

28 April 2020

**Honye Financial Services Ltd**  
**Interim results for the period ended 31 January 2020**

**CHAIRMAN'S STATEMENT**

We recently published our annual report and accounts for the year ended 31 July 2019 and sent notice to shareholders of the Annual General Meeting of Honye Financial Services Limited (“the Company”) which is to be held on 4<sup>th</sup> May 2020.

On 7<sup>th</sup> April 2020 the Company announced the appointment of Yu Xing Liu to the Board. Mr Liu’s appointment will enlarge our network of contacts and enhance the Board’s ability to source and assess potential investments.

The Corona Virus continues to disrupt the world’s businesses and the Lockdown in the UK has dramatically slowed economic activity here. There is light at the end of the tunnel as we see China beginning to return to normal after several months and there are tentative steps in Italy, Austria and Denmark to slowly lift restrictions allowing people to return to work.

Your Board throughout this period has continued to review possible investments and acquisitions and hope to identify one sufficiently attractive for the Company to acquire or invest in the next few months.

**Financial review**

The loss for the period to 31 January 2020 was £143,380.

The loss per share was £0.0058.

At 31 January 2020, the Company had cash of £1.7 million

**Dividends**

The Directors do not propose a dividend for the period ended 31 January 2020.

Gareth Edwards

Non-Executive Chairman  
Honye Financial Services Ltd

28 April 2020

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CONDENSED STATEMENT OF COMPREHENSIVE  
INCOME

Continuing operations	Note	6 months ended 31/01/2020 Unaudited £	25/04/2018 to 31/01/2019 Unaudited £
Administrative expenses		(160,943)	(588,459)
Operating loss		<u>(160,943)</u>	<u>(588,459)</u>
Loss before taxation		<u>(160,943)</u>	<u>(588,459)</u>
Taxation	9	<u>-</u>	<u>-</u>
Total comprehensive loss attributable to equity holders of the Company for the period		<u>(160,943)</u>	<u>(588,459)</u>
Loss per share – basic and diluted (pence per share)	10	0.65	2.38

The notes on pages 6 to 11 form an integral part of these condensed financial statements.

## CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at 31/01/2020 Unaudited £	As at 31/07/2019 £
Assets			
Current assets			
Cash and cash equivalents	11	<u>1,741,650</u>	<u>1,863,098</u>
Total current assets		<u>1,741,650</u>	<u>1,863,098</u>
Total assets		<u>1,741,650</u>	<u>1,863,098</u>
Equity and liabilities			
Capital and reserves attributable to owners of the company			
Ordinary shares	13	246,414	246,414
Share premium		2,248,692	2,248,692
Accumulated losses		<u>(839,138)</u>	<u>(678,195)</u>
Total equity		<u>1,655,968</u>	<u>1,816,911</u>
Current liabilities			
Trade and other payables	12	<u>85,682</u>	<u>46,187</u>
Total current liabilities		<u>85,682</u>	<u>46,187</u>
Total equity and liabilities		<u>1,741,650</u>	<u>1,863,098</u>

The notes on pages 6 to 11 form an integral part of these condensed financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JANUARY 2020

Note		Share capital £	Share premium £	Accumulated Losses £	Total equity £
Balance at 1 August 2019	13	246,414	2,248,692	(678,195)	1,816,911
Total comprehensive loss for the financial period		-	-	(160,943)	(160,943)
Balance at 31 January 2020 (Unaudited)		246,414	2,244,692	(839,138)	1,655,968

**FOR THE PERIOD ENDED 31 JANUARY 2019**

	Share capital £	Share premium £	Accumulated Losses £	Total equity £
Issue of shares on incorporation on 25 April 2018	35,970	-	-	35,970
Share capital repurchase	(35,970)	-	-	(35,970)
Issue of new share capital on admission subscription	246,414	2,248,692,		2,495,106
Total comprehensive loss for the financial period	-	-	(588,459)	(588,459)
Balance at 31 January 2019 (Unaudited)	246,414	2,248,692	(588,459)	1,906,647

The notes on pages 6 to 11 form an integral part of these condensed financial statements.

## CONDENSED STATEMENT OF CASH FLOWS

	6 Months Ended 31/01/2020 Unaudited £	25/04/2018 to 31/01/2019 Unaudited £
Cash flows from operating activities		
Loss before taxation	(160,943)	(588,459)
Adjustment for:		
Increase in payables	39,495	169,908
Net cash used in operating activities	<u>(121,448)</u>	<u>(418,551)</u>
Cash flows from financing activities and in condensed interim report		
Proceeds from issue of ordinary shares	-	2,495,106
Net cash generated from financing activities	<u>-</u>	<u>2,495,106</u>
Net decrease in cash and cash equivalents	(121,448)	2,076,555
Cash and cash equivalents at beginning of the period	<u>1,863,098</u>	<u>-</u>
Cash and cash equivalents at end of the period	<u>1,741,650</u>	<u>2,076,555</u>

The notes on pages 6 to 11 form an integral part of these condensed financial statements.

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

### **GENERAL INFORMATION**

The Company was incorporated and registered in the Cayman Islands as a private company limited by shares on 25 April 2018 under the Companies Law (as revised) of The Cayman Islands, with the name Honye Financial Services Limited, and registered number 336262.

The Company's registered office is located at Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9901, Cayman Islands.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is to seek acquisition opportunities.

### **RECENT ACCOUNTING PRONOUNCEMENT**

New interpretations and revised standards effective for the period ended 31 January 2020

The Company has applied the same accounting policies and methods of computation in its interim financial statements as in its 2019 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2020, and will be adopted in the 2020 annual financial statements. New standards impacting the Company in the annual financial statements for the year ending 31 July 2020, and which have given rise to changes in the Company's accounting policies are:

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)

IFRS 3 Business Combinations (Amendment – Definition of Business)

Revised Conceptual Framework for Financial Reporting

The Directors do not believe these standards and interpretations will have a material impact on the financial statements once adopted.

Standards and interpretations in issue but not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 July 2020 (the date on which the company's next annual financial statements will be prepared up to) that the Company has decided not to adopt early. The Directors do not believe these standards and interpretations will have a material impact on the financial statements once adopted.

### **SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and prepared under the historic cost convention. The comparative figures as at 31 July 2019 have been extracted from the Company's Financial Statements for that financial year, but do not constitute these accounts.

The financial information is presented in Pounds Sterling (£), which is the Company's functional currency. A summary of the principal accounting policies of the Company are set out below.

#### **b) Going concern**

The Company meets its day-to-day working capital requirements through cash generated from the capital it has raised on admission to the London Stock Exchange and subsequently it has £1.7 million in cash as at 31 January 2020 which is sufficient for its present needs. The Company is likely to need to

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raise additional funds for planned acquisitions and this will likely be obtained through further transactions through the market.

Taking its cash position into account, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and for a period of not less than 12 months from the date of signing the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

#### c) Foreign currency translation

The financial statements of the Company are presented in the currency of the primary environment in which the Company operates (its functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

#### d) Financial instruments

A financial asset or a financial liability is recognised only when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

Financial assets are subsequently classified into the following specified categories: Financial assets measured at fair value through profit and loss (FVTPL), Financial assets measured at amortised cost and Financial assets measured at fair value through other comprehensive income. The Company's financial assets measured at amortised cost comprise cash and cash equivalents in the statement of financial position.

#### Financial liabilities

The Company's financial liabilities include other payables and accruals. Financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. All financial liabilities are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or they expire.

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#### e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short term (having maturity within 3 months) highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### **ACCOUNTING ESTIMATES AND JUDGEMENTS**

Preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

It is the Directors' view that there are no significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial information for the period.

### **FINANCIAL RISK MANAGEMENT**

#### Objectives and policies

The Company is exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

#### b) Currency risk

Currency risk is not considered to be material to the Company as majority of bank transactions were incurred in Pounds Sterling (£).

#### c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Concentrations of credit risk exist to the extent that the Company's cash were all held with DBS Bank. Per Standard & Poor's - the Short Term Deposit Rating is A-1+.

#### d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### **SEGMENT REPORTING**

IFRS 8 defines operating segments as those activities of an entity about which separate financial

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information is available and which are evaluated by the Board of Directors to assess performance and determine the allocation of resources. The Board of Directors are of the opinion that under IFRS 8 the Company has only one operating segment and one geographic market in the UK. The Board of Directors assess the performance of the operating segment using financial information which is measured and presented in a manner consistent with that in the Financial Statements. Segmental reporting will be reviewed and considered in light of the development of the Company’s business over the next reporting period.

Honye Financial Services Limited has no activities at present other than reviewing possible investment opportunities.

**DIRECTORS’ EMOLUMENTS**

	6 months ended 31/01/2020 £	25/04/2018 to 31/01/2019 £
Key management emoluments Remuneration	<u>58,000</u>	<u>16,317</u>

The annual remuneration of the key management was as follows, with no other cash or non-cash benefits.

	£
<b>Executive Directors</b>	
Wanbao Xu	<u>50,000</u>
<b>Non-executive Directors</b>	
Gareth Edwards	<u>30,000</u>
Shaun Carew- Wootton	<u>24,000</u>

Included within accruals is £18,223, which relates to unpaid directors’ remuneration.

**TAXATION**

The Company is incorporated in the Cayman Islands, and its activities are subject to taxation at a rate of 0%.

**EARNINGS PER SHARE**

The Company presents basic and diluted earnings per ordinary share information for its ordinary shares. Basic earnings per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the reporting period.

There is no difference between the basic and diluted loss per share.

	6 months ended 31/01/2020	25/04/2018 to 31/01/2019
Loss attributable to ordinary shareholders (£)	(160,943)	(588,459)
Weighted average number of shares	24,641,350	24,641,350
Losses per share (expressed as pence per share)	(0.65)	(2.39)

#### CASH AND CASH EQUIVALENTS

Cash at bank equivalents	31/01/2020 £	31/07/2019 £
	1,741,650	1,863,098

Cash at bank earns interest at floating rates based on daily bank deposit rate

#### TRADE AND OTHER PAYABLES

	31/01/2020 £	31/07/2019 £
Other payables	85,682	46,187

#### SHARE CAPITAL

	Number	Nominal Value £
Authorised		
Ordinary shares of £0.01 each	1,000,000,000	10,000,000
Issued and fully paid		
On Admission – 24,641,350 shares of £0.01 each		
As at 31 January 2020 and 31 July 2019	24,641,350	246,414

The Company was incorporated and registered in The Cayman Islands as a private company limited by shares on 25 April 2018. On incorporation, the Company had an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of a par value of US\$1 each. This has been converted to Pounds Sterling (£) using the closing exchange rate £/US\$ 1.39 on the date of incorporation on 25 April 2018.

Pursuant to special resolution passed on 29th November 2018, the Company resolved:  
to redenominate its share capital from US\$ to GBP;  
to increase its authorised share capital to £10,000,000 divided into 1,000,000,000 Ordinary Shares (£0.01 each at Par value);  
a further 50,000 Ordinary Shares were issued for \$50,000, the proceeds of which were used to buy back the 50,000 shares of US\$1 each at Par value in connection with redenomination of share capital.

As at admission on 7 December 2018, £246,414 of Ordinary Shares in nominal value has been issued and fully paid (divided into 24,641,350 issued Ordinary Shares of £0.01 each at Par value).

All of the issued Ordinary Shares are in registered form and the Registrar is responsible for maintaining the Company's share register. There are no restrictions on the distribution of dividends and the repayment of capital.

The ISIN number of the Ordinary Shares is KYG4598W1024 and SEDOL number is BGR5JO2.

#### SUBSEQUENT EVENTS

In April 2020, a warrant was exercised and 30,000 Ordinary Shares have been subscribed at 15p each.

There have been no other material events that have occurred since the year end that require further disclosure.

#### **CAPITAL MANAGEMENT**

The Company actively manages the capital available to fund the Company, comprising equity and reserves. The Company's objectives when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The capital structure of the Company as at 31 January 2020 consisted of Ordinary Shares and equity attributable to the shareholders of the Company, totalling £1,655,968 (disclosed in the statement of changes in equity).

The Company reviews the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the repayment of existing debt.

#### **RELATED PARTY TRANSACTIONS**

The remuneration of the Directors, the key management personnel of the Company, is set out in note 8.

Fush Financial Investment Co Ltd, a company owned by Mr Wanbao Xu, is considered as a significant shareholder by holding 68.53% of the Ordinary shares as at 31 January 2020.

#### **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party of the Company is Mr Wanbao Xu.

Enquiries:

Honye Financial Services Ltd  
Gareth Edwards

[garethmedwards@gmail.com](mailto:garethmedwards@gmail.com)

Peterhouse Capital Limited  
Heena Karani

Tel: 020 [•]

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside

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information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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