

Honye Financial Services Ltd

(Incorporated and registered under the Companies Law (as revised) of The Cayman Islands
and registered number 336262.)

**Unaudited Condensed Interim
Financial Statements**

**For the Six Months Ended
31 January 2021**

Honye Financial Services Ltd
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for the six months ended 31 January 2021

CHAIRMAN'S STATEMENT

This time last year when we issued the last set of unaudited interim results I remarked that “the Corona Virus continues to disrupt the world’s businesses and the Lockdown in the UK has dramatically slowed economic activity here”. We had little idea then how long this situation would continue nor how far and wide throughout the world the pandemic would spread.

Despite these difficulties there is cause for optimism as we now have the vaccine and many countries have started vaccination programmes to protect their populations. There are now many good reasons to hope that economic activity will quickly recover as the restrictions are lifted. Our financial position remains unaffected by the impact of COVID 19, having no trading business, which leaves us able to act swiftly and decisively when the appropriate target is identified.

It has been difficult throughout this period to pursue actively possible investments and acquisitions as physical movement has been (and continues to be) restricted, nevertheless we are continuing to assess interesting investment possibilities.

Gareth Edwards

Non-Executive Chairman
Honye Financial Services Ltd

29 April 2021

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Note	6 months ended 31/01/2021 Unaudited £	6 months ended 31/01/2020 Unaudited £
Administrative expenses		(345,241)	(160,943)
Operating loss		<u>(345,241)</u>	<u>(160,943)</u>
Loss before taxation		<u>(345,241)</u>	<u>(160,943)</u>
Taxation	9	<u>-</u>	<u>-</u>
Total comprehensive loss attributable to equity holders of the Company for the period		<u>(345,241)</u>	<u>(160,943)</u>
Loss per share – basic and diluted (pence per share)	10	1.40	0.65

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

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CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at 31/01/2021 Unaudited £	As at 31/07/2020 Audited £
Assets			
Current assets			
Cash and cash equivalents	11	1,423,860	1,575,076
Prepayments		18,071	28,536
Total current assets		<u>1,441,931</u>	<u>1,603,612</u>
Total assets		<u>1,441,931</u>	<u>1,603,612</u>
Equity and liabilities			
Capital and reserves attributable to owners of the company			
Ordinary shares	13	246,714	246,714
Share premium		2,252,892	2,252,892
Accumulated losses		(1,450,821)	(1,105,580)
Total equity		<u>1,048,785</u>	<u>1,394,026</u>
Current liabilities			
Trade and other payables	12	393,146	209,586
Total current liabilities		<u>393,146</u>	<u>209,586</u>
Total equity and liabilities		<u>1,441,931</u>	<u>1,603,612</u>

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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2021

	Note	Share capital £	Share premium £	Accumulated Losses £	Total equity £
Balance at 1 August 2020	13	246,714	2,252,892	(1,105,580)	1,394,026
Total comprehensive loss for the financial period		-	-	(345,241)	(345,241)
Balance at 31 January 2021 (Unaudited)		246,714	2,252,892	(1,450,821)	1,048,785

FOR THE PERIOD ENDED 31 JANUARY 2020

	Share capital £	Share premium £	Accumulated Losses £	Total equity £
Balance at 1 August 2019	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

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CONDENSED STATEMENT OF CASH FLOWS

	6 months ended 31/01/2021 Unaudited £	6 months ended 31/01/2020 Unaudited £
Cash flows from operating activities		
Loss before taxation	(345,241)	(160,943)
<i>Adjustment for:</i>		
Decrease/(increase) in receivables	10,464	-
Increase in payables	183,561	39,495
Net cash used in operating activities	(151,216)	(121,448)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	-
Net cash generated from financing activities	-	-
Net decrease in cash and cash equivalents	(151,216)	(121,448)
Cash and cash equivalents at beginning of the period	1,575,076	1,863,098
Cash and cash equivalents at end of the period	1,423,860	1,741,650

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. 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.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is to undertake acquisitions in a company or business principally in Europe and Asia.

3. RECENT ACCOUNTING PRONOUNCEMENT

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for the period ended 31 January 2021:

Applied for period ended 31 January 2021:

- Amendments to IAS 1 and IAS 8 - Definition of Material [Effective Date: annual reporting periods after 01/01/2020]
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions [Effective Date: annual reporting periods after 01/06/2020]

Not yet effective:

- Amendments to IFRS 3 - Reference to the Conceptual Framework [Effective Date: annual reporting periods after 01/01/2022]
- Amendments to IAS 37 - Cost of Fulfilling a Contract Framework [Effective Date: annual reporting periods after 01/01/2022, Early application is permitted.]
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current [Effective Date: annual reporting periods after 01/01/2023.]
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [Deferred indefinitely by amendments made in December 2015]
- Amendments to IFRS 17 - Insurance Contracts [Effective Date: annual reporting periods after 01/01/2023.]

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

4. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the United Kingdom and prepared under the historic cost convention. The comparative figures as at 31 July 2020 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.

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b) Going concern

The Company has assessed the Covid-19 impact on its ability to continue as a going concern. The Company considers that the events arising from the Covid-19 outbreak do not impact on its use of the going concern basis of preparation nor do they cast significant doubt over the company's ability to continue as a going concern for the period of at least twelve months from the date when the financial statements are authorised for issue.

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 £1.4 million in cash as at 31 January 2021 which is sufficient for its present needs. The Company is likely to need to 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 interim 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.

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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.

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.

5. 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.

6. FINANCIAL RISK MANAGEMENT

a) 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+.

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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.

e) Interest rate risks

The Company has limited exposure to interest rate risk on its cash positions. Such exposures are managed as efficiently as possible, given that working capital needs to be maintained. The effect of a 100 basis points increase/decrease in interest rates would not have a material impact on pre-tax profits or equity.

7. SEGMENT REPORTING

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

8. DIRECTORS' EMOLUMENTS

	6 months ended 31/01/2021 £	6 months ended 31/01/2020 £
Key management emoluments		
Remuneration	103,000	58,000

As at 31 January 2021, the annual remuneration of the key management was as follows, with no other cash or non-cash benefits.

	£
Executive Directors	
Wanbao Xu	50,000
Yu Xing Liu	100,000
Non-executive Directors	
Gareth Edwards	60,000
Shaun Carew-Wootton	48,000

Included within accruals is £125,923, which relates to unpaid directors' remuneration.

9. TAXATION

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

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10. LOSS 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 31/01/2021	6 months ended 31/01/2020
Loss attributable to ordinary shareholders (£)	(345,241)	(160,943)
Weighted average number of shares	24,671,350	24,641,350
Loss per share (expressed as pence per share)	(1.40)	(0.65)

11. CASH AND CASH EQUIVALENTS

	31/01/2021	31/07/2020
	£	£
Cash at bank equivalents	1,423,860	1,575,076

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

12. TRADE AND OTHER PAYABLES

	31/01/2021	31/07/2020
	£	£
Other payables	393,146	209,585

13. SHARE CAPITAL

	Number	Nominal Value £
Authorised Ordinary shares of £0.01 each	1,000,000,000	10,000,000
Issued and fully paid		
As at 31 January 2021 and 31 July 2020 - £0.01 each	24,671,350	246,714

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.

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14. SUBSEQUENT EVENTS

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

15. 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 2021 consisted of Ordinary Shares and equity attributable to the shareholders of the Company, totalling £1,048,785 (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.

16. RELATED PARTY TRANSACTIONS

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

17. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.