HAITIAN ENERGY INTERNATIONAL LIMITED
海天能源國際有限公司

(formerly known as "Haitian Hydropower International Limited 海天水電國際有限公司")

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8261)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Haitian Energy 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB128.3 million for the six months ended 30 June 2016 (2015: RMB73.0 million), representing an increase of 75.8% as compared with corresponding period in 2015.

- Profit attributable to owners of the Company for the six months ended 30 June 2016 amounted to approximately RMB27.4 million (2015: RMB7.0 million), representing an increase of 291.4% as compared with corresponding period in 2015.

- Basic earnings per share for the six months ended 30 June 2016 amounted to RMB0.30 cents (2015: RMB0.09 cents).

- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016.

The board of directors (the ''Board'') of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the ''Group'') for the six months ended 30 June 2016 together with the comparative unaudited figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Three months ended 30 June		**Six months ended 30 June**	
		2016	2015	**2016**	2015
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*4*	**76,418**	45,238	**128,294**	73,046
Cost of sales		**(24,281)**	(18,631)	**(44,600)**	(29,168)
Gross profit		**52,137**	26,607	**83,694**	43,878
Other income	*6*	**1,044**	467	**1,398**	805
Administrative expenses		**(3,799)**	(4,073)	**(7,178)**	(8,017)
Other operating expenses		**(22)**	(41)	**(291)**	(124)
Finance costs	*7*	**(13,459)**	(11,821)	**(26,395)**	(23,029)
Profit before tax		**35,901**	11,139	**51,228**	13,513
Income tax expense	*8*	**(10,500)**	(2,856)	**(15,680)**	(4,421)
Profit for the period and total comprehensive income for the period	*9*	**25,401**	8,283	**35,548**	9,092

		Three months ended 30 June		Six months ended 30 June	
		2016	2015	**2016**	2015
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period and total comprehensive income for the period attributable to:					
Owners of the Company		**20,056**	6,054	**27,358**	7,019
Non-controlling interests		**5,345**	2,229	**8,190**	2,073
		25,401	8,283	**35,548**	9,092
Earnings per share (RMB cents)	*11*				
Basic		**0.22**	0.08	**0.30**	0.09
Diluted		**0.22**	0.08	**0.30**	0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**30 June 2016** *RMB'000* **(unaudited)**	31 December 2015 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**698,256**	709,088
Prepaid lease payments		**20,045**	20,289
Goodwill		**25,178**	25,178
Intangible assets		**9,238**	9,483
Deposits paid for acquisition of non-current assets		**2,500**	2,500
Other deposit and prepayment		**16,615**	16,030
Deferred tax assets		**101**	101
		771,933	782,669
Current assets			
Trade and other receivables	*12*	**30,546**	16,602
Prepaid lease payments		**487**	487
Bank balances and cash		**646,198**	271,557
		677,231	288,646
Current liabilities			
Trade and other payables	*13*	**43,551**	36,221
Amount due to a related company		**–**	859
Amount due to a director		**137**	548
Income tax payables		**15,768**	19,945
Secured bank borrowings		**74,215**	79,075
Obligations under finance leases		**40,863**	40,268
		174,534	176,916
Net current assets		**502,697**	111,730
Total assets less current liabilities		**1,274,630**	894,399

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Capital and reserves		
Share capital	**9,303**	8,883
Reserves	**403,376**	292,489
Equity attributable to owners of the Company	**412,679**	301,372
Non-controlling interests	**53,827**	47,087
Total equity	**466,506**	348,459
Non-current liabilities		
Secured bank borrowings	**643,755**	363,090
Obligations under finance leases	**85,011**	105,107
Debentures	**25,640**	25,133
Deferred tax liabilities	**53,718**	52,610
	808,124	545,940
	1,274,630	894,399

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company											
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Other reserve** *RMB'000*	**Special reserve** *RMB'000*	**Equity transaction reserve** *RMB'000*	**Convertible notes reserve** *RMB'000*	**Statutory reserve** *RMB'000*	**Capital reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total** *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 for the period and total comprehensive income for the period	–	–	–	–	–	–	–	–	27,358	27,358	8,190	35,548
Issue of shares upon placing of shares	420	83,586	–	–	–	–	–	–	–	84,006	–	84,006
Transaction costs attributable to issue of shares upon placing of shares	–	(57)	–	–	–	–	–	–	–	(57)	–	(57)
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	(1,450)	(1,450)
At 30 June 2016 (unaudited)	9,303	222,854	362	48,622	(1,127)	–	16,851	24	115,790	412,679	53,827	466,506
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 for the period and total comprehensive income for the period	–	–	–	–	–	–	–	–	7,019	7,019	2,073	9,092
Issue of shares upon conversion of convertible notes	158	19,630	–	–	–	(756)	–	–	–	19,032	–	19,032
At 30 June 2015 (unaudited)	8,314	68,412	362	48,622	–	2,721	6,270	24	59,053	193,778	41,444	235,222

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash from operating activities	**63,004**	52,978
Net cash (used in) from investing activities	**(521)**	10,434
Net cash from (used in) financing activities	**312,158**	(45,591)
Net increase in cash and cash equivalents	**374,641**	17,821
Cash and cash equivalents at 1 January	**271,557**	114,555
Cash and cash equivalents at 30 June, represented by bank balances and cash	**646,198**	132,376

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 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 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.

Pursuant to a special resolution passed by the shareholders of the Company at the adjourned extraordinary general meeting held on 16 May 2016, the English name of the Company has been changed from "Haitian Hydropower International Limited" to "Haitian Energy International Limited" and the Chinese name of the Company has been changed from "海天水電國際有限公司" to "海天能源國際有限公司".

The shares of the Company are listed on the GEM of the Stock Exchange.

The Company is engaged in investment holding while 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 also the functional currency of the Company and its primary 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 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

In the current period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2016.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the new and revised HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE

Revenue represents the net amounts received and receivable for electricity sold, repair and maintenance, and operating 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 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Sales of electricity	**76,418**	45,238	**128,294**	68,801
Provision of repair and maintenance services	**–**	–	**–**	4,245
	76,418	45,238	**128,294**	73,046

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 – Operation of hydropower plants in the PRC

Hydropower operation services – Provision of operating and repair and maintenance services for hydropower plants in the PRC

Hydropower trading – Trading of electricity

During the year ended 31 December 2015, the executive directors of the Company, after considering the change of composition of revenue, decided that it is more appropriate to include hydropower trading in assessing the performance and resource allocation. The trading of hydropower was then reclassified from hydropower generation and the relevant segment information for the six months ended 30 June 2015 was restated.

(a) Segment revenue and results

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

Six months ended 30 June

	Hydropower generation		**Hydropower operation services**		**Hydropower trading**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited and restated)	**(unaudited)**	(unaudited)
Revenue								
External sales	**99,389**	54,121	**–**	4,245	**28,905**	14,680	**128,294**	73,046
Inter-segment sales	**–**	–	**3,845**	3,050	**–**	–	**3,845**	3,050
Segment revenue	**99,389**	54,121	**3,845**	7,295	**28,905**	14,680	**132,139**	76,096
Eliminations							**(3,845)**	(3,050)
Group revenue							**128,294**	73,046
Segment profit	**71,607**	29,197	**440**	4,364	**7,574**	4,387	**79,621**	37,948
Unallocated corporate income							**1,398**	794
Unallocated corporate expenses							**(3,396)**	(2,200)
Finance costs							**(26,395)**	(23,029)
Profit before tax							**51,228**	13,513

Segment profit represents the profit earned by each segment without allocation of certain other income, central administration costs, directors' emoluments 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) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Jointly shared by hydropower generation and hydropower trading		**Hydropower operation services**		**Total**	
	30 June 2016	31 December 2015	**30 June 2016**	31 December 2015	**30 June 2016**	31 December 2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)
Segment assets	**802,003**	798,835	**328**	696	**802,331**	799,531
Unallocated corporate assets						
– Other receivables					**534**	126
– Bank balances and cash					**646,198**	271,557
– Deferred tax assets					**101**	101
Total assets					**1,449,164**	1,071,315
Segment liabilities	**40,656**	36,255	**617**	1,373	**41,273**	37,628
Unallocated corporate liabilities						
– Other payables					**2,415**	–
– Income tax payables					**15,768**	19,945
– Secured bank borrowings					**717,970**	442,165
– Obligations under finance leases					**125,874**	145,375
– Debentures					**25,640**	25,133
– Deferred tax liabilities					**53,718**	52,610
Total liabilities					**982,658**	722,856

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain other receivables, bank balances and cash and deferred tax assets; and

- all liabilities are allocated to operating segments other than certain other payables, income tax payables, secured bank borrowings, obligations under finance leases, debentures and deferred tax liabilities.

(c) Geographical information

As all the Group's revenue 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 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Bank interest income	**466**	124	**811**	451
Gain on disposal of property, plant and equipment	**–**	–	**–**	11
Net exchange gain	**212**	–	**212**	–
Government grant *(Note)*	**357**	343	**357**	343
Rental income (net of outgoings: nil)	**9**	–	**18**	–
	1,044	467	**1,398**	805

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

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest on secured bank borrowings	**10,486**	5,499	**20,289**	10,324
Interest expense on convertible notes	**–**	1,943	**–**	3,491
Interest on debentures	**505**	474	**1,009**	949
Interest on finance leases	**2,468**	3,861	**5,097**	7,138
Interest on former beneficial owner of a subsidiary	**–**	13	**–**	850
Interest on unsecured other borrowing	**–**	31	**–**	277
	13,459	11,821	**26,395**	23,029

8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
The charge comprises:				
PRC Enterprise Income Tax ("EIT")	**9,015**	3,199	**14,572**	5,108
Deferred taxation	**1,485**	(343)	**1,108**	(687)
	10,500	2,856	**15,680**	4,421

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the 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 for all 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 all periods.

9. PROFIT FOR THE PERIOD

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period has been arrived at after charging:				
Depreciation for property, plant and equipment	**6,041**	6,809	**12,164**	13,488
Amortisation of prepaid lease payments (included in cost of sales)	**122**	122	**244**	244
Amortisation of intangible assets	**56**	103	**245**	206
Net exchange (gain) loss	**(212)**	536	**(212)**	581
Operating lease charges in respect of properties	**335**	28	**671**	63

10. DIVIDEND

No dividend was paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: 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 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Earnings				
Earnings for the purpose of basic earnings per share for the period attributable to the owners of the Company	**20,056**	6,054	**27,358**	7,019
Interest expense on convertible notes	**–**	1,943	**–**	3,491
Earnings for the purpose of diluted earnings per share	**20,056**	7,997	**27,358**	10,510

	Three months ended 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	'000	*'000*	***'000***	*'000*
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	**9,136,000**	8,012,172	**9,063,473**	8,006,152
Convertible notes	**–**	723,828	**–**	729,848
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**9,136,000**	8,736,000	**9,063,473**	8,736,000

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share subdivisions on 26 May 2015 and 17 May 2016.

The dilutive earnings per share was the same as the basic earnings per share for the three months and six months ended 30 June 2016, as there were no dilutive potential ordinary shares outstanding during the three months and six months ended 30 June 2016.

The dilutive earnings per share was the same as the basic earnings per share for the three months and six months ended 30 June 2015, as the effect of the conversion of the Company's outstanding convertible notes would result in an increase in earnings per share for the three months and six months ended 30 June 2015.

12. TRADE RECEIVABLES

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**28,347**	12,573
Less: allowance for trade receivables	**(67)**	(67)
	28,280	12,506

The Group allows a range of credit period of 15 to 30 days to its trade customers. The Group did not hold any collateral over the trade receivable balances. The following is an aged analysis of trade receivables presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 30 days	**26,725**	12,152
31 to 60 days	**1,300**	354
61 to 90 days	**255**	–
	28,280	12,506

13. TRADE PAYABLES

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**23,845**	13,607

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(unaudited)	(audited)
Within 30 days	**10,391**	6,949
31 to 60 days	**1,287**	2,895
61 to 90 days	**6,593**	2,031
91 to 180 days	**4,024**	754
Over 180 days	**1,550**	978
	23,845	13,607

The average credit period granted is ranging from 15 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the operation and management of small hydropower plants in the People's Republic of China (the "PRC") which were either developed by itself or acquired from other parties.

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 June 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 88.67MW.

Repair and Maintenance Services

As at 30 June 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）("Guangyuan Hydropower").

Extension Development of Jiulong Hydropower Plant

In September 2012, the Group protectively initiated the Jiulong Hydropower Plant enhancement of technologies and extension project. As at 30 June 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.

Financial Review

Revenue

The Group recorded a revenue of approximately RMB128.3 million for the six months ended 30 June 2016, representing a 75.8% increase as compared to approximately RMB73.0 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 six months ended 30 June 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 RMB83.7 million for the six months ended 30 June 2016 (2015: RMB43.9 million), representing an increase of 90.7% as compared to that for the corresponding period in 2015. Cost of sales increased from approximately RMB29.2 million for the six months ended 30 June 2015 to approximately RMB44.6 million for the six months ended 30 June 2016. Gross profit margin, calculated as gross profit divided by revenue, for the six months ended 30 June 2016 amounted to 65.2% (2015: 60.1%), which was increased as compared to the same period in 2015. Such increase was mainly due to the increase of revenue while the fixed cost of sales had no significant change. 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 six months ended 30 June 2016, the Group's administrative expenses slightly decreased to approximately RMB7.2 million compared to approximately RMB8.0 million for the corresponding period in 2015.

Finance Costs

The finance costs of the Group represented interest expenses on convertible notes, amount due to former beneficial owner of a subsidiary, unsecured other borrowing, secured bank borrowings, debentures and finance charges on obligations under finance leases. For the six months ended 30 June 2016, finance costs recorded by the Group increased to approximately RMB26.4 million compared to approximately RMB23.0 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 six months ended 30 June 2016.

Income Tax Expense

Owing to increased profit in certain subsidiaries, the income tax expense of the Group increased by 256.8% from approximately RMB4.4 million for the six months ended 30 June 2015 to approximately RMB15.7 million for the six months ended 30 June 2016.

Profit and Total Comprehensive Income

In line with the significant increase in the Group's revenue and gross profit, the profit and total comprehensive income of the Group increased by 290.1% from approximately RMB9.1 million for the six months ended 30 June 2015 to approximately RMB35.5 million for the six months ended 30 June 2016.

Basic and Diluted Earnings per Share

Basic and diluted earnings per share for the six months ended 30 June 2016 amounted to RMB0.30 cents (30 June 2015: RMB0.09 cents).

Liquidity and Financial Resources

The Group generally finances its operations from internally generated cash flows and bank borrowings.

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 six months ended 30 June 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.

The Group had cash and cash equivalents of approximately RMB646.2 million as at 30 June 2016, representing an increase of approximately RMB374.6 million compared to that of approximately RMB271.6 million as at 31 December 2015. Net cash generated from operating activities amounted to approximately RMB63.0 million for the six months ended 30 June 2016 as compared to that of RMB53.0 million for the corresponding period of last year.

Pledge of Assets

The bank borrowings of approximately RMB718.0 million and obligations under finance leases of approximately RMB125.9 million as at 30 June 2016 were secured by certain prepaid lease payments and certain property, plant and equipment of the Company. The Group pledged the following assets to bank and certain lessors for borrowings and obligations under finance leases granted to the Group:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Prepaid lease payments	**13,083**	13,561
Property, plant and equipment	**417,180**	424,308
	430,263	437,869

The bank borrowings and obligations under finance leases are also secured by the electricity tariff collection right. As at 30 June 2016, the carrying amount of trade receivables of the subsidiaries in which with such electricity tariff collection right pledged is approximately RMB39,584,000 (31 December 2015: RMB37,955,000).

As at 30 June 2016 and 31 December 2015, the entire equity interests of Zhouning Qianyuan Hydropower Development Co., Ltd.（周寧縣乾元水電開發有限公司）, Fu'an Jiulong Hydropower Development Co., Ltd.（福安市九隆水電開發有限公司）and Ningde Xingyuan Hydropower Co., Ltd.,（寧德市興源水電有限公司）indirect subsidiaries of the Company, have been pledged to a financial institution for securing obligations under finance leases.

As at 30 June 2016 and 31 December 2015, two of the subsidiaries of the Company, Fujian Dachuan Hydropower Development Co., Ltd.（福建省大川水電開發有限公司）and Fuan Liyuan Hydropower Co., Ltd.（福安市力源水電開發有限公司）have provided corporate guarantees in relation to obligations under finance leases for a maximum amount of each RMB259,200,000.

As at 30 June 2016 and 31 December 2015, the entire equity interest of Fujian Sifang Hydropower Investment Co., Ltd.（福建省四方水電投資有限公司）and 71% equity interest of Shouning County Fuyuan Hydropower Co., Ltd.（壽寧縣富源水電有限公司）have been pledged to a bank for securing a new bank borrowing of RMB300,000,000 (2015: nil) of which the loan agreement is effective.

Foreign Exchange Exposure

The Group's income and expenditure during the six months ended 30 June 2016 were principally denominated in Renminbi ("RMB"), and most of the assets and liabilities as at 30 June 2016 were denominated in RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the period under review.

Gearing Ratio

The gearing ratio of the Group, based on total liabilities of the Group to the total assets of the Group, increased to 67.8% as at 30 June 2016 (31 December 2015: 67.5%).

Capital Structure

As at 30 June 2016, the Group had total assets of approximately RMB1,449.2 million, including property, plant and equipment of approximately RMB698.3 million, prepaid lease payments of approximately RMB20.5 million, intangible assets of approximately RMB9.2 million, and cash and cash equivalents of approximately RMB646.2 million. As at 31 December 2015, the Group had total assets of approximately RMB1,071.3 million, comprising property, plant and equipment of approximately RMB709.1 million, prepaid lease payments of approximately RMB20.8 million, intangible assets of approximately RMB9.5 million, and cash and cash equivalents of approximately RMB271.6 million.

As at 30 June 2016, the Group had total liabilities of approximately RMB982.7 million, mainly comprising bank borrowings of approximately RMB718.0 million and obligations under finance leases of approximately RMB125.9 million. As at 31 December 2015, the Group had total liabilities of approximately RMB722.9 million, mainly comprising bank borrowings of approximately RMB442.2 million and obligations under finance leases of approximately RMB145.4 million.

Except for the placing of shares in February 2016 and the subdivision of shares in May 2016, there has been no material changes in the capital structure of the Group during the period under review. The total number of the issued shares of the Company was 9,136,000,000 shares as at 30 June 2016.

Contingent Liabilities

As at 30 June 2016, the Group did not have any significant contingent liabilities.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for six months ended 30 June 2016 (2015: nil).

Bank Borrowings and obligations under finance leases

As at 30 June 2016, the Group's bank borrowings amounted to approximately RMB718.0 million, bearing interest rates ranged from 4.85% to 5.85% (31 December 2015: 4.83% to 7.92%) per annum, and the Group's finance leases amounted to approximately RMB125.9 million, bearing interest rates ranged from 6.25% to 6.67% (31 December 2015: 6.25% to 7.50%) per annum.

Employees and Remuneration Policies

As at 30 June 2016, the Group employed approximately 220 employees, as compared to 222 employees as at 31 December 2015, including Directors. Total staff costs for the period under review, including Directors' remuneration, amounted to approximately RMB6.2 million (for the period ended 30 June 2015: approximately RMB4.8 million). The Group's remuneration policies are in line with the prevailing market standards and are determined on the basis of performance and experience of individual employee. Other employee benefits include contributions to social insurance scheme.

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 Extension Development of Jiulong Hydropower Plant of this announcement, there is no plan for material investments or capital assets as at 30 June 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.

OTHER INFORMATION

Comparison between Future Plans and Prospects and Actual Business Progress and Use of Proceeds

The following is a comparison of the Group's future plan as set out in the Company's prospectus dated 28 June 2012 (the "Prospectus") with actual business progress for the first half year of 2016.

Business objectives as stated in the Prospectus	Actual business progress up to 30 June 2016
Enhancement of technologies and facilities of existing hydropower plants	The Group has commenced the extension development of Jiulong Hydropower Plant, which has received preliminary approval of Ningde Development and Reform Commission, and the Directors believe the project will receive final approval from the government in 2016. The bidding process of the engineering for the additional hydropower plant has been completed. The construction of incoming road has been completed for the basic needs of vehicle traffic. The design of electricity output transmission lines has been completed and reviewed by Ningde Power Supply Company and Provincial Power Company. Depending on the construction progress, the Directors believe the mainframe construction will be completed in the third quarter of 2018 and the project will start to contribute revenue to the Group in 2018.

The net proceeds from the placing of the shares of the Company ("Placing") from the date of listing (i.e. 6 July 2012) (the "Listing Date") to 30 June 2016 had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Listing Date to 30 June 2016	**Actual use of proceeds from the Listing Date to 30 June 2016**
	HK$'000	*HK$'000*
Possible acquisition of hydropower plants *(Note 2)*	44,700	44,700
Enhancement of technologies and facilities of existing hydropower plants *(Note 1)*	14,740	9,723
Enhancement of technologies and facilities of newly acquired hydropower plants	210	210
Enhancement of safety management	130	130
Total	59,780	54,763

Note 1: The extension development of Jiulong Hydropower Plants commenced in September 2012 and is still in process.

Note 2: The actual net proceeds from the Placing of the Company were approximately HK$59.9 million, which was lower than the estimated net proceeds of approximately HK$62.3 million, mainly due to the Placing price of the shares fixing at HK$0.30 per share, lower than the midpoint of the indicative Placing price range of HK$0.31 per share in the Prospectus. Accordingly, the allocation of the net proceeds from the Placing for acquisition of hydropower plants was adjusted to HK$44.7 million.

Reference is made to the updates on the use of proceeds in the Group's 2015 annual report. As at 31 December 2015, the Group has utilised HK$54.1 million of the net proceeds from the Placing.

The future plans and prospects as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. As of the date of this announcement, the Directors are not aware of any material change to the planned use of the proceeds from the plan as stated in the Prospectus.

The Directors will constantly evaluate the Group's business objective and will change or modify plans against the changing market condition to ascertain the business growth of the Group.

All the unutilised balances have been placed in licensed banks in Hong Kong and in the PRC.

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 June 2016, 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 Shareholder	**Nature of interest**	**Number of Shares held**	**Approximate shareholding percentage** (%)
Mr. Lin Yang ("Mr. Lin") *(Note)*	Interest of controlled corporation	6,000,000,000 Shares	65.67

Note: 6,000,000,000 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 June 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 30 June 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 person had an interest 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:

Name of Shareholder	Nature of interest	Number of Shares held	Approximate shareholding percentage (%)
Victor River *(Note 1)*	Beneficial owner	6,000,000,000 (L) Shares	65.67
Ms. Chen Congling *(Note 1)*	Interest of spouse	6,000,000,000 (L) Shares	65.67
Bright Century Resources Ltd. *(Notes 2 and 3)*	Beneficial owner, person having a security interest in Shares	880,040,000 (L) Shares	9.63
	Other	400,000,000 (S) Shares	4.38
China Orient Asset Management Corporation *(Note 2)*	Interest of controlled corporation	880,040,000 (L) Shares	9.63
		400,000,000 (S) Shares	4.38
Dong Yin Development (Holdings) Limited *(Note 2)*	Interest of controlled corporation	880,040,000 (L) Shares	9.63
		400,000,000 (S) Shares	4.38
Haitong International Investment Fund SPC – Fund I SP	Interest of controlled corporation	606,144,000 (L) Shares	6.63

Notes:

1. Victor River is wholly and beneficially owned by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 6,000,000,000 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 6,000,000,000 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 400,000,000 Shares), person having a security interest in Shares (relating to 480,040,000 Shares) and other (relating to 400,000,000 Shares).

4. (L) – Long position, (S) – Short position

Save for disclosed above, as at 30 June 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 controlling 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 securities during the six months ended 30 June 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 30 June 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 six months ended 30 June 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 Company has established the audit committee ("Audit Committee") in accordance with the requirements of the CG Code. 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 interim financial statements and the interim report of the Group for the six months ended 30 June 2016. The Audit Committee is of opinion that the condensed consolidated financial statements of the Group for the six months ended 30 June 2016 comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Fujian Province, the PRC, 11 August 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. Xie Zuomin, Mr. Cheng Chuhan and Mr. Chan Kam Fuk.

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.haitian-energy.com.