



WORLDSEC LIMITED

Interim Report for the six months ended 30 June 2016

Worldsec Limited

Interim Report for the six months ended 30 June 2016

The board (the “Board”) of directors of Worldsec Limited (the “Company”) hereby submits the interim report on the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016.

For the period under review, the Group generated an unaudited revenue of US\$48,000, derived from the dividend income received from its investment in the ICBC Specialised Ship Leasing Investment Fund, which has been producing a stable return through monthly dividends since early 2015. For the same period, the Group had an unaudited net loss of US\$402,000, equivalent to a loss per share of 0.71 US cent. This compares with an unaudited net loss of US\$228,000 and a loss per share of 0.40 US cent for the corresponding six months in the previous year. The increase in the loss was largely attributable to increased staff costs resulting from non-recurrent share-based payment expenses relating to the grant of options to reward the directors and staff for their commitments to the Group at a stage of development where the Group could only afford to pay remuneration under limited budgets. In the absence of outlays associated with initial set-up arrangements, there was however a partially offsetting decrease in the share of joint venture loss to US\$5,000 from the Group’s investment in Oasis Education Group Limited (“Oasis HK”). At 30 June 2016, the total unaudited equity of the Group stood at US\$2.90 million and the unaudited net asset value per share amounted to 5.11 US cents.

As reflected by the sharp rise in deposits and prepayments, the Group had, during the period under review, entered into an agreement to subscribe for an investment of GBP337,105 in the equity capital of Velocity Mobile Limited (“Velocity”). Founded in London, United Kingdom in 2014, Velocity is a fast growing technology enterprise offering a mobile application to consumers to discover and make real-time reservations and settle bills at premier restaurants. Velocity also offers customer relationship management solutions to help restaurant partners improve yields, remove friction points and manage loyalty programmes. The services of Velocity are live in over 1,100 venues, including a

myriad of Michelin Star classics, in London, New York, Miami, Los Angeles, San Francisco, Toronto and Montreal. Velocity is planning to expand into other major hospitality cities across North America, Europe and Asia. The directors do not expect from the Group's investment in Velocity, which was duly completed in July 2016 and which is of a long-term nature, to have any significant contribution in the foreseeable future.

Meanwhile, ayondo Holding AG ("Ayondo"), an investee company of the Group engaged in social trading and broking services for contract-for-differences, is currently in the process of implementing through a proposed share exchange to conditionally acquire the equity capital that would lead to a reverse takeover (the "RTO") of Starland Holdings Limited ("Starland"), a company listed on the Catalist of the Singapore Exchange. In connection with the RTO, the Group has exercised warrants to subscribe for additional investment in Ayondo. Following the subscription, the Group has invested an aggregate of CHF480,150 in Ayondo's equity capital. The directors believe that a successfully implemented RTO would enable Ayondo to accelerate growth and brand awareness particularly in Asia and are optimistic that a listing on the Catalist (the sponsor-supervised board) of the Singapore Exchange would enhance the value and liquidity of the Group's investment in Ayondo.

Elsewhere, in China, Oasis Education Consulting (Shenzhen) Company Limited ("Oasis Shenzhen"), a subsidiary of the joint venture of the Group, Oasis HK, continues to achieve satisfactory progress. Under the consultation and support services provided by Oasis Shenzhen, the Huizhou Kindergarten has 164 pupils enrolled for the academic term commencing in September 2016, more than doubling the enrollment of 76 pupils at the end of December 2015. With the track record established under the Huizhou Kindergarten, Oasis Shenzhen is starting to look for and evaluate the feasibility of new potential kindergarten and pre-school opportunities in China.

On the bigger picture, the investment environment generally remains difficult and challenging. The uncertainties surrounding the path of the U.S. interest rate hikes, the structural reforms and economic adjustments in China and the movements in the Renminbi is further compounded by the unexpected referendum decision of Britain to exit the European Union which could have far-reaching consequences and implications for the 28-member state as well as the rest of the world. Nonetheless, notwithstanding the uncertain and challenging investment environment, the directors are determined to

continue to seek new investments to expand and diversify the investment portfolio of the Group. In this connection, the Company is exploring various options to raise capital with a view to strengthening the Group's position to capture opportunities that may arise.

By order of the Board

Alastair GUNN-FORBES
Non-Executive Chairman

2 September 2016

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a number of principal risks and uncertainties that could materially and adversely affect its performance for the remaining six months of the year ending 31 December 2016 and beyond. Such risks and uncertainties, the directors believe, remain basically unchanged from those, including, in particular, target market risk, operational risks and financial risks, set out on pages 8 and 9 of the Company's 2015 Annual Report.

RESPONSIBILITY STATEMENT

The directors confirm that, to the best of their knowledge and understanding:

- (a) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard 34 and give a true and fair view of its assets, liabilities and financial position at that date and its net loss for the period then ended; and
- (b) the Interim Report includes a fair review of the information, such as important events and related party transaction that took place during the six months ended 30 June 2016, that is required by Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

		Unaudited Six months ended	
	Notes	30.6.2016 US\$'000	30.6.2015 US\$'000
Revenue	4	48	48
Staff costs	6	(276)	(73)
Other expenses		(169)	(176)
Share of losses of a joint venture		(5)	(27)
		<u> </u>	<u> </u>
Loss before income tax expense		(402)	(228)
Income tax expense	7	-	-
		<u> </u>	<u> </u>
Loss for the period		<u>(402)</u>	<u>(228)</u>
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		(1)	(2)
		<u> </u>	<u> </u>
Other comprehensive income for the period, net of income tax		(1)	(2)
		<u> </u>	<u> </u>
Total comprehensive income for the period		<u>(403)</u>	<u>(230)</u>
Loss for the period attributable to:			
Owners of the Company		<u>(402)</u>	<u>(228)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		<u>(403)</u>	<u>(230)</u>
Loss per share – basic and diluted	8	US(0.71) cent	US(0.40) cent
		<u> </u>	<u> </u>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016**

	<u>Notes</u>	Unaudited As at 30.6.2016 US\$'000	Audited As at 31.12.2015 US\$'000
Non-current assets			
Property, plant and equipment		32	44
Interest in a joint venture		132	137
Available-for-sale financial assets		1,125	1,125
		<u>1,289</u>	<u>1,306</u>
Current assets			
Other receivables		8	-
Deposits and prepayments	9	524	21
Amount due from a joint venture		257	257
Cash and cash equivalents		1,165	1,988
		<u>1,954</u>	<u>2,266</u>
Current liabilities			
Other payables and accruals		343	441
		<u>343</u>	<u>441</u>
Net current assets		<u>1,611</u>	<u>1,825</u>
Net assets		<u>2,900</u>	<u>3,131</u>
Capital and reserves			
Share capital	10	57	57
Reserves		2,843	3,074
		<u>2,843</u>	<u>3,074</u>
Total equity		<u>2,900</u>	<u>3,131</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Share capital US\$'000	Share premium US\$'000	Contri- buted surplus US\$'000	Share option reserve US\$'000	Foreign currency translation reserve US\$'000	Special reserve US\$'000	Accumu- lated losses US\$'000	Total US\$'000
Balance as at 1 January 2015	57	3,837	9,646	-	(8)	625	(10,394)	3,763
Loss for the period	-	-	-	-	-	-	(228)	(228)
Other comprehensive income for the period								
Exchange differences on translating foreign operations	-	-	-	-	(2)	-	-	(2)
Total comprehensive income for the period	-	-	-	-	(2)	-	(228)	(230)
Balance as at 30 June 2015 (Unaudited)	<u>57</u>	<u>3,837</u>	<u>9,646</u>	<u>-</u>	<u>(10)</u>	<u>625</u>	<u>(10,622)</u>	<u>3,533</u>
Balance as at 1 January 2016	57	3,837	9,646	34	(30)	625	(11,038)	3,131
Loss for the period	-	-	-	-	-	-	(402)	(402)
Other comprehensive income for the period								
Exchange differences on translating foreign operations	-	-	-	-	(1)	-	-	(1)
Total comprehensive income for the period	-	-	-	-	(1)	-	(402)	(403)
Recognition of share-based payments	-	-	-	172	-	-	-	172
Balance as at 30 June 2016 (Unaudited)	<u>57</u>	<u>3,837</u>	<u>9,646</u>	<u>206</u>	<u>(31)</u>	<u>625</u>	<u>(11,440)</u>	<u>2,900</u>

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

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Unaudited Six months ended	
	30.6.2016	30.6.2015
	US\$'000	US\$'000
Cash flow from operating activities		
Loss for the period	(402)	(228)
Adjustments for:		
Depreciation of property, plant and equipment	12	12
Share of losses of a joint venture	5	27
Share-based payment expenses	172	-
	<u>(213)</u>	<u>(189)</u>
Movements in working capital		
Increase in other receivables	(8)	-
Increase in deposits and prepayments	(503)	(8)
Decrease in other payables and accruals	(98)	(77)
	<u>(822)</u>	<u>(274)</u>
Net cash used in operating activities		
Cash flow from investing activities		
Purchase of available-for-sale financial assets	-	(325)
	<u>-</u>	<u>(325)</u>
Net cash used in investing activities		
Net decrease in cash and cash equivalents	(822)	(599)
Cash and cash equivalents at beginning of the period	1,988	2,769
Effects of exchange rate changes	(1)	(2)
Cash and cash equivalents at end of the period		
Cash and bank balances	<u>1,165</u>	<u>2,168</u>

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda and has a premium listing on the Main Market of the London Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information in the interim report.

2. BASIS OF PREPARATION

This unaudited consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34 ("IAS 34") issued by the International Accounting Standards Board ("IASB").

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations adopted by the European Union ("EU") (collectively referred to as the "IFRSs"), and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2015. The Interim Financial Statements are neither audited nor reviewed by the Group's auditor.

Save as described in Note 3 "Adoption of new and revised IFRSs", which are effective for the Group's financial year beginning on 1 January 2016, the accounting policies adopted in the Interim Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

The Interim Financial Statements have been prepared on a going concern basis using the historical cost conversion.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

3. ADOPTION OF NEW AND REVISED IFRSs

In the current interim period, the Group has applied, for the first time, the following new or revised IFRSs that are relevant for the preparation of the Group's Interim Financial Statements:

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

The application of the above new or revised IFRSs in the current interim period has no material effect on the amounts reported in these Interim Financial Statements and/or disclosures set out in these Interim Financial Statements.

4. REVENUE

The Group's revenue represents dividend income from available-for-sale financial assets for the periods ended 30 June 2016 and 2015. An analysis of the Group's revenue from principal activities is as follows:

	Unaudited	
	Six months ended	
	30.6.2016	30.6.2015
	US\$'000	US\$'000
Dividend income from available-for-sale financial assets	48	48

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

No business and geographical segment analyses are presented for the periods ended 30 June 2016 and 2015 as the major operations and the revenue of the Group arose from Hong Kong. The Board considers that most of the assets of the Group were located in Hong Kong.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

6. STAFF COSTS

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

	Unaudited	
	Six months ended	
	30.6.2016	30.6.2015
	US\$'000	US\$'000
Wage and salaries	102	73
Contribution to pension and provident fund	2	-
Share-based payment expenses	172	-
	<u>276</u>	<u>73</u>

Key management personnel of the Company are the directors only.

The directors' remuneration was as follows:

	Unaudited	
	Six months ended	
	30.6.2016	30.6.2015
	US\$'000	US\$'000
Directors' fees	34	39
Share-based payment expenses	152	-
Other remuneration including contribution to pension and provident fund	-	-
	<u>186</u>	<u>39</u>

7. INCOME TAX EXPENSE

No provision for taxation had 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

8. 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.

	Unaudited	
	Six months ended	
	<u>30.6.2016</u>	<u>30.6.2015</u>
Loss for the period attributable to owners of the Company (US\$'000)	<u>402</u>	<u>228</u>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>56,734,580</u>	<u>56,734,580</u>
Loss per share – basic and diluted	<u>US(0.71) cent</u>	<u>US(0.40) cent</u>

Diluted loss per share was the same as basic loss per share for the six months ended 30 June 2016 and 2015 as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basic loss per share presented for the six months ended 30 June 2016 and 2015.

9. DEPOSITS AND PREPAYMENTS

During the six months ended 30 June 2016, deposits of GBP337,105 (equivalent to approximately US\$495,000) were made in respect of the investment in the equity capital of Velocity Mobile Limited, a company incorporated and registered in England and Wales.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

10. SHARE CAPITAL

	<u>Number of shares</u>	<u>Total value US\$'000</u>
Authorised:		
Ordinary shares of US\$0.001 each		
At 1 January 2015, 31 December 2015, 1 January 2016 and 30 June 2016	<u>60,000,000,000</u>	<u>60,000</u>
Called up, issued and fully paid:		
Ordinary shares of US\$0.001 each		
At 1 January 2015, 31 December 2015, 1 January 2016 and 30 June 2016	<u>56,734,580</u>	<u>57</u>

11. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with a related party during the six months ended 30 June 2016 and 2015:

<u>Name of related company</u>	<u>Nature of transaction</u>	Unaudited	
		<u>Six months ended 30.6.2016 US\$'000</u>	<u>30.6.2015 US\$'000</u>
WAG Worldsec Corporate Finance Limited (<i>note</i>)	Accountancy fee	<u>-</u>	<u>5</u>

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

There was no outstanding balance with the related party as at 30 June 2016 (31 December 2015: nil).

Compensation of key management personnel

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 6 to the Interim Financial Statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

12. OPERATING LEASE COMMITMENT

Operating lease – lessee

At 30 June 2016 and 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and warehouse as follows:

	<u>Unaudited</u> <u>As at</u> <u>30.6.2016</u> <u>US\$'000</u>	<u>Audited</u> <u>As at</u> <u>31.12.2015</u> <u>US\$'000</u>
Not later than one year	58	58
Later than one year and not later than five years	14	44
	<u>72</u>	<u>102</u>

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

13. CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 30 June 2016 (31 December 2015: nil).

14. SUBSEQUENT EVENT

The Group exercised warrants to subscribe for additional investment of CHF160,050 (equivalent to approximately US\$163,000) in Ayondo and the Group's investment in Velocity was duly completed in July 2016.

15. INTERIM REPORT

The Interim Financial Statements were approved and authorised for issue by the Board on 2 September 2016.

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

Jordan 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 Banker

The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road, Central, Hong Kong

External Auditors

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, Jersey, JE2 3RT, Channel Islands

United Kingdom Transfer Agent

Capita Registrars Limited

The Registry, 34 Beckenham Road, 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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