



**WORLDSEC LIMITED**

Interim Report for the six months ended 30 June 2017



# Worldsec Limited

## Interim Report for the six months ended 30 June 2017

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 2017.

For the period under review, the Group recorded an unaudited net loss of US\$188,000 (equivalent to a loss per share of 0.33 US cents) against an unaudited net loss of US\$402,000 (equivalent to a loss per share of 0.71 US cents) for the corresponding six months in 2016. The decrease in the loss was principally attributable to (i) reduced staff costs in the absence of non-recurrent share-based payment expenses associated with the grant of options to the directors and staff which were largely accounted for in the first half of last year; and (ii) lower administrative expenses following the completion of the voluntary liquidation of two subsidiaries in the second half of last year. At 30 June 2017, the total unaudited equity of the Group stood at US\$2.75 million and the unaudited net asset value per share amounted to 4.85 US cents.

The Group’s investment in ICBC Specialised Ship Leasing Investment Fund continued to provide a stable return through monthly dividends generating an unaudited revenue of US\$48,000 in the first half of 2017.

Velocity Mobile Limited (“Velocity”), an investee company of the Group, is a technology enterprise involved in real-time lifestyle and payment mobile applications. A new product of Velocity launched late last year, Velocity Black is a one-stop chat-based conversational commerce engine targeting at high value consumers for the mobile-to-offline applications with special emphasis in the areas of restaurant, travel, and hotel bookings and payment. Velocity is also in the process of launching another new product, a globally connected customer relationship management system for its restaurant partners, and plans to expand its geographic coverage to include a number of Asian and Middle East cities in the last quarter of 2017.

As previously mentioned in the Company’s 2016 annual report, ayondo Holding AG (“Ayondo”), a fintech investee company of the Group engaged in social trading and broking services for contract-for-differences, was pursuing the reverse takeover (the “RTO”) of Starland Holdings Limited (“Starland”), a company listed on the Catalist of the Singapore Stock Exchange. However, due to various delays in the implementation process, Ayondo has decided together with Starland not to proceed with the RTO. Instead, Ayondo is exploring other alternatives including notably an initial public offering on the Singapore Stock Exchange. Meantime, Ayondo continues to develop its business having recently

launched the trading of Bitcoin and secured a portfolio management license in Germany enabling its clients to tailor social trading with their overall investment strategies.

In China, Oasis Education Consulting (Shenzhen) Company Limited (“Oasis Shenzhen”), a subsidiary of the joint venture of the Group, Oasis Education Group Limited, continued to perform satisfactorily. Under the consulting and support services provided by Oasis Shenzhen, the Huizhou Kindergarten reached a milestone with its first graduating class of 34 pupils graduated in July 2017. For the academic term commencing in September 2017, 59 new pupils have enrolled bringing the total number of enrollment to 191.

With the divergence in global monetary policies, the uncertainty surrounding Britain’s negotiations to exit the European Union, the protective nationalist objectives under the Trump Administration, the ongoing structural reforms in China, and the heightened geopolitical tension in Asia and the Middle East, the economic and political crosscurrents around the world are significant. But under an era of persistently low interest rates with a plethora of liquidity, stock markets have been on an epic bull run and asset valuations are generally considered to be on the pricey side. This has made the investment environment difficult and challenging for the private equity space, as reflected by the ever increasing time required for dry powder to be turned into actual investments with reasonable returns. Nonetheless, to better position the Group for long term growth, the Company has been actively exploring various alternatives and discussing with interested parties with a view to raising fresh capital in order to strengthen its capital base to meet future opportunities.

By order of the Board

Alastair GUNN-FORBES  
Non-Executive Chairman

25 September 2017

## **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 2017 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 2016 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 2017 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 transactions that took place during the six months ended 30 June 2017, that is required by Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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	<u>Notes</u>	Unaudited Six months ended	
		<u>30.6.2017</u> US\$'000	<u>30.6.2016</u> US\$'000
Revenue	4	48	48
Other income	5	3	-
Staff costs	7	(103)	(276)
Other expenses		(130)	(169)
Share of losses of a joint venture		(6)	(5)
		<u>(188)</u>	<u>(402)</u>
Loss before income tax expense		(188)	(402)
Income tax expense	8	-	-
		<u>(188)</u>	<u>(402)</u>
<b>Loss for the period</b>		<b><u>(188)</u></b>	<b><u>(402)</u></b>
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		-	(1)
		<u>-</u>	<u>(1)</u>
Other comprehensive loss for the period, net of income tax		-	(1)
		<u>-</u>	<u>(1)</u>
<b>Total comprehensive loss for the period</b>		<b><u>(188)</u></b>	<b><u>(403)</u></b>
<b>Loss for the period attributable to:</b>			
<b>Owners of the Company</b>		<b><u>(188)</u></b>	<b><u>(402)</u></b>
<b>Total comprehensive loss for the period attributable to:</b>			
<b>Owners of the Company</b>		<b><u>(188)</u></b>	<b><u>(403)</u></b>
<b>Loss per share – basic and diluted</b>	9	<b><u>US(0.33)</u></b> cent	<b><u>US(0.71)</u></b> cent

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2017**

	<u>Notes</u>	Unaudited As at <u>30.6.2017</u> US\$'000	Audited As at <u>31.12.2016</u> US\$'000
<b>Non-current assets</b>			
Property, plant and equipment		10	21
Interest in a joint venture		117	123
Available-for-sale financial assets		1,784	1,784
		<u>1,911</u>	<u>1,928</u>
<b>Current assets</b>			
Other receivables		8	8
Deposits and prepayments		28	22
Amount due from a joint venture		257	257
Cash and cash equivalents		586	848
		<u>879</u>	<u>1,135</u>
<b>Current liabilities</b>			
Other payables and accruals		40	125
		<u>40</u>	<u>125</u>
<b>Net current assets</b>		<u>839</u>	<u>1,010</u>
<b>Net assets</b>		<u>2,750</u>	<u>2,938</u>
<b>Capital and reserves</b>			
Share capital	10	57	57
Reserves		2,693	2,881
		<u>2,693</u>	<u>2,881</u>
<b>Total equity</b>		<u>2,750</u>	<u>2,938</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 2017**

	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 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 loss 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>
Balance as at 1 January 2017	57	3,837	9,646	206	(28)	625	(11,405)	2,938
Loss for the period	-	-	-	-	-	-	(188)	(188)
Other comprehensive income for the period								
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(188)	(188)
Balance as at 30 June 2017 (Unaudited)	<u>57</u>	<u>3,837</u>	<u>9,646</u>	<u>206</u>	<u>(28)</u>	<u>625</u>	<u>(11,593)</u>	<u>2,750</u>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	Unaudited Six months ended	
	<u>30.6.2017</u> US\$'000	<u>30.6.2016</u> US\$'000
<b>Cash flow from operating activities</b>		
Loss for the period	(188)	(402)
Adjustments for:		
Depreciation of property, plant and equipment	11	12
Share of losses of a joint venture	6	5
Share-based payment expenses	-	172
	<hr/>	<hr/>
<b>Operating loss before working capital changes</b>	(171)	(213)
Increase in other receivables	-	(8)
Increase in deposits and prepayments	(6)	(503)
Decrease in other payables and accruals	(85)	(98)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	(262)	(822)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	(262)	(822)
<b>Cash and cash equivalents at beginning of the period</b>	848	1,988
<b>Effects of exchange rate changes</b>	-	(1)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>		
Cash and bank balances	586	1,165
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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 2017**

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### **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 2017 (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 2016. The Interim Financial Statements are neither audited nor reviewed by the Group's auditors.

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 2017, 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 2016.

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.

### **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 Interim Financial Statements:

Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities
Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**4. REVENUE**

The Group's revenue represents dividend income from available-for-sale financial assets for the periods ended 30 June 2017 and 2016. An analysis of the Group's revenue from principal activities is as follows:

	<b>Unaudited Six months ended</b>	
	<b><u>30.6.2017</u></b>	<b><u>30.6.2016</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Dividend income from available-for-sale financial assets	<u>48</u>	<u>48</u>

**5. OTHER INCOME**

	<b>Unaudited Six months ended</b>	
	<b><u>30.6.2017</u></b>	<b><u>30.6.2016</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Sundry income	<u>3</u>	<u>-</u>

**6. BUSINESS AND GEOGRAPHICAL SEGMENTS**

No business and geographical segment analyses are presented for the periods ended 30 June 2017 and 2016 as the major operations and the revenue of the Group arose from Hong Kong. The Board considers that most of the non-current assets (other than the financial instruments) of the Group were located in Hong Kong.

**7. STAFF COSTS**

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

	<b>Unaudited Six months ended</b>	
	<b><u>30.6.2017</u></b>	<b><u>30.6.2016</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Wage and salaries	100	102
Contribution to pension and provident fund	3	2
Share-based payment expenses	-	172
	<u>103</u>	<u>276</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**7. STAFF COSTS (CONTINUED)**

Key management personnel of the Company are the directors only.

The directors' remuneration was as follows:

	Unaudited Six months ended	
	<u>30.6.2017</u>	<u>30.6.2016</u>
	US\$'000	US\$'000
Directors' fees	32	34
Share-based payment expenses	-	152
Other remuneration including contribution to pension and provident fund	-	-
	<u>32</u>	<u>186</u>

**8. 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.

**9. 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>30.6.2017</u>	<u>30.6.2016</u>
	US\$'000	US\$'000
Loss for the period attributable to owners of the Company	<u>(188)</u>	<u>(402)</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(0.33) cent</u>	<u>US(0.71) cent</u>

Diluted loss per share was the same as basic loss per share for the six months ended 30 June 2017 as the exercise price of the share options was higher than the average market price of the shares for the six months ended 30 June 2017. Diluted loss per share was the same as basic loss per share as the impact of the potential dilutive shares outstanding would have had an anti-dilutive effect on the basic loss per share presented for the six months ended 30 June 2016.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**10. SHARE CAPITAL**

	Number of shares	Total value US\$'000
<b>Authorised:</b>		
Ordinary shares of US\$0.001 each		
At 1 January 2016, 31 December 2016, 1 January 2017 and 30 June 2017	60,000,000,000	60,000
<b>Called up, issued and fully paid:</b>		
Ordinary shares of US\$0.001 each		
At 1 January 2016, 31 December 2016, 1 January 2017 and 30 June 2017	56,734,580	57

**11. RELATED PARTY TRANSACTIONS**

Other than the compensation of key management personnel disclosed below, the Group did not have any related party transactions during the six months ended 30 June 2017 and 2016.

**Compensation of key management personnel**

The remuneration of directors is set out in note 7 to the Interim Financial Statements.

**12. OPERATING LEASE COMMITMENT**

Operating lease – lessee

At 30 June 2017 and 31 December 2016, 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> As at <u>30.6.2017</u> US\$'000	<u>Audited</u> As at <u>31.12.2016</u> US\$'000
Not later than one year	15	44
Later than one year and not later than five years	1	-
	16	44

The lease runs 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.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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**13. CONTINGENT LIABILITIES**

The Group had no material contingent liabilities at 30 June 2017 (31 December 2016: nil).

**14. INTERIM REPORT**

The Interim Financial Statements were approved and authorised for issue by the Board on 25 September 2017.

## **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

First Floor, Templeback, 10 Temple Back, Bristol BS1 6FL, 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

25<sup>th</sup> 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

Unit 607, 6th Floor, FWD Financial Centre, 308 Des Voeux Road Street, Central, Sheung Wan, Hong Kong

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#### **Company's Website**

<http://www.worldsec.com>