



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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

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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 HIGHLIGHTS

- Turnover for the three months ended 31 March 2016 amounted to approximately RMB51.9 million (2015: RMB27.8 million), representing an increase of 86.7% as compared with the corresponding period in 2015.
- Gross profit for the three months ended 31 March 2016 amounted to approximately RMB31.6 million (2015: RMB17.3 million), representing an increase of 82.7% as compared with the corresponding period in 2015.
- The profit and total comprehensive income attributable to owners of the Company for the three months ended 31 March 2016 was approximately RMB7.3 million compared to a profit of approximately RMB1.0 million for the corresponding period in 2015.
- Basic and diluted earnings per share for the three months ended 31 March 2016 amounted to RMB0.32 cents (2015: RMB0.05 cents).
- The Directors do not recommend the payment of any dividend for the three months ended 31 March 2016.

FIRST 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 three months ended 31 March 2016, 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 ended 31 March 2016

	Notes	Three months ended 31 March	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Turnover	4	51,876	27,808
Cost of sales		<u>(20,319)</u>	<u>(10,537)</u>
Gross profit		31,557	17,271
Other income	6	354	338
Administrative expenses		(3,379)	(3,944)
Finance costs	7	(12,936)	(11,208)
Other operating expenses		<u>(269)</u>	<u>(83)</u>
Profit before tax		15,327	2,374
Income tax expense	8	<u>(5,180)</u>	<u>(1,565)</u>
Profit and total comprehensive income for the period	9	<u>10,147</u>	<u>809</u>
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company		7,302	965
Non-controlling interests		<u>2,845</u>	<u>(156)</u>
		<u>10,147</u>	<u>809</u>
Earnings per share (RMB cents)	11		
Basic		0.32	0.05
Diluted		<u>0.32</u>	<u>0.05</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016

	Attributable to owners of the Company											Total
	Share capital	Share premium	Other reserve	Special reserve	Equity	Convertible	Statutory reserve	Capital reserve	Retained profits	Total	Non-controlling interests	
					transaction reserve	notes reserve						
	RMB'000	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 2016 (audited)	8,883	139,325	362	48,622	(1,127)	-	16,851	24	88,432	301,372	47,087	348,459
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	7,302	7,302	2,845	10,147
Issue of shares upon placing of shares	420	83,586	-	-	-	-	-	-	-	84,006	-	84,006
Transaction cost attributable to issue of shares upon placing of shares	-	(57)	-	-	-	-	-	-	-	(57)	-	(57)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,450)	(1,450)
At 31 March 2016 (unaudited)	<u>9,303</u>	<u>222,854</u>	<u>362</u>	<u>48,622</u>	<u>(1,127)</u>	<u>-</u>	<u>16,851</u>	<u>24</u>	<u>95,734</u>	<u>392,623</u>	<u>48,482</u>	<u>441,105</u>
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(loss) and total comprehensive income for the period	-	-	-	-	-	-	-	-	965	965	(156)	809
At 31 March 2015 (unaudited)	<u>8,156</u>	<u>48,782</u>	<u>362</u>	<u>48,622</u>	<u>-</u>	<u>3,477</u>	<u>6,270</u>	<u>24</u>	<u>52,999</u>	<u>168,692</u>	<u>39,215</u>	<u>207,907</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2016

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, a company incorporated in the British Virgin Islands (“BVI”), 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 (the “Shares”) have been 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, provision of operating and repair and maintenance services for hydropower plants and trading of electricity.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company. 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 three months ended 31 March 2016 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 accounting policies adopted in preparing the condensed consolidated financial statements for the three months ended 31 March 2016 were consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

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	
	31 March	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Turnover		
Sales of electricity	51,876	23,563
Provision of repair and maintenance services	—	4,245
	<u>51,876</u>	<u>27,808</u>

5. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker, 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
Hydropower trading	–	Trading of electricity

(a) **Segment revenue and results**

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

Three months ended 31 March

	Hydropower generation		Hydropower trading		Hydropower operation service		Total	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Segment revenue								
Sales to external customers	40,612	17,803	11,264	5,760	-	4,245	51,876	27,808
Inter-segment sales	-	-	-	-	1,769	1,364	1,769	1,364
Segment revenue	<u>40,612</u>	<u>17,803</u>	<u>11,264</u>	<u>5,760</u>	<u>1,769</u>	<u>5,609</u>	<u>53,645</u>	<u>29,172</u>
Eliminations							(1,769)	(1,364)
Group revenue							<u>51,876</u>	<u>27,808</u>
Segment results	<u>25,080</u>	<u>8,696</u>	<u>3,833</u>	<u>2,773</u>	<u>335</u>	<u>4,096</u>	<u>29,248</u>	<u>15,565</u>
Unallocated corporate income							354	327
Unallocated expenses							(1,339)	(2,310)
Finance costs							(12,936)	(11,208)
Profit before tax							<u>15,327</u>	<u>2,374</u>

Segment results represents the profit earned by each segment without allocation of 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	
	31 March	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	345	327
Gain on disposal of property, plant and equipment	–	11
Rental income (net of outgoings: nil)	9	–
	<u>354</u>	<u>338</u>

7. FINANCE COSTS

	Three months ended	
	31 March	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interests on financial liabilities wholly repayable within five years:		
Interest expense on convertible notes	–	1,548
Debentures	504	475
Finance charges on obligations under finance leases	2,629	3,277
Former beneficial owner of a subsidiary	–	837
Unsecured other borrowing	–	246
Interests on financial liabilities not wholly repayable within five years:		
Secured bank borrowings	9,803	4,825
Total borrowing costs	<u>12,936</u>	<u>11,208</u>

8. INCOME TAX EXPENSE

Three months ended	
31 March	
2016	2015
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

The charge comprises:

PRC Enterprise Income Tax ("EIT")	5,557	1,909
Deferred taxation	<u>(377)</u>	<u>(344)</u>
	<u>5,180</u>	<u>1,565</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and 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	
31 March	
2016	2015
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

Profit for the period has been arrived at after charging:

Depreciation	6,123	6,679
Amortisation of prepaid lease payments (included in cost of sales)	122	122
Amortisation of intangible assets	189	103
Operating lease charges in respect of properties	336	35
Net exchange loss	<u>51</u>	<u>45</u>

10. DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2016.

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	
	31 March	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	7,302	965
Interest expense on convertible notes	—	1,548
	<hr/>	<hr/>
Earnings for the purpose of diluted earnings per share	<u>7,302</u>	<u>2,513</u>

	Three months ended	
	31 March	
	2016	2015
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,247,736	2,000,000
Convertible notes	—	184,000
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,247,736</u>	<u>2,184,000</u>

11. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share was same as the basic earnings per share for the three months ended 31 March 2016 as there was no potential ordinary shares outstanding during the three months ended 31 March 2016.

Diluted earnings per share was same as the basic earnings per share for the three months ended 31 March 2015, as the conversion of the Company's outstanding convertible notes would result in an increase in earnings per share for the three months ended 31 March 2015.

12. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 13 April 2016, the Company announced that the Company wishes to put forward to the shareholders of the Company (the "Shareholders") a proposal of share subdivision on the basis that every one (1) issued and unissued share of par value of HK\$0.005 each in the share capital of the Company be subdivided into four (4) subdivided shares of par value of HK\$0.00125 each. The Company also proposes that subject to and upon the share subdivision becoming effective, the board lot size will be changed from 4,000 existing shares to 8,000 subdivided shares. And the Board proposes to change the English name of the Company from "Haitian Hydropower International Limited" to "Haitian Energy International Limited" and its Chinese name from "海天水電國際有限公司" to "海天能源國際有限公司".

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Hydropower Operation

The Group is principally engaged in the hydropower generation, trading of electricity, and operation and management of hydropower plants in the PRC which were either developed by itself or acquired from other parties. As at 31 March 2016, 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 31 March 2016, the Group also owns 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).

Extension Development of Jiulong Hydropower Plant

As at 31 March 2016, 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.

The Director estimated that the total construction period is 20 months according to the design proposal in the feasibility study report on the project, and the construction unit, together with other project participants, such as the main construction unit, will assure that total construction work is completed within the period of 20 months, and strive to achieve the completion ahead of schedule and integrate the project into the power grid as soon as possible, so that the project can realize an income from electricity generation of the new power station in the same month.

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 three months ended 31 March 2016, 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 RMB51.9 million (including approximately RMB40.6 million for hydropower generation and RMB11.3 million for hydropower trading) for the three months ended 31 March 2016, representing a 86.7% increase as compared to approximately RMB27.8 million for the same period in 2015. Such increase was mainly due to the increase in precipitation in Shouning County and Zhouning County in Fujian Province during the three months ended 31 March 2016 and the on-grid tariff for certain hydropower plants was increased in the second half of 2015.

Gross Profit and Gross Profit Margin

The Group achieved a gross profit of approximately RMB31.6 million for the three months ended 31 March 2016 (2015: RMB17.3 million) representing an increase of 82.7% as compared to that for the corresponding period in 2015. Cost of sales increased from approximately RMB10.5 million for the three months ended 31 March 2015 to approximately RMB20.3 million for the three months ended 31 March 2016. Gross profit margin, calculated as gross profit divided by turnover, for the three months ended 31 March 2016 amounted to 60.9% (2015: 62.2%), which was relatively stable as compare to the same period in 2015. During the period under review, the cost of sales mainly included depreciation, direct salaries, operation fees, water resource fees and purchase of electricity,

Administrative Expenses

The administrative expenses of the Group primarily comprised legal and professional fees and staff costs. For the three months ended 31 March 2016, the Group's administrative expenses slightly decreased to approximately RMB3.4 million compared to approximately RMB3.9 million for the corresponding period in 2015.

Finance Costs

The finance costs of the Group represented interest expenses on bank borrowings, debentures and finance charges on obligations under finance leases. For the three months ended 31 March 2016, finance costs recorded by the Group increased to approximately RMB12.9 million compared to approximately RMB11.2 million for the corresponding period of last year. The increase in finance costs was mainly due to the increased borrowings including bank borrowings during the year ended 31 December 2015.

Income Tax Expense

Owing to increased profit in certain subsidiaries, the income tax expense of the Group increased by 225.0% from approximately RMB1.6 million for the three months ended 31 March 2015 to approximately RMB5.2 million for the three months ended 31 March 2016.

Profit and Total Comprehensive Income

In line with the significant increase in the Group's turnover and gross profit, the profit and total comprehensive income of the Group increased by 630.0% from approximately RMB1.0 million for the three months ended 31 March 2015 to approximately RMB7.3 million for the three months ended 31 March 2016.

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.

Events after the Reporting Period

As disclosed in the Company's announcement dated 13 April 2016, the Company announced that the Company wishes to put forward to the Shareholders a proposal of share subdivision on the basis that every one (1) issued and unissued share of par value of HK\$0.005 each in the share capital of the Company be subdivided into four (4) subdivided shares of par value of HK\$0.00125 each. The Company also proposes that subject to and upon the share subdivision becoming effective, the board lot size will be changed from 4,000 existing shares to 8,000 subdivided shares. And the Board proposes to change the English name of the Company from "Haitian Hydropower International Limited" to "Haitian Energy International Limited" and its Chinese from "海天水電國際有限公司" to "海天能源國際有限公司".

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 31 March 2016, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 and 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

Number of Director	Nature of interest	Number of Shares held	Approximate shareholding percentage (%)
Mr. Lin Yang ("Mr. Lin") (Note)	Interest of controlled corporation	1,500,000,000 Shares	65.67

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.

Saved as disclosed above, as at 31 March 2016, 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 31 March 2016, 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 positions in the Shares or underlying Shares 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:

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	65.67
Ms. Chen Congling (<i>Note 1</i>)	Interest of spouse	1,500,000,000 Shares	65.67
Bright Century Resources Ltd. (<i>Note 2 and 3</i>)	Beneficial owner, person having a security interest in Shares and other	320,010,000 Shares	14.01
China Orient Asset Management Corporation (<i>Note 2</i>)	Interest of controlled corporation	320,010,000 Shares	14.01
Dong Yin Development (Holdings) Limited (<i>Note 2</i>)	Interest of controlled corporation	320,010,000 Shares	14.01
Haitong International Investment Fund SPC – Fund I SP	Interest of controlled corporation	151,536,000 Shares	6.63

Note:

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. Bright Century Resources Ltd. is wholly owned by Dong Yin Development (Holdings) Limited and Dong Yin Development (Holdings) Limited is wholly owned by China Orient Asset Management Corporation.
3. The Shares held by Bright Century Resources Ltd. are held in the capacities of beneficial owner (relating to 100,000,000 Shares), person having a security interest in Shares (relating to 120,010,000 Shares) and other (relating to 100,000,000 Shares).

Saved as disclosed above, as at 31 March 2016, 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 during the three months ended 31 March 2016.

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, no share options were granted, exercised or cancelled by the Company under the Scheme during the period under review and there were no outstanding share options under the Scheme as at 31 March 2016.

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 three months ended 31 March 2016, 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 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 required standards of dealings throughout the period under review.

Audit Committee

The audit committee of the Company (the “Audit Committee”) 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 first quarterly financial results and first quarterly report of the Group for the three months ended 31 March 2016. The Audit Committee is of opinion that the unaudited first quarterly financial results of the Group for the three months ended 31 March 2016 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, 26 April 2016

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.

This announcement will remain on the “Latest Company Announcement” page of the website of GEM at www.hkgem.com for at least 7 days from the date of its posting and on the website of Company at www.haitianhydropower.com.