$”). The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in United States Dollars (“US$” or “USD”).

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”) and Interpretations adopted by the European Union (“EU”) (collectively referred to as “IFRS Accounting Standards”).

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

2.1 New and revised IFRS Accounting Standards applied

The following amendments to IFRS Accounting Standards relevant to the Group’s accounting policies have been applied by the Group in the current year.

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s performance and financial positions for the current and prior years and/or on the disclosures in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and revised IFRS Accounting Standards, potentially relevant to the Group's financial statements, that have been issued but are not yet effective. Certain new or revised IFRS Accounting Standards have yet been endorsed by the EU.

Amendments to IAS 1	Classification of Liabilities as Current or Non-Current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]

1 Effective for annual periods beginning on or after 1 January 2024

Amendments to IAS 1, Classification of Liabilities as Current or Non-Current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of reporting period. The amendments also introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to IAS 1, Non-current Liabilities with Covenants

This update relates to the publication of Non-current Liabilities with Covenants (Amendments to IAS 1 "Presentation of Financial Statements") ("2022 Amendments"). The 2022 Amendments deal with the classification of long-term loan arrangements with covenants by specifying that covenants to be complied with after the reporting date do not affect the classification of loan arrangements as current or non-current at the reporting date. Instead, companies are required to disclose information about these covenants in the notes to the financial statements.

The directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss ("FVTPL"), which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:
- Joint venture: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operation: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:
- the structure of the joint arrangement;
- the legal form of the joint arrangement structured through a separate vehicle;
- the contractual terms of the joint arrangement agreement; and
- any other facts and circumstances (including any other contractual arrangements).

Joint ventures are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group’s share of the post-acquisition change in the relevant joint venture’s net assets except that losses in excess of the Group’s interest in that joint venture are not recognised unless there is a legal and constructive obligation to make good those losses.

Profits and losses arising on transactions between the Group and its joint ventures are recognised only to the extent of unrelated investors’ interests in the joint ventures. The investors’ share in a joint venture’s profits and losses resulting from such transactions is eliminated against the carrying value of the joint venture.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in the joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes their purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	over the lease terms

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Revenue recognition

Dividend income is recognised when the right to receive payment is established.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leasing

All leases (irrespective of whether they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases are expensed on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liabilities (see below for the accounting policy to account for lease liabilities); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or the rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures lease liabilities by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from a change in an index or a rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. US$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Share-based payments

The Group operates equity-settled share-based compensation plans and the share options are awarded to employees and directors providing services to the Group.

All services received in exchange for the grant of any share-based compensation are measured at their fair value. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as an asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After the vesting date, when the vested share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit or loss before income tax expense’ as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation (Continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and that the amount of the receivable can be measured reliably.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents included cash on hand and in banks.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the assets and the cash flow characteristics of the assets. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

(i) Financial assets (Continued)

Equity instruments

Equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to the credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (1) it has a low risk of default; (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulty of the issuer or the borrower.

Interest income on a credit-impaired financial asset is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including other payables and accruals and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expenses are recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9 Financial Instruments.

Financial liabilities are derecognised when the obligations specified in the relevant contract are discharged, cancelled or expire.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- interest in a joint venture

If the recoverable amount (i.e. the greater of fair value less costs to disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised in profit or loss immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in his dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to an accounting estimate are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Impairment of financial assets (including amount due from a joint venture)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses its judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(ii) Impairment of non-financial assets (including interest in a joint venture)

The Group assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indications that the carrying amount may not be recoverable.

(iii) Fair value measurement of investments classified as FVTPL categorised within level 3 of the Fair Value Hierarchy (as defined in note 5(c))

The fair value of investments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the key assumptions used and the impact of changes to these assumptions are disclosed in note 5(c) to the consolidated financial statements.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023	2022
	US$'000	US$'000
Financial assets		
Financial assets at FVTPL	**3,954**	4,506
Financial assets at amortised cost	**1,652**	1,031
	5,606	5,537
Financial liabilities		
Financial liabilities at amortised cost	**282**	215

(b) Financial risk management objectives

Management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risks (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how the Group mitigates these risks are set out below. The Group does not enter into or trade derivative financial instruments for speculative purposes.

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and market price of the investments.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (Continued)

Market risks (Continued)

(i) Foreign currency risk

Certain financial assets and financial liabilities of the Group are denominated in foreign currencies other than the functional currency of the relevant group entities, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Under the Linked Exchange Rate System in Hong Kong, HK$ is currently pegged to the USD within a narrow range, the directors therefore consider that there is no significant foreign exchange risk with respect to the USD.

Foreign currency risk arises primarily from volatility in the British Pound Sterling (“GBP”). The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the end of reporting period were as follows:

	Liabilities		Assets	
	2023	2022	**2023**	2022
	US$’000	US$’000	**US$’000**	US$’000
GBP	**87**	72	**1**	1

The following table details the Group’s sensitivity to a 10% (2022: 10%) increase and decrease in USD against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in the relevant foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts its translation as at year end for a 10% (2022: 10%) change in the relevant foreign currency rate. A positive number below indicates an increase in profit or a decrease in loss for the year and a decrease in accumulated losses had USD strengthened 10% (2022: 10%) against the relevant foreign currency. For a 10% (2022: 10%) weakening of USD against the relevant foreign currency, there would have been an equal and opposite impact on profit or loss for the year and on accumulated losses.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (Continued)

Market risks (Continued)

(i) Foreign currency risk (Continued)

	2023	2022
	US$'000	US$'000
Change in post-tax profit or loss for the year		
GBP/USD appreciated by 10% (USD depreciated)	**(9)**	(7)
GBP/USD depreciated by 10% (USD appreciated)	**9**	7

(ii) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank deposits at variable interest rates. Bank deposits at variable rates expose the Group to cash flow interest rate risk.

The directors consider that the exposure to cash flow interest rate risk was insignificant. Hence, no sensitivity analysis on the exposure to the Group's cash flow interest rate risk is presented.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from foreign currency risk), whether caused by factors specific to an individual investment or its issuer, or factors affecting all instruments.

All of the Group's unlisted investments are held for long term strategic purposes. Their performance is assessed at least annually against performance of any similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

Sensitivity analysis

The sensitivity analysis on price risk includes the Group's financial instruments, the fair value or future cash flows of which will fluctuate because of changes in their corresponding equity prices. If the prices of the Group's equity instruments had been 5% (2022: 5%) higher/lower, profit for the year would have increased/decreased by approximately US$11,000 (2022: loss for the year would have decreased/increased by approximately US$23,000).

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (Continued)

Credit risk

The Group's maximum exposure to credit risk which could cause a financial loss to the Group due to the failures to discharge an obligation by the counterparties arises from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk on liquid funds is limited because the major counterparties are banks with high credit ratings assigned by international credit-rating agencies. As at 31 December 2023, approximately 100% (2022: 100%) of the bank balances were deposited with a bank with a high credit rating. Other than concentration of credit risk on liquid funds deposited with that bank, the Group did not have any other significant concentration of credit risk.

For other receivables, deposits and amount due from a joint venture, management makes periodic individual assessment on the recoverability based on historical settlement records, past experience and also available reasonable and supportive forward-looking information. Management believes that there was no material credit risk inherent in the Group's outstanding balances of other receivables, deposits and amount due from a joint venture. None of these receivables have been subject to a significant increase in credit risk since initial recognition and the expected credit loss was insignificant based on the risk of default of those counterparties under 12-month ECLs approach as at 31 December 2023 and 31 December 2022. Thus, no loss allowance was recognised as at 31 December 2023 and 31 December 2022.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by regularly monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Within 1 year or on demand US$'000	More than 1 year but less than 5 years US$'000	Total contractual undiscounted cash flows US$'000	Carrying amount US$'000
As at 31 December 2023				
Other payables and accruals	157	-	157	157
Lease liabilities	75	56	131	125
	232	56	288	282

	Within 1 year or on demand US$'000	More than 1 year but less than 5 years US$'000	Total contractual undiscounted cash flows US$'000	Carrying amount US$'000
As at 31 December 2022				
Other payables and accruals	160	-	160	160
Lease liabilities	56	-	56	55
	216	-	216	215

(c) Fair value of financial instruments

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial instruments (Continued)

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, other receivables, deposits, amount due from a joint venture and other payables and accruals.

Due to their short-term nature, the carrying value of cash and cash equivalents, other receivables, deposits, amount due from a joint venture and other payables and accruals approximated fair value.

(ii) Financial instruments measured at fair value

Financial assets at FVTPL included in the consolidated financial statements require measurement at, and disclosure of, fair value.

The fair value of financial instruments with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments as well as the relationship between key observable inputs and fair value are set out in note (iii) below.

(iii) Information about level 3 fair value measurement

The fair value of the Group’s level 3 investments in the ICBC Specialised Ship Leasing Investment Fund and VS SPC Limited were estimated with reference to their net asset value which was a significant unobservable input. The Group has determined that the reported net asset value represents fair value at the end of the report period.

The fair value of the Group’s level 3 investments in the Homaer Asset Management Master Fund SPC and the Hermitage Galaxy Fund SPC were estimated using market approach with the significant inputs being the recent market transaction prices of the underlying investment of the respective funds. The Group has determined that the recent market transaction prices represent fair value at the end of the reporting period.

There were no changes in these valuation techniques during the year ended 31 December 2023.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial instruments (Continued)

The following table provides an analysis of the Group's financial instruments carried at fair value by level of Fair Value Hierarchy:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Listed investments	220	-	-	220
Unlisted investments	-	-	3,734	3,734
	220	-	3,734	3,954

	2022			
	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
Listed investments	134	-	-	134
Unlisted investments	-	-	4,372	4,372
	134	-	4,372	4,506

Reconciliation for level 3 financial assets at FVTPL carried at fair value based on significant unobservable inputs are as follows:

	2023	2022
	US$'000	US$'000
At 1 January	**4,372**	3,709
Purchases	**-**	750
Disposal	**(326)**	-
Fair value adjustment	**(312)**	(87)
At 31 December	**3,734**	4,372

Fair value adjustment of financial assets at FVTPL was recognised in the line item 'other income, gains and losses, net' on the face of the consolidated statement of profit or loss and other comprehensive income.

6. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists only of equity attributable to owners of the Company, comprising share capital and reserves.

The gearing ratio at the end of the reporting period was as follows:

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Debt	**282**	215
Cash and cash equivalents	**(1,122)**	(526)
	(840)	(311)
Equity attributable to owners of the Company	**5,498**	5,442
Net debt to equity	**0%**	0%

7. REVENUE

The Group had no revenue from contracts with customers as defined under IFRS 15 Revenue from Contracts with Customers. An analysis of the Group's revenue from other sources is as follows:

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Dividend income from financial assets at FVTPL	**112**	193

8. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision makers in order to allocate resources and assess performance of the segment. For the years ended 31 December 2023 and 2022, the executive directors, who were the chief operating decision makers for the purpose of resource allocation and assessment of performance, have determined that the Group had only one single business component/reportable segment as the Group was only engaged in investment holding. The executive directors allocated resources and assessed performance on an aggregated basis. Accordingly, no segment information is presented.

8. SEGMENT INFORMATION (CONTINUED)

The major operations and the revenue of the Group arise from Hong Kong. The Board of Directors considers that most of the non-current assets (other than the financial instruments) of the Group are located in Hong Kong.

9. OTHER INCOME, GAINS AND LOSSES, NET

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Bank interest income	**7**	1
Net realised and unrealised gains/(losses) on financial assets at FVTPL	**517**	(444)
Foreign exchange (loss)/gain, net	**(3)**	6
Others	**-**	9
	521	(428)

10. STAFF COSTS

The aggregate staff costs (including directors' remuneration) of the Group were as follows:

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Wages and salaries	**274**	270
Contributions to pension and provident fund	**7**	7
Share-based payment	**5**	-
	286	277

Compensation of key management personnel (included in the above amounts) was as follows:

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Directors' fees	**76**	72
Share-based payment	**5**	**-**
	81	72

11. FINANCE COSTS

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Interest on lease liabilities	**3**	4

12. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

Profit/(Loss) before income tax expense has been arrived at after charging:

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Auditor's remuneration	**55**	53
Depreciation of right-of-use assets	**65**	63

13. INCOME TAX EXPENSE

No provision for income tax has been made as the Group did not generate any assessable profits that were subject to United Kingdom Corporation Tax, Hong Kong Profits Tax or taxes in other jurisdictions.

The tax charge for 2023 and 2022 can be reconciled to the profit/(loss) before income tax expense per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2023	2022
	US$'000	US$'000
Profit/(loss) before income tax expense	**58**	(843)
Profit/(loss) before tax calculated at Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	**9**	(139)
Tax effect of non-deductible expenses	**111**	110
Tax effect of non-taxable income	**(170)**	(34)
Tax effect of estimated tax losses not recognised	**50**	63
Tax charge for the year	**-**	-

As at 31 December 2023, the Group had estimated tax losses arising in Hong Kong of approximately US$1,864,000 (2022: US$1,562,000) that can be carried forward indefinitely under Hong Kong tax law. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. No deferred tax asset has been recognised in relation to the other deductible temporary differences of approximately US$41,000 (2022: US$44,000) as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised. The deductible temporary differences can be carried forward indefinitely.

14. EARNINGS/(LOSS) PER SHARE

The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic and diluted earnings/(loss) per share were as follows.

	Year ended 31 December	
	2023	2022
Earnings/(loss) for the year attributable to owners of the Company (US$'000)	**58**	(843)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**85,101,870**	85,101,870
Earnings/(loss) per share – basic and diluted	**US0.07 cent**	US(0.99) cent

Diluted earnings/(loss) per share was the same as basic earnings/(loss) per share for the years ended 31 December 2023 and 2022 as there were no potential dilutive ordinary shares outstanding at the end of both years.

15. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$'000
Cost	
At 1 January 2022, 1 January 2023 and 31 December 2023	69
Accumulated depreciation	
At 1 January 2022, 1 January 2023 and 31 December 2023	69
Carrying amount	
At 31 December 2022	-
At 31 December 2023	-

17. INTEREST IN A JOINT VENTURE

	2023	2022
	US$'000	US$'000
Unlisted investment, at cost	**257**	257
Accumulated share of post-acquisition losses of the joint venture	**(156)**	(153)
Accumulated share of post-acquisition other comprehensive income of the joint venture	**(40)**	(33)
Share of net assets of the joint venture	**61**	71
Amount due from the joint venture	**257**	257

The amount due from the joint venture was unsecured, interest-free and repayable on demand.

On 12 December 2014, the Group entered into a subscription agreement with an independent third party and Oasis Education Group Limited ("Oasis Education") pursuant to which the Group made an investment by way of capital contribution and shareholder's loan, for a 50% interest in Oasis Education.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligations for the liabilities of the joint arrangement resting primarily with Oasis Education. Under IFRS 11 Joint Arrangements, this joint arrangement was classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Details of the joint venture were as follows:

Name	Country of incorporation and operation	Proportion of ownership interest		Paid-up registered Capital	Principal activities
		Direct	Indirect		
Oasis Education Group Limited 奧偉詩教育集團有限公司	Hong Kong	50%	-	HK$4,000,000	Investment holding
奧偉詩教育咨詢(深圳)有限公司	The People's Republic of China (the "PRC")	-	50%	HK$5,000,000	Provision of education consulting and support services to kindergartens in the PRC

17. INTEREST IN A JOINT VENTURE (CONTINUED)

The aggregate amounts related to the joint venture that have been included in the consolidated financial statements of the Group as extracted from the financial statements of the joint venture, adjusted to reflect adjustments made by the Group when applying the equity method of accounting, are set out below:

	2023	2022
Results of the joint venture for the year	**US$'000**	US$'000
Revenue	-	-
Other income	-	-
Expenses	**(6)**	(3)
Loss for the year	**(6)**	(3)
Other comprehensive income for the year	**(15)**	(55)
Total comprehensive income for the year	**(21)**	(58)
Share of losses of the joint venture for the year	**(3)**	(2)
Share of other comprehensive income of the joint venture for the year	**(7)**	(27)
Accumulated share of results of the joint venture	**(156)**	(153)

Assets and liabilities of the joint venture at 31 December

	2023	2022
	US$'000	US$'000
Non-current assets	-	-
Current assets	**715**	738
Non-current liabilities	-	-
Current liabilities	**(594)**	(596)
Net assets	**121**	142
Included in the above amounts were:		
Cash and cash equivalents	**171**	90
Depreciation and amortisation	**-**	-
Interest income	**-**	-
Interest expenses	**-**	-
Current financial liabilities (excluding trade and other payables)	**594**	596
Percentage of equity interest attributable to the Group	**50%**	50%
Share of net assets of the joint venture	**61**	71

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	US$'000	US$'000
Financial assets at FVTPL		
Listed investments, at fair value	**220**	134
Unlisted investments, at fair value	**3,734**	4,372
	3,954	4,506
Less: Current portion	**(190)**	(97)
Non-current portion	**3,764**	4,409

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leased an office premise with a lease term of 2 years at a fixed rate. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position was 5%. The carrying amounts of the Group's right-of-use assets and lease liabilities were as follows:

	Office premises	
	Right-of-use assets US$'000	**Lease liabilities US$'000**
As at 1 January 2022	111	119
Lease payments	-	(68)
Depreciation charge	(63)	-
Interest expenses	-	4
As at 31 December 2022	48	55
Lease modification	130	130
Lease payments	-	(63)
Depreciation charge	(65)	-
Interest expenses	-	3
As at 31 December 2023	113	125

Future lease payments are due as follows:

As at 31 December 2023	**Minimum lease payments US$'000**	**Interest US$'000**	**Present value US$'000**
Not later than one year	75	(5)	70
Later than one year and not later than five years	56	(1)	55
	131	(6)	125

As at 31 December 2022	**Minimum lease payments US$'000**	**Interest US$'000**	**Present value US$'000**
Not later than one year	56	(1)	55

20. SUBSIDIARIES

Details of the subsidiaries of the Company were as follows:

Name	Country of incorporation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
Worldsec Financial Services Limited	The British Virgin Islands	100%	100%	100%	100%	Investment holding
Worldsec Corporate Finance Limited	The British Virgin Islands	100%*	100%*	100%*	100%*	Inactive
Worldsec Investment (Hong Kong) Limited	Hong Kong	100%*	100%*	100%*	100%*	Investment holding
Worldsec Investment (China) Limited	The British Virgin Islands	100%*	100%*	100%*	100%*	Investment holding

* *Indirectly held subsidiaries*

21. CASH AND CASH EQUIVALENTS

	2023	2022
	US$'000	US$'000
Bank balances	480	525
Cash balances	1	1
Time deposits with original maturity within three months	641	-
	1,122	526

Bank balances bore interest at the then prevailing market rates ranging from 0.001% to 0.01% (2022: 0.001% to 0.01%) per annum and had original maturities of three months or less. Time deposits bore interest ranging from 4.5% to 5% (2022: nil) per annum and had original maturities within three months.

22. OTHER PAYABLES AND ACCRUALS

	2023	2022
	US$'000	US$'000
Other payables and accruals	157	160

23. SHARE CAPITAL

	Number of shares	Total US$'000
Authorised:		
Ordinary shares of US$0.001 each		
At 1 January 2022, 1 January 2023 and 31 December 2023	60,000,000,000	60,000
Called up, issued and fully paid:		
Ordinary shares of US$0.001 each		
At 1 January 2022, 1 January 2023 and 31 December 2023	85,101,870	85

24. RESERVES

(a) The share premium account represents the premium arising from the issue of shares of the Company at a premium.

(b) The contributed surplus represents the amount arising from the reduction in the nominal value of the authorised and issued shares of the Company and the reduction in the share premium account pursuant to an ordinary resolution passed on 23 July 2003.

(c) Share option reserve comprises the fair value of the Company's share options which have been granted but which have yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 3 to the consolidated financial statements. The amount will either be transferred to the issued capital account and the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

(d) Exchange differences relating to the translation of the net assets of the Group's foreign operations (including a joint venture) from their functional currencies to the Group's presentation currency were recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve will be reclassified to profit or loss on the disposal of the foreign operations.

(e) The special reserve represents the amount arising from the difference between the nominal value of the issued share capital of each subsidiary and the nominal value of the issued share capital of the Company along with the surplus arising in a subsidiary on group reorganisation completed on 26 February 2007.

(f) Accumulated losses represent accumulated net gains and losses recognised in the profit or loss of the Group.

25. SHARE-BASED PAYMENTS

The Company operates an equity-settled share-based remuneration scheme for the employees and directors.

On 1 December 2015, the Company granted to certain eligible persons a total of 2,950,000 share options to subscribe on a one for one basis new ordinary shares of US$0.001 each in the share capital of the Company under the Worldsec Employee Share Option Scheme 1997 (the "Option Scheme") which was revised on 24 September 2014. The share options vested six months from the date of grant and were then exercisable within a period of 9.5 years.

On 29 May 2019, the Company granted to certain eligible persons a total of 2,050,000 share options to subscribe on a one for one basis new ordinary shares of US$0.001 each in the share capital of the Company under the Option Scheme. The share options vested six months from the date of grant and were then exercisable within a period of 9.5 years.

On 20 February 2023, the Company granted 350,000 share options to a director to subscribe on a one for one basis new ordinary shares of US$0.001 each in the Company at an exercise price of US$0.034 per share under the Option Scheme. The share options vested six months from the date of grant and were then exercisable within a period of 9.5 years.

The following table discloses the movements of the outstanding share options under the Option Scheme during the years ended 31 December 2023 and 2022.

		Number of options						
Grantee	Exercisable period	Balance at 1 January 2023	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year	Balance at 31 December 2023	Exercise price per share (US$)
Directors	20 August 2023 to 19 February 2033	-	350,000	-	-	-	350,000	0.034
	29 November 2019 to 28 May 2029	1,750,000	-	-	-	-	1,750,000	0.034
	1 June 2016 to 30 November 2025	2,500,000	-	-	-	-	2,500,000	0.122
Employees	29 November 2019 to 28 May 2029	300,000	-	-	-	-	300,000	0.034
	1 June 2016 to 30 November 2025	450,000	-	-	-	-	450,000	0.122
		5,000,000	350,000	-	-	-	5,350,000	

25. SHARE-BASED PAYMENTS (CONTINUED)

		Number of options						
Grantee	Exercisable period	Balance at 1 January 2022	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year	Balance at 31 December 2022	Exercise price per share (US$)
Directors	29 November 2019 to 28 May 2029	1,750,000	-	-	-	-	1,750,000	0.034
	1 June 2016 to 30 November 2025	2,500,000	-	-	-	-	2,500,000	0.122
Employees	29 November 2019 to 28 May 2029	300,000	-	-	-	-	300,000	0.034
	1 June 2016 to 30 November 2025	450,000	-	-	-	-	450,000	0.122
		5,000,000	-	-	-	-	5,000,000	

The share-based payment expenses of US$5,000 were charged to profit or loss account of the Group during the year ended 31 December 2023 (2022: nil).

Of the total number of share options outstanding at the end of the year, all (2022: all) had vested and were exercisable at the end of the year.

No share option was exercised during the years ended 31 December 2023 and 2022.

The weighted average remaining contractual life for the share options outstanding at the end of the reporting period was 3.7 years (2022: 4.4 years)

The following information is relevant in the determination of the fair value of options granted during the year under the Option Scheme.

Option pricing model used	Black Scholes
Share price at grant date	US2.55 cents
Exercise price	US$0.034
Expected volatility	100.588%
Risk-free rate	3.469%
Expected dividend yield	0%

26. RELATED PARTY TRANSACTIONS

Other than the compensation of key management personnel as disclosed below, the Group did not have any related party transactions during the years ended 31 December 2023 and 2022.

Compensation of key management personnel

Key management personnel are the directors only. The remuneration of directors is set out in note 10 to the consolidated financial statements.

27. CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 December 2023 (2022: nil).

28. NOTES SUPPORTING STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents comprise:

	2023	2022
	US$'000	US$'000
Cash available on demand	**1,122**	526

28. NOTES SUPPORTING STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities:

	Lease liabilities (note 19) US$'000
At 1 January 2022	119
Changes from cash flows:	
Repayment of principal portion of lease liabilities	(64)
Repayment of interest portion of lease liabilities	(4)
Total changes from financing cash flows	(68)
Other changes:	
Interest on lease liabilities	4
	4
At 1 January 2023	55
Changes from cash flows:	
Repayment of principal portion of lease liabilities	(60)
Repayment of interest portion of lease liabilities	(3)
Total changes from financing cash flows	(63)
Other changes:	
Interest on lease liabilities	3
Lease modification	130
	133
At 31 December 2023	125

WORLDSEC LIMITED
INVESTMENT POLICY

The Company will invest in small to medium sized trading companies, being companies, both start-up/early stage growth and established, with a turnover typically up to US$20 million, based mainly in the Greater China and South East Asian region, and thereby create a portfolio of minority investments in such companies.

The Company's investment objective is to achieve attractive investment returns through capital appreciation on a medium to long term horizon. The Directors consider between 2 to 4 years to be medium term and long term to be over 4 years. The Directors intend to build an investment portfolio of small to medium sized companies based mainly in the Greater China and South East Asian regions. The Company may also take advantage of opportunities to invest in companies in other jurisdictions, such as the United Kingdom, which have close trading links with Greater China and South East Asia. Investments will normally be in equity or preferred equity but if appropriate convertible loans or preference shares may be utilised.

The Company has no intention to employ gearing, but reserves the right to gear the Company to a maximum level of 25 per cent. of the last published net asset value of the Group should circumstances arise where, in the opinion of the Directors, the use of debt would be to the advantage of the Company and the Shareholders as a whole.

The investment portfolio will consist primarily of unlisted companies but the Directors will also consider investing in undervalued listed companies, if and when such an opportunity arises. Where suitable opportunities are identified, investment in companies considering a stock market listing at the pre-initial public offering stage will be considered.

No more than 20 per cent. of the gross assets of the Group will be invested in any single investment. The Directors consider that opportunities will arise to invest in investee companies by the issue of new ordinary shares of the Company at a discount of no more than 10 per cent. of the mid market price at the time of agreement of their issue in exchange for new equity, preferred equity or convertible instrument in the investee company. Target sectors are financial services, consumer retail distribution, natural resources and infrastructure but the Company will seek to take advantage of opportunities in other sectors if these arise.

The Company's portfolio in due course will comprise at least five different investee companies, thereby reducing the potential impact of poor performance by any individual investment.

The Company does not intend to take majority interests in any investee company, save in circumstances where the Company exercises any rights granted under legal agreements governing its investment. Each investment by the Company will be made on terms individually negotiated with each investee company, and the Company will seek to be able to exercise control over the affairs of any investee company in the event of a default by the investee company or its management of their respective obligations under the legal agreements governing each investment. Where appropriate, the Company will seek representation on the board of companies in which it invests. Where board representation is secured in an investee company, remuneration for such appointment will be paid to the benefit of the Company thereby enhancing returns on the investment. There will be no intention to be involved in the day to day management of the investee company but the skills and connections of the board representative will be applied in assisting the development of the investee company, with the intention of enhancing shareholder value. The Company will arrange no cross funding between investee companies and neither will any common treasury function operate for any investee company; each investee company will operate independently of each other investee company.

Where the Company has cash awaiting investment, it will seek to maximise the return on such sums through investment in floating rate notes or similar instruments with banks or other financial institutions with an investment grade rating or investment in equity securities issued by companies which have paid dividends for each of the previous three years.

Any material change to the Investment Policy may only be made with the prior approval of the Shareholders.

BIOGRAPHICAL NOTES OF THE DIRECTORS

The Board of Directors has ultimate responsibility for the Group's affairs.

Brief biographical notes of the directors are set out below:

Alastair Gunn-Forbes - *Non-Executive Chairman - aged 79*

Mr Gunn-Forbes has been associated with Asian regional stock markets since 1973 when he was a fund manager at Brown Shipley Ltd. Subsequently, he was a director of W I Carr, Sons & Co. (Overseas) Ltd until 1985, since when he held directorships with other Asian securities firms in the United Kingdom prior to joining the Group in 1993. Mr Gunn-Forbes is the Chairman of Opera Holdings Limited, a recruitment company.

Henry Ying Chew Cheong - *Executive Director and Deputy Chairman - aged 76*

Mr Cheong holds a Bachelor of Science (Mathematics) degree from Chelsea College, University of London and a Master of Science (Operational Research and Management) degree from Imperial College, University of London.

Mr Cheong has over 40 years of experience in the securities industry. Mr Cheong and The Mitsubishi Bank in Japan (now known as The Bank of Tokyo-Mitsubishi UFJ Ltd) founded the Worldsec Group in 1991. In late 2002, Worldsec Group sold certain securities businesses to UOB Kay Hian Holdings Limited and following that Mr Cheong became the Chief Executive Officer of UOB Asia (Hong Kong) Ltd until early 2005. Prior to the formation of the Worldsec Group, Mr Cheong was a director of James Capel (Far East) Ltd for five years with overall responsibility for Far East Sales. His earlier professional experience includes 11 years with Vickers da Costa Limited in Hong Kong, latterly as Managing Director.

Mr Cheong was a member of the Securities and Futures Appeals Tribunal and a member of the Advisory Committee of the Securities and Futures Commission in Hong Kong ("SFC") (from 2009-2015). Mr Cheong was previously a member of Disciplinary Panel A of Hong Kong Institute of Certified Public Accountants (from 2005-2011). He was a member of the Corporate Advisory Council of the Hong Kong Securities Institute (from 2002-2009), a member of the Advisory Committee to the SFC (from 1993-1999), a member of the board of directors of the Hong Kong Future Exchange Limited (from 1994-2000), a member of GEM Listing Committee and Main Board Listing Committee of Hong Kong Exchange and Clearing Limited ("HKEX") (from May 2002-May 2006), a member of Derivatives Market Consultative Panel of HKEX (from April 2000-May 2006), a member of the Process Review Panel for the SFC (from November 2000-October 2006) and a member of the Committee on Real Estate Investment Trust of the SFC (from September 2003-August 2006).

Mr Cheong is an Independent Non-Executive Director of CK Asset Holdings Limited, CK Infrastructure Holdings Limited, New World Department Store China Limited, and Skyworth Digital Holdings Limited, all being listed companies in Hong Kong. Mr Cheong is also an Independent Director of BTS Group Holdings Public Company Limited, being listed in Thailand. He was previously an Independent Non-Executive Director of CNNC International Limited, Greenland Hong Kong Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited and TOM Group Limited, all being listed companies in Hong Kong.

Ernest Chiu Shun She - ***Executive Director – aged 63***

Mr She is an investment banker with extensive experience in the field of corporate finance. In his executive management roles at various investment banks and financial institutions, including notably Worldsec Corporate Finance Limited where he had a long and committed stint, Mr She has covered a broad and diverse range of financial advisory and fundraising activities in the Asian regional equity markets.

Since rejoining the Group to assist in the reactivation of its business operations in 2013, Mr She has been an Executive Director of the Company working on private equity investments.

Mr She has a deep-rooted and long-standing connection with the Worldsec group of companies being one of the co-founding team members at the time when the entities were established in the early 1990s. For more than a decade that followed and until the disposal by the Group of certain securities businesses to UOB Kay Hian Holdings Limited in 2002, Mr She held senior management positions at Worldsec Corporate Finance Limited and Worldsec International Limited with the main responsibility of developing and overseeing the Group's corporate finance activities.

Prior to his tenure at the Worldsec group of companies, Mr She was an Investment Analyst and an Associate Director at James Capel (Far East) Limited where he was primarily responsible for equity research in the real estate sector.

Mr She graduated from the University of Toronto with a Bachelor of Applied Science degree in Industrial Engineering and obtained from the Imperial College of Science and Technology a Master of Science degree in Management Science specialising in Operational Research. Mr She is a Chartered Financial Analyst and a fellow of the Hong Kong Securities and Investment Institute.

From 2004 to 2010, Mr She served as an Independent Non-Executive Director and the Chairman of the Audit Committee of New Island Printing Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mark Chung Fong - ***Non-Executive Director - aged 72***

Mr Fong was an Executive Director for China development of Grant Thornton International Ltd, a corporation incorporated in England and had retired from Grant Thornton effective from 1 January 2014. He has more than 40 years' experience in the accounting profession. Mr Fong obtained a bachelor's degree in science from the University College, London in August 1972 and a Master's degree in science from the University of Surrey in December 1973. He has been a Fellow of the Institute of Chartered Accountants in England and Wales since January 1983 and a Fellow of the Hong Kong Institute of Certified Public Accountants ("HKICPA") since March 1986. He was the President of the HKICPA in 2007. He has been appointed as the Chairman of the Audit Committee of HKICPA from 2016 to January 2019 and has also served on the Council of the Institute of Chartered Accountants in England and Wales from 2016 to 2018.

Martyn Stuart Wells - ***Non-Executive Director – aged 79***

Mr Wells was formerly an Executive Director of Citicorp International Limited and has over 30 years' experience in the securities industry. In 1969 he joined Vickers da Costa, international stockbrokers. He was involved in the fund management industry for 20 years and participated in the launch of several country funds investing in the Asian region, serving as a director or as a member of the investment advisory councils of several of those funds. He lived in Hong Kong for almost 28 years and since 2000 has resided in England.

Stephen Lister d'Anyers Willis - ***Non-Executive Director – aged 69***

Mr Willis is a financial services professional specialising in Asia and global investing. He has been involved with Asia for over 35 years firstly with Standard Chartered Bank and subsequently with the Asian specialist stockbroker, Vickers da Costa and a number of other investment banking firms.