

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

海通國際證券集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 665)

DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF JAPANINVEST TO BE IMPLEMENTED BY SCHEME OF ARRANGEMENT

Financial Advisers



Haitong International Capital Limited



ZAI Corporate Finance Limited

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 26 November 2014, Haitong BVI (a wholly-owned subsidiary of the Company) and Japaninvest have reached an agreement on the terms of, and resolved to pursue, a recommended cash acquisition of Japaninvest by Haitong BVI pursuant to which Haitong BVI will acquire the entire issued and to be issued ordinary share capital of Japaninvest. It is intended that the Acquisition will be implemented by way of a UK Court-sanctioned Scheme of Arrangement under Part 26 of the 2006 Act.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement.

INTRODUCTION

Reference is made to the announcement of the Company dated 29 October 2014 regarding the proposed acquisition of Japaninvest. The Board is pleased to announce that on 26 November 2014, Haitong BVI (a wholly-owned subsidiary of the Company) and Japaninvest have reached an agreement on the terms of, and resolved to pursue, a recommended cash acquisition of Japaninvest by Haitong BVI pursuant to which Haitong BVI will acquire the entire issued and to be issued ordinary share capital of Japaninvest. It is intended that the Acquisition will be implemented by way of a UK Court-sanctioned Scheme of Arrangement under Part 26 of the 2006 Act.

PRINCIPAL TERMS OF THE ACQUISITION

Consideration for the Acquisition

Under the terms of the Acquisition, which will be subject to the conditions and further terms to be set out in the Scheme Document, the Japaninvest Shareholders will be entitled to receive ¥18,000 (approximately HK\$1,182) in cash per Japaninvest Share and JASDEC Holders will be entitled to receive ¥18,000 (approximately HK\$1,182) in cash per Japaninvest Share in which they have an interest pursuant to the Depositary Arrangement with JASDEC.

The Acquisition Price per Japaninvest Share represents a premium of approximately:

- 15.83% to the Closing Price per Japaninvest Share of ¥15,540 (approximately HK\$1,020) on 25 November 2014 (being the last Trading Day prior to the date of this announcement);
- 30.94% to the average Closing Price of approximately ¥13,747 (approximately HK\$902) per Japaninvest Share for the one month period ending on 25 November 2014 (being the last Trading Day prior to this announcement);
- 59.37% to the average Closing Price of approximately ¥11,294 (approximately HK\$741) per Japaninvest Share for the three month period ending on 25 November 2014 (being the last Trading Day prior to this announcement); and
- 65.62% to the average Closing Price of approximately ¥10,868 (approximately HK\$713) per Japaninvest Share for the six month period ending on 25 November 2014 (being the last Trading Day prior to this announcement).

The Acquisition values the entire issued and to be issued ordinary share capital of Japaninvest at approximately ¥2,878,200,000 (approximately HK\$188,947,534) on the basis of a fully diluted share capital of 159,900 Japaninvest Shares (assuming that rights in respect of in-the-money options under the Japaninvest Share Schemes are exercised).

The consideration payable under the Acquisition will be funded through available cash on the balance sheet of Haitong BVI. The funding of such consideration is provided by the Company from its existing cash balances. ZAI Corporate Finance Limited, a financial adviser to Haitong BVI, is satisfied that sufficient cash resources are available to Haitong BVI to enable it to satisfy in full the consideration payable to the Japaninvest Shareholders in connection with the Acquisition.

Structure of the Acquisition

It is intended that the Acquisition will be implemented by way of a UK Court-sanctioned Scheme of Arrangement under Part 26 of the 2006 Act. The Scheme is an arrangement between Japaninvest and the Scheme Shareholders and is subject to the approval of the Court.

Information on the Scheme of Arrangement

The purpose of the Scheme is to enable Haitong BVI to become the holder of the entire issued and to be issued ordinary share capital of Japaninvest. This is to be achieved by the transfer of the Scheme Shares to Haitong BVI, in consideration for which the Scheme Shareholders will receive cash consideration from Haitong BVI on the basis set out in the section headed “Consideration for the Acquisition” above.

The Scheme requires the approval of Scheme Shareholders at the Court Meeting. The resolution to approve the Scheme at the Court Meeting must be approved by a majority in number of the Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, representing not less than 75% in value of the Scheme Shares held by such Scheme Shareholders. Implementation of the Scheme will also require the passing of the resolutions to approve certain matters relating to the Scheme at the General Meeting, which will be held immediately after the Court Meeting. Special resolutions at the General Meeting, such as those to amend the articles of association of Japaninvest, must be approved by 75% of Japaninvest Shareholders present and voting (and entitled to vote), either in person or by proxy. All other resolutions at the General Meeting, including the approval of the management incentive arrangements for Executive Directors, must be approved by a simple majority of Japaninvest Shareholders present and voting (and entitled to vote), either in person or by proxy. At least five qualifying persons must be present either in person or by proxy at the Court Meeting and the General Meeting (pursuant to Japaninvest’s articles of association, “qualifying person” means (i) an individual who is a member of Japaninvest, (ii) a person authorised under the 2006 Act to act as a representative of the corporation in relation to the meeting, or (iii) a person appointed as proxy of a member in relation to the meeting).

Once the necessary approvals from the Japaninvest Shareholders have been obtained and the other conditions have been satisfied or (where applicable) waived, the Scheme must be sanctioned by the Court. The Scheme will then become effective upon delivery of the Court Order to the Registrar of Companies for registration.

Japaninvest and Haitong BVI are seeking clarification as to whether the Scheme attracts Japanese withholding tax on the consideration to be paid to the Japaninvest Shareholders and the JASDEC Holders because it is intended that it should not. Japaninvest and Haitong BVI have agreed that if by the time of posting the Scheme Document the Japaninvest Directors are comfortable that Japanese withholding tax will not apply to the consideration to be paid also to JASDEC Holders, then the Acquisition will be implemented by way of Scheme of Arrangement whereby all Japaninvest Shares shall be cancelled and none of them will be transferred. If the Scheme were to be implemented in such a way, the reserve arising from the cancellation of the Scheme Shares would be applied in paying up in full a number of new shares in Japaninvest (which is equal in nominal value, to the number of Scheme Shares cancelled) and issuing them to Haitong BVI. Japaninvest Shareholders and JASDEC Holders would receive the same consideration of ¥18,000 (approximately HK\$1,182) per Japaninvest Share in either event.

Haitong BVI reserves the right, subject to the consent of the Panel, to effect the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such an event, the Acquisition will be implemented on substantially the same terms as those which would apply to the Scheme (subject to appropriate amendments, including an acceptance condition set at 90% of the shares to which such offer relates or such lesser percentage, being more than 50%, as Haitong BVI may decide and the Panel may agree).

Effect of the Scheme

Upon the Scheme becoming effective:

- all Japaninvest Shares will be transferred to Haitong BVI fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the Effective Date and Japaninvest will become a wholly-owned subsidiary of Haitong BVI;
- it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and, if they attended, whether or not they voted in favour);
- share certificates in respect of the Japaninvest Shares will cease to be valid and should be destroyed. In addition, entitlements to the Japaninvest Shares held under the Depositary Arrangement will be cancelled; and
- for the avoidance of doubt, in light of the fact Japaninvest is incorporated and registered in the UK, no Scheme Shareholders will be entitled to any appraisal right under Japanese law pursuant to which they can request Japaninvest to repurchase the shares they hold even if they attended and voted against at the Court Meeting or the General Meeting.

Conditions precedent to the Acquisition

The Acquisition will be subject to the satisfaction or (where applicable) waiver of certain conditions precedent to be set out in the Scheme Document, including, amongst other things:

- (i) Haitong BVI having been notified of the approval of each of the FCA in the UK, FINRA in the US and SFC in Hong Kong of the change of control of any UK authorised persons within the Japaninvest Group, the change of control of Japaninvest, and Haitong BVI becoming the substantial shareholder of Japaninvest (Hong Kong) Limited, each as a result of the Acquisition (or the requisite waiting period for such approval to be provided having elapsed without the FCA, FINRA or SFC, as the case may be, having objected to the Acquisition);
- (ii) the approval of the Scheme by a majority in number of the Scheme Shareholders present and voting (and entitled to vote), representing not less than 75% in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting by no later than 1 May 2015 (or such later date, if any, as Haitong BVI and Japaninvest may agree and the Court may allow);
- (iii) the approval of the General Meeting Resolutions, including the approval of the management incentive arrangements for Executive Directors, by the Japaninvest Shareholders by the requisite majorities at the General Meeting by no later than 1 May 2015 (or such later date, if any, as Japaninvest and Haitong BVI may agree and the Court may allow); and
- (iv) the sanction of the Scheme by the Court (with or without modification but subject to any such modification being acceptable to Japaninvest and Haitong BVI) and the registration of the Court Order with the Registrar of Companies by no later than 1 May 2015 (or such later date, if any, as Japaninvest and Haitong BVI may agree and the Court may allow).

Any Japaninvest Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Amended Japaninvest Articles will include provisions requiring any Japaninvest Shares issued after the Scheme Record Time (other than to Haitong BVI and/or its nominees) to be automatically transferred to Haitong BVI on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Amended Japaninvest Articles will avoid any person (other than Haitong BVI and its nominee(s)) holding shares in the capital of Japaninvest after the Effective Date.

The Acquisition will be subject to the abovementioned conditions and other terms to be set out in the Scheme Document, the Forms of Proxy and the form of voting instruction by JASDEC Holders. The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting and the expected timetable of the Acquisition.

The Acquisition will be governed by English law and will be subject to the jurisdiction of the English courts and subject to the applicable requirements of the Code, the Panel, the Tokyo Stock Exchange and the FIEA.

Irrevocable undertakings

The Independent Japaninvest Directors intend unanimously to recommend that Japaninvest Shareholders vote, and JASDEC Holders instruct the Depositary to vote on their behalf, in favour of the Scheme at the Court Meeting and in favour of the General Meeting Resolutions.

Haitong BVI has received irrevocable undertakings from each of the Japaninvest Directors to vote in favour of the Scheme at the Court Meeting and in favour of the General Meeting Resolutions, in respect of a total of 32,287 Japaninvest Shares, representing approximately 27.02% of the ordinary share capital of Japaninvest in issue on 25 November 2014 (being the latest practicable date prior to this announcement). The irrevocable undertakings given by the Japaninvest Directors will remain in full force and effect if the Acquisition is effected by way of a Takeover Offer and will cease to be binding in certain circumstances.

Haitong BVI has also received an irrevocable undertaking from Société Générale, an institutional shareholder of Japaninvest, to vote in favour of the Scheme at the Court Meeting and at the General Meeting, in respect of a total of 27,453 Japaninvest Shares, representing approximately 22.97% of the ordinary share capital of Japaninvest in issue on 25 November 2014 (being the latest practicable date prior to this announcement). The irrevocable undertaking received from Société Générale will cease to be binding in certain circumstances, such as where a competing offer is announced under Rule 2.7 of the Code which is of a higher overall value, having regard to the cash and non-cash elements and other terms and conditions of such competing offer. Société Générale has confirmed that its current intention is to approve the management incentive arrangements for the Executive Directors, subject to reviewing full details of such scheme as set out in the Scheme Document. Other than the irrevocable undertaking, neither Haitong BVI nor any person acting in concert with it has entered into any agreements, arrangements or undertakings with Société Générale in relation to the Acquisition or the operation of Japaninvest in the event that the offer becomes or is declared unconditional. In the normal course of their business, Société Générale and Haitong BVI (or any person acting in concert with Haitong BVI) may enter into arm's length transactions unrelated to the Acquisition.

In aggregate, therefore, irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and at the General Meeting have been received in respect of a total of 59,740 Japaninvest Shares, representing approximately 49.99% of the ordinary share capital of Japaninvest in issue on 25 November 2014 (being the latest practicable date prior to this announcement).

Copies of the irrevocable undertakings will be on display on the websites of the Company (www.htisec.com) and Japaninvest (www.japaninvest.co.jp) from 12:00 noon London time (8:00 p.m. Hong Kong time) on 27 November 2014 until the end of the Acquisition.

Arrangement with the management of Japaninvest

Haitong BVI and Japaninvest share a common belief that people are a vital cornerstone for the ongoing success of the combined business. Consequently, the board of directors of Haitong BVI attaches great importance to the skills and experience of Japaninvest's executive team and employees and believes that they will benefit from greater opportunities within the combined company. Haitong BVI confirms that it has given assurances to the

Japaninvest Directors that, upon and following the Scheme becoming effective, it intends fully to safeguard the existing employment rights of all Japaninvest Group employees and to comply with Japaninvest's pension obligations for existing employees.

The board of directors of Haitong BVI believes that the ongoing participation in the continued growth of the combined business by the Executive Directors is very important, due to their knowledge of Japaninvest and its market and their existing relationships with their alliance partner, Société Générale and its clients.

Each of the Executive Directors has been offered incentive arrangements, comprising a retention and performance element, with the aim of ensuring their transition into the combined business and to ensure that each is motivated to remain in position and contribute to the execution of the combined business' strategy. This is in addition to entitlements to salary and benefits that are payable pursuant to the terms of each individual's contract of employment. The management incentive arrangements for the Executive Directors will be based upon the following principles:

- the payments to the Executive Directors pursuant to the retention cash bonus will be payable in three equal tranches on the first, second and third anniversary of the Effective Date up to an aggregate maximum amount of US\$3,750,000 (approximately HK\$29,092,320);
- the performance cash bonus will also be payable to the Executive Directors each year on the first, second and third anniversary of the Effective Date, with up to half of the amount received each year depending on the profitability of the Japaninvest business and the other half dependent upon the satisfaction of certain cross selling targets being achieved by the combined business up to an aggregate maximum amount of US\$3,230,000 (approximately HK\$25,058,185);
- an additional cash bonus of up to \$520,000 (approximately HK\$4,034,135), which shall be payable in certain circumstance after the third anniversary of the Effective Date;
- an Executive Director who becomes a 'bad leaver' will cease to be entitled to any retention or performance cash bonuses;
- an Executive Director who cease to be employed by Japaninvest and is not a 'bad leaver' would be entitled to receive at least three quarters of the entire retention and performance cash bonus they would have received if they had not ceased to be employed; and
- for the purposes of the management incentive arrangements, a 'bad leaver' is an Executive Director who ceases to be employed by Japaninvest because: (i) he has resigned; (ii) he has been summarily dismissed by Japaninvest due to the loss due to a material breach of applicable regulatory rules of any personal regulatory licence, authorisation or permission held by him which materially affects his ability to fulfil his obligations as an employee of Japaninvest.

Pursuant to Rule 16.2 of the Code, Scheme Shareholders, other than the Executive Directors, will be asked to approve the management incentive arrangements on a poll at the General Meeting.

Further details of the management incentive arrangements for the Executive Directors will be contained within the Scheme Document.

Following completion of the Acquisition, Haitong BVI will also seek to reduce costs where appropriate which have historically been related to Japaninvest's status as a listed company.

The Independent Japaninvest Directors intend to resign as Japaninvest Directors on completion of the Acquisition.

Indicative timetable of the Acquisition

It is expected that the Scheme Document containing further information about the Acquisition and notices of the Court Meeting and General Meeting will be posted to the Japaninvest Shareholders on or before 4 February 2015.

The Scheme Document together with instructions on how JASDEC Holders can instruct the Depositary to vote on their behalf, will be posted to JASDEC Holders on or before 4 February 2015. It is currently expected that the Scheme will become effective during the first half of 2015, subject to, amongst other things, the conditions to the Scheme.

Delisting and re-registration

If the Scheme is approved by the Court Meeting and the General Meeting, it is intended that the delisting of Japaninvest Shares on the Mothers Market of the Tokyo Stock Exchange will be determined and Japaninvest Shares will be designated as a delisting stock. In this case, according to the current indicative timetable the delisting date will be 26 March 2015, the day which is three Trading Days prior to the indicative Effective Date of 31 March 2015. Dealings in Japaninvest Shares on the Mothers Market of the Tokyo Stock Exchange will be unavailable after the delisting. There is a possibility that the delisting date will be amended if any circumstances to cause prompt delisting occur.

It is also intended that, following the Effective Date and after its shares are delisted, Japaninvest will be re-registered as a private limited company pursuant to the relevant provisions of the 2006 Act.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that the Acquisition has the potential to enhance the Group's brand recognition, enlarge its equities research and global sales platform, broaden its Greater China and global institutional investor client base and create synergies and commercial opportunities among different businesses within the combined platform. By leveraging the combined strengths, the Group aims to create a foundation for a distinctive and strong global equity platform and to capture growing cross border capital market opportunities in high growth areas. In addition, this combination can foster beneficial business cooperation to the Group across different products in the business. The Group will be working with the management of Japaninvest to develop the strategy and implement a combined business plan for Japaninvest as part of the Group.

The Acquisition Price per Japaninvest Share was determined after arm's length negotiations between Japaninvest and Haitong BVI based on Japaninvest's financial condition, financial performance, business environment, trend of share price and other factors, with reference to the share valuation report of an independent financial adviser and third party appraiser.

The Board considers the proposed terms of the Acquisition to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

Summary of valuation

West Hill is acting as the independent financial adviser to the Independent Japaninvest Directors in connection with the Acquisition under Rule 3 of the Code.

West Hill analysed the value of Japaninvest Shares, based on the financial information and the financial forecasts which Japaninvest provided, and calculated the value of the Japaninvest Shares using (i) the average market price method, since Japaninvest Shares are listed on the Tokyo Stock Exchange and a market price for those shares is available there; and (ii) the comparable company method, since there are a number of listed companies and prior acquisitions of target companies engaged in business relatively similar to the business of Japaninvest and accordingly it is possible to estimate the value of Japaninvest Shares by comparing Japaninvest with those similar companies.

The valuation ranges per Japaninvest Share calculated by using the above methods are as follows:

Analysis Method Adopted	Valuation Range of the Per Share Value
Market Price Analysis	¥9,928–10,294 (approximately HK\$652–676)
Comparable Company Method	¥12,879–15,280 (approximately HK\$845–1,003)

With the average market price method, West Hill used 29 October 2014 as the reference date for calculations, being the last closing date prior to disclosure of Haitong BVI's interest in acquiring Japaninvest. The reference date was selected, rather than the date immediately prior to finalisation of the valuation report, because the price of Japaninvest Shares subsequent to the reference date reflected the Acquisition Price which was disclosed to the market on the reference date. The valuation was based on ¥10,150 (approximately HK\$666), which is the closing share price on the reference date; ¥9,928 (approximately HK\$652), which is the simple average closing share price for one month prior to the reference date; ¥10,108 (approximately HK\$664), which is the simple average closing share price for three months prior to the reference date; and ¥10,294 (approximately HK\$676), which is the simple average closing share price for the last six months prior to the reference date.

With the comparable company method, West Hill valued Japaninvest Shares through comparison with market share prices and financial metrics (indicating elements such as revenue and profitability) of listed companies engaged in businesses relatively similar to Japaninvest's business, together with an analysis of the financial metrics and transaction multiples paid in prior acquisitions of companies engaged in businesses relatively similar to the business of Japaninvest.

In providing its advice to the Independent Japaninvest Directors, West Hill also considered amongst others the following factors:

- the premium of over 75% to the share price prior to the announcement by the Company of the possible Acquisition as well as other relevant longer term averages;
- the low prospects for the price of Japaninvest Shares to trade at the valuation levels implied by the Acquisition;
- an historic multiple of over 1.9 of Japaninvest's sales in 2013, implied by the Acquisition;
- a multiple of over 100 of Japaninvest's 2013 earnings;
- a review of the prospects for sales and earnings of the Japaninvest Group in the current year;
- a price/book multiple of over 30 of the net assets for the Japaninvest Group recorded in the annual report; and
- other economic, market, financial or industry trends.

Based on the above and taking into account the Japaninvest Directors' commercial assessments, West Hill advised the Independent Japaninvest Directors that the terms of the Acquisition were fair and reasonable.

In performing its analysis with respect to the valuation of the ordinary shares of Japaninvest, West Hill has assumed and relied upon, without independent verification, the truth, accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by Japaninvest, as the appropriate basis for its analysis. With respect to the financial projections, West Hill has assumed that they have been reasonably prepared to reflect the best currently available estimates and judgements of the management of Japaninvest of its future financial performance. West Hill has not made, nor has it obtained from any third party, any independent valuation or appraisal of the assets or liabilities (including any off-balance sheet assets and liabilities and contingent liabilities) of Japaninvest or its affiliates.

INFORMATION ON THE GROUP AND JAPANINVEST

Information on the Group

Haitong BVI is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. Its principal activity is investment holding.

The Company was formed in 1996 and was admitted to listing on the Hong Kong Stock Exchange in August of the same year. The principal activities of the Group comprise securities, futures, options and bullion contracts brokerage, the provision of nominee and custodian services, the provision of corporate advisory, placing and underwriting services, the provision of investment management services, the provision of margin financing and

structured financing, trading and market making activities and proprietary securities trading. The Group has a large retail client base and extensive distribution channels, with 12 branches in Hong Kong and Macau.

For the financial year ended 31 December 2013, the Group's revenue was HK\$1,646,800,000. Haitong BVI believes it is therefore well positioned to support the future growth of Japaninvest and offer strategic, financial and operational guidance in delivering this growth.

Information on Japaninvest

Japaninvest is a company incorporated in England and Wales and its shares are listed on the Mothers Market of the Tokyo Stock Exchange.

Japaninvest provides unbiased, detailed and insightful pan-Asia equity research, analysis and sales advice for the benefit of investing clients, in order to generate superior long-term returns to shareholders. In 2010, Japaninvest formed an alliance with Société Générale. The research product is based on a bottom-up fundamental view and is differentiated from the competition through an integrated approach to Japan and Asia and through the quality and depth of the mid and small cap product. Japaninvest has research teams based close to the companies under coverage in Tokyo, Hong Kong and Korea. The product is distributed to institutional investors through Société Générale's global research distribution system. The research is then brokered by Japaninvest's equities sales teams in London, New York, San Francisco, Tokyo and Hong Kong.

Based on the audited financial statements of the Japaninvest Group prepared in accordance with UK GAAP, the consolidated net assets value as at 31 December 2013 and profit before and after tax and extraordinary items for the years ended 31 December 2012 and 2013 were as follows:

	For the year ended 31 December 2012	For the year ended 31 December 2013
	£	£
Profit before tax and extraordinary items	(193,276)	3,745
	(approximately HK\$2,351,290)	(approximately HK\$45,560)
Profit after tax and extraordinary items	(193,276)	105,861
	(approximately HK\$2,351,290)	(approximately HK\$1,287,847)

The unaudited net assets of Japaninvest as at 30 September 2014 are £990,914 (approximately HK\$12,054,915).

To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, each of Japaninvest, Société Générale and their respective ultimate beneficial owner is a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

FINANCIAL ADVISERS

Haitong International Capital Limited is acting for Haitong BVI and the Company and no one else as their main adviser in connection with the Acquisition and will not be responsible to anyone other than Haitong BVI and the Company for providing the protections afforded to clients of Haitong International Capital Limited, or for giving advice in connection with the Acquisition or any matter referred to herein.

ZAI Corporate Finance Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for Haitong BVI and the Company and no one else as their main adviser in connection with the Acquisition and will not be responsible to anyone other than Haitong BVI and the Company for providing the protections afforded to clients of ZAI Corporate Finance Limited, or for giving advice in connection with the Acquisition or any matter referred to herein.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement.

OVERSEAS REGULATORY ANNOUNCEMENTS

As the Acquisition relates to the shares of a company incorporated in England and Wales listed on the Tokyo Stock Exchange and is proposed to be effected by means of a Scheme of Arrangement under the laws of England, Haitong BVI and Japaninvest have prepared an announcement for the purpose of complying with the relevant laws and regulations in the United Kingdom and Japan, respectively. A copy of these announcements is available on the websites of the Company (www.htisec.com) and Japaninvest (www.japaninvest.co.jp).

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2006 Act”	the United Kingdom Companies Act 2006, as amended
“Acquisition”	the acquisition by Haitong BVI of the entire issued and to be issued ordinary share capital of Japaninvest at a price of ¥18,000 (approximately HK\$1,182) per Japaninvest Share to be effected by means of the Scheme (or, subject to the consent of the Panel, a Takeover Offer) including, where the context so requires, any subsequent variation, revision, extension or renewal thereof
“Acquisition Price”	¥18,000 (approximately HK\$1,182) in cash per Japaninvest Share

“Amended Japaninvest Articles”	the articles of association of Japaninvest as at the date of this announcement, as amended to include provisions, in terms approved by Haitong BVI, that avoid any person (other than Haitong BVI or its nominee(s)) remaining as a holder of Japaninvest Shares after the Effective Date, such proposed amendments to be set out in full in the notice of the General Meeting in the Scheme Document
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays, Sundays and public holidays) on which banks are open for business in London, United Kingdom
“Closing Price”	the last trade price of a Japaninvest Share on the Tokyo Stock Exchange on the relevant Trading Day
“Code”	the City Code on Takeovers and Mergers of the United Kingdom
“Company”	Haitong International Securities Group Limited (stock code: 665), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Court”	the High Court of Justice in England and Wales
“Court Meeting”	the meeting of Scheme Shareholders (and any adjournment thereof) to be convened pursuant to an order of the Court under Part 26 of the 2006 Act for the purposes of considering and, if thought fit, approving the Scheme (with or without amendment)
“Court Order”	the order of the Court sanctioning the Scheme
“Depository” or “JASDEC”	Japan Securities Depository Center, Inc
“Depository Arrangement”	the Custody and Book-Entry Transfer Scheme for Foreign Stocks managed and operated by JASDEC
“Directors”	directors of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms
“Executive Directors”	Rupert Eastwood, Mark Burges Watson, Lisa Fox and Peter Goodfellow

“FCA”	the United Kingdom Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the FSMA
“FIEA”	Financial Instruments and Exchange Act of Japan, as amended
“FINRA”	the United States’ Financial Industry Regulatory Authority
“Forms of Proxy”	the forms of proxy for use at the Court Meeting and the General Meeting
“FSMA”	the United Kingdom Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of Japaninvest Shareholders (including any adjournment thereof) to be convened in connection with the Scheme
“General Meeting Resolutions”	the resolutions to be proposed at the General Meeting
“Group”	the Company and its subsidiaries
“Haitong BVI”	Haitong International (BVI) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Japaninvest Directors”	all the Japaninvest Directors other than the Executive Directors and Stephane Loiseau (a Japaninvest Director and Société Générale employee)
“Japaninvest”	Japaninvest Group plc, a company incorporated in England and Wales and the shares of which are listed on the Tokyo Stock Exchange
“Japaninvest Directors”	the directors of Japaninvest as at the date of this announcement except for Stephane Loiseau (a Japaninvest Director and Société Générale employee) or, where the context so requires, the directors of Japaninvest from time to time except for Stephane Loiseau

“Japaninvest Group”	Japaninvest, its subsidiaries and subsidiary undertakings
“Japaninvest Share Schemes”	the staff share option scheme, staff stock grant scheme and long term incentive plan of Japaninvest
“Japaninvest Shareholders”	holders of Japaninvest Shares
“Japaninvest Shares”	ordinary shares of £1.00 each in the capital of Japaninvest
“JASDEC Holder”	the beneficial owner of a Japaninvest Share, legal title to which is held by the Depositary pursuant to the Depositary Arrangement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“Panel”	the Panel on Takeovers and Mergers of the United Kingdom
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Scheme” or “Scheme of Arrangement”	the proposed scheme of arrangement under Part 26 of the 2006 Act to be posted by Japaninvest to the Scheme Shareholders, the full terms of which will be set out in the Scheme Document (with or subject to applicable modification, addition or condition which Haitong BVI and Japaninvest may agree, and if required, the Court may approve or impose)
“Scheme Court Hearing”	the hearing of the Court to sanction the Scheme
“Scheme Document”	the document to be sent by Japaninvest to Japaninvest Shareholders and JASDEC Holders containing and setting out the Scheme, the notices convening the Court Meeting and the General Meeting and the further particulars as required by Part 26 of the 2006 Act
“Scheme Record Time”	the time and the date specified as such in the Scheme Document, expected to be 6:00 p.m. (London time) on the Business Day immediately preceding the date on which the Scheme Court Hearing occurs
“Scheme Shareholders”	holders of the Scheme Shares

“Scheme Shares”	the Japaninvest Shares in issue at the date of the Scheme Document and certain other Japaninvest Shares issued, excluding any Japaninvest Shares which are registered in the name of or beneficially owned by Haitong BVI or its subsidiaries and subsidiary undertakings or its nominee(s) and any Japaninvest Shares held in treasury
“SFC”	the Securities and Futures Commission of Hong Kong
“Société Générale”	Société Générale, a bank incorporated in France
“Takeover Offer”	should the Acquisition be implemented by way of a takeover offer (as defined in Chapter 3 of Part 28 of the 2006 Act), a takeover offer made by Haitong BVI and/or a member of the Group (as agreed with the Panel) to acquire the issued and to be issued Japaninvest Shares and, where the context so requires, any revision, variation, extension or renewal of such offer
“Tokyo Stock Exchange”	the stock exchange in Tokyo, Japan
“Trading Day”	a day on which the Tokyo Stock Exchange is open for business
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK GAAP”	United Kingdom Generally Accepted Accounting Practice
“United States”	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
“US\$”	United States dollars, the lawful currency of the United States
“West Hill”	West Hill Corporate Finance Limited, the independent financial adviser and third party appraiser
“¥”	Japanese Yen, the lawful currency of Japan
“£”	Pounds sterling, the lawful currency of the United Kingdom

For the purposes of this announcement, the exchange rates of HK\$1 = ¥15.2328, HK\$1 = £0.0822 and HK\$1 = US\$0.1289 have been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

By order of the Board
Haitong International Securities Group Limited
LAU Yik Chi
Company Secretary

Hong Kong, 26 November 2014

As at the date of this announcement, the Board comprises Mr. JI Yuguang (Chairman), Mr. LI Jianguo (Deputy Chairman), Mr. LIN Yong (Deputy Chairman and Managing Director), Mr. POON Mo Yiu, Mr. HUI Yee Wilson, Mr. CHENG Chi Ming Brian*, Ms. WANG Meijuan*, Mr. TSUI Hing Chuen William**, Mr. LAU Wai Piu**, Mr. LIN Ching Yee Daniel** and Mr. WEI Kuo-chiang**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*