



海天水电
HaiTian Hydropower

HAITIAN HYDROPOWER INTERNATIONAL LIMITED

海天水电國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8261)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

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This announcement, for which the directors (the “Directors”) of Haitian Hydropower International Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and responsible.

FINANCIAL HIGHLIGHT

- Turnover for the nine months ended 30 September 2015 amounted to approximately RMB132.3 million (same period in 2014: approximately RMB36.6 million), representing an increase of 261.5% as compared with the corresponding period in 2014.
- Gross profit for the nine months ended 30 September 2015 amounted to approximately RMB85.3 million (same period in 2014: approximately RMB29.4 million), representing an increase of 190.1% as compared with the corresponding period in 2014.
- The profit and total comprehensive income attributable to owners of the Company for the nine months ended 30 September 2015 was approximately RMB28.4 million compared to that of approximately RMB12.8 million for the corresponding period in 2014.
- Basic and diluted earnings per share for the nine months ended 30 September 2015 amounted to RMB1.39 cents (same period in 2014: RMB0.64 cents) and RMB1.28 cents (same period in 2014: RMB0.64 cents) respectively.
- The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2015.

THIRD QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of the Company announces herewith the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2015, together with the comparative unaudited figures in the corresponding period of last year, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2015

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2015	2014	2015	2014
		RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	4	59,247	16,759	132,293	36,626
Cost of sales		(17,843)	(2,627)	(47,011)	(7,189)
Gross profit		41,404	14,132	85,282	29,437
Other income	6	558	930	1,363	1,033
Administrative expenses		(4,426)	(2,171)	(12,443)	(4,745)
Other operating expenses		(23)	(174)	(147)	(174)
Finance costs	7	(6,063)	(3,726)	(29,092)	(7,891)
Profit before tax		31,450	8,991	44,963	17,660
Income tax expense	8	(7,208)	(2,582)	(11,629)	(4,892)
Profit and total comprehensive income for the period	9	24,242	6,409	33,334	12,768
Profits and total comprehensive income for the period attributable to:					
Owners of the Company		21,398	6,409	28,417	12,768
Non-controlling interests		2,844	–	4,917	–
Earnings per share (RMB cents)	11				
Basic		1.01	0.32	1.39	0.64
Diluted		0.96	0.32	1.28	0.64

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2015

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Special reserve	Convertible	Statutory reserve	Capital reserve	Retained profits	Total		
					notes reserve						
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015 (audited)	8,156	48,782	362	48,622	3,477	6,270	24	52,034	167,727	39,371	207,098
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	28,417	28,417	4,917	33,334
Issue of shares upon conversion of convertible notes	727	90,755	-	-	(3,477)	-	-	-	88,005	-	88,005
At 30 September 2015 (unaudited)	<u>8,883</u>	<u>139,537</u>	<u>362</u>	<u>48,622</u>	<u>-</u>	<u>6,270</u>	<u>24</u>	<u>80,451</u>	<u>284,149</u>	<u>44,288</u>	<u>328,437</u>
At 1 January 2014 (audited)	8,156	48,782	362	48,622	-	3,397	24	13,063	122,406	-	122,406
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	12,768	12,768	-	12,768
At 30 September 2014 (unaudited)	<u>8,156</u>	<u>48,782</u>	<u>362</u>	<u>48,622</u>	<u>-</u>	<u>3,397</u>	<u>24</u>	<u>25,831</u>	<u>135,174</u>	<u>-</u>	<u>135,174</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2015

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 August 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The immediate holding company of the Company is Victor River Limited and the ultimate controlling party of the Company is Mr. Lin Yang. The addresses of the registered office and the principal place of business of the Company in Hong Kong are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 36/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong respectively.

The shares of the Company were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group is principally engaged in hydropower generation and provision of operating and repair and maintenance services for hydropower plants.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company and its subsidiaries. RMB is the currency of the primary economic environment in which the principal subsidiaries of the Company operate (the functional currency of the principal subsidiaries).

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the nine months ended 30 September 2015 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the condensed consolidated financial statements for the nine months ended 30 September 2015 were consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

4. TURNOVER

Turnover represents the net amounts received and receivable for electricity sold, repair and maintenance services rendered by the Group to outside customers, net of sales related taxes.

Analysis of the Group's revenue for the period is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnover				
Sales of electricity	59,172	15,610	127,973	35,477
Provision of repair and maintenance services	75	1,149	4,320	1,149
	<u>59,247</u>	<u>16,759</u>	<u>132,293</u>	<u>36,626</u>

5. SEGMENT INFORMATION

Information reported to the chief operating decision maker (i.e. the Board), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are the same and maintain reported as follows:

Hydropower generation	–	The operation of hydropower plants in the People's Republic of China (the "PRC")
Hydropower operation service	–	The provision of operating and repair and maintenance services for hydropower plants in the PRC

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segment.

Nine months ended 30 September

	Hydropower generation		Hydropower operation service		Consolidated	
	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)	2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)
Segment revenue						
Sales to external customers	127,973	35,477	4,320	1,149	132,293	36,626
Inter-segment sales	—	—	4,851	—	4,851	—
Segment revenue	<u>127,973</u>	<u>35,477</u>	<u>9,171</u>	<u>1,149</u>	<u>137,144</u>	<u>36,626</u>
Eliminations					(4,851)	—
Group revenue					<u>132,293</u>	<u>36,626</u>
Segment results	<u>70,166</u>	<u>26,523</u>	<u>4,445</u>	<u>47</u>	<u>74,611</u>	<u>26,570</u>
Unallocated corporate income					1,739	772
Unallocated expenses					(2,295)	(1,791)
Finance costs					(29,092)	(7,891)
Profit before tax					<u>44,963</u>	<u>17,660</u>

Segment results represent the results of each segment without allocation of certain other income, central administration costs, directors' remuneration and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged with reference to market prices.

(b) **Information about geographical areas**

As all the Group's turnover is derived from customers based in the PRC (country of domicile) and all the Group's non-current assets are located in the PRC, no geographical information is presented.

6. OTHER INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	87	645	538	692
Gain on disposal of property, plant and equipment	–	–	11	–
Net exchange gain	–	24	–	80
Government grant (<i>Note</i>)	30	–	373	–
Management services income	–	261	–	261
Waive of interests on convertible notes	376	–	376	–
Net gain on early repayment of amount due to former beneficial owner of a subsidiary	65	–	65	–
	<u>558</u>	<u>930</u>	<u>1,363</u>	<u>1,033</u>

Note: Government grant is received from local government authority of which the Group fulfilled all conditions or contingencies relating to such subsidy.

7. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on financial liabilities wholly repayable within five years:				
Convertible notes	(2,695)	–	796	–
Debentures	485	–	1,434	–
Obligations under finance leases	3,139	2,045	10,277	2,167
Amount due to former beneficial owner of a subsidiary	–	–	850	–
Unsecured other borrowing	129	–	406	–
Interests on financial liabilities not wholly repayable within five years:				
Secured bank borrowings	5,005	1,681	15,329	5,724
	<u>6,063</u>	<u>3,726</u>	<u>29,092</u>	<u>7,891</u>

8. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

The charge comprises:

PRC Enterprise Income Tax (“EIT”)	7,552	2,673	12,660	5,063
Deferred taxation	(344)	(91)	(1,031)	(171)
	<u>7,208</u>	<u>2,582</u>	<u>11,629</u>	<u>4,892</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) No provision for Hong Kong Profits Tax has been made for the subsidiaries established in Hong Kong as the subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax during both periods.
- (iii) Under the Law of the PRC on EIT and implementation regulation of the EIT Law, the tax rate of all subsidiaries established in the PRC is 25% during both periods.

9. PROFIT FOR THE PERIOD

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

Profit for the period has been arrived

at after charging:

Depreciation of property, plant and equipment

6,060 1,856 **19,548** 4,802

Amortisation of prepaid lease payments

(included in cost of sales) **119** 95 **363** 275

Amortisation of intangible assets

105 53 **311** 162

Operating lease charges in respect of

properties **56** 40 **119** 108

Net exchange loss

1,056 – **1,637** –

10. DIVIDEND

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2015 (same period in 2014: Nil).

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings				
Earnings for the purpose of basic earnings				
per share for the period attributable to the owners of the Company	21,398	6,409	28,417	12,768
Waive of interests on convertible notes	(376)	–	(376)	–
Earnings for the purpose of diluted earnings per share	21,022	6,409	28,041	12,768
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,120,174	2,000,000	2,041,524	2,000,000
Convertible notes	63,826	–	142,476	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,184,000	2,000,000	2,184,000	2,000,000

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings per share (<i>RMB cents</i>)				
Basic	1.01	0.32	1.39	0.64
Diluted	<u>0.96</u>	<u>0.32</u>	<u>1.28</u>	<u>0.64</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share subdivision on 26 May 2015.

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the three months and nine months ended 30 September 2014.

12. EVENTS AFTER THE REPORTING PERIOD

There was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the period under review. Save for the extension development of Jiulong Hydropower Plant as disclosed under Business Review of this announcement, there is no plan for material investments or capital assets as at 30 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Operating Hydropower Plants

The Group is principally engaged in the hydropower generation, operation and management of hydropower plants in the PRC which were either developed by itself or acquired from other parties. As at 30 September 2015, the Group possessed two 110 kV electricity transmission lines with total length of 190 km and eleven (seven wholly-owned and four non wholly-owned) hydropower plants, namely, Ma Tou Shan Hydropower Plant, Qianping Hydropower Plant, Jiulong Hydropower Plant, Ningde Jinxi-I Hydropower Plant, Fu'an Jiulong-I Hydropower Station, Fu'an Jiulong-II Hydropower Station, Xiadongxi Hydropower Plant, Liuchai Hydropower Plant, Kengdou Hydropower Plant, Cheling-II Hydropower Plant, and Huangqiling-II Hydropower Plant in Fujian Province in the PRC. The total installed capacity of the Group attributable to the Group's equity interests in the various hydropower plants mentioned above amounted to approximately 88.67 MW.

Repair and Maintenance Services

As at 30 September 2015, the Group also owned a subsidiary engaging in the provision of hydropower operation services and repair and maintenance services, namely, Shouning Guangyuan Hydropower Operation Management Co., Ltd. (壽寧縣廣源水電營運有限公司) (“Guangyuan Hydropower”).

Extension Development of Jiulong Hydropower Plant

As at 30 September 2015, the preliminary approval work for the extension project of Zhouning County Jiulong Hydropower Plant was basically completed. Currently, so long as the approval documents for such project are obtained from Fujian Development and Reform Commission, the mainframe construction of such project can commence immediately. It is expected that the mainframe construction will need 18 months to complete.

Acquisition of Hydropower Plants

As a core of expansion strategy, the Group continues to seek for acquiring small and medium-size hydropower plants with attractive return and appreciation potential. During the nine months ended 30 September 2015, no acquisition of hydropower plant was completed. However, the Group has identified a few potential hydropower plants in Fujian Province and conducted preliminary reviews and feasibility studies.

Financial Review

Turnover

The Group recorded a turnover of approximately RMB132.3 million (including approximately RMB128.0 million, or 96.7% of the total turnover for hydropower generation and RMB4.3 million or 3.3% of the total turnover for provision of hydropower operation service) for the nine months ended 30 September 2015, representing a 261.5% increase as compared to approximately RMB36.6 million for the corresponding period in 2014. Such significant increase was mainly due to the completion of the acquisition of Fujian Haitian Huajin Huifu Energy Development Co., Ltd. (“Huajin Huifu”) on 15 December 2014. Huajin Huifu and its subsidiaries contributed approximately 65.0% of the Group’s total turnover for the nine months ended 30 September 2015.

Gross Profit and Gross Profit Margin

The Group achieved a gross profit of approximately RMB85.3 million for the nine months ended 30 September 2015 (same period in 2014: approximately RMB29.4 million) representing an increase of 190.1% as compared to that for the corresponding period in 2014. Cost of sales increased from approximately RMB7.2 million for the nine months ended 30 September 2014 to approximately RMB47.0 million for the nine months ended 30 September 2015. Gross profit margin, calculated as gross profit divided by turnover, for the nine months ended 30 September 2015 amounted to 64.5% (same period in 2014: 80.3%). Such decrease was mainly due to the fact that on top of selling its own generated electricity, Huajin Huifu and its subsidiaries also sold electricity purchased from third parties and the gross profit margin of such trading activity was relatively lower than that of selling own generated electricity. During the period under review, the cost of sales mainly included depreciation, direct salaries, operation fees, water resource fees and purchase of electricity. The 553.9% increase of cost of sales for the nine months ended 30 September 2015 compared to the last corresponding period was mainly due to the acquisition of the new hydropower plants in December 2014.

Administrative Expenses

The administrative expenses of the Group primarily comprised professional fees and staff costs. For the nine months ended 30 September 2015, the Group’s administrative expenses increased to approximately RMB12.4 million compared to approximately RMB4.7 million for the corresponding period of last year, representing an increase of approximately 163.8%. The administrative expenses increased mainly due to the acquisition of new hydropower plants in December 2014.

Finance Costs

The finance costs of the Group represented interest expenses on bank borrowings, other borrowing, debentures, convertible notes, finance charges on obligations under finance leases and amount due to former beneficial owner of a subsidiary. For the nine months ended 30 September 2015, finance costs recorded by the Group increased to approximately RMB29.1 million compared to approximately RMB7.9 million for the corresponding period of last year. The increase in finance costs was mainly due to the increased borrowings including bank borrowings, other borrowing, debentures, and obligation under finance leases during the second half year of 2014 for financing the acquisition of Huajin Huifu.

Income Tax Expense

Owing to increased profit in certain subsidiaries, the income tax expense of the Group increased by 136.7% from approximately RMB4.9 million for the nine months ended 30 September 2014 to approximately RMB11.6 million for the nine months ended 30 September 2015.

Profit and Total Comprehensive Income

Owing to increased profit in certain subsidiaries, the profit and total comprehensive income of the Group increased by 160.2% from approximately RMB12.8 million for the nine months ended 30 September 2014 to approximately RMB33.3 million for the nine months ended 30 September 2015.

Outlook

The Group has got rapid development in recent years, the enterprise strategy and management principles have made qualitative leap, it has grown into an excellent hydropower energy company integrating with investment, construction, power generation operation and management. Looking ahead, the Group will continue to seek and acquire small and medium-size hydropower plants with promising outlooks and appreciation potential. Since the “One Belt and One Road” (“壹帶壹路”) strategy encourages the development of the key landmark projects along the route, such as traffic, electric power communication etc., the implementation of the national strategy “One Belt and One Road”, is not only a milestone to realise the Chinese dream of national rejuvenation but also a huge opportunity for the Group to realise international development. As an outstanding enterprise, the Group is committed to international development. The Chairman of the Board, Mr. Lin Yang, explicitly indicates that with the opportunity of national development strategy “One Belt and One Road”, the Group must implement the strategy of “Going Out”, integrate global resources, actively carry out cross-border mergers and acquisitions, and extensively cooperate with foreign excellent electric power enterprises along the “One Belt and One Road” as well as the enterprises in America and Europe. The investment scope will include: mergers and acquisitions of the power stations and the electric power enterprises, new power station investment and construction, grid project investment, advanced electricity generation and transmission technology, and clean energy technology research and development etc. Focusing on hydropower, and actively

developing clean sustainable and renewable energy sources such as wind, solar, etc., the Group will gradually form the integration of energy and resources industry chain. At the same time, the Group will strive to optimize the operation and management of its existing projects and accelerate the acquisition of and facilitate the operation and management of newly-acquired projects, in an effort to improve the performance of its existing businesses.

Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investment or Capital Assets

There was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the period under review. Save for the extension development of Jiulong Hydropower Plant as disclosed under Business Review of this announcement, there is no plan for material investments or capital assets as at 30 September 2015.

Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 September 2015, the interest and short position of the Directors and chief executive of the Company in the shares, underlying shares or debenture of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO; to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the shares of the Company (“Shares”)

Name of Director	Nature of interest	Number of Shares held	Approximate shareholding percentage (%)
Mr. Lin Yang (“Mr. Lin”) <i>(Note)</i>	Interest of controlled corporation	1,500,000,000 Shares	68.68

Note: 1,500,000,000 Shares are held by Victor River Limited (“Victor River”), which is wholly and beneficially owned by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the Shares held by Victor River under the SFO.

Save for disclosed above, as at 30 September 2015, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Interests and Short Positions of Substantial Shareholders and Other Persons in Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 30 September 2015, other than a Director or chief executive of the Company whose interests or short positions are disclosed under the paragraph headed “Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, the following persons had interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in the Shares

Name of Shareholder	Nature of interest	Number of Shares held	Approximate shareholding percentage (%)
Victor River (<i>Note 1</i>)	Beneficial owner	1,500,000,000 Shares	68.68
Ms. Chen Congling (<i>Note 1</i>)	Interest of spouse	1,500,000,000 Shares	68.68
Haitong Securities Co., Ltd.	Interest of controlled corporation	152,000,000 Shares (<i>Notes 2 and 3</i>)	6.96
Haitong International Holdings Limited	Interest of controlled corporation	152,000,000 Shares (<i>Notes 2 and 3</i>)	6.96
Haitong International Securities Group Limited	Interest of controlled corporation	152,000,000 Shares (<i>Notes 2 and 3</i>)	6.96

Notes:

1. Victor River is wholly and beneficially owned by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 1,500,000,000 Shares held by Victor River under the SFO. Ms. Chen Congling is the spouse of Mr. Lin. Under the SFO, Ms. Chen Congling is deemed to be interested in the 1,500,000,000 Shares owned by Mr. Lin through Victor River.
2. These Shares/underlying Shares comprise (i) 112,000,000 Shares issued to Haitong International Financial Products Limited upon the conversion of the convertible notes on 21 August 2015; and (ii) 40,000,000 Shares issued to Haitong International Financial Solutions Limited upon the conversion of the convertible notes on 24 June 2015.
3. Each of Haitong International Financial Solutions Limited and Haitong International Financial Products Limited is wholly-owned by Haitong International Finance Company Limited, which is in turn a wholly-owned subsidiary of Haitong International (BVI) Limited. Haitong International (BVI) Limited is wholly-owned by Haitong International Securities Group Limited, which is owned as to 59.05% by Haitong International Holdings Limited, a wholly-owned subsidiary of Haitong Securities Co., Ltd.. Accordingly, each of Haitong International Finance Company Limited, Haitong International (BVI) Limited, Haitong International Securities Group Limited, Haitong International Holdings Limited and Haitong Securities Co., Ltd. is deemed to be interested in the total number of 152,000,000 Shares/ underlying Shares held by Haitong International Financial Solutions Limited and Haitong International Financial Products Limited under the SFO.

Save for disclosed above, as at 30 September 2015, the Directors were not aware of any other person (other than the Directors or chief executive as disclosed in the paragraph headed “Interests and Short Positions of the Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above) who had, or deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors’ Interests in Competing Business

As far as the Directors are aware of, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the period under review.

Purchase, Sales or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company during the nine months ended 30 September 2015.

Share Option Scheme

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operation. Since the Scheme has become effective on 19 June 2013 and during the period under review, no share options were granted, exercised or cancelled by the Company under the Scheme. There were no outstanding share options under the Scheme as at 30 September 2015.

Code on Corporate Governance Practice

The Company has applied and adopted the principles of Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the “CG Code”) throughout the period under review. During the nine months ended 30 September 2015, the Company has complied with the code provisions as set out in the CG Code.

Code of Conduct for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors (the “Code”) on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code throughout the period under review.

Audit Committee

The Audit Committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the unaudited third quarterly financial results and the third quarterly report of the Group for the nine months ended 30 September 2015. The Audit Committee is of opinion that the condensed consolidated financial statements of the Group for the nine months ended 30 September 2015 comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

On behalf of the Board
Haitian Hydropower International Limited
Lin Yang
Chairman and Executive Director

Fujian Province, the PRC, 13 November 2015

At the date of this announcement, the Board comprises four executive Directors, namely Mr. Lin Yang, Mr. Zheng Xuesong, Mr. Chen Congwen and Mr. Lin Tian Hai; and three independent non-executive Directors, namely Mr. Cheng Chuhan, Mr. Chan Kam Fuk and Mr. Xie Zuomin.