

**Haitong International Holdings (UK)  
Limited (formerly Japaninvest Group  
PLC)**

Report and Financial Statements

Year Ended

31 December 2015

Company Number 4547135

THURSDAY



\*L5A8EYKW\*

LD6

30/06/2016

#259

COMPANIES HOUSE

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

## **Annual report and financial statements for the year ended 31 December 2015**

---

### **Contents**

1	Strategic report
3	Report of the directors
4	Statement of directors' responsibilities
5	Report of the independent auditors
7	Statement of Comprehensive Income
8	Statement of Financial Position
9	Statement of Changes in Equity
10	Statement of Cash Flows
11	Notes forming part of the financial statements

### **Directors**

Rupert J A Eastwood  
Mark E Burges Watson  
Peter J Goodfellow  
Lisa K Fox  
Wai Ho Lo  
Yibin Zhang  
Julie A Craddock\*  
Michael W Thomas\*  
Jane G Dumeresque\*  
Stephane Loiseau\*

\* - denotes non-executive in post until 31st March 2015

### **Secretary**

P J Goodfellow

### **Registered office**

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

### **Company number**

4547135

**Haitong International Holdings (UK) Limited**

**Annual report and financial statements for the year ended 31 December 2015**

---

**Auditors**

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

**Principal Bankers**

HSBC Bank plc  
1 Sydney Place  
Onslow Square  
London SW7 3NW, 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 2015**

---

The directors present the Strategic Report, Directors' Report and the audited financial statements for the year ended 31 December 2015.

#### **Results**

The Statement of Comprehensive Income is set out on page 7 and shows a profit for the year.

#### **Overview**

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

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

On 26 November 2014 Haitong International (BVI) Limited, a wholly owned subsidiary of Haitong International Securities Group Limited, and Japaninvest Group plc jointly announced that they had agreed the terms of a recommended proposal for the acquisition by Haitong International (BVI) Limited of the entire issued and to be issued ordinary share capital of Japaninvest Group plc at ¥18,000 per share, to be effected by way of a scheme of arrangement under Part 26 of the Companies Act. The Scheme was approved at the Court Meeting and General Meeting on 2 March 2015 and became effective on 31 March 2015.

On 16 June 2015 the company changed its name from Japaninvest Group plc to Haitong International Holdings (UK) Limited and appointed two new directors.

On 15 October 2015 the entire holding in Haitong International Securities (UK) Limited was transferred from Haitong International Holdings (UK) Limited to Haitong International Consultants Limited, another group company.

Profit for the year ended 31 December 2015 was £2,112,609, a £3,299,804 increase from the £1,187,195 loss recorded for the year ended 31 December 2014. This was principally due to the proceeds from the sale of Haitong International Securities (UK) Limited.

Administration costs for the year were £129,356, a £105,106 decrease from the £234,462 costs recorded in 2014.

The profit for the year has resulted in an increase in net assets from £1,098,395 to £3,709,364.

#### **Future developments**

The Company has no current plans for any new businesses.

**Haitong International Holdings (UK) Limited**

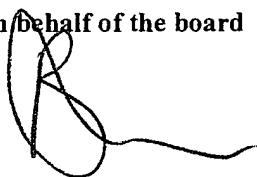
**Strategic report for the year ended 31 December 2015 *(Continued)***

---

**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**

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and a small flourish.

P J Goodfellow  
Director

29 June 2016

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

### **Report of the directors for the year ended 31 December 2015**

---

#### **Directors**

The directors of the company during the year were:

R J A Eastwood  
M E Burges Watson  
P J Goodfellow  
L K Fox  
J A Craddock (resigned on 31 March 2015)  
M W Thomas (resigned on 31 March 2015)  
J G Dumeresque (resigned on 31 March 2015)  
S Loiseau (resigned on 31 March 2015)  
W H Lo (appointed on 2 June 2015)  
Y Zhang (appointed on 31 March 2015)

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Political donations**

During the year the company made no political donations (2014: £nil).

#### **Insurance**

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

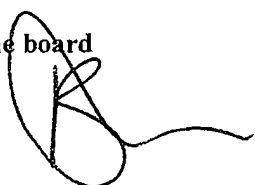
#### **Auditors**

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.

**On behalf of the board**

P J Goodfellow  
Director



29 June 2016

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

### **Statement of directors' responsibilities**

---

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.

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

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

---

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

We have audited the financial statements of Haitong International Holdings (UK) Limited for the year ended 31 December 2015 which comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

#### **Respective responsibilities of directors and auditors**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion 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.



**Haitong International Holdings (UK) Limited**

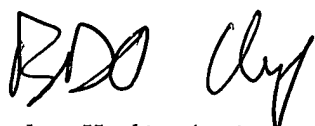
**Report of the independent auditors (*Continued*)**

---

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

We have nothing to report in respect of the following matters where 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.



*Matthew Hopkins (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

29 June 2016

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 2015**

	Note	2015	2014 £
Profit on foreign exchange		34,505	77,837
Profit on Disposal		2,038,823	-
Exceptional legal and advisory fees		168,637	(1,030,570)
Other administrative expenses	2	(129,356)	(234,462)
<b>Profit/(loss) from operations</b>		<b>2,112,609</b>	<b>(1,187,195)</b>
Finance income		-	-
<b>Profit/(loss) before tax</b>		<b>2,112,609</b>	<b>(1,187,195)</b>
Tax charge		-	-
<b>Total profit/(loss) for the year</b>		<b>2,112,609</b>	<b>(1,187,195)</b>
Other comprehensive income		-	-
<b>Total other comprehensive income/(loss) for the year</b>		<b>2,112,609</b>	<b>(1,187,195)</b>

All amounts relate to continuing activities.

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

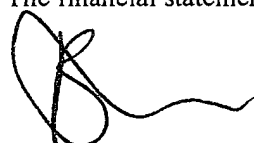
No items through the statement of other comprehensive income will be subsequently reclassified through the Statement of Comprehensive Income.

The notes on pages 11 to 24 form part of these financial statements.

**Haitong International Holdings (UK) Limited****Statement of Financial Position at 31 December 2015****Company number 4547135**

	<b>Note</b>	<b>31 December 2015 £</b>	<b>31 December 2014 £</b>	<b>1 January 2014 £</b>
<b>Assets</b>				
Cash and cash equivalents		<b>56,220</b>	107,103	26,479
Trade and other receivables	4	<b>3,529,286</b>	1,420,186	1,309,324
Investments	3	<b>2,159,962</b>	1,580,502	1,461,198
<b>Total assets</b>		<b>5,745,468</b>	<b>3,107,791</b>	<b>2,797,001</b>
<b>Liabilities</b>				
Trade and other payables	5	<b>(2,036,104)</b>	(2,009,396)	(635,690)
<b>Total liabilities</b>		<b>(2,036,104)</b>	<b>(2,009,396)</b>	<b>(635,690)</b>
<b>Net assets</b>		<b>3,709,364</b>	<b>1,098,395</b>	<b>2,161,311</b>
<b>Equity</b>				
Share capital	6	<b>155,991</b>	121,398	115,932
Share premium		<b>623,938</b>	160,171	41,358
Retained earnings		<b>2,929,435</b>	816,826	2,004,021
<b>Total equity</b>		<b>3,709,364</b>	<b>1,098,395</b>	<b>2,161,311</b>

The financial statements were approved by the Board and authorised for issue on 29 June 2016.



P J Goodfellow  
Director

The notes on pages 11 to 24 form part of these financial statements.

**Haitong International Holdings (UK) Limited****Statement of Changes in Equity for the year ended 31 December 2015****Company number 4547135**

---

	<b>Share capital £'000</b>	<b>Share Premium £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2014</b>	115,932	41,358	2,004,021	2,161,311
Total comprehensive income for the year	-	-	(1,187,195)	(1,187,195)
Issue of ordinary shares	5,466	118,813	-	124,279
<b>Balance at 31 December 2014</b>	121,398	160,171	816,826	1,098,395
Total comprehensive income for the year	-	-	2,112,609	2,112,609
Issue of ordinary shares	34,593	463,767	-	498,360
<b>Balance at 31 December 2015</b>	<b>155,991</b>	<b>623,938</b>	<b>2,929,435</b>	<b>3,709,364</b>

---

The notes on pages 11 to 24 form part of these financial statements.

**Haitong International Holdings (UK) Limited**

**Statement of Cash Flows for the year ended 31 December 2015**

**Company number 4547135**

	Note	Year ended 31 December 2015 £	Year ended 31 December 2014 £
<b>Cash flow from operating activities</b>			
Profit/(loss) before Tax		2,112,609	(1,187,195)
Changes in working capital:			
Increase in trade and other receivables		(4,147,923)	(110,862)
Increase in trade and other payables		26,708	1,373,706
Non-cash disposal of investment to intercompany		2,388,823	-
<b>Cash generated from operating activities</b>		<b>380,217</b>	<b>75,649</b>
Tax paid		-	-
<b>Net cash generated from operative activities</b>		<b>380,217</b>	<b>75,649</b>
<b>Cash flows from investing activities;</b>			
Investment in subsidiary		(929,460)	(119,304)
<b>Cash generated from investing activities</b>		<b>(929,460)</b>	<b>(119,304)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary shares		498,360	124,279
<b>Cash generated from financing</b>		<b>498,360</b>	<b>124,279</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(50,883)</b>	<b>80,624</b>
Cash and cash equivalents at beginning of year		107,103	26,479
<b>Cash and cash equivalents at end of year</b>		<b>56,220</b>	<b>107,103</b>

The notes on pages 11 to 24 form part of these financial statements.

## **1 Basis of preparation**

The historical financial statements for the years ended 31 December 2014 and 31 December 2015 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.

For all years up to and including the financial statements for the year ended 31 December 2014, the Company prepared its financial statements in accordance with the United Kingdom generally accepted accounting principles (“UK GAAP”). The adoption of IFRS is discussed further in note 10.

### **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 like to affect it 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 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 2015

---

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

##### *Depreciation*

Property, plant and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated to write off the cost of the assets on a straight line basis over the expected useful lives of the assets concerned and is assessed annually. The principal annual rates used for this purpose are:

Computer equipment	25% per annum
Fixtures and fittings	25% per annum
Leasehold improvements	amortised over the life of the lease

Subsequent expenditures are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

##### *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

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

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.

**(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.



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

**Future accounting developments**

**New standards and amendments**

There have been no new standards having a material impact on the financial statements for the period. The following standards and amendments to existing standards have been published, but in some case, not yet adopted by the EU. They are mandatory from the financial period beginning on or after the effective dates shown below but are not currently relevant to the Company (although they may affect the accounting for future transactions and events).

- IFRS 9 – Financial instruments classification and measurement. Applicable for financial years beginning on or after 1 January 2018. IFRS 9 is yet to be endorsed by the EU.
- IFRS 15 – Revenue from contracts with customers. Applicable for financial years beginning on or after 1 January 2018. IFRS 15 is yet to be endorsed by the EU

The Company's assessment of the impact of these new standards and interpretations is set out below.

**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.

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 do not currently 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.

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 2015

---

#### 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 2016. They include:

##### Amendments to IAS 1 Disclosure Initiative

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

- The materiality requirements of IAS 1
- 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 2015 (Continued)

### 2 Administrative expenses/(credit)

	2015 £	2014 £
Auditors' remuneration (see below)	53,280	101,400
Non-executive Director fees	5,370	31,653
Insurance	2,363	5,066
Legal and other professional fees	61,909	155,015
Bank charges and other costs	5,095	3,400
Reversal of fine	-	(21,433)
Management charges incurred/(received) (see note 7)	1,339	(40,639)

#### 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	39,000	48,960
for interim reviews	1,560	39,960
Fees payable to the company's auditors and their associates for taxation compliance services	12,720	12,480

53,280	101,400
--------	---------

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

### 3 Fixed asset investments

Company	Investments in subsidiaries £
At 1 January 2015	1,580,502
Disposal	(350,000)
Additions	929,460
At 31 December 2015	2,159,962

The disposal in the year relates to Haitong International Securities (UK) Limited, formerly Japaninvest Limited, on 15<sup>th</sup> October 2015 for £2.388m.

The addition in the year relates to an increase of USD 1,420,063 in the capital of Haitong International Securities (USA) Inc to fund the expansion of the US business.

## Haitong International Holdings (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 3 Fixed asset investments (*Continued*)

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

Subsidiary undertakings	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Haitong International Japaninvest KK	Japan	100%	Provision of research and analysis of Asian companies
Haitong International Securities (USA) Inc	USA	100%	Provision of research and analysis of Asian companies
Japaninvest (Hong Kong) Limited	Hong Kong	100%	Provision of research and analysis of Asian companies
JI Asia Research Limited	Hong Kong	100%	Dormant
JI Asia (Holdings) Limited	England	100%	Holding company

### 4 Trade and other receivables

	2015 £	2014 £
Amounts due from group companies	3,511,311	1,377,401
Other debtors	17,975	39,428
Prepayments	-	3,357
	<u>3,529,286</u>	<u>1,420,186</u>

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 2015 (Continued)

### 5 Trade and other payables

	2015 £	2014 £
Trade creditors	21,423	223,662
Amounts due to group companies	1,945,128	856,779
Other creditors	22,033	7,827
Accruals	47,520	921,128
	<u>2,036,104</u>	<u>2,009,396</u>

### 6 Share capital

	31 Dec 2015 £	31 Dec 2014 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	155,991	121,398
	<u>155,991</u>	<u>121,398</u>

34,593 ordinary shares of £1 each were allotted during the year at a subscription price of £1 as a result of employees and directors exercising options (2014: 5,466 ordinary shares of £1 each were allotted during the year at a subscription price of £1 as a result of employees and directors exercising options and Societe Generale exercising their anti-dilution rights).

### 7 Related party balances and transactions

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

	Year Ended 2015 £	Year Ended 2014 £
Amounts owed to Japaninvest (Hong Kong) Limited	(566,140)	(68,380)
Amounts owed to Haitong International Securities (UK) Limited	(1,378,978)	(788,385)
Amounts owed to JI Asia (Holdings) Limited	(10)	(10)
Amounts owed from JI Asia (Research) Limited	1,455,348	1,377,401
Amounts owed from Haitong International (BVI) Limited	2,055,963	-
	<u>1,059,281</u>	<u>510,526</u>

## Haitong International Holdings (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

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

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

	Year Ended 2015	Year Ended 2014
	£	£
Management charges incurred by Japaninvest (Hong Kong) Limited	-	(28,534)
Management charges incurred by JI Asia (Research) Limited	(2,586)	(97)
Management charges received from Haitong International Securities (UK) Limited	1,247	69,270

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

#### 8 Ultimate parent company

On 26 November 2014 Haitong International (BVI) Limited, a wholly owned subsidiary of Haitong International Securities Group Limited, and Japaninvest Group plc jointly announced that they had agreed the terms of a recommended proposal for the acquisition by Haitong International (BVI) Limited of the entire issued and to be issued ordinary share capital of Japaninvest Group plc at ¥18,000 per share, to be effected by way of a scheme of arrangement under Part 26 of the Companies Act. The Scheme was approved at the Court Meeting and General Meeting on 2 March 2015 and became effective on 31 March 2015.

At 31 December 2015 the company's ultimate parent company was Haitong International Securities Group Limited. Consolidated accounts are available from [www.htisec.com](http://www.htisec.com).

#### 9 Post balance sheet events

##### *Termination of the Alliance with Societe Generale*

On 31 March 2016 the Alliance with Societe Generale was terminated by mutual agreement.

#### 10 Adoption of IFRS

This financial statement is the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014 the company prepared its financial statements in accordance with United Kingdom generally accepted accounting principles ("UK GAAP"). Presented below is the opening Statement of Financial Position for Haitong International Holdings (UK) Limited as at 1 January 2014, the company's date of transition to IFRS. For all years up to and including the financial statements for the year ended 31 December 2014, the Company prepared its financial statements in accordance with UK GAAP.

**Haitong International Holdings (UK) Limited**

**Notes forming part of the financial statements for the year ended 31 December 2015 (Continued)**

**10 Adoption of IFRS (Continued)**

	<b>1 January 2014</b>
	<b>£</b>
<b>ASSETS</b>	
Cash and cash equivalents	26,479
Trade and other receivables	1,309,324
Investments	1,461,198
<b>Total assets</b>	<b>2,797,001</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Liabilities</b>	
Trade and other payables	635,690
<b>Total liabilities</b>	<b>635,690</b>
<b>Equity attributable to owners of the company</b>	
Share capital	115,932
Share premium	41,358
Retained earnings	2,004,021
<b>Total equity</b>	<b>2,161,311</b>
<b>Total equity and liabilities</b>	<b>2,797,001</b>

There has been no change in the numbers between the Statement of Financial Position as at 31 December 2013 and the date of transition, 1 January 2014, and therefore no reconciliation for material adjustments between UK GAAP and IFRS is required for the Company.

There have been no material differences in the presentation of the cash flow statement on transition from UK GAAP to IFRS.

*Exemptions applied*

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The company has not taken any exemptions from full retrospective application of IFRS. The company has elected to apply IFRS relating to business combinations

## Haitong International Holdings (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2015 (Continued)

#### 10 Adoption of IFRS (Continued)

prospectively from 1 April 2011. As such, UK GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without adjustment.

No reconciliation of equity reported under UK GAAP to its equity under IFRS or a reconciliation of total comprehensive income under UK GAAP to IFRS has been provided as there are no material adjustments required between UK GAAP to IFRS for the company.

#### 11 Financial instruments – risk management

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

	2015 £	2014 £
<b>Financial assets</b>		
Cash and cash equivalents	56,220	107,103
Trade and other receivables	3,529,286	1,420,186
Investments	2,159,962	1,580,502
	<hr/>	<hr/>
<b>Total financial assets</b>	<b>5,745,468</b>	<b>3,107,791</b>
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Trade and other payable	2,036,104	2,009,396
	<hr/>	<hr/>
<b>Total financial liabilities</b>	<b>2,036,104</b>	<b>2,009,396</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.

#### 12 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.



**12 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. 34,078 options were then exercised and payment was made to employees in respect of these options. There were 3,353 options held at the year end.

Haitong International Holdings (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2015 (Continued)

12 Employee share options (Continued)

As at 31 December 2015

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	27,047	-	(493)	-	(23,481)	3,073	5.2
£40.00	1,600	-	-	-	(1,600)	-	-
Y4,500	775	-	(63)	-	(612)	100	0.2
Y5,025	100	-	-	-	(100)	-	-
Y5,528	400	-	-	-	(400)	-	-
Y5,685	350	-	-	-	(350)	-	-
Y5,850	50	-	-	-	(50)	-	-
Y6,090	2,450	-	-	-	(2,450)	-	-
Y7,200	150	-	-	-	(150)	-	-
Y9,015	5,180	-	-	-	(5,000)	180	0.2
Y10,500	-	-	-	-	(800)	-	-
Y10,950	400	-	-	-	(400)	-	-
Y21,315	200	-	(200)	-	-	-	-
	38,702	-	(756)	-	(34,593)	3,353	5.6

As at 31 December 2014

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	20,678	11,112	(2,114)	-	(2,629)	27,047	6.2
£40.00	1,600	-	-	-	-	1,600	1.0
Y4,500	1,125	-	-	-	(350)	775	3.1
Y5,025	100	-	-	-	-	100	2.9
Y5,528	400	-	-	-	-	400	3.4
Y5,685	800	-	-	-	(450)	350	2.0
Y5,850	150	-	-	-	(100)	50	2.6
Y6,090	2,450	-	-	-	-	2,450	1.1
Y7,200	150	-	-	-	-	150	2.4
Y9,015	6,230	-	(600)	-	(450)	5,180	1.5
Y10,500	800	-	-	-	(800)	-	-
Y10,950	500	-	-	-	(100)	400	0.1
Y21,315	200	-	-	-	-	200	-
	35,183	11,112	(2,714)	-	(4,879)	38,702	4.8

## Haitong International Holdings (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2015 *(Continued)*

---

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

34,593 options were exercised during the year (31 December 2014: 4,879). The weighted average share price at the date of exercise was Y18,000 (31 December 2014: Y11,966).

Of the 3,353 (31 December 2014: 19,264) total number of options outstanding at the yearend, 528 had vested and were exercisable at the end of the year.

The following information is relevant in the determination of the fair value of options granted during 2014 under the employee share option scheme. No options were granted in 2015.

	31 Dec 2014
Option pricing model used	<b>Black-Scholes</b>
Weighted average share price at grant date (Y)	<b>10,422</b>
Weighted average exercise price (Y)	<b>187</b>
Weighted average contractual life (yrs)	<b>6</b>
Expected volatility (%)	<b>55</b>
Risk-free interest rate (%)	<b>0.55</b>
Expected dividend growth rate	<b>Nil</b>

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices of comparable publicly quoted companies.

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. This year saw a consolidated charge of £260,870 (31 December 2014: £280,620) relating to the issuance of share options. The total amount charged to date through the individual subsidiaries following the issuance of share options is £2,068,314 (31 December 2014: £1,810,091).