WORLDSEC LIMITED

Interim Report for the six months ended 30 June 2023

Worldsec Limited

Interim Report for the six months ended 30 June 2023

The board (the "Board") of directors of Worldsec Limited (the "Company") hereby submits the interim report on the Company and its subsidiaries (the "Group") for the six months ended 30 June 2023 (the "Interim Report").

For the period under review, the Group recorded an unaudited net profit of US$717,000 (equivalent to basic and diluted earnings per share of 0.84 US cent) against an unaudited net loss of US$526,000 (equivalent to basic and diluted loss per share of 0.62 US cent) for the corresponding six months in 2022. This turn from loss to profit reflected mainly the gain of US$917,000 (subject to audit) arising from the disposal of the Group's entire investment in Velocity Mobile Limited ("Velocity"), while at the same time there was also a small positive change in the fair value of its financial assets against a negative change during the previous corresponding period.

The cash proceeds from the Velocity disposal, which were the main reason behind the increase in the cash and cash equivalents balance from US$526,000 at the beginning of the period under review to US$1.25 million by the end of the period under review, are intended to be used for general working capital and to fund future investment acquisitions.

After the Group's disposal of its entire investment in Velocity, at the date of the Interim Report, the investment portfolio of the Group comprises a total of six investments:

ICBC Specialised Ship Leasing Investment Fund (the "ICBC Ship Fund")

The Group's investment in the ICBC Ship Fund, which is involved in marine vessel leasing, continued to provide a stable return through monthly dividend income generating revenue amounting to US$48,000 for the six months ended 30 June 2023.

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

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

Incorporated in Australia, Animoca is an unlisted holding company of a technology group that uses gamification, blockchain and artificial intelligence ("AI") technologies to develop and publish a broad portfolio of products that includes, notably among others, The Sandbox, a decentralised gaming virtual world. Other key business units of the Animoca group consist of Animoca Brands KK, GAMEE, nWay, Blowfish Studios, Grease Monkey Games, Darewise Entertainment, Quidd, Lympo, Forj, Pixowl, Helix Accelerator, Eden Games, Life Beyond Studios, Notre Game, TinyTap, Be., Anichess, Gryfyn, Pixelynx and WePlay Media. Animoca is also an active investor in crypto, blockchain-related and Web3 projects with a broad and growing portfolio of over 450 investments that includes OpenSea, a leading non-fungible token ("NFT") marketplace, Axie Infinity, a popular

Pokemon-inspired blockchain-based video game, and Dapper Labs, the developer of CryptoKitties.

2022 was a trying year with major market events such as the collapse of Terra, one of the largest stablecoin ecosystems, and FTX, one of the largest cryptocurrency exchange platforms, which devolved into a frighteningly bearish market for crypto assets. The commencement of 2023, however, appeared to have brought a renewed sense of optimism. Being a global leader in the crypto and NFT industries, Animoca benefited from the price recoveries of major cryptocurrencies and NFTs significantly. According to the Animoca's 11 May 2023 investor update, the Animoca group held on the 30 April 2023 cash and stablecoins totalling US$194 million, liquid digital assets of US$566 million and off-balance sheet token reserves related to majority-owned Web3 subsidiaries of US$2.7 billion. The corresponding comparable figures at the end of December 2022 were US$191 million, US$469 million and US$1.6 billion respectively.

Other highlights of the recent development and events of the Animoca group include the following:

- The Animoca group led OP3N's US$28 million Series A round of funding at $100 million valuation in March 2023. OP3N aims to bridge the gap between the Web2 and Web3 technologies by utilising blockchain and decentralised technologies to build a cohesive consumer-friendly Web3 platform. With the newly raised funds, OP3N plans to further develop its comprehensive Web3 AI-powered chat, Superapp. Superapp will have the ability to include audio, video and mixed media contents to on-chain interactions, acting as a one-stop for all communication, connection and commerce.

- Animoca Brands KK, a strategic subsidiary of Animoca, invested JP¥150 million in LMI, a company that provides various consulting solutions for physical and virtual retailers. The investment will help LMI accelerate its growth and expand its reach in the retail media sector in Japan.

- Following the acquisition of Tiny Tap in 2022, the Animoca group continued to expand in the edtech sector by leveraging on Tiny Tap's established Web2 code-free platform which enables educators and publishers to create and share interactive educational contents and to receive a revenue share when those contents are used by learners. According to the latest available figures, Tiny Tap's educational game library holds more than 250,000 activities created by educators and publishers including Sesame Street and Oxford University Press, serving around 9.2 million registered members with contents created by over 100,000 content creators. In April 2023, Tiny Tap raised US$8.5 million from investors including Sequoia Capital, Liberity City Ventures, Shima Capital and others with a view to accelerating its development in the Web3 space. In May 2023, both Animoca and Tiny Tap committed to contribute to the Global Educators Fund, a US$10 million grant fund set up by Open Campus Protocol, to supplement standard education curricula through the use of the Web3 technologies and communities. Open Campus is a community-led protocol for educators, content creators, parents and students and its vision is to leverage Web3 to create a modern, global and inclusive educational space where educators, content creators, parents and students can collaborate. In August 2023, Tiny Tap, Open Campus and Code Green announced the formation of a strategic partnership to help promote children's learning about climate change by leveraging the power of tokenised educational contents, interactive gaming and blockchain technologies. Code Green, a partner to the United Nation's effort to combat climate change and desertification, is a trail-blasing Web3 organisation driven by a commitment to the planet's health.

- Web3 financial super app and ecosystem, hi, and the Animoca group forged a strategic partnership through a memorandum of understanding, aiming to enhance the practicality of fungible tokens and NFTs within their respective ecosystems. This collaboration involves an investment of US$30 million by the Animoca group in hi, along with joint efforts on various Web3 initiatives.

- Anichess, a subsidiary of Animoca, successfully raised $1.5 million in an oversubscribed seed round of funding. The raised capital would enable Anichess to fund the continued and further development of its groundbreaking decentralised chess game, its team expansion and its community growth.

- In September 2023, the Animoca group received binding commitments for a funding round to accelerate the development of its Mocaverse project. Led by CMCC Global and supported by Kingsway Capital, Liberty City Ventures, Koda Capital and others, the funding of US$20 million was raised by Animoca via the issue of Simple Agreements for Future Equity ("SAFE") and the grant of a free-attaching utility token warrant on a 1:1 dollar basis. The SAFE will be automatically converted into ordinary shares of Animoca after six months. The number of new shares to be issued, at AUD4.50 per share, will be determined by the AUD:USD exchange rate at the time of settlement. The Mocaverse project is designed to bring together all the Animoca group companies, employees, partners and its portfolio investment companies under an ecosystem where all participants get to connect, learn, interact and grow together.

- Animoca has received prestigious recognitions from the crypto and Web3 industries, among which include the following:

    - Fortune Crypto 40 ranked Animoca as a top venture capital firm in the blockchain space with a focus on NFTs and gaming in April 2023.

    - nft now, a Web3 digital media platform that empowers culture creators, honored Animoca as one of the 2023 NFT100, a list of influential creators and community leaders in the Web3 industry.

    - Mr. Yat SIU, the co-founder and executive chairman of Animoca was selected by the Hong Kong Special Administrative Region Government to join its task force to promote development and to make recommendations concerning the responsible and sustainable advancement of the Web3 technologies in Hong Kong.

Innovusion Holdings Ltd. (“Innovusion”) through the Hermitage Fund Twelve SP (the “Hermitage Fund Twelve”)

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

Innovusion is an unlisted holding company of a technology group that specialises in the development of image-grade light detection and ranging (“LiDAR”) sensor systems for the autonomous vehicle and advance driver-assistance system markets. The Innovusion group has developed a product portfolio that includes both long-range front-view LiDAR sensors and mid-to-short range side-view LiDAR sensors.

Since March 2022, the LiDAR sensors of the Innovusion group have been used in many of the NIO’s vehicles including the ET5, ET7, ES6, ES7/EL7, ES8 and EC6 models. According to the LiDAR for Automotive Report by Yole Group, an independent market research firm, Innovusion led the L2 (partial driving automation) and L3 (conditional driving automation) markets in 2022 with a 27% market share. All the NIO’s NT2.0 platform-based vehicles are now equipped with Falcon, the image-grade, ultra-long-range front-view LiDAR sensor of the Innovusion group, as part of the standard configuration.

Innovusion's strategic partnerships with several commercial vehicle firms, including TuSimple, EaseControl Autonomous, Waytous Technologies, Zhiji Tech and DeepWay, have solidified the Falcon platform's central role in the commercial vehicle market. In March 2023, Innovusion obtained ISO 26262 certification for automotive functional safety from DEKRA Certification. This certification is pivotal in supporting the advancement of high-quality autonomous driving industry practices, covering all aspects from design and development to verification, production and operation.

In another recent development, Innovusion joined forces with Wideye, a subsidiary of the AGC Group specialising in optical sensor integration, to devise a groundbreaking LiDAR solution for vehicles. This partnership is centered around the enabling of the practical and aesthetically pleasing installation of LiDAR systems behind windshields, a crucial advancement as the demand for integrated LiDAR sensors surges in line with mass production expansion.

Aiming for further growth, Innovusion has initiated an application for an initial public offering on Nasdaq. This proposed offering would involve the issue of up to 21.4 million Innovusion shares for investors, as outlined in a 10 August 2023 announcement on the China Securities Regulatory Commission website.

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

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

ByteDance is an unlisted holding company of a technology group that operates a series of mobile application platforms powered by AI across cultures and geographies. The

ByteDance group has a portfolio of products that is available in over 150 markets and 75 languages and that includes, among others, Douyin, Toutiao, TikTok, Xigua Video and Helo.

The overseas business of the ByteDance group has shown robust growth, outpacing the strong but slowing growth rate achieved by its domestic operations as a result of the effect of a rapidly growing base. The robust growth in overseas revenue has primarily been contributed by TikTok, complemented by other international ventures such as those in the video game and enterprise software sectors.

TikTok has recently announced substantial investment plans for Indonesia and other Southeast Asia countries given its strong market presence in the region. Indonesia, in particular, has emerged as a pivotal market for TikTok Shop with a large user base actively participating in in-app shopping. TikTok has also been reported to be in early-stage discussions with Indonesian regulators about acquiring a payment license, a move that could enhance its competitive position in Southeast Asian e-commerce.

While TikTok Shop has flourished in Southeast Asia, it faces challenges in gaining widespread adoption in the West. As a consequence, TikTok is refocusing its international expansion efforts on markets, including the UK, US and Southeast Asia, where its e-commerce service has been established. TikTok is also introducing the "Trendy Beat" as part of the "Project S" to drive e-commerce sales. This feature offers popular items from the videos on TikTok to be sold by ByteDance through a Singapore-registered company and shipped from China, allowing the ByteDance group to capture the proceeds from the sales made through this TikTok feature.

Meantime, AI has emerged as a prominent trend attracting significant attention across the technology landscape. As reported by the Financial Times, Baidu, ByteDance, Tencent and Alibaba have been actively engaged in the acquisition of high-performance Nvidia chips, essential for the development of generative AI systems. These companies have collectively placed orders amounting to US$5 billion, driven by concerns of potential new export controls by the United States. Beyond this, ByteDance continues to expand its robotics capability, with a view to capitalising on the synergy between large language model integration and robotics applications. Spearheading the development in robotics and AI within the ByteDance group, the Byte Robotics team, an integral part of the Byte AI Lab, is tasked with the mission that includes refining and optimising robots for e-commerce operations and streamlining processes such as sorting, packaging and consumer delivery.

In August 2023, the ByteDance group introduced a new product named Dou Bao, offering text and image-based conversational AI capabilities akin to ChatGPT. Dou Bao aims to tap into the burgeoning market of AI-generated contents, expected to exceed a trillion US dollars in value over the next decade. It features various AI personas for diverse purposes, including chatting, writing and English learning, enabling users to engage in multilingual conversations and create contents.

Following a wave of layoffs last year and a 32-month regulatory scrutiny period, China's major technology companies are resuming their expansion initiatives. Premier Li Qiang, in July 2023, expressed the Government's commitment to addressing the concerns and challenges faced by Internet companies while improving relevant policies and measures to foster healthy and regulated development within the Internet economy. This improvement in the operating environment would enable the ByteDance group to refocus on pursuing its growth trajectory.

Dingdong (Cayman) Limited ("Dingdong")

Following the distribution of the American depositary shares of Dingdong (the "Dingdong ADS") by Cambium Grove Growth Opps IV Limited ("Cambium Opps") to the holders of the Class B Ordinary Shares of Cambium Opps upon the expiry of the lock-up period associated with initial public offering of Dingdong, the Group directly holds its investment in the the Dingdong ADS.

Listed on the New York Stock Exchange, Dingdong is the holding company of a fresh grocery e-commerce group that operates a mobile application platform, Dingdong Fresh, providing users with fresh produce, meat, seafood, prepared food and other food products supported by a self-operated frontline fulfillment grid with about 60 regional processing centres and about 1,100 frontline fulfillment stations on leased properties. The operations of the Dingdong group cover around 25 cities across China including Beijing, Shanghai, Shenzhen and Guangzhou.

According to unaudited financial information released by Dingdong, the Dingdong group reported revenue of RMB5.0 billion for the first quarter of 2023 and RMB4.8 billion for the second quarter of 2023, representing year-on-year decline of 8.2% and 27% respectively. The decline in revenue, particularly during the second quarter of 2023, reflected the high base effects of the strong performance recorded in the same periods in the previous year when pandemic-related restrictions significantly impacted various regions across China, thus driving up demand for online grocery shopping. Revenue was also adversely affected by the Dingdong group's strategic decision to withdraw operations from several cities where attaining profitability in the short term would be difficult. Nevertheless, and notwithstanding the normalised post-pandemic operating environment, the Dingdong group continued to demonstrate resilience by achieving non-GAAP net income of RMB 6.1 million and RMB 7.5 million during the first and second quarters of 2023 respectively. This marked three consecutive quarters of non-GAAP profitability since the fourth quarter of 2022, reflecting primarily the success of the Dingdong group in achieving continued improvement in product development capabilities and frontline fulfillment labour efficiencies.

In a strategic move to restructure its position across the national market, the Dingdong group has, as mentioned earlier, withdrawn operations from several cities with poor short-term profit visibility while placing notable emphasis on the East China region where operational and financial performance has shown promising and propitious prospects. According to the second quarter 2023 financial results released by Dingdong, Shanghai has achieved overall profitability since the first quarter of 2022. Furthermore, both the Jiangsu and Zhejiang Provinces have displayed commendable performance by maintaining three consecutive quarters of profitability since the fourth quarter of 2022. In the context of mature market growth, both of the provinces have recorded double-digit year-on-year growth in daily order volume per station. This underscores the success of the Dingdong group's strategy to place emphasis on these two provinces to stimulate order volume. Nonetheless, there remains potential for further improvement in terms of order penetration and daily order volume per station in the Jiangsu and Zhejiang Provinces when compared to the performance metrics observed in Shanghai.

Dingdong has also outlined plans to bolster its operational capabilities in both North and South China. These forthcoming initiatives align with the commitment of the Dingdong group to expanding its footprint and achieving sustainable growth in diverse regional markets across China.

For the remaining quarters and for the full year of 2023, Dingdong is confident on the ability of the Dingdong group to continue to achieve non-GAAP profitability.

Oasis Education Group Limited ("Oasis Group")

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

Following the graduation of 138 pupils in the summer of 2023, the Huizhou Kindergarten enrolled 79 new pupils for the academic term that commenced in September 2023 and its total pupil enrolment stood at 257.

With the steadily improving cash flow on the back of a stable operational performance and after repaying RMB400,000 in December 2021, the Huizhou Kindergarten made another repayment of RMB600,000 to Oasis Shenzhen in April 2023 to retire part of its borrowings which were related to the set-up costs incurred at the time when the kindergarten was established.

Velocity Mobile Limited ("Velocity")

Velocity, an unlisted investee company of the Group, is the holding company of a technology group that operates a lifestyle mobile e-commerce platform targeting premium consumers with services focusing on the sectors of high-end travel, experiences and luxury goods.

Having established a leading position in the digital concierge market with a rapidly growing track record, the Velocity group attracted the attention and interest that eventually led to a takeover offer to acquire the entire issued share capital of Velocity by Capital One Financial Corporation ("Capital One"), one of the largest retail banks in the United States specialising in credit cards, automobile loans and savings accounts. The acquisition was completed in June 2023. Under the takeover offer from Capital One, the Group disposed of its entire investment in Velocity. Almost all of the proceeds from the Velocity disposal had been received before 30 June 2023. The balance, subject to any downward-only adjustment Capital One is entitled to deduct, will be settled in the first quarter/half of 2024.

The gain of US$917,000 (subject to audit) arising from the disposal of the Group's entire investment in Velocity was the major factor that contributed to the turn from loss to profit reported by the Group during the period under review. The cash proceeds from the

Velocity disposal are intended to be used for general working capital and to fund future investment acquisitions.

PROSPECTS

Global trade returned to growth in the first three months of 2023 after two consecutive quarterly decline in the second half of 2022. According to the Global Trade Update by the United Nations Conference on Trade and Development in June 2023, trade of goods and services in seasonally adjusted values was estimated to have risen by 1.9% and 2.9% respectively in the first quarter of 2023 when compared to the fourth quarter of 2022. However, the rebound appeared to have started fading in the second quarter of 2023 and global trade growth for the rest of 2023 is expected to remain weak. This unfavourable outlook is echoed in the World Economic Outlook Update by the International Monetary Fund which projects global economic growth to fall from 3.5% in 2022 to 3.0% in 2023. Continued uncertainties over the path of interest rates, inflation, geopolitics and the uncompromising war between Russia and Ukraine are the major negative factors of concern. Although the headline inflation is estimated by the International Monetary Fund to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024, it is still well above the core target of 2% set by the major developed economies indicating that interest rates will likely remain at high levels for a longer period of time.

The recent adoption of the narrative of “de-risking” rather than “decoupling” by the West in their political and economic approach towards China appears that the West have taken a more moderate stance. However, in practice, to implement “de-risking” could take different forms. Some countries will focus on political issues under the national security banner while others will be more concerned about economic matters such as the diversification of supply chains and the resistance to economic coercion. Without a clear and generally recognised definition of “de-risking”, such an approach will be subject to different interpretations by different countries, thereby creating divergence and not consensus in “de-risking” policies and measures, hence adding to further uncertainties. Nonetheless, the “de-risking” strategy of the West towards China, so far as China is concerned, is likely to be no more than a “selective decoupling of choice” and the ultimate objective of the West in containing China’s development is expected to remain unchanged. In the absence of geopolitical harmony, there will be structural changes to global trade that would not be conducive to economic growth across the globe.

The private equity market in the first half of 2023 remained challenging under the backdrop of the uncertainties surrounding the global economic outlook that continued to weigh on investment sentiment. The abrupt end of the low interest rate era experienced in the last 15 years has put pressure on the financial system worldwide, especially on the banking sector. Corporations have not only encountered difficulties in obtaining new fundings but are also facing problems in their refinancing negotiations as banks tighten their lending policies. The real estate and the technology sectors are among the most affected. Likewise, fundings from the public markets through initial public offerings and issuance of bonds and leveraged loans also showed significant decline. As these traditional sources of fundings become less accessible, private equity firms, with their unprecedented dry powder reserves of over US$3.5 trillion that continues to drive competition for quality investments, are presented with opportunities to negotiate deals at lower valuations. Nevertheless, given the cautious investment sentiment, deal volume in the first half of 2023 declined by 4% from the relatively subdued levels recorded in the second half of 2022 but still remained above the pre-pandemic 2019 levels according to PWC's 2023 Mid-Year Update on Global M&A Industry Trends.

Following the uplift of the COVID-19 lockdown measures at the beginning of 2023, China's economy was expected to recover strongly. But the recovery fell short of the bullish expectation as the initial momentum lost steam on the back of weakening domestic and external demand. Latest figures, however, indicate that the slowdown in economic growth seems to be stablising under policy support notwithstanding the persistent woes of the real estate sector. As the majority of the investments and underlying investment assets of the Group are largely China-focused, their near-term prospects do not appear to be particularly promising in that they are unlikely to produce any meaningful contributions to the Group's results in the near term. Nonetheless, the Board remains confident on the long-term potential of these investments and underlying investment assets which are well-placed to benefit from the strength of China's economy in the long term. Meantime, the disposal of the Group's entire investment in Velocity has provided the Group with additional wherewithal which will be used for general working capital purposes and to fund future investment opportunities as and when they are identified.

By order of the Board
Alastair GUNN-FORBES
Non-Executive Chairman

28 September 2023

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 2023 and beyond. Such risks and uncertainties, the directors believe, remain largely unchanged from those, including, in particular, target market risk, key person risk, operational risks and financial risks, set out on pages 14 and 15 of the Company's 2022 Annual Report.

RESPONSIBILITY STATEMENT

The Board, comprising Alastair GUNN-FORBES, Henry Ying Chew CHEONG, Ernest Chiu Shun SHE, Mark Chung FONG, Martyn Stuart WELLS and Stephen Lister d'Anyers WILLIS, confirms to the best of its knowledge and understanding that:

(a) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 as adopted by the European Union and give a true and fair view of its assets, liabilities and financial position at that date and its financial performance 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 2023, 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 2023

	Notes	Unaudited Six months ended 30.6.2023 US$'000	30.6.2022 US$'000
Revenue	4	48	59
Other income, gains and losses, net	5	941	(278)
Staff costs	7	(132)	(131)
Other expenses		(136)	(173)
Finance costs	8	(1)	(2)
Share of losses of a joint venture		(3)	(1)
Profit/(loss) before income tax expense		717	(526)
Income tax expense	9	-	-
Profit/(loss) for the period		717	(526)
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income/(loss) for the period		717	(526)
Profit/(loss) for the period attributable to:			
Owners of the Company		717	(526)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		717	(526)
Earnings/(Loss) per share – basic	10	US0.84 cent	US(0.62) cent
Earnings/(Loss) per share – diluted	10	US0.84 cent	US(0.62) cent

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023

	Notes	Unaudited As at 30.6.2023 US$'000	Audited As at 31.12.2022 US$'000
Non-current assets			
Interest in a joint venture		68	71
Financial assets at fair value through profit or loss		4,128	4,409
Right-of-use assets		16	48
		4,212	4,528
Current assets			
Other receivables		321	223
Deposits and prepayments		27	26
Financial assets at fair value through profit or loss		161	97
Amount due from a joint venture		257	257
Cash and cash equivalents		1,247	526
		2,013	1,129
Current liabilities			
Other payables and accruals		44	160
Lease liabilities		18	55
		62	215
Net current assets		1,951	914
Non-current liabilities			
Lease liabilities		-	-
Net assets		6,163	5,442
Capital and reserves			
Share capital	11	85	85
Reserves		6,078	5,357
Total equity		6,163	5,442

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 2023

	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 2022	85	7,524	9,646	249	(6)	625	(11,811)	6,312
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(526)	(526)
Balance as at 30 June 2022 (Unaudited)	85	7,524	9,646	249	(6)	625	(12,337)	5,786
Balance as at 1 January 2023	85	7,524	9,646	249	(33)	625	(12,654)	5,442
Profit and total comprehensive income for the period							717	717
Recognition of share-based payments	-	-	-	-	-	-	4	4
Balance as at 30 June 2023 (Unaudited)	85	7,524	9,646	249	(33)	625	(11,933)	6,163

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited Six months ended 30.6.2023 US$'000	30.6.2022 US$'000
Cash flows from operating activities		
Profit/(loss) for the period	717	(526)
Adjustments for:		
Bank interest income	(1)	-
Depreciation of right-of-use assets	32	32
Interest on lease liabilities	1	2
Share of losses of a joint venture	3	1
(Gain)/loss on disposal of financial assets at fair value through profit or loss	(917)	20
Change in fair value of financial assets at fair value through profit or loss	(26)	270
Operating loss before working capital changes	(191)	(201)
(Increase) in deposits and prepayments	(1)	(1)
(Increase)/decrease in other receivables	(98)	90
(Decrease) in other payables and accruals	(116)	(72)
Net cash used in operating activities	(406)	(184)
Cash flows from investing activities		
Bank interest income received	1	-
Investment in financial assets at fair value through profit and loss	(83)	(1,188)
Proceeds from disposal of financial assets at fair value through profit or loss	1,247	598
Net cash from/(used in) investing activities	1,165	(590)
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(37)	(35)
Repayment of interest portion of lease liabilities	(1)	(2)
Net cash used in financing activities	(38)	(37)
Net decrease in cash and cash equivalents	721	(811)
Cash and cash equivalents at beginning of the period	526	1,513
Effects of exchange rate changes	-	-
Cash and cash equivalents at end of the period		
Cash and bank balances	1,247	702

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 2023

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 2023 (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) issued by the International Accounting Standards Board as adopted by the European Union (the “EU”).

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”), Interpretations adopted by the EU, Interpretations adopted by the International Financial Reporting Interpretations Committee and Interpretations adopted by the Standing Interpretations Committee (collectively referred to as “IFRSs”), and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022. The Interim Financial Statements have neither been audited nor reviewed by the Group’s auditor.

Save for the adoption of the amendments to IFRSs as described in note 3 to the Interim Financial Statements, which became effective for the Group’s financial year that began on 1 January 2023, the accounting policies adopted in the Interim Financial Statements were consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

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

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

3. ADOPTION OF NEW AND REVISED IFRSs

The Group has applied the same accounting policies in the Interim Financial Statements as in its annual financial statements for the year ended 31 December 2022, except that it has adopted the following amendments to IFRSs:

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction

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

4. REVENUE

The Group's revenue represented dividend income from financial assets at fair value through profit or loss for the periods ended 30 June 2023 and 2022, an analysis of which is as follows:

	Unaudited Six months ended	
	30.6.2023	**30.6.2022**
	US$'000	**US$'000**
Dividend income from financial assets at fair value through profit or loss	48	59

5. OTHER INCOME, GAINS AND LOSSES, NET

	Unaudited Six months ended	
	30.6.2022	**30.6.2022**
	US$'000	**US$'000**
Gain/(loss) on disposal of financial assets at fair value through profit or loss	917	(20)
Change in fair value of financial assets at fair value through profit or loss	26	(270)
Interest Income	1	-
Foreign exchange (loss)/gain, net	(3)	6
Other	-	6
	941	(278)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

No business and geographical segment analyses are presented for the periods ended 30 June 2023 and 2022 as the major operations and revenue of the Group arose from Hong Kong. The Board considers that most of the Group's non-current assets (other than the financial instruments) were located in Hong Kong.

7. STAFF COSTS

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

	Unaudited Six months ended	
	30.6.2023	**30.6.2022**
	US$'000	**US$'000**
Wages and salaries	129	128
Contributions to pension and provident fund	3	3
	132	131

7. STAFF COSTS (CONTINUED)

Key management personnel of the Company are the directors only.

The directors' remuneration was as follows:

	Unaudited Six months ended 30.6.2023 US$'000	30.6.2022 US$'000
Directors' fees	38	36
Other remuneration including contributions to pension and provident fund	-	-
	38	36

8. FINANCE COSTS

	Unaudited Six months ended 30.6.2023 US$'000	30.6.2022 US$'000
Interest on lease liabilities	1	2

9. 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 or tax in other jurisdictions during the periods ended 30 June 2023 and 2022.

10. EARNINGS/(LOSS) PER SHARE

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

	Unaudited Six months ended 30.6.2023	30.6.2022
Earnings/(loss) for the period attributable to owners of the Company (US$'000)	717	(526)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	85,101,870	85,101,870
Effect of potential dilutive ordinary shares:		
- Share options	-	-
	85,101,870	87,151,870
Earnings/(loss) per share – basic	US0.84 cent	US(0.62) cent
Earnings/(loss) per share – diluted	US0.84 cent	US(0.62) cent

10. EARNINGS/(LOSS) PER SHARE (CONTINUED)

Diluted earnings/(loss) per share was the same as basic earnings/(loss) per share for the six months ended 30 June 2023 and 2022 as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basic earnings/(loss) per share presented for the six months ended 30 June 2023 and 2022.

11. SHARE CAPITAL

	Number of shares	Total value US$'000
Authorised:		
Ordinary shares of US$0.001 each		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	60,000,000,000	60,000
Called up, issued and fully paid:		
Ordinary shares of US$0.001 each		
As at 1 January 2022, 31 December 2022, and 1 January 2023 and 30 June 2023	85,101,870	85

12. 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 2023 and 2022.

Compensation of key management personnel

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

13. SHARE_BASED PAYMENTS

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

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

The following table discloses the movement of the outstanding share options under the scheme during the period ended 30 June 2023.

13. SHARE_BASED PAYMENTS (CONTINUED)

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

The fair value of the share options granted under the scheme during the period ended 30 June 2023 was determined at the grant date to be US$5,000.

The share-based payment expenses of US$4,000 was charged to the profit or loss account for the Group during the period ended 30 June 2023.

No share option was exercised, expired or lapsed under the scheme during the period ended 30 June 2023.

14. CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 30 June 2023 and 31 December 2022.

15. INTERIM REPORT

The Interim Report was approved and authorised for issue by the Board on 28 September 2023.

CORPORATE INFORMATION

Board of Directors

Non-Executive Chairman
Alastair GUNN-FORBES*

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

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

* *independent*

Company Secretary
Vistra Company Secretaries Limited
First Floor, Templeback, 10 Temple Back, Bristol BS1 6FL, United Kingdom

Assistant Company Secretary
Ocorian Services (Bermuda) Limited
Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda

Registered Office Address
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Registration Number
EC21466 Bermuda

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

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

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

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

United Kingdom Transfer Agent
Link Group
10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom

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