

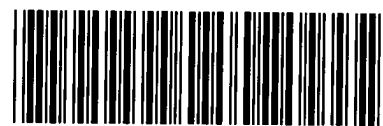
Haitong International Holdings (UK) Limited

Company Number 04547135

Annual Report and Financial Statements

For the Year ended 31 December 2019

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Haitong International Holdings (UK) Limited

Annual Report and Financial Statements for the year ended 31 December 2019

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Haitong International Holdings (UK) Limited

Officers and professional advisers for the year ended 31 December 2019

Current Directors

Wai Ho Lo (appointed 2 June 2015)

Rupert John Anthony Eastwood (appointed 27 September 2002)

Secretary

Leon Vardon

Registered office

3f, 1 Aldermanbury Square
London, United Kingdom
EC2V 7HR

Independent Auditor

Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London, United Kingdom
EC4A 3TR

Principal Bankers

HSBC Bank plc
60 Queen Victoria Street
London, United Kingdom
EC4N 4TR

Legal Advisor

Simmons and Simmons
Citypoint
1 Ropemaker Street
London, United Kingdom
EC2Y 9SS

Haitong International Holdings (UK) Limited

Strategic Report for the year ended 31 December 2019

The directors present the Strategic Report for the year ended 31 December 2019 for Haitong International Holdings (UK) Limited (the “Company”).

Results

The results for the year ended 31 December 2019 are set out in the accompanying financial statements and related notes.

Principal activities

The principal activity of the Company was a holding company within the Haitong International Securities Group. However, the Company no longer holds any subsidiaries or investments, is non-trading and no revenues were generated during the year (2018: £nil). The Directors plan to strike off the entity as part of a group restructure by the end of 2020.

Review of the business

The loss for the year ended 31 December 2019 was £24,347, a £18,604 decrease from the £42,951 loss recorded for the year ended 31 December 2018.

Administrative expenses for the year were £24,347, a £65,383 decrease from the £89,730 costs recorded in 2018.

The loss for the year resulted in a decrease in net assets from £805,775 to £781,428.

Future developments

As noted, the Directors plan to strike off the entity as part of a group restructure. There are no other significant developments planned for the future of the Company.

Principal financial risks and uncertainties

Financial risk

In prior years, the Company’s main financial risks were exposure to foreign currencies and the holding of investments. Foreign currency denominated cash balances were held as a result of normal business activities. This risk was monitored with the aim that foreign currency cash balances offset foreign currency liabilities. All investment holdings have since been disposed of, and the foreign currency cash balances converted. There are no material financial risks for the year ended 31 December 2019.

Brexit

There remains considerable uncertainty regarding the final outcome of the Brexit negotiations. As the Company is not trading, and there is no expectation of future trading, there is no expected impact of Brexit on the business.

COVID-19

Global responses to the coronavirus disease 2019 (COVID-19) outbreak continue to evolve rapidly. The damage to the economy and financial markets is expected to continue through 2020. The potential strike off of the entity could be delayed. Companies House recently announced temporary changes to its strike off policy in support of companies having difficulty in meeting their legal responsibilities that include pausing the strike off process to prevent companies from being dissolved.

Haitong International Holdings (UK) Limited

Strategic Report for the year ended 31 December 2019 (continued)

Going concern

As noted above, the Company is non-trading. The cessation of trading was conducted in an orderly manner. The Directors plan to strike off the Company by the end of 2020. On this basis, the Directors concluded to adopt a basis other than going concern. There were no items accounted for by revaluing of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period. Therefore there has been no impact on the balance sheet classifications as a result of the Company adopting a basis other than going concern.

Approved for issue by the Board of directors and signed on its behalf by:

Wai Ho Lo

Wai Ho Lo
Director
30 June 2020

Haitong International Holdings (UK) Limited

Directors' Report for the year ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Directors

The directors of the Company during the year were:

Wai Ho Lo (appointed 2 June 2015)
Rupert John Anthony Eastwood (appointed 27 September 2002)
Mark Eagleson Burges Watson (resigned 30 September 2019)
Lisa Katherine Fox (resigned 11 April 2019)
Yibin Zhang (resigned 18 December 2019)
Peter James Goodfellow (resigned 31 December 2019)

No director had interest in the ordinary share capital of the Company at any point during the year.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of the Directors during the year and which remain in force at the date of this report.

Dividends

The directors do not recommend the payment of a dividend (2018: £nil). No further capital contribution was made to fellow group undertaking, Haitong International (UK) Limited during the year (2018: £2,400,000).

Political donations

During the year the Company made no political donations (2018: £nil).

Auditors

Due to the corporate restructure, BDO LLP resigned from office on the date of signing the 2018 financial statements. The Directors appointed Deloitte LLP as auditor of the company under section 485(3) of the Companies Act 2006.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Approved for issue by the Board of directors and signed on its behalf by:

Wai Ho Lo

Wai Ho Lo
Director
30 June 2020

Haitong International Holdings (UK) Limited

Statement of Directors' Responsibilities for the year ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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.

Haitong International Holdings (UK) Limited

Independent auditor's report to the members of Haitong International Holdings (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Haitong International Holdings (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 this other information, we are required to report that fact.

Haitong International Holdings (UK) Limited

Independent auditor's report to the members of Haitong International Holdings (UK) Limited

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

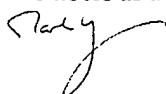
We have nothing to report in respect of these matters.

Haitong International Holdings (UK) Limited

Independent auditor's report to the members of Haitong International Holdings (UK) Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Rhys, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 June 2020

Haitong International Holdings (UK) Limited**Statement of Comprehensive Income for the year ended 31 December 2019**

	Note	2019 £	2018 £
Profit on foreign exchange		-	46,779
Administrative expenses	6	(24,347)	(89,730)
Loss before tax		(24,347)	(42,951)
Tax charge	9	-	-
Total loss for the year after tax		(24,347)	(42,951)
Other comprehensive income		-	-
Total comprehensive loss for the year		(24,347)	(42,951)

There were no recognised other gains or losses for 2019 and 2018 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2019 (2018: £nil).

All above activities arise from operations which will discontinue within the next 12 months.

The accompanying notes on pages 12 to 21 are an integral part of these financial statements.

Haitong International Holdings (UK) Limited

Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Assets			
<i>Current assets</i>			
Cash and cash equivalents		797,560	-
Trade and other receivables	7	4,011	882,382
Total current assets		<u>801,571</u>	<u>882,382</u>
Total assets		<u>801,571</u>	<u>882,382</u>
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	8	(20,143)	(76,607)
Total liabilities		<u>(20,143)</u>	<u>(76,607)</u>
Net assets		<u>781,428</u>	<u>805,775</u>
Equity			
Share capital	10	157,191	157,191
Share premium		635,301	635,301
Retained earnings		(11,064)	13,283
Total equity		<u>781,428</u>	<u>805,775</u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2020. They were signed on its behalf by:

Wai Ho Lo

Wai Ho Lo
Director

The accompanying notes on pages 12 to 21 are an integral part of these financial statements.

Haitong International Holdings (UK) Limited

Statement of Changes in Equity for the year ended 31 December 2019

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
Balance at 1 January 2018	157,191	635,301	2,456,234	3,248,726
Total comprehensive loss for the year	-	-	(42,951)	(42,951)
Capital contribution to fellow group undertaking	-	-	(2,400,000)	(2,400,000)
Balance at 31 December 2018	157,191	635,301	13,283	805,775
Total comprehensive loss for the year	-	-	(24,347)	(24,347)
Balance at 31 December 2019	157,191	635,301	(11,064)	781,428

The accompanying notes on pages 12 to 21 are an integral part of these financial statements.

Haitong International Holdings (UK) Limited

Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flow from operating activities			
Loss before tax		(24,347)	(42,951)
Changes in working capital:			
Decrease in trade and other receivables	7	878,371	8,626,082
Increase in trade and other payables	8	(56,464)	(6,343,978)
Cash generated from operating activities		<u>797,560</u>	<u>2,239,153</u>
Tax paid		<u>-</u>	<u>-</u>
Net cash generated from operating activities		<u>797,560</u>	<u>2,239,153</u>
Investing activities			
Capital contribution to fellow group undertaking		<u>-</u>	<u>(2,400,000)</u>
Cash used in investing activities		<u>-</u>	<u>(2,400,000)</u>
Net increase/(decrease) in cash and cash equivalents		<u>797,560</u>	<u>(160,847)</u>
Cash and cash equivalents at beginning of year		<u>-</u>	<u>160,847</u>
Cash and cash equivalents at end of year		<u>797,560</u>	<u>-</u>

The accompanying notes on pages 12 to 21 are an integral part of these financial statements.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 General information

The Company is a limited company incorporated in the United Kingdom. It is a Private company limited by shares. The Company's immediate parent company is Haitong International (BVI) Limited, incorporated in British Virgin Islands, which in turn is a subsidiary of Haitong International Securities Group Limited, incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The holding companies are Haitong International Holdings Limited, incorporated in Hong Kong, and Haitong Securities Company Limited which is incorporated in the People's Republic of China and listed on the Shanghai Stock Exchange. Haitong Securities Company Limited is the largest group in which the results of the Company are consolidated.

The address of the Company's registered office and principal place of business are disclosed in the introduction to the Financial Statements. The principal activity of the Company was a holding company within the Haitong International Securities Group, but no longer holds any subsidiaries or investments. The comparative results are for the year ended 31 December 2018.

The financial statements have been prepared on the historical cost basis and are in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The significant accounting policies adopted by the Company are set out in Note 2. The financial statements are prepared in UK Pound Sterling (£), which is the functional currency of the Company.

2 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Going Concern Assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2.

The Company is non-trading. The cessation of trading was conducted in an orderly manner. The Directors plan to strike off the Company by the end of 2020. On this basis, the Directors concluded to adopt a basis other than going concern. There were no items accounted for by revaluing of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period. Therefore there has been no impact on the balance sheet classifications a result of the Company adopting a basis other than going concern.

Foreign currency

(a) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency') which is UK Pound Sterling (£). The financial statements are presented in UK Pound Sterling (£), which is the Company's presentational currency.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

1.1 Accounting policies (Continued)

(b) Transactions and balances

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 net profit or loss in the statement of comprehensive income.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short term trade and other receivables when the recognition of interest would be immaterial.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(c) Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

Adoption of new and revised standards

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 16	Leases	1 January 2019
IFRS 9 (amendments)	Prepayment Features with Negative Compensation	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	IAS 12 Income Taxes	1 January 2019

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (*Continued*)

1.1 Accounting policies (*Continued*)

New and revised IFRSs in issue but not yet effective

Standard	Description	Impact on the financial statements or other significant matters
<i>International Accounting Standards Board Standard Issued, but not yet effective</i>		
IAS 1 and IAS 8 (amendments)	<ul style="list-style-type: none"> • To clarify that definition of 'material' aligning the Conceptual Framework and the standards themselves 	<ul style="list-style-type: none"> • Effective 1 January 2020
<i>Definition of Material</i>	<p>New aspects are:</p> <ul style="list-style-type: none"> • Included 'obscuring' material information with immaterial information in the definition • Could reasonably be expected to influence • Consider 'Primary users' of the financial statements 	<ul style="list-style-type: none"> • The directors of the Company do not anticipate that the adoption will have an impact on the Company's financial statements
IFRS 9 & IAS 39 & IFRS 7 (amendments)	<ul style="list-style-type: none"> • Changes in Interest Rate Benchmark Reform 	<ul style="list-style-type: none"> • Effective 1 January 2020
<i>Interest Rate Benchmark Reform</i>	<p>New aspects are:</p> <ul style="list-style-type: none"> • modify specific hedge accounting requirements • mandatory for all hedging relationships directly affected by the interest rate benchmark reform • not intended to provide relief from any other consequences • require specific disclosures about the extent the amendments have 	<ul style="list-style-type: none"> • The directors of the Company do not anticipate that the adoption will have an impact on the Company's financial statements
IFRS 3 (amendments)	<ul style="list-style-type: none"> • New definition of a business 	<ul style="list-style-type: none"> • Effective 1 January 2020
<i>Definition of a Business</i>	<p>New aspects are:</p> <ul style="list-style-type: none"> • clarify the minimum requirements to be a business • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired • introduce an optional concentration test that permits a simplified assessment 	<ul style="list-style-type: none"> • The directors of the Company do not anticipate that the adoption will have an impact on the Company's financial statements

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2019 *(Continued)*

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

No critical accounting judgements and key estimation uncertainty were made or changed during the year to 31 December 2019 (2018: £nil).

4 Director's emoluments

	2019 £	2018 £
Short-term employee benefits	-	15,000

The aggregate of emoluments paid to the highest paid director was £nil (2018: £15,000). It is an allocation of the total remuneration received by the directors for their services as directors to the Company, the remainder of which is borne by fellow group undertakings. The directors do not receive share-based compensation or post-employment benefits for their services that relate to the Company.

5 Staff costs

There were no staff (2018: nil) directly employed by the Company in the year. There were no staff costs in the year (2018: £nil).

Haitong International Holdings (UK) Limited**Notes to the Financial Statements for the year ended 31 December 2019 (Continued)****6 Administrative expenses**

	2019	2018
	£	£
Professional fees	22,505	109,912
Other costs	1,842	2,355
	<u> </u>	<u> </u>

Auditor's remuneration included in professional fees above:

	2019	2018
	£	£
Audit fees for these financial statements	16,603	3,000
Taxation compliance services	-	15,218
	<u>16,603</u>	<u>18,218</u>

The 2018 fees in the table above relate to the previous auditor, BDO LLP.

7 Trade and other receivables

	2019	2018
	£	£
Amount due from fellow group companies	4,011	882,364
Other debtors	-	18
	<u>4,011</u>	<u>882,382</u>

All amounts shown under trade and other receivables fall due for payment within one year. Amount due from fellow group companies are non-trade and unsecured. It is interest free and repayable on demand.

8 Trade and other payables

	2019	2018
	£	£
Trade creditors	-	58,607
Accruals	20,143	18,000
	<u>20,143</u>	<u>76,607</u>

Haitong International Holdings (UK) Limited**Notes to the Financial Statements for the year ended 31 December 2019 (Continued)****9 Tax**

	2019 £	2018 £
<i>UK corporation tax</i>		
Current tax on profit/(loss) for the year	-	-
Adjustments to tax on profits in prior periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Total income tax expense	-	-
	<hr/> <hr/>	<hr/> <hr/>

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2019 £	2018 £
Loss before tax	(24,347)	(42,951)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	(4,626)	(8,161)
Effects of:		
Expenses not deductible for tax purposes	-	-
Group relief surrendered	-	8,161
Deferred tax not recognised	4,626	-
	<hr/>	<hr/>
Current tax charge for the period	-	-
	<hr/> <hr/>	<hr/> <hr/>

Deferred tax assets are recognised to the extent it is probable that future taxable profits will absorb the tax loss carried forward and the deductible temporary differences. Where a deferred tax asset has been recognised arising from historical losses, there must be convincing evidence that there will be sufficient future profits available against which the unused tax losses can be utilised. Due to the Company having no revenues and the directors planning to wind up the Company, no deferred tax asset has been recognised.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

9 Tax (Continued)

Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

	2019 £	2018 £
Fixed asset temporary differences	-	-
Short-term temporary differences	-	-
Tax losses	(3,612,897)	(3,588,550)
	<u>(3,612,897)</u>	<u>(3,588,550)</u>
Unrecognised deferred tax asset calculated at 17%: (2018: 17%)		
Fixed asset temporary differences	-	-
Short-term temporary differences	-	-
Tax losses	614,192	610,053
	<u>614,192</u>	<u>610,053</u>

The Company's effective tax rate for the year ended 31 December 2019 was 0% (2018: 0%). The variance in the effective tax rate compared with the standard rate of 19% (2018: 19%) was a result of the losses generated by the Company in prior financial years, and adjustments in respect of tax on foreign transactions. Finance (No. 2) Act 2016 reduced the UK corporation tax rate from 19% to 17% from 1 April 2020 and was substantively enacted on 15 September 2016. However, in the Budget on 11 March 2020 the Government has announced that the reduction in the rate will be reversed and the corporation tax rate will remain at 19% from 1 April 2020.

10 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	157,191	157,191

Authorised ordinary shares were 157,191 at 31 December 2019 and 31 December 2018.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

11 Related party balances and transactions

The following transactions took place between the Company and fellow subsidiaries of the group during the period:

	2019 £	2018 £
Amounts owed from Haitong International (UK) Limited	4,011	882,364

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash on demand. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

12 Ultimate controlling party

At 31 December 2019 the Company's ultimate controlling party was Haitong Securities Company Limited which is incorporated in the People's Republic of China with limited liability, and registered office No. 689, Guangdong Road, Shanghai, China. Consolidated accounts are available from www.htsec.com.

Another parent undertaking, Haitong International Securities Group Limited which is incorporated in Bermuda with limited liability, and registered office 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong, is the smallest group to prepare consolidated accounts, which are available from www.htisec.com.

13 Financial instruments – risk management

The Company has the following categories of financial instruments at the statement of financial position date:

	2019 £	2018 £
Financial assets		
Cash and cash equivalents	797,560	-
Trade and other receivables	-	882,382
Total financial assets	797,560	882,382
Financial liabilities		
Trade and other payables	20,143	76,607
Total financial liabilities	777,417	808,775

All financial assets and liabilities of the Company are carried at amortised cost.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2019 (Continued)

14 Employee share options

Until the acquisition of Haitong International Holdings (UK) Limited, formerly known as Japaninvest Group plc, by Haitong International (BVI) Limited on 31 March 2015, the Company operated equity-settled share option schemes to incentivise certain of its employees and the employees of its subsidiaries (together its “group employees”).

Immediately prior to the acquisition of the Company on 31 March 2015, all group employees signed an option variation agreement, agreeing to vary the conditions of their existing options including extending the vesting date of such options past the date of such acquisition.

By 1 January 2019 all the outstanding options had either been exercised or had lapsed, with the exception of options granted to one remaining group employee, being an employee of Haitong International Securities (USA) Inc. Given the intention to strike off the Company, on 4 December 2019 the Company signed a transfer agreement to assign the rights, title, interests and obligations of the remaining options grant to Haitong International Securities (USA) Inc.

No charges in relation to share options are reflected in the financial statements of Haitong International Holdings (UK) Limited as of 31 December 2019 and 2018.

31 December 2019

Exercise Price	Options outstanding 1 January 2019	Granted in the year	Lapsed in the year	Transferred in the year	Exercised during the year	Options outstanding 31 December 2019	Weighted average remaining life (years)
£1.00	2,024	-	-	2,024	-	-	-

31 December 2018

Exercise price	Options outstanding 1 January 2018	Granted in the year	Lapsed in the year	Transferred in the year	Exercised during the year	Options outstanding 31 December 2018	Weighted average remaining life (years)
£1.00	2,024	-	-	-	-	2,024	1.4

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2019 *(Continued)*

15 Post balance sheet events

COVID-19

Global responses to the coronavirus disease 2019 (COVID-19) outbreak continue to evolve rapidly. The damage to the economy and financial markets is expected to continue through 2020. The potential strike off of the entity could be delayed. Companies House recently announced temporary changes to its strike off policy in support of companies having difficulty in meeting their legal responsibilities that include pausing the strike off process to prevent companies from being dissolved.

There were no other subsequent events that would impact the amounts or disclosures in these financial statements.