

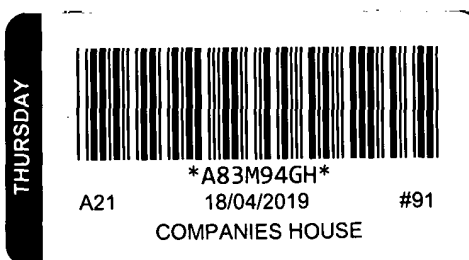
Haitong International Holdings (UK) Limited

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 04547135



Haitong International Holdings (UK) Limited

Annual Report and Financial Statements for the year ended 31 December 2018

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Current Directors

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

Secretary

Leon Vardon

Registered office

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

Company number

04547135

Haitong International Holdings (UK) Limited

Annual Report and Financial Statements for the year ended 31 December 2018

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 2018

The directors present the Strategic Report, Directors' Report and the audited Financial Statements for the year ended 31 December 2018.

Results

The Statement of Profit and Loss and Other Comprehensive Income is set out on page 7 and shows a loss of £42,951 for the year.

Overview

The Company was a holding company within the Haitong International Securities Group, but no longer holds any subsidiaries or investments.

Review of the business

The loss for the year ended 31 December 2018 was £42,951, a £453,769 decrease from the £410,818 profit recorded for the year ended 31 December 2017.

Administration costs for the year were £89,730, a £14,832 decrease from the £104,562 costs recorded in 2017.

The loss for the year and the capital contribution of £2,400,000 to a fellow group undertaking, Haitong International (UK) Limited, during 2018 have resulted in a decrease in net assets from £3,248,726 to £805,775.

Future developments

The Directors are currently considering options for the future developments of the Company.

Financial risk management

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.

On behalf of the board



Mark E Burges Watson
Director
11 April 2019

Haitong International Holdings (UK) Limited

Directors' Report for the year ended 31 December 2018

Directors

The directors of the Company during the year were:

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

Dividends

The directors do not recommend the payment of a dividend (2017: £nil). A capital contribution of £2,400,000 was made to a fellow group undertaking, Haitong International (UK) Limited (2017: £nil).

Political donations

During the year the Company made no political donations (2017: £nil).

Insurance

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

Auditors

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

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

Directors' Report for the year ended 31 December 2018 (*Continued*)

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



Mark E Burges Watson
Director
11 April 2019

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 2018 which comprise Statement of comprehensive income, Statement of financial position, Statement of cash flows and Statement of changes in equity, and the 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and Strategic 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.

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

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 have 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 at the Financial Reporting Council's website. This description forms part of our auditor's report.

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

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.



Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London

W1U 7EU

15/4/19

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

Haitong International Holdings (UK) Limited**Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 December 2018**

	Note	2018 £	2017 £
Profit/(loss) on foreign exchange		46,779	(88,316)
Profit on disposal of investments		-	295,342
Income from management recharges	2	-	308,354
Other administrative expenses	2	(89,730)	(104,562)
		<hr/>	<hr/>
(Loss)/profit before tax		(42,951)	410,818
		<hr/>	<hr/>
Tax charge		-	-
		<hr/>	<hr/>
Total (loss)/profit for the year after tax		(42,951)	410,818
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total other comprehensive (loss)/income for the year		(42,951)	410,818
		<hr/>	<hr/>

All amounts relate to continuing activities.

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

The notes on pages 11 to 20 form part of these financial statements.

Haitong International Holdings (UK) Limited**Statement of Financial Position at 31 December 2018****Company number 04547135**

	Note	2018 £	2017 £
Assets			
Cash and cash equivalents		-	160,847
Trade and other receivables	5	882,382	9,508,464
Total assets		<u>882,382</u>	<u>9,669,311</u>
Liabilities			
Trade and other payables	6	(76,607)	(6,420,585)
Total liabilities		<u>(76,607)</u>	<u>(6,420,585)</u>
Net assets		<u>805,775</u>	<u>3,248,726</u>
Equity			
Share capital	7	157,191	157,191
Share premium		635,301	635,301
Retained earnings		13,283	2,456,234
Total equity		<u>805,775</u>	<u>3,248,726</u>

The financial statements were approved by the Board and authorised for issue on 11 April 2019.



Mark E Burges Watson
Director

The notes on pages 11 to 20 form part of these financial statements.

Haitong International Holdings (UK) Limited**Statement of Changes in Equity for the year ended 31 December 2018****Company number 04547135**

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 January 2017	157,191	635,301	2,045,416	2,837,908
Total comprehensive income for the year	-	-	410,818	410,818
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	157,191	635,301	2,456,234	3,248,726
Total comprehensive income for the year	-	-	(42,951)	(42,951)
Capital contribution to fellow group undertaking	-	-	(2,400,000)	(2,400,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	<u>157,191</u>	<u>635,301</u>	<u>13,283</u>	<u>805,775</u>

The notes on pages 11 to 20 form part of these financial statements.

Haitong International Holdings (UK) Limited**Statement of Cash Flows for the year ended 31 December 2018****Company number 04547135**

	Note	2018 £	2017 £
Cash flow from operating activities			
(Loss)/profit before tax		(42,951)	410,818
Changes in working capital:			
Decrease/(increase) in trade and other receivables	4	8,626,082	(7,738,600)
(Increase) in trade and other payables	5	(6,343,978)	(1,168,163)
Cash generated from/(used in) operating activities		<u>2,239,153</u>	<u>(8,495,945)</u>
Tax paid		-	-
Net cash generated from/(used in) operating activities		<u>2,239,153</u>	<u>(8,495,945)</u>
Cash flows (used in)/generated from investing activities:			
Capital contribution to fellow group undertaking		(2,400,000)	-
Disposal of investment in subsidiary		-	7,764,050
Impairment of investment		-	808,239
Cash (used in)/generated from investing activities		<u>(2,400,000)</u>	<u>8,572,289</u>
Net (decrease)/increase in cash and cash equivalents		<u>(160,847)</u>	<u>76,344</u>
Cash and cash equivalents at beginning of year		<u>160,847</u>	<u>84,503</u>
Cash and cash equivalents at end of year		<u>-</u>	<u>160,847</u>

The notes on pages 11 to 20 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 to the Financial Statements for the year ended 31 December 2018 (*Continued*)

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.

(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.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2018 *(Continued)*

1.1 Accounting policies *(Continued)*

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 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 2 (amendments)	<i>Share-based Payment</i>	<i>1 January 2018</i>
IFRS 4 (amendments)	<i>Insurance Contracts</i>	<i>1 January 2018</i>
IFRS 9 (amendments)	<i>Financial Instruments</i>	<i>1 January 2018</i>
IFRS 15 (amendments)	<i>Revenue from Contracts with Customers</i>	<i>1 January 2018</i>
IAS 28 (amendments)	<i>Investments in Associates and Joint Ventures</i>	<i>1 January 2018</i>
IAS 40 (amendments)	<i>Investment Property</i>	<i>1 January 2018</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>	<i>1 January 2018</i>

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2018 *(Continued)*

1.1 Accounting policies *(Continued)*

New and revised IFRSs in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 3 (amendments)	<i>Business Combinations</i>	<i>1 January 2020</i>
IFRS 9 (amendments)	<i>Financial Instruments</i>	<i>1 January 2019</i>
IFRS 11 (amendments)	<i>Joint Arrangements</i>	<i>1 January 2019</i>
IFRS 16	<i>Leases</i>	<i>1 January 2019</i>
IFRS 17	<i>Insurance Contracts</i>	<i>1 January 2021</i>
IAS 1 (amendments)	<i>Presentation of Financial Statements</i>	<i>1 January 2020</i>
IAS 8 (amendments)	<i>Accounting Policies</i>	<i>1 January 2020</i>
IAS 12 (amendments)	<i>Income Taxes</i>	<i>1 January 2019</i>
IAS 19 (amendments)	<i>Employment Benefits</i>	<i>1 January 2019</i>
IAS 23 (amendments)	<i>Borrowing Costs</i>	<i>1 January 2019</i>
IAS 28 (amendments)	<i>Investments in Associates and Joint Ventures</i>	<i>1 January 2019</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>	<i>1 January 2019</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

The Company has performed a preliminary assessment on IFRS 9 and IFRS 15 on the current year balances and have not identified any material adjustments.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2018 *(Continued)*

1.1 Accounting policies *(Continued)*

IFRS 9 Financial instruments

In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 Financial Instruments (IFRS 9, or the standard), bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Under the standard, financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. On the other hand, most of the requirements for financial liabilities are carried forward unchanged from IAS 39 Financial Instruments: Recognition and Measurement. However, the requirements related to the fair value option for financial liabilities are changed to address own credit risk which entities are permitted to early apply in isolation.

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The Company will be required to record an allowance for ECLs for all financial assets and other debt financial assets not held at fair value through profit or loss (FVTPL). The allowance is based on ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the probability of default over the life of the asset. IFRS 9 – Financial instruments classification and measurement. Applicable for financial years beginning on or after 1 January 2018.

Management anticipates that the initial application of the new IFRS will result in change to the accounting policies of impairment of financial assets.

The Company's financial assets, which comprise trade receivables, are expected to give rise to cash flows which the Company expects to collect. Accordingly, these financial assets will continue to be measured at amortised cost at the end of each accounting period. The Company therefore does not expect any significant impact to arise from this change. The directors do not expect that the adoption of IFRS 9 will have a material impact on the Company's financial statements in future periods.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2016. The Company is required to adopt IFRS 15 from 1 January 2018.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

1.1 Accounting policies (Continued)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Management has performed analysis of the new accounting requirements, and determined that there are no material adjustments from the initial application, other than enhanced disclosures.

2 Key management personnel compensation

	2018 £	2017 £
Key management remuneration consists of:		
Key management emoluments	15,000	-
Highest paid director	15,000	-

Five of the directors' salaries are paid by other entities within the Group.

3 Administrative expenses

	2018 £	2017 £
Auditors' remuneration (see below)	3,000	56,293
Legal and other professional fees	106,912	27,557
Bank charges and other costs	2,355	2,160
Management charges (received) (see note 8)	-	(308,355)

Auditors' remuneration

Fees payable to the Company's auditors or an associate of the Company's auditors:

for the audit of the Company's accounts	3,000	31,200
Fees payable to the Company's auditors and their associates for taxation compliance services	15,218	13,718

18,218	44,918
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All expenses have been incurred in the normal course of business.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

4 Fixed asset investments

Investments in subsidiaries £

At 1 January and 31 December 2018

-

The following investments of Haitong International Holdings (UK) Limited were disposed of during 2018 and were held at nil net book value.

Subsidiary undertaking	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Japaninvest (Hong Kong) Limited	Hong Kong	100%	Dormant
JI Asia (Holdings) Limited	England	100%	Holding company

5 Trade and other receivables

	2018 £	2017 £
Amounts due from fellow group companies	882,364	9,508,464
Other debtors	18	-
	<u>882,382</u>	<u>9,508,464</u>

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

6 Trade and other payables

	2018 £	2017 £
Trade creditors	58,607	40,479
Amounts due to fellow group companies	-	6,316,168
Other creditors	-	19,538
Accruals	18,000	44,400
	<u>76,607</u>	<u>6,420,585</u>

7 Share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	157,191	157,191

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2018 *(Continued)*

8 Related party balances and transactions

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

	2018 £	2017 £
Amounts owed from Haitong International Securities (UK) Limited	-	138,323
Amounts owed from Haitong International (UK) Limited	882,364	-
Amounts owed from JI Asia (Research) Limited	-	1,586,368
Amounts owed from Haitong International (BVI) Limited	-	7,783,773
Amounts owed (to) Haitong International Securities Group Limited	-	(6,316,168)

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

	2018 £	2017 £
Management charges received from Haitong International Securities (UK) Limited	-	308,354

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

9 Ultimate controlling party

At 31 December 2018 the Company's ultimate controlling party was Haitong International Securities Group Limited. Consolidated accounts are available from www.htisec.com.

10 Post balance sheet events

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

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

11 Financial instruments – risk management

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

	2018	2017
	£	£
Financial assets		
Cash and cash equivalents	-	160,847
Trade and other receivables	882,382	9,508,464
	<u> </u>	<u> </u>
Total financial assets	882,382	9,669,311
	<u> </u>	<u> </u>
Financial liabilities		
Trade and other payables	76,607	6,420,585
	<u> </u>	<u> </u>
Total financial liabilities	808,775	3,248,726
	<u> </u>	<u> </u>

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

12 Employee share options

Until the acquisition of Japaninvest Group plc on 31st 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.

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.

Haitong International Holdings (UK) Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

12 Employee share options (Continued)

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.

31 December 2018

Exercise Price	Options outstanding b/fwd	Granted in the year	Lapsed in the year	Cancelled in the year	Exercised during the year	Options outstanding c/fwd	Weighted average remaining life (years)
£1.00	2,024	-	-	-	-	2,024	1.4

31 December 2017

Exercise price	Options outstanding b/fwd	Granted in the year	Lapsed in the year	Cancelled in the year	Exercised during the year	Options outstanding c/fwd	Weighted average remaining life (years)
£1.00	2,024	-	-	-	-	2,024	2.4

Of the 2,024 (31 December 2017: 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 fellow group company financial statements. No charge is reflected in the financial statements of Haitong International Holdings (UK) Limited.