

# **Honye Financial Services Ltd**

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

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Annual Report 2020

For the Year Ended  
31 July 2020

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## FINANCIAL AND OPERATIONAL SUMMARY

The loss for the year to 31 July 2020 was £427,385. This primarily reflects the day-to-day administrative expenses and due diligence into prospective targets.

The loss per share was £0.017.

At 31 July 2020, the Company had cash of £1.575 million, derived from the subscription and admission to the Standard Listing segment of the London Stock Exchange in December 2018.

## CHAIRMAN'S STATEMENT

Honye Financial Services Ltd ("Honye") was formed as a special purpose company ("SPAC") to undertake one or more acquisitions of a company or businesses in the financial services and in particular the fintech sector principally in Europe and Asia.

The Company has been actively searching for and analysing potential acquisitions but has not, so far, found one which satisfies our criteria. Honye will continue to explore other possibilities and as news of our area of focus has become more widely known, potential opportunities are being brought to the Company's attention.

The fintech sector has continued to grow since Honye's Admission and with it the number of potential acquisition targets. As per the Prospectus, in the event that the Company is not able to complete a reverse takeover before its second anniversary of Admission, the Board will recommend to Shareholders that the Company continues to pursue an Acquisition for a further 24 months from the date of its second anniversary. The Board's recommendation will then be put to a Shareholder vote (from which the Directors will abstain).

The impact of COVID 19 still continues and its effect on the UK economy is still hard to gauge due to the beneficial effects of the various government support schemes. However widespread job losses in the UK are widely predicted for late 2020 into early 2021. Your Board is also conscious of the impending 31 December 2020 deadline for the end of the transition period to leave the European Union. At the time of writing no trade deal has been agreed with the European Union. Therefore it is difficult to predict precisely what is to happen on 1 January 2021. While leaving the European Union with or without a deal may influence the types of businesses Honye is prepared to acquire it will not affect the Company's day to day functioning. As a result of Honye's cautious approach to investment and identification of suitable acquisition candidates its running costs are low and its main assets is cash in the bank.

We are optimistic but will approach any prospective companies to invest in or acquire with renewed caution.



Gareth Edwards  
Non-Executive Chairman

30 November 2020

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**DIRECTORS' REPORT**

The Directors present this report on the Company, together with the audited financial statements of the Company for the year from 1 August 2019 to 31 July 2020.

**Principal activities**

The Company was formed to undertake acquisitions in a company or businesses principally in Europe and Asia.

**Dividends**

The Directors do not propose a dividend for the year ended 31 July 2020.

**Post balance sheet events**

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

**Directors**

The Directors of the Company who have served during the year and at the date of this report are:

Director Name	Role	Date of Appointment
Xu, Wanbao	Executive Director	18 July 2018
Gareth Maitland Edwards	Independent Non-executive Director	7 December 2018
Shaun Carew-Wootton	Independent non-executive director	7 December 2018
Yu Xing Liu	Executive Director	7 April 2020

**Donations**

No political or charitable donations have been made in the year.

**Provision of information to auditors**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and;
- each Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Independent auditors**

The Company's auditor is BDO LLP, 55 Baker Street, London W1U 7EU.

By order of the board



Wanbao Xu  
Executive Director  
30 November 2020



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## CORPORATE GOVERNANCE REPORT

### Introduction

The Board recognises the importance and value for the Company and its shareholders of good corporate governance. The Company Statement on Corporate Governance is set out below.

### Board

The Board is currently comprised of:

Gareth Edwards, *Independent Non-Executive Chairman*  
Shaun Carew-Wootton, *Independent Non-Executive Director*  
Wanbao Xu, *Executive Director*  
Yu Xing Liu, *Executive Director*

Mr Wanbao Xu is also considered as a main shareholder by virtue of his indirect significant securities in the Company as at 31 July 2020.

The terms and conditions of appointment of the non-executive directors are available for inspection at the Company's registered office.

For the year ending 31 July 2020 there were five Board Meetings and all directors were in attendance and Mr Yu Xing Li has attended all Board Meetings since his appointment on 6<sup>th</sup> April 2020. There were no separate committee meetings during the year.

The Executive Directors work full time for the Company committing such time as may be required to service the needs of the Company. The Non-Executive Directors are contractually committed to one day per month to fulfil their obligations to the Company but would commit such other time as may be necessary to service the needs of the Company.

The Company has no business or trade and so the skills required for the directors to carry out their duties, at this stage, are limited to corporate governance.

Gareth Edwards, the Non-Executive Chairman, is a solicitor and has practised Corporate law relating to publicly listed companies for 35 years and as part of the annual renewal of his practising certificate is required to undertake "Continuing Professional Development" which keeps his knowledge of the law and corporate governance requirements current. The other directors undertake such research, reading and courses necessary to keep themselves up to date.

In his capacity as Non-Executive Chairman, Gareth Edwards has assumed responsibility for leading the Board effectively and ensuring the Company has appropriate corporate governance in place and that these standards are observed and applied in the Company. When the Company makes an acquisition the Board will review the corporate governance to ensure it adapts to take account of the newly acquired business.

### Corporate Governance Statement

As a company with a Standard Listing the Company is not required to comply with the provisions of the UK Corporate Governance Code. Nevertheless, the Directors are committed to maintaining high standards of corporate governance and propose, so far as is practicable given the Company's size and nature, to voluntarily adopt and comply with the QCA Code (available on the QCA's website ([www.theqca.com](http://www.theqca.com))). However at present, due to the size of the Company, the Directors acknowledge that adherence to certain other provisions of the QCA Code may be delayed until such time as the Directors are able to fully adopt them. In particular, action will be required in the following areas:



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**CORPORATE GOVERNANCE REPORT  
(CONTINUED)**

- in keeping with the QCA Code provisions on board composition, the Company has separated the roles of chairman and executive director. As the Company grows, the Board will seek to appoint additional independent directors, one of whom will be appointed as senior independent director;
- the Company is currently too small to have an audit committee, a remuneration committee or a nominations committee established and the appointments to such committees will be revisited upon the completion of an Acquisition along with incorporating terms of reference for them;
- the QCA Code recommends that companies publish key performance indicators which align with strategy and feedback through regular meetings with shareholders and directors. The Company will not comply with this provision until after such time as it has made an Acquisition; and
- given the Company's size, it has not yet developed a corporate and social responsibility policy or diversity policy. One will be put in place at the appropriate time.

In line with the QCA Code, the Company holds timely board meetings as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Directors' responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company, on behalf of the Shareholders, to whom they are accountable. The primary duty of the Directors is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and the Company's approach to risk management.

The Board as a whole will be responsible for sourcing Acquisitions and ensuring that opportunities are in conformity with the Company's strategy. The Board will meet periodically to: (i) discuss possible Acquisition opportunities for the Company; (ii) monitor the deal flow and acquisitions in progress; and (iii) review the Company's strategy and ensure that it is up-to-date and appropriate for the Company and its aims.

The Directors are responsible for internal controls in the Company and for reviewing effectiveness. Due to the size of the Company, all key decisions are made by the Board. The Directors have reviewed the effectiveness of the Company's internal controls during the year under review and consider that there have been no material losses, contingencies or uncertainties due to weaknesses in the controls.

### **Share Dealings**

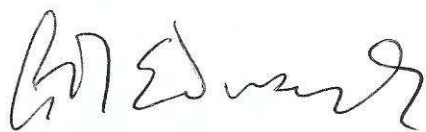
The Company has voluntarily adopted a dealing code and procedures manual which complies with the Market Abuse Regulation (EU) No 596/2014 and will take all reasonable steps to ensure compliance by the Directors and any relevant individuals.

### **Annual General Meeting**

Normally at every AGM individual shareholders are given the opportunity to put questions to the Chairman and to other members of the Board that may be present. However under the provisions of the Corporate Insolvency and Governance Act 2020, the AGM this year will be a closed meeting. This means shareholders must not attend the AGM in person and anyone attempting to do so will be refused entry.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The Company will ensure a quorum is present to allow the formal business of the AGM to be transacted. Voting on all resolutions will be taken by way of a poll whereby shareholder votes are counted according to the number of shares held by each shareholder. Notice of the AGM will be sent to shareholders before the meeting, which is planned to be on 11<sup>th</sup> January 2021 at 201 Bishopsgate, Spitalfields, London EC2M 3AB. Details of proxy votes for and against each resolution, together with the votes withheld are announced to the London Stock Exchange and are published on the Company's website as soon as practical after the meeting.



Gareth Edwards  
Non-Executive Chairman



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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Cayman Islands Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for causing to be kept proper books of account with respect to:

- all sums of money received and expensed by the Company and the matters in respect of which the receipt and expenditure takes place;
- all sales and purchases of goods by the Company; and
- the assets and liabilities of the Company.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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**Independent auditor's report to the members of Honye Financial Services Limited**

**Opinion**

We have audited the financial statements of Honye Financial Services Limited (the 'Company') for the year ended 31 July 2020 which comprise of the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2020 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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<b>Key audit matter</b>	<b>How we addressed the key audit matter in the audit</b>
<p><b>Completeness, existence and accuracy of expenditure</b></p> <p>The Company has not started earning any revenue and hence administrative expenses form the most significant assessed risk of material misstatements in the financial statements.</p> <p>There are no significant areas of estimation, uncertainty and critical judgements in applying accounting policies related to expenditure that have significant effect on the amount recognised in the financial statements.</p> <p>Therefore, completeness, existence and accuracy of administrative expenses is considered to be a significant risk and key audit matter.</p>	<p>Audit procedures were designed to mitigate the risk of misstatement relating to the completeness, existence and accuracy of administrative expenses. Audit Procedures include:</p> <ul style="list-style-type: none"> <li>• For accuracy, we tested 100% of all administrative expenses including director fees above performance materiality. Transactions recorded in the accounting system were traced to expense invoices or supporting documentation to ensure that the amounts on the invoices agreed with the expenses ledger.</li> <li>• For directors' fees we traced expenditure paid to service level agreements signed by directors and traced any payments made to the bank statements</li> <li>• For completeness, the full period of bank transactions was obtained (e.g. from the bank statements) and checked against expense ledger to ensure all transactions have been recorded. Additionally, we have reviewed post year end payments and unpaid invoices to ensure expenditure cut off is correct.</li> <li>• For existence we obtained supplier listing from management; and for all expenses incurred in the year that were charged by a third party supplier, we obtained the respective invoices and checked the names of all suppliers against the supplier listing</li> </ul> <p><b>Key observations</b>  Based on our procedures performed we did not identify any unadjusted material misstatement relating to administrative expenses.</p>



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#### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements.

The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality Measure	Purpose	Quantum (£)
Financial statement materiality was set at 1.5 % of gross expenditure (2019: 5% of loss before tax), prior to consideration of qualitative factors (as listed below)	Assessing whether the financial statements as a whole present a true and fair view.	£5,500(2019: £33,900)
Performance materiality was set at 75% (2019:68%) of financial statement materiality	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	£4,100(2019: £23,000)

The Company is still in its early stages of development and has not yet made any investment therefore the Company has no income and has limited transactions.

- Financial statement materiality was set at 1.5% of gross expenditure (2019:5%of loss before tax) as the Company is still in its early stages of development and incurring costs relating to potential investments opportunities. In addition, it has not earned any income and hence gross expenditure has been considered the most appropriate measure as it is the main factor of particular interest to the users of the financial statements.
- Performance materiality was set at 75% of financial statement materiality (2019:68%) due to the fact that there are relatively few financial statement accounts. In setting performance materiality, we had regard to the financial statement materiality and risk and control environment.

We agreed with the Board that we would report all audit differences in excess of £100(2019: £1,670) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.



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#### **An overview of the scope of our audit**

We designed our audit by determining materiality and assessing the risks of material misstatements in the financial statements. In particular, we looked at where the directors make subjective judgements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The Company and accounting records are based in the United Kingdom and all audit work was conducted in the United Kingdom by BDO LLP.

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement letter dated 2 October 2020. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

*BDO LLP*

BDO LLP  
Chartered Accountants  
London, UK  
30 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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**STATEMENT OF COMPREHENSIVE INCOME**

<b>Continuing operations</b>	<b>Note</b>	<b>Year Ended 31/07/2020 £</b>	<b>Period from 25/04/2018 to 31/07/2019 £</b>
Administrative expenses		(427,385)	(678,195)
<b>Operating loss</b>		<u>(427,385)</u>	<u>(678,195)</u>
<b>Loss before taxation</b>		<u>(427,385)</u>	<u>(678,195)</u>
Taxation	10	<u>-</u>	<u>-</u>
<b>Total comprehensive loss attributable to equity holders of the Company for the period</b>		<u>(427,385)</u>	<u>(678,195)</u>
Loss per share – basic and diluted (pence per share)	11	1.7	5.4

The notes on pages 17 to 22 form an integral part of these financial statements.



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**STATEMENT OF FINANCIAL POSITION**

	Note	As at 31/07/2020 £	As at 31/07/2019 £
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	1,575,076	1,863,098
Prepayments		28,536	-
<b>Total current assets</b>		<u>1,603,612</u>	<u>1,863,098</u>
<b>Total assets</b>		<u>1,603,612</u>	<u>1,863,098</u>
<b>Equity and liabilities</b>			
<b>Capital and reserves attributable to owners of the company</b>			
Ordinary shares	14	246,714	246,414
Share premium		2,252,892	2,248,692
Accumulated losses		(1,105,580)	(678,195)
<b>Total equity</b>		<u>1,394,026</u>	<u>1,816,911</u>
<b>Current liabilities</b>			
Trade and other payables	13	209,586	46,187
<b>Total current liabilities</b>		<u>209,586</u>	<u>46,187</u>
<b>Total equity and liabilities</b>		<u>1,603,612</u>	<u>1,863,098</u>

These financial statements were authorised for issue by the Board of Directors on 30 November 2020 and signed on behalf by:



Wanbao Xu  
Executive Director

The notes on pages 17 to 22 form an integral part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY FOR THE  
YEAR ENDED 31 JULY 2020**

	Note	Share capital £	Share premium £	Accumulated Losses £	Total equity £
Issue of shares on incorporation on 25 April 2018	14	35,970	-	-	35,970
Share capital repurchase		(35,970)	-	-	(35,970)
Issue of new share capital on admission subscription	14	246,414	2,248,692	-	2,495,106
Total comprehensive loss for the year		-	-	(678,195)	(678,195)
<b>Balance as at 31 July 2019</b>		<b>246,414</b>	<b>2,248,692</b>	<b>(678,195)</b>	<b>1,816,911</b>
New shares issued	14	300	4,200	-	4,500
Total comprehensive loss for the financial year		-	-	(427,385)	(427,385)
<b>Balance as at 31 July 2020</b>		<b>246,714</b>	<b>2,252,892</b>	<b>(1,047,277)</b>	<b>1,394,026</b>

The notes on pages 17-22 form an integral part of these financial statements.

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**STATEMENT OF CASH FLOWS**

	Year Ended 31/07/2020	Period from 25/04/2018 to 31/07/2019
	£	£
<b>Cash flows from operating activities</b>		
Loss before taxation	(427,385)	(678,195)
Increase in receivables	(28,536)	-
Increase in payables	163,399	46,189
<b>Net cash used in operating activities</b>	<u>(292,522)</u>	<u>(632,006)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	4,500	2,495,105
<b>Net cash generated from financing activities</b>	<u>4,500</u>	<u>2,495,105</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(288,022)</b>	<b>1,863,098</b>
Cash and cash equivalents at beginning of the period	1,863,098	-
<b>Cash and cash equivalents at end of the year</b>	<u><b>1,575,076</b></u>	<u><b>1,863,098</b></u>

The notes on pages 17 to 22 form an integral part of these financial statements



# Honye Financial Services Ltd

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#### NOTES TO THE 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 businesses principally in Europe and Asia.

##### 3. RECENT ACCOUNTING PRONOUNCEMENTS

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 that the Company has decided not to adopt early:

- Amendments to IAS 1 and IAS 8
- Amendments to IFRS 3
- Amendments to IFRS 16
- Amendments to IAS 37
- Amendments to IAS 1
- Amendments to IFRS 10 and IAS 28
- Amendments to IFRS 17 Insurance Contracts

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

##### 4. SIGNIFICANT ACCOUNTING POLICIES

###### a) Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and prepared on a going concern basis, under the historic cost convention.

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 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 £1.6 million in cash as at 31 July 2020 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.

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### b) Going concern (Continued)

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 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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**4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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+.

Updated

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



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#### 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.

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

#### 8. AUDITORS' REMUNERATION

The following remuneration was received by the Company's auditors:

	Year ended 31 July 2020 £	Period ended 31 July 2019 £
Remuneration for the audit of the Company's financial statements	37,500	35,000
Non-audit services	2,250	27,300

#### 9. DIRECTORS' EMOLUMENTS

	Year Ended 31/07/2020 £	Period from 07/12/2018 to 31/07/2019 £
<b>Key management emoluments</b>		
Remuneration	135,700	68,316

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

	Year Ended 31/07/2020 £	Period from 07/12/2018 to 31/07/2019 £
<b>Executive Directors</b>		
Wanbao Xu	50,000	33,333
Yu Xing Liu	15,700	-
<b>Non-executive Directors</b>		
Gareth Edwards	35,000	19,435
Shaun Carew-Wootton	35,000	15,548

Included within accruals is £58,922, which relates to unpaid directors' remuneration.

#### 10. 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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**11. 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.

	<b>Year Ended 31/07/2020</b>	<b>Period Ended 31/07/2019</b>
	£	£
Loss attributable to ordinary shareholders (£)	(427,385)	(678,195)
Weighted average number of shares	24,650,227	12,610,613
<b>Loss per share (expressed as pence per share)</b>	<b>(1.7)</b>	<b>(5.4)</b>

**12. CASH AND CASH EQUIVALENTS**

	<b>31/07/2020</b>	<b>31/07/2019</b>
	£	£
Cash at bank	<u>1,575,076</u>	<u>1,863,098</u>

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

**13. TRADE AND OTHER PAYABLES**

	<b>31/07/2020</b>	<b>31/07/2019</b>
	£	£
Other payables	<u>209,585</u>	<u>46,187</u>

**14. SHARE CAPITAL**

	<b>Number</b>	<b>Nominal Value £</b>
Authorised Ordinary shares of £0.01 each	1,000,000,000	10,000,000
Issued and fully paid On Admission and at 31 July 2019 – £0.01 each Issue of shares	24,641,350	246,414 300
As at 31 July 2020	<u>24,671,350</u>	<u>246,714</u>



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#### 14. SHARE CAPITAL (Continued)

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).

On 15.04.2020, a further 30,000 ordinary shares were issued at £0.15 per share following a warrant being exercised.

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.

#### 15. SUBSEQUENT EVENTS

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

#### 16. 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 July 2020 consisted of Ordinary Shares and equity attributable to the shareholders of the Company, totalling £1,394,026 (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.

#### 17. RELATED PARTY TRANSACTIONS

The remuneration of the Directors and the key management personnel of the Company is set out in note 9.

#### 18. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.