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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)

VOLUNTARY ANNOUNCEMENT
DISPOSAL OF A SUBSIDIARY

The Board is pleased to announce that on 20 December 2016, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Agreement pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Equity for a consideration of RMB5,000,000 (approximately HK\$5,590,000). The Disposal Target was registered with Ningde Administration for Industry and Commerce in April 2003, with a registered capital of RMB3,950,000 (approximately HK\$4,416,000). The scope of business of the Disposal Target is the construction of Ningde City Jinxi-I Hydropower Station and other hydropower stations. The Disposal Target has invested and built the project of Ningde City Jinxi-I Hydropower Station, with a total installed capacity of 3.2 MW, an annual average generating output of approximately 13,969,000 kWh and annual utilization hours of 4,365 hours for the year ended 31 December 2015.

The project of Ningde City Jinxi-I Hydropower Station commenced construction on 24 November 2005 and was completed and put into operation at the end of May 2008. It is now integrated into the Ningde City National Power Grid. The project is composed of dam, diversion system, powerhouse, switchyard, etc.

The Consideration of RMB5,000,000 (approximately HK\$5,590,000) is payable by the Purchaser to the Vendor by transferring the full amount of consideration to a bank account in the PRC as designated by the Vendor in the Agreement.

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THE AGREEMENT

A summary of the principal terms of the Agreement is set out below:

Date

20 December 2016

Parties

Purchaser: Zheng Rui (鄭睿)

Vendor: Fujian Dachuan Hydropower Development Co., Ltd., a company incorporated in Zhouning County (周寧縣) of Ningde City (寧德市) in Fujian Province, the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Purchaser is a third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Assets to be disposed of

Pursuant to the Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell, the Sale Equity which represents the entire registered capital of the Disposal Target. Further particulars of the Disposal Target are set out in the paragraph headed "Information of the Disposal Target" below.

Consideration

The Consideration of RMB5,000,000 (approximately HK\$5,590,000) was determined after arm's length negotiations between the Company and the Purchaser with reference to the net asset value of the Disposal Target as at 30 November 2016, which amounted to approximately RMB3,825,000 (approximately HK\$4,276,000).

Within three working days upon the business registration administrative authority confirming receipt of the Disposal Target's application to change the shareholder information of business registration, the payment of Consideration shall be paid to the Vendor.

Taking into account the financial situation of the Disposal Target, the Directors consider that the Consideration is fair and reasonable.

INFORMATION OF THE DISPOSAL TARGET

The Disposal Target was registered with Ningde Administration for Industry and Commerce in April 2003 with a registered capital of RMB3,950,000 (approximately HK\$4,416,000). As at the date of this announcement, the registered capital of the Disposal Target has been fully paid up. The scope of business of the Disposal Target is the construction of Ningde City Jinxi-I Hydropower Station and other hydropower stations.

The audited financial information of the Disposal Target for the two years ended 31 December 2014 and 2015 are as follows:

	Year ended 31 December 2014 (RMB'000)	Year ended 31 December 2015 (RMB'000)
Turnover	3,006	4,207
Loss before tax	62	59
Loss after tax	105	67

The audited net asset value of the Disposal Target as at 31 December 2014 and 2015 were approximately RMB2,880,000 (approximately HK\$3,220,000) and RMB2,813,000 (approximately HK\$3,150,000) respectively.

The Disposal Target has invested and built the project of Ningde City Jinxi-I Hydropower Station, with a total installed capacity of 3.2 MW, an annual average generating output of approximately 13,969,000 kWh and annual utilization hours of 4,365 hours for the year ended 31 December 2015.

The project of Ningde City Jinxi-I Hydropower Station commenced construction on 24 November 2005 and was completed and put into operation at the end of May 2008. It is now integrated into the Ningde City National Power Grid. The project is composed of dam, diversion system, powerhouse, switchyard, etc.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that, as a result of the Disposal, the Company will recognise an estimated gain of approximately RMB36,000 (equivalent to approximately HK\$40,000), having taken into account of the Consideration, net asset value and goodwill of the Disposal Target and other costs. The proceeds generated from the Disposal will be applied as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company considers the Disposal to be a good opportunity for the Company to realise part of its investment especially given that Disposal Target did not contribute profit to the Group in the previous years since acquisition.

THE TERMS OF THE AGREEMENT WERE DETERMINED AFTER ARM'S LENGTH NEGOTIATIONS BETWEEN THE PARTIES THERETO

The Directors are of the view that the terms of the Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Director has a material interest in the Disposal and was required to abstain from voting at the meeting of the Board approving the Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreement”	the agreement for the sale and purchase of the Sale Equity entered into between the Vendor and the Purchaser dated 20 December 2016
“Board”	the board of Directors
“Company”	Haitian Energy International Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the GEM of the Stock Exchange
“Consideration”	the consideration payable by the Purchaser to the Group for the Disposal in accordance with the Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Equity pursuant to the Agreement
“Disposal Target”	寧德市興源水電有限公司 (Ningde Xingyuan Hydropower Co., Ltd.), a limited liability company established in the PRC and is wholly owned by the Vendor

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Zheng Rui (鄭睿), a third party independent of and not connected with the Company and its connected persons
“Sale Equity”	the entire registered capital of the Disposal Target
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Fujian Dachuan Hydropower Development Co., Ltd., a company incorporated in Zhouning County (周寧縣) of Ningde City (寧德市) in Fujian Province in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this announcement, amounts quoted in RMB have been converted into HK\$ at a rate of RMB1.00 to HK\$1.118. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates at all.

By Order of the Board
Haitian Energy International Limited
Lin Yang
Chairman and Executive Director

Fuzhou, the PRC, 20 December 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, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose 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 that there are no other matters the omission of which would make this announcement or any statement herein misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company website at www.haitian-energy.com.