WORLDSEC LIMITED

Annual Report for the year ended 31 December 2015

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*

** independent*

Company Secretary
Jordans Company Secretaries Limited
21 St Thomas Street, Bristol B51 6JS, United Kingdom

Registered Office Address
Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda

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
Estera Management (Bermuda) Ltd.
Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda

International Branch Registrar
Capita Asset Services
12 Castle Street, St Helier, JE2 3RT, Jersey, Channel Islands

United Kingdom Transfer Agent
Capita Registrars Limited
The Registry, 34 Beckenham Rd, Beckenham, Kent, BR3 4TU, United Kingdom

Investor Relations
For further information about Worldsec Limited, please contact:
Henry Ying Chew CHEONG
Executive Director
Worldsec Group
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Company's Website
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WORLDSEC LIMITED

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Chairman's Statement

RESULTS AND REVIEW

Reflecting the J-curve effect with negative returns during the initial years of investment following its reactivation of business activities, Worldsec Limited (the "Company") and its subsidiaries (together the "Group") reported an audited consolidated loss of US$644,000 for the financial year 2015 (2014: US$475,000). Loss per share was US1.14 cent (2014: US0.84 cent). Net asset value per share was US5.5 cents (2014: US6.6 cents).

The increased loss during the year under review was due to higher operating expenses as the Group returned to normal business activities. To better position the Group to achieve the investment objective of the Company, additional staff were employed to carry out accounting, office management and investment project evaluation functions, pathing the way for a stronger management structure.

During the year under review, highlights relating to the contribution or progress made by the Group's investment included:

- stable dividend income from the ICBC Specialised Ship Leasing Fund;
- a significant increase in the number of pupils enrolled in the kindergarten under the consultation and support services provided by Oasis Education Consulting (Shenzhen) Company Limited (奥偉詩教育諮詢(深圳)有限公司); and
- a proposed reverse takeover of a company listed on the Singapore Stock Exchange by ayondo Holding AG.

The Board expects further positive contribution from or progress in the above investments in the coming years.

In December 2015, the Company issued share options to the directors and staff as a means to reward them for their efforts and commitments to the Company.

PROSPECTS

With the return to normal business activities, the Group has been shown an increasing number of investment opportunities. Although most of these proposals did not and will not lead to any actual investment, a steady source of deal flows does offer more and sometimes better potential investment selections for the Group. On the other hand, the global economic outlook remains mixed and uncertain with the leading advanced economies pursuing divergent monetary policies. Meantime, the investment environment within the private equity space continues to be competitive and challenging. Nonetheless, given the substantial progress made by the Group since its reactivation of business activities, I am confident that the Group is now in a better position to achieve the investment objective of the Company.

NOTE OF APPRECIATION

I wish to take this opportunity to thank my fellow directors and the staff for the efforts and contribution they had made to enable the Group to achieve satisfying progress during the year under review. I would also like to extend a note of appreciation to shareholders for their patience with and support of the Company.

Alastair Gunn-Forbes
Non-Executive Chairman
29 April 2016

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 2015.

PRINCIPAL ACTIVITIES

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

RESULTS

The audited consolidated loss of the Company and its subsidiaries for the year ended 31 December 2015 was US$644,000, compared with a loss of US$475,000 in 2014. Loss per share was US1.14cent (2014: US0.84 cent).

Revenue in 2015 rose to US$96,000 from US$8,000 in 2014, reflecting the full year dividend income received from the Group's investment in the ICBC Specialised Ship Leasing Fund.

The increase in loss in 2015 was largely due to increased staff and administration costs. As part of its business reactivation plans, the Group has been recruiting additional staff in order to reduce the reliance on third party professional assistance. Staff costs increased to US$225,000 in 2015 from US$75,000 in 2014 with US$34,000 of the increase attributed to the share-based payment expenses associated with share options granted to the directors and staff in December 2015. Reflecting the full year rent of the new office to which the principal operating subsidiary of the Group, Worldsec Investment (Hong Kong) Limited, has been relocated as part of its business reactivation plans, rental costs increased to US$69,600 in 2015 from US$14,500 in 2014. There was also a share of joint venture loss of US$53,000 in 2015 against US$48,000 in 2014 arising from the Group's 50% shareholding investment in Oasis Education Group Limited ("Oasis Education").

As at 31 December 2015, the net assets of the Group amounted to US$3.1 million (2014: US$3.8 million), equivalent to US5.5 cents per share (2014: US6.6 cents).

Further details of the Group's results are set out in the consolidated statement of profit and loss and other comprehensive income on page 17 and notes to the consolidated financial statements on pages 21 to 52.

The Board does not propose to declare any dividend for the year ended 31 December 2015. (2014: nil).

REVIEW

In accordance with the investment policy of the Company, a copy of which is set out on pages 53 to 54, 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. 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.

As reported previously, the Group made an investment of CHF320,000 in the equity capital of ayondo Holding AG ("Ayondo") during 2015. The principal businesses of Ayondo, a company incorporated in Switzerland, included Frankfurt-based ayondo GmbH, which is a leading social trading service provider, and London-based ayondo Markets Limited, which is a broker regulated by the Financial Conduct Authority and which also serves as the broker platform for the services provided by ayondo GmbH. Ayondo has more than 190,000 users from 195 countries and is committed to expanding into

Asia. In November 2015, Ayondo partnered with a brokerage to launch its first product in Singapore under a white label arrangement allowing investors to trade in contracts for difference. In April 2016, Ayondo made an announcement in respect of a proposed reverse takeover transaction that could lead to Ayondo becoming the first FinTech company to be listed on the Singapore Stock Exchange and that could provide Ayondo a major platform to accelerate growth particularly in Asia.

Meanwhile, Oasis Education, the joint venture in which the Group has a 50% shareholding investment, has been making promising progress. Its Shenzhen-based subsidiary, Oasis Education Consulting (Shenzhen) Company Limited (奧偉詩教育諮詢(深圳)有限公司, "Oasis Shenzhen"), provides consultation and support services to a kindergarten (the "Huizhou Kindergarten") located in Huizhou City of Guangdong Province in China. As at 31 December 2015, the number of pupils enrolled with the Huizhou Kindergarten totalled 76, as compared with only five at the beginning of the year. By the end of March 2016, the enrollment had reached 102.

In December 2015, the Board resolved to grant share options to the directors and staff who were eligible participants under the Worldsec Employee Share Option Scheme 1997 (the "Scheme"). The purpose of the grant, details of which are set out in note 21 to the consolidated financial statements on pages 50 to 51, was to reward them for their commitments to the Group notwithstanding that the Group could only afford to pay relatively limited remuneration at the early stage of development following its reactivation of business activities.

As mentioned above, Worldsec Investment (Hong Kong) Limited has been recruiting additional staff as part of the Group's business reactivation plans. Accordingly, daily business functions such as accounting and office management have been brought under in-house management.

During the year under review, the Group had evaluated a number of investment opportunities in the areas of, amongst others, financial and educational services of which negotiations and due diligent works on two of them are continuing. Shareholders will be informed of any further development of these projects in due course.

PROSPECTS

Under the prevailing low interest rate environment, the Group's investment in the ICBC Specialised Ship Leasing Fund will continue to represent a stable and attractive source of return through high yielding dividend income. On the other hand, should the proposed reverse takeover transaction of Ayondo be successfully executed, its listing on the Singapore Stock Exchange is expected to not only better reflect the valuation but also enhance the liquidity of the Group's investment in Ayondo.

Meanwhile, with the encouraging pupil in-take achieved by the Huizhou Kindergarten, Oasis Education is confident of further significant improvement in enrollment when the next school year starts in September 2016. With this track record, Oasis Shenzhen is prepared to explore and indentify other opportunities with the objective of securing another kindergarten consulting and support service contract within the next twelve to eighteen months.

On the bigger picture, the divergence in the monetary policies amongst the leading developed countries remains a key feature of the global financial market. This together with the slower growth under the new-normal economy of China and the concern surrounding the outlook of the Reminbi will add uncertainty to the private equity investment environment particularly in the Asian region.

The Board will continue to look for and identify appropriate investments to expand the Group's investment portfolio in accordance with the Company's investment objective with a view to generating sustainable growth in shareholders' value in the longer term. As the Group remains at an early stage of development and given the relatively small capital base of the Company, the Company may have to raise new capital to better position the Group to capture future investment opportunities and to implement its long term growth strategy.

DIRECTORS' REPORT

DIRECTORS

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

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*

** independent*

Brief biographical notes of the directors serving at the date of this report are set out on pages 55 to 56.

Save as disclosed in this report and in note 22 to the consolidated financial statements on page 51, 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.

DIRECTORS' REPORT

Messrs Alastair Gunn-Forbes and Mark Chung Fong have served on the Board for more than nine years. (In accordance with Provision B.7.1 of the UK Corporate Governance Code on corporate governance published by the Financial Reporting Council (the "UK Corporate Governance Code"), both Messrs Alastair Gunn-Forbes and Mark Chung Fong retired by rotation and were re-elected to office by separate resolutions passed at the Annual General Meeting held on 5 October 2015.) During the past nine year period, however, neither 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 B.1.1 of the UK Corporate Governance Code, the Board has determined that their independence and objectivity have not been impaired and 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, including Messrs Alastair Gunn-Forbes, Mark Chung Fong and Martyn Stuart Wells, as eligible participants of the 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 early stage of development. Accordingly, and in accordance with Provision B.1.1 of the UK Corporate Governance Code, given such circumstances, the Board has determined that the participation of Messrs Alastair Gunn-Forbes, Mark Chung Fong and Martyn Stuart Wells in the Scheme will not affect their ability to act independently in character and judgement.

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 2015	**At 31 December 2015**
	No. of shares	**No. of shares**
Alastair Gunn-Forbes	30,000	30,000
Henry Ying Chew Cheong (Note)	3,054,873	3,054,873
Mark Chung Fong	Nil	Nil
Ernest Chiu Shun She	366,730	366,730
Martyn Stuart Wells	Nil	Nil

Note: Mr Henry Ying Chew Cheong ("Mr Cheong") owns, in addition to the beneficial interest in 3,054,873 ordinary shares of US$0.001 each in the Company, 2 ordinary shares of US$1 each in Grand Acumen Holdings Limited ("GAH"), representing 25% of the issued share capital of GAH. GAH beneficially owned 6,450,000 ordinary shares of US$0.001 each in the Company at 1 January 2015 and 31 December 2015.

In addition, HC Investment Holdings Limited ("HCIH") is wholly owned by Mr Cheong. HCIH beneficially owned 10,000,000 ordinary shares of US$0.001 each in the Company at 1 January 2015 and 31 December 2015.

In total, Mr Cheong and his associates were the legal and beneficial owners of 19,504,873 ordinary shares of US$0.001 each in the Company, representing 34.4% of the Company's issued share capital, at 1 January 2015 and 31 December 2015. 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, amongst 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 2015 No. of share options (Note)	At 31 December 2015 No. of share options (Note)
Alastair Gunn-Forbes	Nil	500,000
Henry Ying Chew Cheong	Nil	500,000
Mark Chung Fong	Nil	500,000
Ernest Chiu Shun She	Nil	500,000
Martyn Stuart Wells	Nil	500,000

Note: The share options entitle the holders to subscribe on a one for one basis ordinary shares of US$0.001 each in the share capital of the Company at an exercise price of US$0.122 per share. The share options vest six months from the date of grant on 1 December 2015 and then are 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 and since 1 January 2015.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The remuneration of the directors for the year ended 31 December 2015 was as follows:

	Fees US$'000	Share-based payment expenses US$'000	Other emoluments US$'000	Total US$'000
Alastair Gunn-Forbes	15	6	-	21
Henry Ying Chew Cheong	15	6	-	21
Mark Chung Fong	15	6	-	21
Ernest Chiu Shun She	15	6	-	21
Martyn Stuart Wells	15	6	-	21
	75	30	-	105

PROVIDENT FUND AND PENSION CONTRIBUTION FOR DIRECTORS

During the year under review, there was no provident fund and pension contribution 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 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 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 Group's bonus arrangements at the discretion of the Remuneration Committee and the Board. No bonus was recommended for the year ended 31 December 2015.

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 23 March 2016, the Company was aware of the following direct or indirect interests (other than directors' interests) representing 5 % or more of the Company's issued share capital:

	No. of shares	Percentage of issued share capital
Capita IRG Trustees (Nominees) Limited (Note)	19,940,929	35.1%
Grand Acumen Holdings Limited	6,450,000	11.4%
HC Investment Holdings Limited	10,000,000	17.6%
Luis Chi Leung Tong	5,000,000	8.8%

Note: Capita IRG Trustees (Nominees) Limited ("Capita") acts as custodian for Capita IRG Trustees Limited (the "Depositary") which has been appointed by the Company to provide the depositary interest facility in Crest. The Depositary passes all rights and entitlements, including voting rights, to the underlying depositary interest holders. As such, Capita does not constitute a controlling shareholder. Furthermore, to the best of the knowledge of the Company, no single one of the underlying depositary interest holders had depositary interests held under Capita totalling 30% or more of the Company's issued capital at 23 March 2016.

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.

Amongst 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 Board considers that the principal risks and uncertainties that are relevant to the Group 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 and hence the cash flows 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 will seek to invest in and maintain a diversified portfolio in order to spread the investment risk of the Group.

Investment opportunity risk

Faced with the peril of persistent economic vulnerability, most major central banks apart from the U.S. Federal Reserve continue to pursue highly accommodative monetary policies. Given the abundance of liquidity, the private equity space has been awash with investment capital and dry powder competing for quality deals. This has been driving up valuations and narrowing the spreads of investment returns, thereby limiting the availability of attractive investment opportunities for the Group. In response to such circumstances, the Company has sought approval from shareholders to broaden its investment policy. This offers greater flexibility for the Group to make investment choices from a broader range of opportunities to achieve the Company's investment objective under the challenging and competitive environment.

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 notice. Moreover, Mr Cheong is also the deputy chairman and a major shareholder beneficially holding a 34.4% 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, amongst 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 8.

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 page 40.

VIABILITY STATEMENT

The directors have assessed the viability of the Company for the three years to 31 December 2018.

The directors consider that, for the purpose 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 if not all of the principal risks and uncertainties facing the Group over the timeframe selected for the assessment.

DIRECTORS' REPORT

In assessing the viability of the Company and its ability to meet liabilities as they fall due, the directors have taken into consideration, amongst 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 investment; 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 8 to 9.

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 operating leases with modest outstanding rental payments; 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 enquiries, and taking into account the increase in the equity capital of the Company and the reactivation of the Group's business activities in the latter part of 2013, 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 2015, that there was a reasonable expectation that the Group would have adequate resources to carry out its operations for the foreseeable future. For this reason, as stated in note 3 to the consolidated financial statements on pages 24 to 34, the directors have adopted the going concern basis in preparing the consolidated financial statements.

CORPORATE GOVERNANCE

The Company seeks to comply with the code provisions of the UK Corporate Governance Code (a copy of which is publicly available on the webpage of the Financial Reporting Council, https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf).

The Board, with a non-executive chairman and over half of its members being non-executive directors, is committed to high standard of corporate governance. All non-executive directors are considered by the Board as 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 confirms that, throughout the accounting period from 1 January to 31 December 2015, the Group complied with the relevant provisions of the UK Corporate Governance Code, apart from certain exceptions set out and explained below.

Although the Board believes that a Nomination Committee (as noted in Provision B.2.1 of the UK Corporate Governance Code), which makes recommendations to the Board on all new board appointments, will ensure shareholders as to the suitability of a chosen director, the Board considers that due to its size and level of activities it is a "small" Board in the context of the UK Corporate Governance Code and has therefore decided that it would not be necessary to establish such a committee. All responsibilities of such a committee have been reverted to the Board as a whole.

Again, due to its size and level of activities, the Board has not appointed a senior independent director and does not consider an annual self-evaluation to be particularly meaningful. The responsibilities normally rested with a senior independent director have been reverted to the Board as a whole.

Likewise, as the Group is at an early stage of development following its reactivation of business activities in the latter part of 2013 and the scale of its operations remains relatively insubstantial, the Board has decided that it would not be necessary or cost-effective to set up an internal audit function. However, the Company has set up an Audit Committee in accordance with Provision C.3.1 of the UK Corporate Governance Code.

AUDIT COMMITTEE

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

Director	**Audit Committee Meeting**
Mark Chung Fong	4/4
Martyn Stuart Wells	4/4

The Audit Committee is chaired by Mr Mark Chung Fong and its other current member is Mr Martyn Stuart Wells. The Audit Committee is appointed by the Board and the committee's membership is comprised 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, http://www.worldsec.com) generally follow, where applicable, those stated in the code provisions of the UK Corporate Governance Code.

The Audit Committee meets not less than two times a year and its responsibilities include, amongst 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.

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 2014; 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 2015. In reappointing BDO Limited, the Audit Committee has taken into consideration, amongst 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 2015 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 2015; (ii) the review 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 service provided.

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 2015, 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 D.2.1 of the UK Corporate Governance Code, the Company has set up a Remuneration Committee. The Remuneration Committee held two meeting during the year under review and the table below gives the attendance record.

Director	Remuneration Committee Meeting
Martyn Stuart Wells	2/2
Mark Chung Fong	2/2
Alastair Gunn-Forbes	2/2

The Remuneration Committee is chaired by Mr Martyn Stuart Wells and its other current members are Messrs Alastair Gunn-Forbes and Mark Chung Fong. The Remuneration Committee is appointed by the Board and the committee's membership is comprised 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, http://www.worldsec.com) generally follow, where applicable, those stated in the code provisions of the UK Corporate Governance Code.

The Remuneration Committee meets not less than two times a year and its responsibilities include, amongst 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 Scheme, for individual staff and director members.

In accordance with the Main Principle of Provision D.2 of the UK Corporate Governance Code, no director should be 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 previous remuneration arrangements; and (ii) the review of and recommendation to the Board in relation to the granting of share options to the directors and staff under the Scheme.

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	4/4
Henry Ying Chew Cheong	4/4
Ernest Chiu Shun She	4/4
Mark Chung Fong	4/4
Martyn Stuart Wells	4/4

In addition to the above board meetings, pursuant to the Company's bye-laws, two written resolutions were passed by all the directors during the year under review.

WORLDSEC EMPLOYEE SHARE OPTION SCHEME 1997

On 1 December 2015, the Company granted to certain eligible persons a total of 2,950,000 share options to subscribe for ordinary shares of US$0.001 each in the share capital of the Company under the Scheme. The share options vest six months from the date of grant and then are exercisable within a period of 9.5 years.

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

		Number of options						
Grantee	**Exercisable period**	**Balance at 1 January 2015**	**Granted during the year**	**Exercised during the year**	**Forfeited during the year**	**Lapsed during the year**	**Balance at 31 December 2015**	**Exercise price per share (US$)**
Directors	1 June 2016 to 30 November 2025	-	2,500,000	-	-	-	2,500,000	0.122
Employees	1 June 2016 to 30 November 2025	-	450,000	-	-	-	450,000	0.122
		-	2,950,000	-	-	-	2,950,000	

Further details relating to the granting of the share options during the year under review are set out in note 21 to the consolidated financial statements on pages 50 to 51.

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 on a regular basis and on the website of the Company, http://www.worldsec.com. All shareholders are encouraged to attend the Annual General Meeting at which directors are introduced and 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 2015 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
29 April 2016

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 2015, 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 judgments and estimates that are reasonable and prudent;

- state whether the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 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 confirms that, to the best of their knowledge and understanding, the chairman's statements on page 1 and the directors' report on pages 2 to 4 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
29 April 2016

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Worldsec Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 17 to 52, which comprise the consolidated statement of financial position of the Group as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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. We have nothing to report arising from our review.

BDO Limited
Certified Public Accountants
Alfred Lee
Practising Certificate Number P04960
Hong Kong, 29 April 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 31 December 2015 US$'000	2014 US$'000
Revenue	7	**96**	8
Staff costs	9	**(225)**	(75)
Other expenses		**(462)**	(360)
Share of losses of a joint venture	14	**(53)**	(48)
Loss before income tax expense	10	**(644)**	(475)
Income tax expense	11	**-**	-
Loss for the year		**(644)**	(475)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(3)**	(6)
Share of other comprehensive income of a joint venture		**(19)**	-
Other comprehensive income for the year, net of income tax		**(22)**	(6)
Total comprehensive income for the year		**(666)**	(481)
Loss for the year attributable to:			
Owners of the Company		**(644)**	(475)
Total comprehensive income attributable to:			
Owners of the Company		**(666)**	(481)
Loss per share - basic and diluted	12	**US (1.14) cent**	US (0.84) cent

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Notes	2015	2014
		US$'000	US$'000
Non-current assets			
Property, plant and equipment	13	**44**	67
Interest in a joint venture	14	**137**	209
Available-for-sale financial assets	15	**1,125**	800
		1,306	1,076
Current assets			
Other receivables		**-**	8
Deposits		**21**	21
Amount due from a joint venture	14	**257**	257
Cash and cash equivalents	17	**1,988**	2,769
		2,266	3,055
Current liabilities			
Other payables and accruals	18	**441**	368
Net current assets		**1,825**	2,687
Net assets		**3,131**	3,763
Capital and reserves			
Share capital	19	**57**	57
Reserves	20	**3,074**	3,706
Total equity		**3,131**	3,763

The consolidated financial statements on pages 17 to 52 were approved and authorised for issue by the Board of Directors on 29 April 2016 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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Equity attributable to owners of the Company							
	Share capital US$'000 (note 19)	Share premium US$'000 (note 20)	Contri-buted surplus US$'000 (note 20)	Share option reserve US$'000 (note 20)	Foreign currency translation reserve US$'000 (note 20)	Special reserve US$'000 (note 20)	Accumulated losses US$'000 (note 20)	Total US$'000
Balance at 1 January 2014	57	3,837	9,646	-	(2)	625	(9,919)	4,244
Loss for the year	-	-	-	-	-	-	(475)	(475)
Other comprehensive income for the year								
Exchange differences on translating foreign operations	-	-	-	-	(6)	-	-	(6)
Total comprehensive income for the year	-	-	-	-	(6)	-	(475)	(481)
Balance at 31 December 2014 and 1 January 2015	57	3,837	9,646	-	(8)	625	(10,394)	3,763
Loss for the year	-	-	-	-	-	-	(644)	(644)
Other comprehensive income for the year								
Exchange differences on translating foreign operations	-	-	-	-	(3)	-	-	(3)
Share of other comprehensive income of a joint venture	-	-	-	-	(19)	-	-	(19)
Total comprehensive income for the year	-	-	-	-	(22)	-	(644)	(666)
Recognition of share-based payments	-	-	-	34	-	-	-	34
Balance at 31 December 2015	**57**	**3,837**	**9,646**	**34**	**(30)**	**625**	**(11,038)**	**3,131**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year ended 31 December	
	2015	2014
	US$'000	US$'000
Cash flows from operating activities		
Loss for the year	**(644)**	(475)
Adjustments for:		
Depreciation of property, plant and equipment	**23**	2
Share of losses of a joint venture	**53**	48
Share-based payment expenses	**34**	-
Operating loss before working capital changes	**(534)**	(425)
Decrease/(increase) in other receivables	**8**	(8)
Increase in deposits	**-**	(21)
Increase/(decrease) in other payables and accruals	**73**	(90)
Net cash used in operating activities	**(453)**	(544)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**-**	(69)
Acquisition of a joint venture	**-**	(257)
Purchase of available-for-sale financial assets	**(325)**	(800)
Advance to a joint venture	**-**	(257)
Net cash used in investing activities	**(325)**	(1,383)
Net decrease in cash and cash equivalents	**(778)**	(1,927)
Cash and cash equivalents at the beginning of the year	**2,769**	4,702
Effects of exchange rate changes	**(3)**	(6)
Cash and cash equivalents at the end of the year	**1,988**	2,769

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Its principal place of business address is Unit 607, 6th Floor, FWD Financial Centre, 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 16 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 the "IFRSs").

2. APPLICATION OF NEW AND REVISED IFRSs

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs have been applied by the Group in the current year and have affected the presentation and disclosures set out in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

The application of the above new and revised IFRSs in the current year had no material impact on the Group's financial performance and financial position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED IFRSs (CONTINUED)

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRSs (Amendments)	Annual Improvements 2010–2012 Cycle[1]
IFRSs (Amendments)	Annual Improvements 2012–2014 Cycle[2]
Amendments to IAS 1	Disclosure Initiative[2]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

[1] Effective in the EU for annual periods beginning on or after 1 February 2015

[2] Effective in the EU for annual periods beginning on or after 1 January 2016

Annual Improvements 2010-2012 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to IAS 1 - Disclosure Initiative

The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures, and the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. The presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. APPLICATION OF NEW AND REVISED IFRSs (CONTINUED)

2.2 New and revised IFRSs in issue but not yet effective (Contiuned)

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments to IAS 27 allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

Amendments to IFRS 11- Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require an entity to apply all of the principles of IFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard.

The principles of IFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the accounting policies and consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRSs issued by the International Accounting Standards Board as adopted by the EU.

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis using the historical cost convention.

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: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) 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.

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 ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint arrangements (Continued)

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 amount are adjusted for the Group’s share of the post-acquisition change in the joint ventures’ net assets except that losses in excess of the Group’s interest in the 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 the joint venture’s profits and losses resulting from these 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. SIGNIFICANT ACCOUNTING POLICIES (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 the 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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

Revenue recognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (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 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 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 reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

Share-based payments

The Group operates equity-settled share-based compensation plans and the 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 values. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

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 ‘loss before tax’ 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. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 profit. 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 asset 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax (Continued)

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 amount 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 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.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and bank balance) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account. When any part of a financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

For available-for-sale equity investments that are carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire, or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable, for available-for-sale investments, and the cumulative gain or loss that had been recognised in other comprehensive income is reclassified to profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including other payables and accruals) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (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 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 the consolidated statement of profit or loss immediately.

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); or
(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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

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 their 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.

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

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, 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 accounting estimates 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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Depreciation

The Group depreciates property, plant and equipment using the straight-line method over the estimated useful lives, starting from the date on which the assets are available for use. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the property, plant and equipment of the Group. The carrying amount of property, plant and equipment is disclosed in note 13.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Impairment of receivables

The Group maintains an allowance for estimated loss arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its receivable balances, debtors' creditworthiness, and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

(iii) Impairment of non-financial assets

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

(iv) Impairment of available-for-sale financial assets

The directors review available-for-sale investments at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there is objective evidence that an impairment indicator exists. The determination of whether the impairment indicator exists requires judgement. In making this judgement, management of the Group takes into account factors such as significant changes with an adverse effect that has taken place in technological, market, economic or legal environment in which the investee operates, and that indicates that the cost of the investment in the equity instrument may not be recovered.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015	2014
	US$'000	US$'000
Financial assets		
Loans and receivables	**2,266**	3,055
Available-for-sale financial assets	**1,125**	800
	3,391	3,855
Financial liabilities		
Financial liabilities measured at amortised cost	**441**	368

(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 to mitigate 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 price risk.

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 are no significant foreign exchange risk with respect to the USD.

The currencies giving rise to this risk are primarily Euro ("EUR") and 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	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
EUR	**83**	2	**13**	18
GBP	**84**	88	**-**	9

The following table details the Group's sensitivity to a 10% (2014: 10%) increase and decrease in USD against the relevant foreign currencies. 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 foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts its translation as at year end for a 10% (2014: 10%) change in the relevant foreign currencies rates. A positive number below indicates a decrease in loss for the year where USD strengthens 10% (2014: 10%) against the relevant foreign currency. For a 10% (2014: 10%) weakening of USD against the relevant foreign currencies there would be an equal and opposite impact on the loss for the year.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (Continued)

Market risks (Continued)

(i) Foreign currency risk (Continued)

	2015	2014
	US$'000	US$'000
Change in post-tax loss for the year		
EUR impact	**7**	(2)
GBP impact	**8**	8

(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 unquoted 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.

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

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 failure to discharge an obligation by the counterparties arises from the carrying amount 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 2015, approximately 98% (2014: 98%) 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 does not have any other significant concentration of credit risk.

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.

Liquidity table

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.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives (Continued)

Liquidity table

	On demand or less than 1 year	
	2015	2014
	US$'000	US$'000
Other payables and accruals	**441**	368

(c) Fair value of financial instruments

The directors consider that the carrying amounts of loans and receivables and financial liabilities recognised in the consolidated financial statements approximated their fair values.

6. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's 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 of equity attributable to owners of the Company only, comprising share capital and reserves.

7. REVENUE

The Group's revenue represents dividend income from available-for-sale financial assets for the year. An analysis of the Group's revenue from principal activities is as follows:

	Year ended 31December	
	2015	2014
	US$'000	US$'000
Dividend income from available-for-sale financial assets	**96**	8

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 2015 and 2014, 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 operating segment is presented.

The major operations and the revenue of the Group arise from Hong Kong. The Board of Directors considers that most of the assets of the Group are located in Hong Kong.

9. STAFF COSTS

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

	Year ended 31 December	
	2015	2014
	US$'000	US$'000
Wages and salaries	**188**	75
Contributions to pension and provident fund	**3**	-
Share-based payment expenses (note 21)	**34**	-
	225	75

Compensation of key management personnel was as follows:

	Year ended 31 December	
	2015	2014
	US$'000	US$'000
Directors' fees	**75**	75
Share-based payment expenses	**30**	-
Other remuneration including contributions to pension and provident fund	**-**	-
	105	75

10. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense has been arrived at after charging:

	Year ended 31 December	
	2015	2014
	US$'000	US$'000
Auditor's remuneration		
- Current year	**38**	36
- Under provision in prior year	**-**	15
	38	51
Depreciation of property, plant and equipment	**23**	2
Foreign exchange loss	**1**	7
Operating lease rental expenses in respect of office premises and warehouse	**80**	25

11. INCOME TAX EXPENSE

No provision for taxation has been made as the Group did not generate any assessable profits for United Kingdom Corporation Tax, Hong Kong Profits Tax and tax in other jurisdictions.

The tax charge for 2015 and 2014 can be reconciled to the loss before income tax expense per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2015	2014
	US$'000	US$'000
Loss before income tax expense	**644**	475
Loss before tax calculated at 16.5% (2014: 16.5%)	**106**	78
Tax effect of non-deductible expenses	**(67)**	-
Tax effect of estimated tax losses not recognised	**(39)**	(78)
Tax charge for the year	**-**	-

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 has been recognised in the financial statements as the Group did not have material temporary difference arising between the tax bases of assets and liabilities and their carrying amounts as at 31 December 2015 and 2014.

12. LOSS PER SHARE

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

	Year ended 31 December	
	2015	2014
Loss for the year attributable to owners of the Company (US$'000)	**644**	475
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**56,734,580**	56,734,580
Loss per share – basic and diluted	**(1.14) cent**	(0.84) cent

Diluted loss per share was the same as basic loss per share for the years ended 31 December 2015 and 2014 as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basic loss per share presented for the years ended 31 December 2015 and 2014.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US$'000
Cost	
At 1 January 2014	-
Additions	69
At 31 December 2014 and 1 January 2015	69
Additions	-
At 31 December 2015	69
Accumulated depreciation	
At 1 January 2014	-
Depreciation	2
At 31 December 2014 and 1 January 2015	2
Depreciation	23
At 31 December 2015	25
Carrying amount	
At 31 December 2014	67
At 31 December 2015	44

14. INTEREST IN A JOINT VENTURE

	2015	2014
	US$'000	US$'000
Unlisted investment, at cost	**257**	257
Share of post-acquisition losses	**(101)**	(48)
Share of post-acquisition other comprehensive income	**(19)**	-
Share of net assets	**137**	209
Amount due from a joint venture	**257**	257

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

Details of the joint ventures at 31 December 2015 were as follows:

Name	Country of incorporation and operation	Proportion of ownership interest Direct	Indirect	Paid-up registered Capital	Principal activities
Oasis Education Group Limited 奧偉詩教育集團有限公司 ("Oasis Education")	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

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 obligation for the liabilities of the joint arrangement resting primarily with Oasis Education. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

14. INTEREST IN A JOINT VENTURE (CONTINUED)

The aggregate amounts relating to the joint venture that have been included in the consolidated financial statements of the Group as extracted from relating 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:

	2015	2014
Results of the joint venture for the year	**US$'000**	US$'000
Revenue	**-**	-
Expenses	**(105)**	(96)
Loss for the year	**(105)**	(96)
Other comprehensive income for the year	**(38)**	-
Total comprehensive income for the year	**(143)**	(96)
Share of losses of the joint venture for the year	**(53)**	(48)
Share of other comprehensive income of the joint venture for the year	**(19)**	-
Accumulated share of results of the joint venture	**(101)**	(48)

Assets and liabilities of the joint venture at 31 December

	2015	2014
	US$'000	US$'000
Non-current assets	**-**	-
Current assets	**835**	772
Non-current liabilities	**-**	-
Current liabilities	**(562)**	(353)
Net assets	**273**	419
Included in the above amounts were:		
Cash and cash equivalents	**22**	772
Depreciation and amortisation	**-**	-
Interest income	**-**	-
Interest expense	**-**	-
Current financial liabilities (excluding trade and other payables)	**-**	-
Percentage of equity interest attributable to the Group	**50%**	50%
Share of net assets of the joint venture	**137**	209

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	US$'000	US$'000
Unlisted equity investment,		
- at cost	**1,125**	800

During the year ended 31 December 2014, the Group acquired 8% equity interest in ICBC Specialised Ship Leasing Investment Fund (the "ICBC Shipping Fund") for a total cash consideration of US$800,000. The ICBC Shipping Fund is a company incorporated in the Cayman Islands with an objective of achieving stable return from primarily investing in marine vessels.

During the year ended 31 December 2015, the Group acquired equity interest in ayondo Holding AG ("Ayondo") for a total cash consideration of CHF320,000 (equivalent to approximately US$325,000). Ayondo is a company incorporated in Switzerland and invests in new technologies and high growth business models that can be achieved through efficiency improvements within the banking sector.

These investments were designated as available-for-sale financial assets. The investments are measured at cost less impairment at each reporting date because the investments do not have quoted market prices in an active market, the variability in the range of reasonable fair value estimates for the investments is significant and therefore their fair value cannot be reliably measured. The directors had no intention to dispose of the available-for-sale financial assets at the end of the reporting period.

The directors have assessed the impacts on the recoverable amount of the financial assets and concluded that no impairment loss needed to be made.

16. SUBSIDIARIES

Details of the subsidiaries of the Company at 31 December 2015 were as follows:

Name	Country of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activities
Worldsec Financial Services Limited	British Virgin Islands	100%	100%	Investment holding
Worldsec Corporate Finance Limited	British Virgin Islands	100%*	100%*	Inactive
Worldsec International NV	Netherlands Antilles	100%*	100%*	Inactive
Worldsec International (Netherlands) BV	Netherlands	100%*	100%*	Inactive
Worldsec International (PH) BV	Netherlands	100%*	100%*	Inactive
Worldsec Investment (Hong Kong) Limited	Hong Kong	100%*	100%*	Investment holding
Worldsec Investment (China) Limited	British Virgin Islands	100%*	100%*	Investment holding

∗ Indirectly held subsidiaries

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of financial position were as follows:

	2015	2014
	US$'000	US$'000
Bank balances	**1,987**	2,768
Cash balances	**1**	1
	1,988	2,769

Bank balances bore interest at the then prevailing market rates ranging from 0.001% to 0.01% (2014: 0.001% to 0.01%) per annum and had original maturities of three months or less.

18. OTHER PAYABLES AND ACCRUALS

	2015	2014
	US$'000	US$'000
Other payables	**308**	188
Accruals	**133**	180
	441	368

19. SHARE CAPITAL

	Number of shares	**Total value US$'000**
Authorised:		
Ordinary shares of US$0.001 each		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	60,000,000,000	60,000
Called up, issued and fully paid:		
Ordinary shares of US$0.001 each		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	56,734,580	57

20. 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 granted 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.

20. RESERVES (CONTINUED)

(d) Exchange differences relating to the translation of the net assets of the Group's foreign operations (including 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.

21. SHARE-BASED PAYMENTS

The Company operates an equity-settled share-based remuneration schemes 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 for ordinary shares of US$0.001 each in the share capital of the Company under the Worldsec Employee Share Option Scheme 1997 (the "Scheme") which was revised on 24 September 2014. The options vest six months from the date of grant and then are exercisable within a period of 9.5 years.

The following table discloses the movements of the outstanding share options under the Scheme during the year ended 31 December 2015.

		Number of options						
Grantee	Exercisable period	Balance at 1 January 2015	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year	Balance at 31 December 2015	Exercise price per share (US$)
Directors	1 June 2016 to 30 November 2025	-	2,500,000	-	-	-	2,500,000	0.122
Employees	1 June 2016 to 30 November 2025	-	450,000	-	-	-	450,000	0.122
		-	2,950,000	-	-	-	2,950,000	

21. SHARE-BASED PAYMENTS (CONTINUED)

The fair value of options granted during the year ended 31 December 2015 was approximately US$206,000 and was determined at the grant date using the Black-Scholes Option Pricing Model.

Significant inputs into the calculation included the weighted average share price of US$0.136, expected dividend yield of 0.000% and a volatility rate of 56.850%. The volatility assumption was based on the historical share price volatility during the year ended 31 December 2015. Risk-free annual interest rate was determined at 1.762%.

The share-based payment expenses of approximately US$34,000 were charged to the profit or loss during the year ended 31 December 2015.

The options outstanding as at 31 December 2015 had a weighted average remaining contractual life of 9.5 years and a weighted average exercise price of US$0.122.

No option was exercised during the year ended 31 December 2015.

22. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with a related party during the years ended 31 December 2015 and 2014:

Name of related company	Nature of transaction	**2015** **US$'000**	2014 US$'000
WAG Worldsec Corporate Finance Limited (*note*)	Consultancy fee	-	32
WAG Worldsec Corporate Finance Limited (*note*)	Accounting fee	5	19

Note: Mr. Henry Ying Chew Cheong, a director of the Company, had beneficial interest (approximately 34%) in the related company.

There was no outstanding balance with the related party as at 31 December 2015 and 2014.

Compensation of key management personnel

Key management personnel of the Company are the directors of the Company only. The remuneration of directors is set out on the consolidated statement of profit or loss and other comprehensive income and with additional disclosure in note 9 to the consolidated financial statements.

23. OPERATING LEASE COMMITMENTS

Operating leases – lessee

At the reporting date, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and warehouse as follows:

	2015	2014
	US$'000	US$'000
Not later than one year	**58**	63
Later than one year and not later than five years	**44**	101
	102	164

The leases run for an initial period of 2 to 3 years, with an option to renew the office premises lease upon expiry when all terms are renegotiated.

24. CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 December 2015 (2014: nil).

INVESTMENT POLICY

The Company will invest in small to medium sized trading companies, both start-up/early stage growth and established, being companies 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 region, where economic growth is expected to remain strong. 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 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.

Initial 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 will invest in 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.

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 71*

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 has 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, a recruitment company and also the Chairman of FutureBiogas, a green energy company.

Henry Ying Chew Cheong - *Executive Director and Deputy Chairman - aged 68*

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 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 is an Independent Non-Executive Director of Cheung Kong Property Holdings Limited, Cheung Kong Infrastructure Holdings Limited, CNNC International Limited, Greenland Hong Kong Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited, New World Department Store China Limited, Skyworth Digital Holdings Limited and TOM Group 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. Mr Cheong was an Independent Non-executive Director of Cheung Kong (Holdings) Limited, CK Hutchison Holdings Limited (both resigned on 3 June 2015) and Creative Energy Solutions Holdings Limited (resigned on 9 May 2016) all being listed in Hong Kong.

Mr Cheong was a member of the Advisory Committee of the Securities and Futures Commission and also a member of the Securities and Futures Appeals Tribunal in Hong Kong (from 2009-2015). Mr Cheong was previously a member of Disciplinary Panel A of Hong Kong Institute of Certified Public Accountants (from 2005-2011), a member of the Corporate Advisory Council of the Hong Kong Securities Institute (from 2002-2009), a member of the Advisory Committee (from 1993-1999) to the Securities and Futures Commission ("SFC"), a member of the Board of Director 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).

BIOGRAPHICAL NOTES OF THE DIRECTORS

Ernest Chiu Shun She - ***Executive Director – aged 55***

Mr She is an investment banker with extensive experience in the field of corporate finance having covered a broad and diverse range of financial advisory and fund raising activities in the Asian regional stock markets and had held executive management positions and directorships at Worldsec Corporate Finance Limited and UOB Asia (Hong Kong) Limited.

Mr She was one of the cofounding team members at the Worldsec Group of companies when they were established in the early 1990s. Between 1991 and until the disposal by the Group of certain securities businesses to UOB Kay Hian Holdings Limited in 2002, Mr She spent a total of eleven years holding 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.

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.

Mr She rejoined the Group in July 2013 to assist in the reactivation of its business activities.

Mark Chung Fong - ***Non-Executive Director - aged 64***

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 holds a Master of Science degree from the University of Surrey. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow and a Past President of the Hong Kong Institute of Certified Public Accountants.

Martyn Stuart Wells - ***Non-Executive Director – aged 71***

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.