

Honye Financial Services Ltd

(incorporated in the Cayman Islands with limited liability and registered number 336262)

Interim results for the period ended 31 January 2019

CHAIRMAN'S STATEMENT

I am pleased to present the interim report and financial statements of Honye Financial Services Ltd ("Honye") for the period from our incorporation on 25 April 2018 to 31 January 2019 and following our listing on the London Stock Exchange in December 2018.

Honye was formed as a special purpose company ("SPAC") to undertake one or more acquisitions of a company or businesses principally in Europe and Asia. The Company raised gross proceeds of approximately £2.5 million (net proceeds of approximately £2 million) and its Ordinary Shares were admitted to trading on the Official List of the London Stock Exchange (by way of a Standard Listing) ("Admission") on 7 December 2018.

Since Admission, the Board has explored several possible acquisition or investment opportunities and will continue to actively seek out investment and/or acquisition opportunities.

Financial review

The loss for the period to 31 January 2019 was £588,459. This primarily reflects the transaction costs associated with the Company's listing on the London Stock Exchange ("LSE") and fundraising as well as day-to-day administrative expenses.

The loss per share was £0.02.

At 31 January 2019, the Company had cash of £2.1 million, derived from the subscription and placing at the time of admission to the Standard Listing segment of the London Stock Exchange in December 2018.

Dividends

The Directors do not propose a dividend for the period ended 31 January 2019.

Gareth Edwards
Non-Executive Chairman

21 June 2019

CONDENSED STATEMENT OF COMPREHENSIVE LOSS (UNAUDITED)

| | | Period from 25 April 2018 to 31 Jan 2019 Unaudited |
|--|-------------|---|
| Continuing operations | Note | |
| | | £ |
| Administrative expenses | | (588,459) |
| Operating loss | | <u>(588,459)</u> |
| Finance income | | - |
| Loss before taxation | | <u>(588,459)</u> |
| Taxation | 7 | - |
| Total comprehensive loss attributable to equity holders of the Company for the period | | <u>(588,459)</u> |
| Loss per share – basic and diluted (£ per share) | 8 | <u>(0.02)</u> |

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

**CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 JANUARY 2019**

| | Note | 31 January 2019 Unaudited |
|-------------------------------------|------|------------------------------|
| | | £ |
| Assets | | |
| Current assets | | |
| Prepayments and other receivables | | - |
| Cash and cash equivalents | 9 | 2,076,555 |
| Total current assets | | 2,076,555 |
| Total assets | | 2,076,555 |
| Equity and liabilities | | |
| Capital and reserves | | |
| Ordinary shares | 11 | 246,414 |
| Share premium | | 2,248,692 |
| Accumulated losses | | (588,459) |
| Total equity | | 1,906,647 |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 10 | 169,908 |
| Total current liabilities | | 169,908 |
| Total equity and liabilities | | 2,076,555 |

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

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 JANUARY 2019**

| | Note | Share capital £ | Share premium £ | Accumulated losses £ | Total equity £ |
|--|-------------|--------------------------------|--------------------------------|-------------------------------------|-------------------------------|
| Issue of shares on incorporation on 25 April 2018 | 11 | 35,970 | | | 35,970 |
| Share repurchase | | (35,970) | | | (35,970) |
| Issue of shares during the period | 11 | 246,414 | 2,248,692 | | 2,495,106 |
| Total comprehensive loss for the financial period | | | | (588,459) | (588,459) |
| Balance at 31 January 2019 | | 246,414 | 2,248,692 | (580,126) | 1,906,647 |

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

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

| | Period from 25 April 2018 to 31 January 2019 Unaudited £ |
|---|--|
| Cash flows from operating activities | |
| Loss before taxation | (588,459) |
| <i>Adjustment for:-</i> | |
| Increase in receivables | - |
| Increase in payables | 169,908 |
| Net cash used in operations | <u>(418,551)</u> |
| Cash flows from financing activities | |
| Proceeds from issue of ordinary shares | 2,495,106 |
| Net cash generated from financing activities | <u>2,495,106</u> |
| Net increase in cash and cash equivalents | 2,076,555 |
| Cash and cash equivalents at beginning of the period | - |
| Cash and cash equivalents at end of the period | <u>2,076,555</u> |

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

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 Commercial 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 seek acquisition opportunities.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard 34 "Interim Financial Reporting" (IAS34) as adopted by the European Union. The accounting policies applied by the Company in these condensed interim financial statements are the same as those set out in the Company's Prospectus dated 7 December 2018. No material new standards, amendments to standards or interpretations are effective in the period ending 31 January 2019. These financial statements have been prepared under the historical cost convention.

These condensed financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since inception.

The condensed interim financial statements are unaudited and have not been reviewed by the auditors and were approved by the Board of Directors on 20 June 2019.

The first audited statutory accounts for the Company are expected to be drawn up for the period from incorporation 25 April 2018 to 31 July 2019, in accordance with Adopted IFRS effective at that date, and will contain an unreserved statement of compliance with Adopted IFRS.

The financial information is presented in Pounds Sterling (£), which is the Company's functional and presentational currency.

No comparative figures have been presented as the financial information covers the period from incorporation of the Company on 25 April 2018 to 31 January 2019.

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 £2.1 million in cash as at 31 January 2019 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 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.

e) Impairment of financial assets

An assessment for impairment is undertaken when there is objective evidence that a financial asset is impaired. Impairment loss on financial assets is recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

f) 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.

g) 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.

4. FINANCIAL RISK MANAGEMENT

a) Objectives and policies

The Company is exposed to a variety of financial risks: market risk (including interest rate risk and currency 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) Interest rate risk

All cash holdings and cash equivalents are held in accounts with variable rates.

c) Currency risk

The Company is exposed to exchange rate fluctuations as transactions could be undertaken denominated in foreign currencies.

d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit allowances are made for estimated losses that have been incurred by the reporting date.

Concentrations of credit risk exist to the extent that the Company's cash were all held with DBS bank.

e) 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.

5. 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.

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

6. DIRECTORS' EMOLUMENTS

| | Period from 4 December 2018 to 31 January 2019 £ |
|--------------|---|
| Remuneration | <u>16,317</u> |

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

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

7. TAXATION

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

8. LOSS PER SHARE

The Company presents basic and diluted earnings per share information for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the reporting period. Diluted earnings per share are determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

There is no difference between the basic and diluted earnings per share, as the Company has no potential ordinary shares.

| | Period ended 31 January 2019 £ |
|--|---|
| Loss attributable to ordinary shareholders (£) | (588,459) |
| Weighted average number of shares | 24,641,350 |
| Loss per share (expressed as GBP per share) | (0.02) |

9. CASH AND CASH EQUIVALENTS

| | As at 31 January 2019 £ |
|--------------|--|
| Cash at bank | 2,076,555 |

10. TRADE AND OTHER PAYABLES

| | As at 31 January 2019 £ |
|----------------|--|
| Other payables | 169,908 |

11. 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 | 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;
- 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 in connection with redenomination of share capital.

As at admission on 4 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).

All of the issued Ordinary Shares are in registered form and the Registrar is responsible for maintaining the Company's share register.

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

12. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the balance between debt and equity.

The capital structure of the Company as at 31 January 2019 consisted of Ordinary Shares and equity attributable to the shareholders of the Company, totalling £1,906,647 (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.

13. RELATED PARTY TRANSACTIONS

During the year, the Company has entered into the following transactions with related parties:

- Share Capital – details are disclosed in note 11.
- Mr Wanbao Xu paid £79,851 administrative expenses on behalf of the Company.
- The Company paid £175,357 to L&S Global Ltd for the listing advisory fees during the period.
- The remuneration of the Directors are set out in note 6.

14. ULTIMATE CONTROLLING PARTY

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