

**Haitong International Holdings (UK)  
Limited**

Report and Financial Statements

Year Ended

31 December 2017

Company Number 04547135



# **Haitong International Holdings (UK) Limited**

## **Annual report and financial statements for the year ended 31 December 2017**

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### **Directors**

Mark E Burges Watson  
Peter J Goodfellow  
Lisa K Fox  
Wai Ho Lo  
Yibin Zhang  
Rupert John Anthony Eastwood

### **Secretary**

Peter J Goodfellow

### **Registered office**

6<sup>th</sup> Floor, 17 Moorgate, London, EC2R 6AR

### **Company number**

04547135

**Haitong International Holdings (UK) Limited**

**Annual report and financial statements for the year ended 31 December 2017**

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**Independent Auditor**

BDO LLP, 55 Baker Street, London, W1U 7EU

**Principal Bankers**

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

**Lawyers**

Simmons & Simmons  
CityPoint  
One Ropemaker Street  
London EC2Y 9SS, UK

Mori Hamada & Matsumoto  
Marunouchi Building  
2-6-1 Marunouchi  
Chiyoda-ku, Tokyo 100-8222, Japan

## **Haitong International Holdings (UK) Limited**

### **Strategic report for the year ended 31 December 2017**

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The directors present the Strategic Report, Directors' Report and the audited financial statements for the year ended 31 December 2017.

#### **Results**

The Statement of Comprehensive Income is set out on page 8 and shows a profit for the year.

#### **Overview**

The Company is a holding company within the Haitong International Group.

#### **Review of the business**

Profit for the year ended 31 December 2017 was £410,818, a £1,294,837 increase from the £884,019 loss recorded for the year ended 31 December 2016. This was principally due to the impairment from the cessation of Japaninvest (Hong Kong) Limited.

Administration costs for the year were £104,562, a £32,488 increase from the £72,074 costs recorded in 2016.

The profit for the year has resulted in an increase in net assets from £2,837,908 to £3,248,726.

On 6 January 2017 the entire holding in Haitong International Securities (USA) Inc and Haitong International Japaninvest KK, was transferred from Haitong International Holdings (UK) Limited to Haitong International (BVI) Limited. The investments in these subsidiaries were impaired to the transfer value in the 2016 financial statements. On 3 October 2017 Ji Asia Holdings Limited was dissolved and the investment was impaired in the 2017 financial statements.

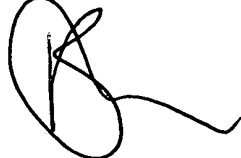
#### **Future developments**

On 9 February 2018 Japaninvest (Hong Kong) Limited was dissolved and impaired in the 2017 financial statements.

#### **Financial risk management**

The company's main financial risk is exposure to foreign currencies. Foreign currency denominated cash balances are held as a result of normal business activities. This risk is monitored with the aim that foreign currency cash balances offset foreign currency liabilities.

#### **On behalf of the board**



Peter J Goodfellow  
Director  
25 April 2018

## **Haitong International Holdings (UK) Limited**

### **Report of the directors for the year ended 31 December 2017**

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#### **Directors**

The directors of the company during the year were:

Rupert J A Eastwood  
Mark E Burges Watson  
Peter J Goodfellow  
Lisa K Fox  
Wai Ho Lo  
Yibin Zhang

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Political donations**

During the year the company made no political donations (2016: £nil).

#### **Insurance**

The company has directors' liability insurance and it is intended to maintain such cover for the full term of their employment.

#### **Auditors**

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically reappointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under Companies Act 2006 to prevent their reappointment.

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.

## **Haitong International Holdings (UK) Limited**

### **Report of the directors for the year ended 31 December 2017 (*Continued*)**

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The directors are responsible for preparing the directors' 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 statements in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

**On behalf of the board**



Peter J Goodfellow  
Director  
25 April 2018

## **Haitong International Holdings (UK) Limited**

### **Report of the independent auditors**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAITONG INTERNATIONAL HOLDINGS (UK) LIMITED**

### **Opinion**

We have audited the financial statements of Haitong International Holdings (UK) Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in equity, 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 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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, 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.

## **Haitong International Holdings (UK) Limited**

### **Report of the independent auditors**

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#### **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.

We have nothing to report in this regard.

#### **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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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 material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.



## **Haitong International Holdings (UK) Limited**

### **Report of the independent auditors**

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#### **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.

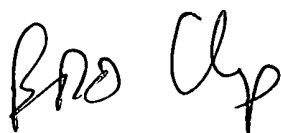
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company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

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

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.

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 at the Financial Reporting Council's website: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Matthew Hopkins (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
25 April 2018

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

**Haitong International Holdings (UK) Limited****Statement of Comprehensive Income for the year ended 31 December 2017**

	<b>Note</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
(Loss)/profit on foreign exchange		<b>(88,316)</b>	175,871
Profit on disposal of investments		<b>295,342</b>	-
Impairment of investment	3	-	(1,211,921)
Income from management recharges	2	<b>308,354</b>	244,105
Other administrative expenses	2	<b>(104,562)</b>	(72,074)
<b>Profit/(loss) from operations</b>		<b>410,818</b>	(884,019)
Finance income		-	-
<b>Profit/(loss) before tax</b>		<b>410,818</b>	(884,019)
Tax charge		-	-
<b>Total profit/(loss) for the year</b>		<b>410,818</b>	(884,019)
Other comprehensive income		-	-
<b>Total other comprehensive income/(loss) for the year</b>		<b>410,818</b>	(884,019)

All amounts relate to continuing activities.

All recognised gains and losses are included in the Statement of Comprehensive Income.

No items through the Statement of Other Comprehensive Income will be subsequently reclassified through the Statement of Comprehensive Income.

The notes on pages 11 to 22 form part of these financial statements.

**Haitong International Holdings (UK) Limited****Statement of Financial Position at 31 December 2017****Company number 04547135**

	Note	31 December 2017 £	31 December 2016 £
<b>Assets</b>			
Cash and cash equivalents		160,847	84,503
Trade and other receivables	4	9,508,464	1,769,864
Investments	3	-	8,572,289
<b>Total assets</b>		<b>9,669,311</b>	<b>10,426,656</b>
<b>Liabilities</b>			
Trade and other payables	5	(6,420,585)	(7,588,748)
<b>Total liabilities</b>		<b>(6,420,585)</b>	<b>(7,588,748)</b>
<b>Net assets</b>		<b>3,248,726</b>	<b>2,837,908</b>
<b>Equity</b>			
Share capital	6	157,191	157,191
Share premium		635,301	635,301
Retained earnings		2,456,234	2,045,416
<b>Total equity</b>		<b>3,248,726</b>	<b>2,837,908</b>

The financial statements were approved by the Board and authorised for issue on 25 April 2018.



Peter J Goodfellow  
Director

The notes on pages 11 to 22 form part of these financial statements.

**Haitong International Holdings (UK) Limited****Statement of Changes in Equity for the year ended 31 December 2017****Company number 04547135**

	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2016</b>	155,991	623,938	2,929,435	3,709,364
Total comprehensive income for the year	-	-	(884,019)	(884,019)
Issue of ordinary shares	1,200	11,363	-	12,563
<b>Balance at 31 December 2016</b>	<u>157,191</u>	<u>635,301</u>	<u>2,045,416</u>	<u>2,837,908</u>
Total comprehensive profit for the year	-	-	410,818	410,818
Issue of ordinary shares	-	-	-	-
<b>Balance at 31 December 2017</b>	<u><u>157,191</u></u>	<u><u>635,301</u></u>	<u><u>2,456,234</u></u>	<u><u>3,248,726</u></u>

The notes on pages 11 to 22 form part of these financial statements.

**Haitong International Holdings (UK) Limited****Statement of Cash Flows for the year ended 31 December 2017****Company number 04547135**

	<b>Note</b>	<b>Year ended 31 December 2017 £</b>	<b>Year ended 31 December 2016 £</b>
<b>Cash flow from operating activities</b>			
Profit/(loss) before Tax		<b>410,818</b>	(884,019)
Impairment of investment	3	-	1,211,921
Changes in working capital:			
Decrease/(Increase) in trade and other receivables		(7,738,600)	1,759,422
Increase/(decrease) in trade and other payables		(1,168,163)	5,552,644
Non-cash disposal of investment to intercompany		-	-
<b>Cash (used) in/generated from operating activities</b>		<b>(8,495,945)</b>	<b>7,639,968</b>
Tax paid		-	-
<b>Net cash (used) in/generated from operating activities</b>		<b>(8,495,945)</b>	<b>7,639,968</b>
<b>Cash flows from investing activities</b>			
Disposal of investment in subsidiary	3	7,764,050	(7,624,248)
Impairment of investment	3	808,239	-
<b>Cash generated from/(used) in investing activities</b>		<b>8,572,289</b>	<b>(7,624,248)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary shares		-	12,563
<b>Cash generated from financing</b>		<b>-</b>	<b>12,563</b>
<b>Net increase in cash and cash equivalents</b>		<b>76,344</b>	<b>28,283</b>
Cash and cash equivalents at beginning of year		84,503	56,220
<b>Cash and cash equivalents at end of year</b>		<b>160,847</b>	<b>84,503</b>

The notes on pages 11 to 22 form part of these financial statements.

## **1 Basis of preparation**

The historical financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“adopted IFRSs”). In the current year the Company has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on 1 April 2014.

### **1.1 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*

The Company’s business activities together with the factors likely to affect its future are set out in the strategic report noted above. It is on this basis that the directors have continued to prepare the accounts on the going concern basis.

#### *Share based payments*

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where the equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

#### *Investment in subsidiaries*

Investments held as a fixed asset are stated at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, impairment is recognised.

The Company has taken advantage of the exemption under the Companies Act 2006 s400 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of its parent whose accounts are publically available.

## **Haitong International Holdings (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2017 (*Continued*)**

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#### **1.1 Accounting policies (*Continued*)**

##### *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.

###### **(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.

##### *Investment income*

Investment income consists of interest receivable and realised investment gains for the year.

##### *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.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade and other receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade and other receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

**1.1 Accounting policies *(Continued)***

**(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) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as 'Other gains and losses'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of Comprehensive Income as part of other income. Dividends on available-for-sale equity instruments are recognised in the Statement of Comprehensive Income as part of other income when the Company's right to receive payments is established.

**(d) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**(e) 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.



## **Haitong International Holdings (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2017 *(Continued)***

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#### **1.1 Accounting policies *(Continued)***

##### **Future accounting developments**

###### **New standards and amendments**

The Company has currently performed a preliminary assessment on the IFRS 9 and IFRS 15 on the current year balances and have not identified a material adjustment, however the Company is currently in the process of performing a complete assessment on the impact of adopting the standard.

###### **IFRS 9 Financial instruments**

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. Changes are applicable for financial years beginning on or after 1 January 2018.

The key changes relate to:

- Financial assets: Financial assets will be held at either fair value or amortised cost, except for equity investments not held for trading and certain debt instruments, which may be held at fair value through other comprehensive income;
- Financial liabilities: Gains and losses arising from changes in own credit on non-derivative financial liabilities designated at fair value through profit or loss will be excluded from the Statement of Comprehensive Income and instead taken to other comprehensive income;
- Impairment: Credit losses expected at the statement of financial position date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss will be reflected in impairment allowances; and
- Hedge accounting: Hedge accounting will be more closely aligned with financial risk management. Adoption is not mandatory until periods beginning on or after 1 January 2018.

The directors have completed their initial assessment and do not believe that the adoption of this standard will have a material impact on the business.

###### **IFRS 15 Revenue from contracts with customers**

- IFRS 15 Revenue will replace IAS 18 Revenue and IAS 11 Construction Contracts. It applies to all contracts with customers except leases, financial instruments and insurance contracts. IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Adoption of the standard is not expected to have a significant impact. Changes are applicable for financial years beginning on or after 1 January 2018.

The directors do not currently believe that the adoption of this standard will have a material impact on the business.

## **Haitong International Holdings (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2017 *(Continued)***

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#### **1.1 Accounting policies *(Continued)***

##### **IFRS 16 Leases**

IFRS 16 Leases applies to accounting periods beginning on or after 1 January 2019 but has not yet been endorsed for use by those entities applying EU IFRS. It requires lessees to bring all leases within its scope on balance sheet, showing an asset for the right of use and a liability for the discounted amount of future payments. The Directors of the Company have not yet considered the impact of this standard.

##### **Annual Improvements to IFRSs (2012–2014 Cycle)**

These improvements are effective for annual periods beginning on or after 1 January 2017. They include:

##### **Amendments to IAS 7 Disclosure Initiative**

The amendments to IAS 7 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements of IAS 7
- That specific line items in the statements of profit or loss and other comprehensive income and the statements of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the company.

##### **Use of estimates and judgements**

The preparation of financial statements 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. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Haitong International Holdings (UK) Limited**Notes forming part of the financial statements for the year ended 31 December 2017 *(Continued)***2 Administrative expenses/(credit)**

	2017 £	2016 £
Auditors' remuneration (see below)	56,923	43,598
Non-executive Director fees	-	-
Insurance	-	-
Legal and other professional fees	27,557	25,054
Bank charges and other costs	2,160	3,422
Management charges (received) (see note 7)	(308,355)	(244,105)
	<u>          </u>	<u>          </u>
<b>Auditors' remuneration</b>		
Fees payable to the company's auditors or an associate of the company's auditors:		
for the audit of the company's accounts	31,200	36,000
Fees payable to the company's auditors and their associates		
for taxation compliance services	13,718	7,598
	<u>          </u>	<u>          </u>
	<u><b>44,918</b></u>	<u><b>43,598</b></u>

All expenses have been incurred in the normal course of business.

**3 Fixed asset investments**

	Investments in subsidiaries £
At 1 January 2016	8,572,289
Disposal	(7,764,050)
Additions	-
Impairment	(808,239)
	<u>          </u>
At 31 December 2017	<u><b>-</b></u>

The disposal relates to the investments in Haitong International Securities (USA) Inc and Haitong International Japaninvest KK. The impairment relates to the investments in Japaninvest (Hong Kong) Limited and JI Asia Holdings Limited.

**Haitong International Holdings (UK) Limited****Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)****3 Fixed asset investments (Continued)**

The investments of Haitong International Holdings (UK) Limited, are as follows:

<b>Subsidiary undertakings</b>	<b>Country of incorporation</b>	<b>Proportion of voting rights and ordinary share capital held</b>	<b>Nature of business</b>
Japaninvest (Hong Kong) Limited	Hong Kong	100%	Dormant
Ji Asia (Holdings) Limited	England	100%	Holding company

**4 Trade and other receivables**

	<b>2017 £</b>	<b>2016 £</b>
Amounts due from group companies	<b>9,508,464</b>	1,751,944
Other debtors	-	17,920
	<b>9,508,464</b>	<b>1,769,864</b>

All amounts shown under trade and other receivables fall due for payment within one year.

**Haitong International Holdings (UK) Limited****Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)****5 Trade and other payables**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	40,479	4,708
Amounts due to group companies	6,316,168	7,520,104
Other creditors	19,538	19,536
Accruals	44,400	44,400
	<u>6,420,585</u>	<u>7,588,748</u>

**6 Share capital**

	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	157,191	157,191
	<u>157,191</u>	<u>157,191</u>

**7 Related party balances and transactions**

The year end balances between the Company and fellow subsidiaries were as follows:

	<b>Year</b>	<b>Year</b>
	<b>Ended</b>	<b>Ended</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts owed (to) Japaninvest (Hong Kong) Limited	-	(714,860)
Amounts owed from/(to) Haitong International Securities (UK) Limited	138,323	(1,493,399)
Amounts owed (to) JI Asia (Holdings) Limited	-	(10)
Amounts owed from JI Asia (Research) Limited	1,586,368	1,751,944
Amounts owed from Haitong International (BVI) Limited	7,783,773	-
Amounts owed (to) Haitong International Security Group Limited	(6,316,168)	(5,311,834)
	<u>(6,316,168)</u>	<u>(5,311,834)</u>

## **Haitong International Holdings (UK) Limited**

**Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)**

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### **7 Related party balances and transactions (Continued)**

The following transactions took place between the Company and fellow subsidiaries:

	<b>Year Ended 2017</b>	<b>Year Ended 2016</b>
	<b>£</b>	<b>£</b>
Management charges incurred by JI Asia (Research) Limited	-	(2,604)
Management charges received from Haitong International Securities (UK) Limited	<b>308,354</b>	<b>226,709</b>

All amounts are due within one year and are included within debtors and creditors above.

### **8 Ultimate controlling party**

At 31 December 2017 the company's ultimate controlling party was Haitong International Securities Group Limited. Consolidated accounts are available from [www.htisec.com](http://www.htisec.com).

### **9 Post balance sheet events**

On 9 February 2018 Japaninvest (Hong Kong) Limited was wound up.

## Haitong International Holdings (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)

#### 10 Financial instruments – risk management

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

	2017 £	2016 £
<b>Financial assets</b>		
Cash and cash equivalents	160,847	84,503
Trade and other receivables	9,508,464	1,769,864
Investments	-	8,572,289
	<hr/>	<hr/>
<b>Total financial assets</b>	<b>9,669,311</b>	<b>10,426,656</b>
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Trade and other payable	6,420,585	7,588,748
	<hr/>	<hr/>
<b>Total financial liabilities</b>	<b>6,420,585</b>	<b>7,588,748</b>
	<hr/>	<hr/>

All financial assets and liabilities of the company are carried at amortised cost. Therefore, there are no fair value hierarchy disclosures in these accounts.

#### 11 Employee share options

Until the acquisition of Japaninvest Group plc on 31<sup>st</sup> March 2015, the Company operated three equity-settled share option schemes to incentivise employees. These schemes are registered as Enterprise Management Incentive (“EMI”) schemes for UK based employees.

The Staff Share Option Scheme gives the option holder the right to buy shares over a vesting period of four years at a 50% premium to the share price on the date of grant. The scheme is designed to incentivize staff and to match their remuneration to the performance of the share price and thus the benefit to shareholders. Both employees and executive directors are eligible to receive awards under this scheme although no options were issued under this scheme during the year.

## **Haitong International Holdings (UK) Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2017 *(Continued)***

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#### **11 Employee share options *(Continued)***

The second scheme, the Staff Stock Grant Scheme, offers holders the right to purchase shares at their nominal value of £1 over a vesting period of up to two years. This scheme is used to enable the Group to offer share options as part of a competitive remuneration package that is of a level offered by our competitors whilst preserving its operating cash balances. Both employees and executive directors are eligible to receive awards under this scheme.

The third scheme, the Long Term Incentive Plan ("LTIP"), is intended to incentivize executive directors and senior staff who have a significant impact on the performance of the Group. The options granted under the LTIP scheme have an exercise price of £1 and vest after three years subject to challenging market and non-market performance criteria which are set by the Committee and reflect the Group's objectives.

Share options have been issued since the formation of the Company in 2003 and have exercise prices based on a multiple of the share price at grant date or the nominal value. They vest over a period of up to four years from the date of grant subject to continual employment and certain other criteria and expire after a period of six to ten years.

Following the acquisition of the Company by Haitong International (BVI) Limited, an option variation agreement was signed by all employees, agreeing to a change in the vesting date of existing options. 1,200 options were then exercised and payment was made to employees in respect of these options. There were 2,024 LTIP options held at the year end.



**Haitong International Holdings (UK) Limited**

**Notes forming part of the financial statements for the year ended 31 December 2017 (Continued)**

**11 Employee share options (Continued)**

**As at 31 December 2017**

<b>Exercise Price</b>	<b>Options outstanding b/fwd</b>	<b>Granted in the Year</b>	<b>Lapsed in the year</b>	<b>Cancelled in the year</b>	<b>Exercised during the year</b>	<b>Options outstanding c/fwd</b>	<b>Weighted average remaining life (years)</b>
<b>£1.00</b>	<b>2,024</b>	-	-	-	-	<b>2,024</b>	<b>3.2</b>
	<b>2,024</b>	-	-	-	-	<b>2,024</b>	<b>3.2</b>

**As at 31 December 2016**

<b>Exercise Price</b>	<b>Options outstanding b/fwd</b>	<b>Granted in the Year</b>	<b>Lapsed in the year</b>	<b>Cancelled in the year</b>	<b>Exercised during the year</b>	<b>Options outstanding c/fwd</b>	<b>Weighted average remaining life (years)</b>
<b>£1.00</b>	<b>3,073</b>	-	(129)	-	(920)	<b>2,024</b>	<b>4.2</b>
<b>Y4,500</b>	<b>100</b>	-	-	-	(100)	-	-
<b>Y9,015</b>	<b>180</b>	-	-	-	(180)	-	-
	<b>3,353</b>	-	(129)	-	(1,200)	<b>2,024</b>	<b>4.2</b>

Of the 2,024 (31 December 2016: 2,024) total number of options outstanding at the year end, 2,024 can only be vested when certain performance criteria is achieved, expiry date for these options is May 2020.

The charges in relation to share options are shown in the individual subsidiaries financial statements. No charge is reflected in the financial statements of Haitong International Holdings (UK) Limited.