



**WORLDSEC LIMITED**

**Interim Report for the six months ended 30 June 2018**

# Worldsec Limited

## Interim Report for the six months ended 30 June 2018

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 2018 (the “Interim Report”).

For the period under review, the Group recorded a net loss of US\$558,000 (equivalent to a loss per share of 0.79 US cent) against a net loss of US\$188,000 (equivalent to a loss per share of 0.33 US cent) for the corresponding six months in 2017. The increase in the loss was principally due to the change in the fair value of financial assets that was recognised through the profit and loss account in accordance with the newly adopted International Financial Reporting Standard 9\*.

During the period under review, the Company raised new equity capital of US\$4.3 million to strengthen its capital base with a view to furthering the development and expansion of the Group’s investment portfolio. This was accomplished in April 2018 through an open offer of 28,367,290 new ordinary shares at US\$0.15 per share (the “Open Offer Price”) to shareholders on the basis of one new share for every two existing shares held (the “Open Offer”). In addition, the Company also proposed to carry out subsequent placings of up to 100,000,000 new ordinary shares should investor demand arise. The new ordinary shares may be issued under a placing programme that lasts until 12 March 2019 (the “Placing Programme”). At 30 June 2018, with the additional proceeds from the Open Offer, the total unaudited equity of the Group amounted to US\$5.81 million and the unaudited net asset value per share was 8.24 US cents.

During the period under review, the Group’s investment in ICBC Specialised Ship Leasing Investment Fund continued to provide a stable return generating monthly dividends that amounted to a total of US\$48,000.

As previously reported, in March 2018, ayondo Ltd. (“Ayondo”), one of the Group’s investee companies, obtained a listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited. Ayondo is the holding company of a global financial technology group that provides social trading and brokerage services for contract-for-differences and spread betting. Despite a disappointing financial performance in the second quarter, the Ayondo group achieved a 26% growth in revenue to CHF12.0 million (approximately US\$12.4million) during the first half of 2018 compared to the corresponding period in 2017, due mainly to an increase in active clients. However, its loss before tax, excluding non-recurring items, rose to CHF5.0 million (approximately US\$5.2 million) from CHF3.4 million (approximately US\$3.5 million). The Ayondo group spent additional resources in connection with the listing process and incurred extra costs in relation to European regulatory changes. These costs will not recur, but in response to the second quarter financial performance that fell short of expectations, and after reviewing its cash flow position and immediate plans for business expansion, the Ayondo group has decided to reallocate certain listing proceeds from platform enhancement and marketing to working capital. Since the listing in March 2018, Ayondo share price has traded at between S\$0.275 and S\$0.072, closing at S\$0.093 on 29 June 2018. Accordingly, a write-down in

the fair value of the Group's investment in Ayondo was recognised for the period under review.

Velocity Mobile Limited ("Velocity"), another investee company of the Group, is the holding company of a technology group that provides real-time lifestyle mobile applications for premium consumers focusing in the areas of dining, travel, experiences and luxury goods. During the period under review, the Velocity group achieved another encouraging increase in net revenue on the back of increased customer spend. To capitalise on the growing trend in experiential travel and mobile e-commerce, the Velocity group plans to continue to expand vertically and geographically, including the launch of an enterprise version of its proprietary conversational commerce engine, Velocity for Business, and also the launch of its mobile applications that would be adapted with local elements to cater for the market in China.

In China, Oasis Education Consulting (Shenzhen) Company Limited (奧偉詩教育諮詢(深圳)有限公司, "Oasis Shenzhen"), a subsidiary of the 50% joint venture of the Group, Oasis Education Group Limited, continued to record satisfactory performance. Under the consulting and support services provided by Oasis Shenzhen, the Huizhou Kindergarten graduated 52 pupils in the 2018 summer. For the academic term commencing in September 2018, 67 new pupils have enrolled, thereby raising the total pupil enrolment to around 230.

During the period under review, the Group made two new investments:

- In June 2018, the Group invested CAD330,000 (approximately US\$249,000) in the equity capital of Agrios Global Holdings Ltd. ("Agrios"), the holding company of a Canadian agricultural technology and property management group established to engage in the cultivation and processing of marijuana as well as the provision of facilities and advisory and consulting services to licensed cannabis cultivators and processors in the Washington state of the United States. The initial legal entities of the Agrios group were formed in British Columbia, Canada, and Delaware and Washington, the United States, in December 2017. By early 2018, the recruitment of its management team with expertise and experience in business management, finance, commercial agriculture and cannabis cultivation was completed. In addition, the Agrios group has acquired a 70,000 sq.ft. producer and processor facility with 30,000 sq.ft. of cultivation space in the Washington state of the United States.
- In the same month, the Group invested USD 1 million in the offshore term loan bearing interest at 8.5% per annum issued by Trillion Glory Limited, a Hong Kong indirect wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. which is a Chinese property company listed on the Main Board of The Stock Exchange of Hong Kong Limited. The first 15% of the principal of the term loan shall be repaid by 12 October 2018, and the remaining 85% of the outstanding amount will be due on 15 October 2019, which may be extended for no more than one year subject to all lenders' consent.

As mentioned in the Company's prospectus dated 13 March 2018, the Company has been in discussion with a potential corporate investor (the "Investor") in relation to a proposed placing of new ordinary shares under the Placing Programme to the Investor at the Open Offer Price. In this connection, the management of the Company is continuing the

negotiations with the Investor and an announcement will be released in due course as and when appropriate.

While the outlook of the investment space remains challenging, clouded by the differing paces in the normalisation of monetary policies in the developed countries, the uncertainty surrounding the arrangements associated with the impending withdrawal of Britain from the European Union, and the ongoing economic transition and structural reforms in China, which are further compounded by the escalating protectionist threats that could have grave consequences on world trade and that could spread to non-tariff and non-trade issues with serious and far-reaching implications on the global business environment, the Board believes that raising new equity capital under the Open Offer and the Placing Programme would be in the interest of the Company, strengthening and enlarging the Company's capital base that could better position the Group to compete for quality deals to expand and diversify its investment portfolio with an enhanced scale of operations, and would therefore be beneficial for the Group's development and growth in the longer term.

*\* Please refer to note 3 to the interim financial statements of the Group on pages 9 to 13 for detailed discussions.*

By order of the Board

Alastair GUNN-FORBES  
Non-Executive Chairman

28 September 2018

## **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 2018 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 2017 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 2018 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 2018, 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 2018**

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		<b>Unaudited Six months ended</b>	
	<u>Notes</u>	<u>30.6.2018</u> US\$'000	<u>30.6.2017</u> US\$'000
Revenue	4	48	48
Other income and losses	5	(351)	3
Staff costs	7	(127)	(103)
Other expenses		(123)	(130)
Share of losses of a joint venture		<u>(5)</u>	<u>(6)</u>
Loss before income tax expense		(558)	(188)
Income tax expense	8	<u>-</u>	<u>-</u>
<b>Loss for the period</b>		<u><u>(558)</u></u>	<u><u>(188)</u></u>
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		<u>-</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the period</b>		<u><u>(558)</u></u>	<u><u>(188)</u></u>
<b>Loss for the period attributable to:</b>			
<b>Owners of the Company</b>		<u><u>(558)</u></u>	<u><u>(188)</u></u>
<b>Total comprehensive loss for the period attributable to:</b>			
<b>Owners of the Company</b>		<u><u>(558)</u></u>	<u><u>(188)</u></u>
<b>Loss per share – basic and diluted</b>	9	<u>US(0.79)</u> <u>cent</u>	<u>US(0.33)</u> <u>cent</u>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2018**

	<u>Notes</u>	<b>Unaudited As at 30.6.2018 US\$'000</b>	<b>Audited As at 31.12.2017 US\$'000</b>
<b>Non-current assets</b>			
Interest in a joint venture		131	136
Financial assets at amortised cost		850	-
Financial assets at fair value through profit or loss		1,803	-
Available-for-sale financial assets		-	1,784
		<u>2,784</u>	<u>1,920</u>
<b>Current assets</b>			
Other receivables		8	8
Deposits and prepayments		27	234
Financial assets at amortised cost		150	-
Amount due from a joint venture		257	257
Cash and cash equivalents		2,621	260
		<u>3,063</u>	<u>759</u>
<b>Current liabilities</b>			
Other payables and accruals		38	148
		<u>3,025</u>	<u>611</u>
<b>Net current assets</b>		<u>3,025</u>	<u>611</u>
<b>Net assets</b>		<u>5,809</u>	<u>2,531</u>
<b>Capital and reserves</b>			
Share capital	10	85	57
Reserves		5,724	2,474
<b>Total equity</b>		<u>5,809</u>	<u>2,531</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 2018**

	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 2017	57	3,837	9,646	206	(28)	625	(11,405)	2,938
Loss and 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>
Balance as at 1 January 2018 as originally presented	57	3,837	9,646	206	(11)	625	(11,829)	2,531
Initial application of IFRS 9 (note 3(i))	-	-	-	-	-	-	121	121
Restated balance as at 1 January 2018	57	3,837	9,646	206	(11)	625	(11,708)	2,652
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(558)	(558)
Issue of new shares by way of open offer	28	4,227	-	-	-	-	-	4,255
Transaction costs attributable to issue of new shares	-	(540)	-	-	-	-	-	(540)
Balance as at 30 June 2018 (Unaudited)	<u>85</u>	<u>7,524</u>	<u>9,646</u>	<u>206</u>	<u>(11)</u>	<u>625</u>	<u>(12,266)</u>	<u>5,809</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 2018**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30.6.2018</b>	<b>30.6.2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flow from operating activities</b>		
Loss for the period	(558)	(188)
Adjustments for:		
Depreciation of property, plant and equipment	-	11
Share of losses of a joint venture	5	6
Change in fair value of financial assets at fair value through profit or loss	351	-
<b>Operating loss before working capital changes</b>	(202)	(171)
Decrease/(increase) in deposits and prepayments	1	(6)
Decrease in other payables and accruals	(110)	(85)
<b>Net cash used in operating activities</b>	(311)	(262)
<b>Cash flow from investing activities</b>		
Purchase of financial assets at fair value through profit or loss	(249)	-
Purchase of financial assets at amortised cost	(1,000)	-
<b>Net cash used in investing activities</b>	(1,249)	-
<b>Cash flow from financing activities</b>		
Proceeds from issue of new shares	4,255	-
Payment for share issue costs	(334)	-
<b>Net cash from financing activities</b>	3,921	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,361	(262)
<b>Cash and cash equivalents at beginning of the period</b>	260	848
<b>Effects of exchange rate changes</b>	-	-
<b>Cash and cash equivalents at end of the period</b>		
Cash and bank balances	2,621	586

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 2018**

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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 2018 (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 2017. 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 2018, 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 2017.

The Interim Financial Statements have been prepared on a going concern basis using the historical cost conversion except for certain financial instruments, which are stated at fair value, as appropriate.

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 Group’s Interim Financial Statements:

Annual improvements to IFRSs 2014-2016 Cycle	Amendments to IAS 28, Investments in Associated and Joint Ventures
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarification to IFRS 15)
International Financial Reporting Interpretation Committee 22	Foreign Currency Transactions and Advance Consideration

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 except for IFRS 9. Details of the changes in accounting policies are discussed below.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**3. ADOPTION OF NEW AND REVISED IFRSs (CONTINUED)**

**IFRS 9**

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of IFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the Interim Financial Statements.

**(i) Classification and measurement of financial instruments**

The following table summarised the impact of transition as at 1 January 2018 ((increase)/decrease):

<b>Accumulated losses</b>	<b>US\$'000</b>
Balance as 31 December 2017	(11,829)
Reclassify investments from unquoted equity investments to fair value through profit or loss (“FVTPL”)	121
Restated balance as at 1 January 2018 (Unaudited)	(11,708)

IFRS 9 basically retains the existing requirements in IAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of IFRS 9 has no material impact on the Group’s accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the Group’s classification and measurement of financial assets is set out below.

Under IFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with IFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost (“amortised cost”); (ii) financial assets at fair value through other comprehensive income (“FVOCI”); or (iii) FVTPL (as defined in above). The classification of financial assets under IFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the “solely payments of principal and interest” criterion, also known as “SPPI criterion”). Under IFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**3. ADOPTION OF NEW AND REVISED IFRSs (CONTINUED)**

**IFRS 9 (Continued)**

**(i) Classification and measurement of financial instruments (Continued)**

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

As of 1 January 2018, certain unquoted equity investments were reclassified from available-for-sale financial assets at cost to FVTPL. These unquoted equity instrument has no quoted price in an active market. The Group intends to hold these unquoted equity investment for long term strategic purposes. The Group has designated these unquoted equity instruments at the date of initial application as measured at FVTPL. As at 1 January 2018, the difference between the previous carrying amount and the fair value of US\$121,000 has been included in the opening accumulated losses.

The following table summarises the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018:

	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Carrying amount as at 1 January 2018 under IAS 39 US\$</b>	<b>Carrying amount as at 1 January 2018 under IFRS 9 US\$</b>
<b>Financial assets</b>				
Unquoted equity investments	Available-for-sale (at cost)	FVTPL	1,784	1,905
Other receivables	Loans and receivables	Amortised cost	8	8
Deposits	Loans and receivables	Amortised cost	28	28
Amount due from a joint venture	Loans and receivables	Amortised cost	257	257
Cash and cash equivalents	Loans and receivables	Amortised cost	260	260

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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### **3. ADOPTION OF NEW AND REVISED IFRSs (CONTINUED)**

#### **IFRS 9 (Continued)**

##### **(ii) Impairment of financial assets**

The adoption of IFRS 9 has changed the Group's impairment model by replacing the IAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". IFRS 9 requires the Group to recognise ECL for financial assets at amortised cost earlier than IAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under IFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

##### **Measurement of ECLs**

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investments at amortised cost are considered to have low credit risk since the issuers' credit rating are high.

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

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

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

##### **Presentation of ECLs**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

##### **Impact of the ECL model**

###### *(a) Impairment of other receivables, deposits and amount due from a joint venture*

Other financial assets at amortised cost of the Group include other receivables, deposits and amount due from a joint venture. Applying the ECLs model, no additional impairment for other receivables and amount due from a joint venture as at 1 January 2018 is recognised as the amount of additional impairment measured under the ECLs model is immaterial.

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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### **3. ADOPTION OF NEW AND REVISED IFRSs (CONTINUED)**

#### **IFRS 9 (Continued)**

##### **(ii) Impairment of financial assets (Continued)**

##### **Impact of the ECL model (Continued)**

##### *(b) Impairment of debt investments*

All of the Group's debt investments at amortised costs are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months ECLs. Applying the ECLs model, no additional impairment for debt investments as at 1 January 2018 is recognised as the amount of additional impairment measured under the ECLs model is immaterial.

##### **(iii) Transition**

The Group has applied the transitional provision in IFRS 9 such that IFRS 9 was generally adopted without restating comparative information. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of IFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**4. REVENUE**

The Group's revenue represents dividend income from financial assets at fair value through profit or loss /available-for-sale financial assets for the periods ended 30 June 2018 and 2017. An analysis of the Group's revenue from principal activities is as follows:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b><u>30.6.2018</u></b>	<b><u>30.6.2017</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Dividend income from financial assets at fair value through profit or loss	48	-
Dividend income from available-for-sale financial assets	-	48
	<u>48</u>	<u>48</u>

**5. OTHER INCOME AND LOSSES**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b><u>30.6.2018</u></b>	<b><u>30.6.2017</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Sundry income	-	3
Change in fair value of financial assets at fair value through profit or loss	(351)	-
	<u>(351)</u>	<u>3</u>

**6. BUSINESS AND GEOGRAPHICAL SEGMENTS**

No business and geographical segment analyses are presented for the periods ended 30 June 2018 and 2017 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</b>	
	<b>Six months ended</b>	
	<b><u>30.6.2018</u></b>	<b><u>30.6.2017</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Wage and salaries	124	100
Contribution to pension and provident fund	3	3
	<u>127</u>	<u>103</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**7. STAFF COSTS (CONTINUED)**

Key management personnel of the Company are the directors only.

The directors' remuneration was as follows:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b><u>30.6.2018</u></b>	<b><u>30.6.2017</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Directors' fees	33	32
Other remuneration including contribution to pension and provident fund	-	-
	<u>33</u>	<u>32</u>

**8. 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.

**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.

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b><u>30.6.2018</u></b>	<b><u>30.6.2017</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loss for the period attributable to owners of the Company (US\$'000)	<u>(558)</u>	<u>(188)</u>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>70,526,411</u>	<u>56,734,580</u>
Loss per share – basic and diluted (US)	<u>(0.79) cent</u>	<u>(0.33) cent</u>

Diluted loss per share was the same as basic loss per share for the six months ended 30 June 2018 and 2017 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 2018 and 2017.



**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**10. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Total value US\$'000</b>
<b>Authorised:</b>		
Ordinary shares of US\$0.001 each At 1 January 2017, 31 December 2017, 1 January 2018 and 30 June 2018	<u>60,000,000,000</u>	<u>60,000</u>
	<b>Unaudited As at 30.6.2018</b>	<b>Audited As at 31.12.17</b>
<b>Called up, issued and fully paid:</b> 85,101,870 (2017: 56,734,580) ordinary shares of US\$0.001 each	<u>85,102</u>	<u>56,735</u>
	<b>Number of shares</b>	<b>Total value US\$'000</b>
At 1 January 2017, 31 December 2017 and 1 January 2018	56,734,580	56,735
Issue of new shares by way of open offer (Note i)	<u>28,367,290</u>	<u>28,367</u>
At 30 June 2018	<u>85,101,870</u>	<u>85,102</u>

*Notes:*

- (i) In April 2018, the Company issued 28,367,290 ordinary shares of US\$0.001 each in the share capital of the Company at a price of US\$0.15 per share by way of open offer on the basis of 1 new share for every 2 ordinary share held by qualifying shareholders, giving rise to gross proceeds of US\$4.3 million.

**11. RELATED PARTY TRANSACTION**

Other than the compensation of key management personnel disclosed below, the Group did not have any related party transaction during the six months ended 30 June 2018 and 2017.

**Compensation of key management personnel**

The remuneration of directors is set out in note 6 to the Interim Financial Statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**12. OPERATING LEASE COMMITMENT**

Operating lease – lessee

At 30 June 2018 and 31 December 2017, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and warehouse as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b><u>30.6.2018</u></b>	<b><u>31.12.2017</u></b>
	<b>US\$'000</b>	<b>US\$'000</b>
Not later than one year	79	79
Later than one year and not later than five years	98	137
	<u>177</u>	<u>216</u>

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.

**13. CONTINGENT LIABILITIES**

The Group had no material contingent liabilities at 30 June 2018 (31 December 2017: nil).

**14. INTERIM REPORT**

The Interim Financial Statements were approved and authorised for issue by the Board on 28 September 2018.

## **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 Auditor**

BDO Limited

25<sup>th</sup> Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong

#### **Principal Share Registrar and Transfer Office**

Esteria Management (Bermuda) Ltd.

Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda

#### **International Branch Registrar**

Link Market Services (Jersey) Limited

12 Castle Street, St Helier, Jersey, JE2 3RT, Channel Islands

#### **United Kingdom Transfer Agent**

Link Asset Services

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

[enquiry@worldsec.com](mailto:enquiry@worldsec.com)

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

<http://www.worldsec.com>