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HAITIAN ENERGY INTERNATIONAL LIMITED

海天能源國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code on Main Board: 1659)

(Stock code on GEM: 8261)

TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

On 20 May 2016, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares from GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) the 9,136,000,000 Shares in issue; and (ii) an aggregate of 800,000,000 Shares which may fall to be issued pursuant to the exercise of the shares options which may be granted under the Share Option Scheme on the Main Board by way of transfer of listing from GEM to the Main Board.

The approval-in-principle has been granted by the Stock Exchange on 25 January 2018 for the Shares to be listed on the Main Board and de-listed from GEM. The last day of dealings in the Shares on GEM (Stock code: 8261) will be 2 February 2018. Dealings in the Shares on the Main Board (Stock code: 1659) will commence at 9:00 a.m. on 5 February 2018. All pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.

Reference is made to the announcement of the Company dated 20 May 2016 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to the relevant provisions of the GEM Listing Rules and Main Board Listing Rules.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 20 May 2016, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares from GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) the 9,136,000,000 Shares in issue; and (ii) an aggregate of 800,000,000 Shares which may fall to be issued pursuant to the exercise of the shares options which may be granted under the Share Option Scheme on the Main Board by way of transfer of listing from GEM to the Main Board.

The approval-in-principle has been granted by the Stock Exchange on 25 January 2018 for the Shares to be listed on the Main Board and de-listed from GEM. All pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares.

BUSINESS OF THE GROUP

The Shares of the Company have been listed on GEM since 6 July 2012. The Group is principally engaged in the hydropower generation and provision of operating and repair and maintenance services in the PRC. The source of revenue of the Group can be broadly divided into three segments: (i) hydropower generation by self-owned plants; (ii) hydropower generation by leased plants; and (iii) provision of operating and repair and maintenance services for hydropower plants in the PRC.

As at the date of this announcement, the Group possessed two 110 kV electricity transmission lines with total length of 190 km and ten hydropower plants, with six being wholly-owned by the Group, namely, Ma Tou Shan Hydropower Plant, Qianping Hydropower Plant, Jiulong Hydropower Plant, Fu'an Jiulong-I Hydropower Station, Fu'an Jiulong-II Hydropower Station, and Huangqiling-II Hydropower Plant, and four being non wholly-owned by the Group, namely, Xiadongxi Hydropower Plant, Liuchai Hydropower Plant, Kengdou Hydropower Plant and Cheling-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 85.47 MW.

One of the Group's wholly-owned subsidiaries, Shouning Guangyuan Hydropower Operation Management Co., Ltd. (壽寧縣廣源水電營運有限公司) ("**Guangyuan Hydropower**"), is principally engaged in the provision of hydropower operating services and repair and maintenance services to other hydropower plants.

In September 2012, the Group proactively initiated the Zhouning County Jiulong Hydropower Plant enhancement of technologies and extension project. Based on the current construction progress, the Directors estimate the overall construction work will be completed in early 2019. As indicated in the 2014 annual report of the Company, the abovementioned project was expected to receive final regulatory approval in April 2015 but the relevant timing was later revised to 2016 in the 2015 annual report. It was initially believed that the only approval required for the project was the approval from the Development and Reform Committee of Fujian Province (福建省發展和改革委員會) as the Company considered the abovementioned project concerns technical improvements. However, upon review of the documents submitted, the Group was later informed by the Development and Reform Committee of Fujian Province that the project involved expansion entailing various changes to be made and approval from the Fujian Provincial Government (福建省政府) was therefore required. In light of the above, it therefore took longer time to obtain the final approval from the government than initially expected as approval needs first to be obtained from the Fujian Provincial Government before the Development and Reform Committee of Fujian Province could grant approval to the abovementioned project. According to the Reply and Approval regarding the Extension Project of the Zhouning County Jiulong Hydropower Plant (關於周寧縣九龍電站改擴建項目核准的復函) issued by the Development and Reform Committee of Fujian Province (福建省發展和改革委員會) dated 29 August 2016 (“**Reply**”), the Development and Reform Committee of Fujian Province has approved the extension plan of Zhouning County Jiulong Hydropower Plant and has principally agreed to the energy saving proposal and content in relation to environmental protection under the extension project proposal submitted to it by the Group. As advised by the PRC legal adviser, in view of the Reply, the extension project of the Zhouning County Jiulong Hydropower Plant has been approved by the Development and Reform Committee of Fujian Province. Pursuant to the Reply, the estimated total development cost for the extension project is approximately RMB98.9 million, in which 30% will be satisfied by equity fund contributed by Qianyuan Hydropower and the remaining 70% will be satisfied by bank loans. As at the Latest Practicable Date, the estimated total development cost for the extension project is approximately RMB111.5 million and the amount incurred is approximately RMB27.2 million. The Company expects to fund the remaining development cost with approximately RMB4.3 million from internal resources and the remaining approximately RMB80.0 million from bank loans. Based on the information available at the Latest Practicable Date, the expected increase in installed capacity upon completion of the project is approximately 11.5 MW; or an increase in installed capacity of 1 MW for approximately every RMB10.0 million incurred for such development cost.

Acquisitions following the Company's listing on GEM

Following the Company's listing on GEM, it has made a series of strategic acquisitions, which is the core of the Group's expansion strategy. The acquired entities, either have high growth potential, or with services that are complementary to the Group's business, include hydropower plants, hydropower operating services and repair and maintenance services provider, and engage in hydropower generation by leased plants.

References are made to the announcement of the Company dated 6 October 2014 and the circular of the Company dated 25 November 2014. The acquisition of Fujian Haitian Huajin Huifu Energy Development Co., Ltd.* (福建省海天華金匯富能源發展有限公司) (“**Huajin Huifu**”) and its interests in the five hydropower plants, namely Xiadongxi Hydropower Plant, Liuchai Hydropower Plant, Kengdou Hydropower Plant, Cheling-II Hydropower Plant and Huangqiling-II Hydropower Plant, with a total installed capacity of 78 MW, was completed on 15 December 2014 (the “**Acquisition**”). The hydropower generation business of Huajin Huifu was carried out through two 110 kV electricity transmission lines with total length of 190 km from Fujian Province to Zhejiang Province. Prior to the Acquisition, the Group's revenues have been derived from the sale of electricity generated by the operating of self-owned hydropower plants to local power grids in Fujian Province. The Acquisition has strengthened the Group's revenue basis and accordingly, increases the revenue stream of the Group. The Acquisition is in line with the Group's objective to strengthen its position in hydropower generation market in Fujian Province and gradually expand the business scale of the Group, so as to achieve operating efficiency and to generate steady return on investments. The Group had been and expects to further benefit from the growth of these companies.

The Group's hydropower plants

The table below sets out details of each of the hydropower plants owned by the Group as at the date of this announcement (*Note 1*):

Name of Hydropower Plant	Acquired/Constructed by the Group	Date of acquisition	Consideration for acquisition (where applicable) <i>RMB'000</i>	Date of commencement of operation	Percentage of equity interest owned by the Group	Installed capacity attributable to the Group <i>(MW)</i>	Utilisation rates during the Track Record Period <i>(%) (Note 2)</i>			Nine months ended 30 September 2017
							2014	2015	2016	
Ma Tou Shan Hydropower Plant	Constructed by the Group	N/A	N/A	March 2007	100%	11.25	43.72	47.97	37.92	28.50
Qianping Hydropower Plant	Constructed by the Group	N/A	N/A	May 2008	100%	10.00	60.51	56.81	59.75	45.29
Jiulong Hydropower Plant	Acquired	6 May 2010	35,947	March 2000	100%	5.00	61.66	60.66	57.32	44.04
Fu'an Jiulong-I Hydropower Station & Fu'an Jiulong-II Hydropower Station	Acquired	28 April 2014	40,000	December 2002	100%	4.50	51.41	72.54	65.44	49.90
Liuchai Hydropower Plant	Acquired			June 2008	71%	14.20	2.26	41.75	50.68	42.93
Xiadongxi Hydropower Plant	Acquired	Acquisition of 100% equity interest of		July 2008	71%	21.30	1.71	31.84	41.31	32.32
Huangqiling-II Hydropower Plant	Acquired	Huajin Huifu completed by 15 December	60,000	January 2008	100%	9.00	3.09	49.59	40.59	31.10
Cheling-II Hydropower Plant	Acquired	2014		July 1997	60%	9.00	1.13	44.94	60.97	42.01
Kengdou Hydropower Plant	Acquired			January 1998	38%	1.22	0.41	46.12	59.82	43.58

Note 1: Ningde Jinxi-I Hydropower Plant was acquired by the Group on 24 April 2013 but had been sold to an Independent Third Party in December 2016, details of which are set out in the paragraph headed "Disposal of Ningde Jinxi-I Hydropower Plant" in this announcement.

Note 2: Utilisation rate is calculated as utilisation hours contributed to the Group divided by 8,760 hours (i.e. 365 x 24) per year.

Upon completion of acquisition of Liuchai Hydropower Plant, Xiadongxi Hydropower Plant, Huanqiling-II Hydropower Plant, Cheling-II Hydropower Plant and Kengdou Hydropower Plant on 15 December 2014, the utilisation rates of those hydropower plants increased significantly due to the full contribution to the Group in 2015 and the increase of precipitation in Shouning County in Fujian Province. Except for Qianping Hydropower Plant and Jiulong Hydropower Plant, the utilisation rates of all the hydropower plants increased in 2015 compared to 2014 which was mainly due to the increase of precipitation in Zhouning County in Fujian Province. The slight decrease of utilisation rates of Qianping Hydropower Plant and Jiulong Hydropower Plant mainly due to the decrease of precipitation in Fuan City in Fujian Province. Although Zhouning County and Fuan City are geographically near to each other and both located in Fujian Province, the precipitation of these two areas will generally be different especially during typhoon seasons which bring more rainfall.

In respect of the Group's acquisitions of hydropower plants completed in 2014, the Group paid an aggregate consideration of RMB100.0 million and also assumed liabilities with an aggregate amount of approximately RMB456.7 million, totally approximately RMB556.7 million in current and future outlays, resulting in an increase of the Group's installed capacity of approximately 59.22 MW. On this basis, the Group incurred current and future outlays of approximately RMB9.4 million for each increase of 1 MW installed capacity arising from the acquisitions completed in 2014, which was comparable to the average amount incurred by the Group for each increase of 1 MW installed capacity through the enhancement and extension project of Zhouning County Jiulong Hydropower Plant.

Name of Hydropower Plant	Revenue contribution during the Track Record Period (RMB'000)				Applicable on-grid tariff during the Track Record Period and as at Latest Practicable Date (RMB/KWh), including VAT as of			As at Latest Practicable Date
	2014	2015	2016	Nine months ended	2014	2015	2016	
				30 September 2017				
Ma Tou Shan Hydropower Plant	14,080	16,346	13,761	7,758	0.331-0.35	0.35-0.38	0.38	0.38
Qianping Hydropower Plant	16,726	16,607	18,764	11,128	0.331	0.331-0.37	0.37	To State Grid Fujian Shouning Electricity Limited Company: 0.37; To China Water Conservancy and Hydropower Twelfth Engineering Bureau Co., Ltd. Zhouning Pumped Storage Power Station Construction Bureau: 0.88

Name of Hydropower Plant	Revenue contribution during the Track Record Period (RMB'000)				Applicable on-grid tariff during the Track Record Period and as at Latest Practicable Date (RMB/KWh), including VAT as of			
	2014	2015	2016	Nine months ended 30 September	2014	2015	2016	As at Latest Practicable Date
				2017				
Jiulong Hydropower Plant	7,741	7,884	7,809	4,504	0.301	0.301-0.321	0.321	To State Grid Fujian Shouning Electricity Limited Company: 0.321 To China Water Conservancy and Hydropower Twelfth Engineering Bureau Co., Ltd. Zhouning Pumped Storage Power Station Construction Bureau: 0.88
Fu'an Jiulong-I Hydropower Station & Fu'an Jiulong-II Hydropower Station	6,671	9,849	9,249	5,292	0.325-0.35	0.35-0.37	0.37	0.37
Liuchai Hydropower Plant	1,931	31,006	36,608	20,793	Electricity of peak period: 0.562 Electricity of low period: 0.208			
Xiadongxi Hydropower Plant	2,360	36,863	50,113	29,595	Electricity of peak period: 0.562 Electricity of low period: 0.208			
Huangqiling-II Hydropower Plant	774	12,445	10,978	6,255	0.321	0.321-0.351	0.351	0.351
Cheling-II Hydropower Plant	650	22,896	30,046	14,782	To State Grid Fujian Shouning Electricity Limited Company: 0.287; To Shouning Ronghua Metal Products: 0.57 of peak period, 0.32 of low period.	To State Grid Fujian Shouning Electricity Limited Company: 0.287; To Shouning Ronghua Metal Products: 0.57 of peak period, 0.32 of low period.	To State Grid Fujian Shouning Electricity Limited Company: 0.287; To Shouning Ronghua Metal Products: 0.57 of peak period, 0.32 of low period.	To State Grid Fujian Shouning Electricity Limited Company: 0.287; To Shouning Ronghua Metal Products: 0.57 of peak period, 0.32 of low period.
Kengdou Hydropower Plant	38	4,287	5,556	3,072	Electricity of peak period: 0.384 Electricity of low period: 0.32			

Land use right certificate and building ownership certificate (currently combined as “Real Estate Certificate” (不動產權証))

During the Track Record Period, the Group has not obtained all the land use right certificates and certificates of ownership for buildings of Fu’an Jiulong-I Hydropower Station, Fu’an Jiulong-II Hydropower Station, Liuchai Hydropower Plant, Xiadongxi Hydropower Plant, Huangqiling-II Hydropower Plant and Ningde Jinxi-I Hydropower Plant, which has been sold to an Independent Third Party (collectively known as the “**Non-compliant Hydropower Plants**”; in case of excluding the Ningde Jinxi-I Hydropower Plant, collectively known as “**Retained Non-compliant Hydropower Plants**”). Save for the Ningde Jinxi-I Hydropower Plant which was acquired in 2013, the other Non-compliant Hydropower Plants were acquired by the Group in 2014. As confirmed by the Company, at the time of acquisition, the Non-compliant Hydropower Plants had not obtained all the relevant land use right certificates and/or certificates of ownership for buildings.

As confirmed by the Company’s PRC legal adviser, during the Track Record Period, the Group has submitted applications to the respective PRC government authorities and has subsequently successfully obtained the respective Real Estate Certificate. As a consequence, the Group has been ordered by the relevant municipal bureau of law enforcement to pay a fine of approximately RMB108,000 as penalty for its failure to go through construction planning procedures for Liuchai Hydropower Plant and Xiadongxi Hydropower Plant. The Group is not required to pay any land premium to obtain the Real Estate Certificate of the Retained Non-compliant Hydropower Plants as they are situated on allotted lands which were allocated to the Group for its use free of charge and this is no limitation as to the period of use. As confirmed by the Company, save as disclosed above, the Group has not received any other penalty demand note from the relevant government authorities in relation to the absence of land use right certificate and/or certificate of ownership for buildings for the Non-compliant Hydropower Plants.

Since the Group has made submissions in accordance with the requirements of the respective government authorities, paid the fine in full in a timely manner and having successfully obtained the respective Real Estate Certificate of the Retained Non-compliant Hydropower Plants as at the Latest Practicable Date, the Company’s PRC legal adviser is of the view that failure to obtain the relevant certificates during the Track Record Period does not constitute a material non-compliance.

Furthermore, as advised by the Company’s PRC legal adviser, (i) pursuant to Article 29 of the Law of the People's Republic of China on Administrative Penalty, where an illegal act or non-compliance is not discovered within two years of its commission, administrative penalty shall no longer be imposed; and (ii) the Group has successfully obtained the respective Real Estate Certificate of the Retained Non-compliant Hydropower Plants; therefore, the Company’s PRC legal adviser is of the view that the possibility of the Group being subject to penalty for the abovementioned non-compliance is very slim.

In light of the above, as at the Latest Practicable Date, save for the Ningde Jinxi-I Hydropower Plant which has been sold to an Independent Third Party (“**Disposal**”) in December 2016, the Group has obtained the relevant Real Estate Certificate for its hydropower projects. For details of the Disposal, please refer to the paragraph headed “Disposal of Ningde Jinxi-I Hydropower Plant” in this announcement.

Internal control measures adopted by the Group to prevent recurrence of similar non-compliance

In order to prevent the Group from acquiring potential targets which own hydropower plants which have not obtained the relevant Real Estate Certificates, the Group has enhanced its internal control measures and has engaged an independent internal control consultant to review the adequacy and effectiveness of its enhanced internal control.

Prior to acquisition of a potential target, the Group would conduct risk assessment in order to protect the interests of the Group and its shareholders. Such risk assessment includes but is not limited to valuation and legal due diligence (including but not limited to identification of any non-compliances of the potential target and the materiality as well as consequences thereof). In the event of any non-compliance incidents discovered, a list of such incidents together with the associated consequences and proposed rectifying measures will be prepared by the chief financial controller of the Company (the “**CFO**”). Should practicality of such proposed rectifying measures be approved by the CFO and professional parties, a timetable will be drawn up in order to implement and complete the proposed rectifying measures within a year upon acquisition of the potential target.

Risk assessment results together with the list of non-compliance incidents (if any) will be submitted to the compliance committee of the Company (“**Compliance Committee**”) and the Board for final approval. If the Compliance Committee and the Board are of the view that such non-compliances cannot be rectified within a year upon acquisition, such acquisition will be rejected. In the event that the Board approves the acquisition, monthly follow up on progress of rectification of the non-compliances will be conducted; and should such non-compliances cannot be rectified within a year upon acquisition, the Compliance Committee and the Board will consider disposing the target.

Upon review of the Group’s current internal control measures, the internal control consultant is of the view that there is no material deficiency in the Group’s internal control measures in order to prevent the abovementioned non-compliance from occurring. In light of the opinions provided by the internal control consultant, both the Directors and the financial adviser of the Company are of the view that the Group’s enhanced internal control measures are adequate and effective in preventing non-compliance incidents similar to those associated with the Non-Compliant Hydropower Plants from happening.

The Compliance Committee comprises all the Directors, inter alias, the four executive Directors namely, Mr. Lin Yang, Mr. Zheng Xuesong, Mr. Chen Congwen and Mr. Lin Tian Hai; and the three independent non-executive Directors namely, Mr. Cheng Chuhan, Mr. Chan Kam Fuk and Mr. Xie Zuomin. Mr. Zheng Xuesong has been appointed as the chairman of the Compliance Committee. The primary duties of the Compliance Committee are, amongst other things, to oversee the on-going compliance matters of the Company to ensure all licences, permits and approval and the renewals thereof are obtained, valid and subsisting where required and necessary under the relevant laws and regulations in a timely manner. For details of each of the members of the Compliance Committee, please refer to the paragraph headed “Biographical information of directors and senior management” in this announcement.

Disposal of Ningde Jinxi-I Hydropower Plant

The Group acquired Ningde Xingyuan Hydropower Co., Ltd. (“**Xingyuan Hydropower**”) on 24 April 2013 for a total cash consideration of approximately RMB24,928,000, which included an assignment of shareholder’s loan of approximately RMB17,928,000, as such the consideration for acquiring the equity interest of Xingyuan Hydropower was approximately RMB7.0 million. Subsequently, Xingyuan Hydropower obtained financing of approximately RMB39.2 million by way of finance lease over its assets, and part of which was applied to fully repay the shareholder’s loan of approximately RMB17,928,000, resulting in a decrease in the net asset value of Xingyuan Hydropower by the same amount.

Further on 20 December 2016, the Vendor entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase entire equity interest of Xingyuan Hydropower for a cash consideration of RMB5.0 million. Taking into account the valuation of Xingyuan Hydropower at RMB7.0 million based on the consideration for acquiring the equity interest of Xingyuan Hydropower, and the consideration for disposal the equity interest of Xingyuan Hydropower of RMB5.0 million, the Directors considered that the disposal consideration is fair and reasonable.

The principal terms of the Agreement are set out below:

Date	:	20 December 2016
Parties	:	Vendor: Fujian Dachuan Hydropower Development Co., Ltd. Purchaser: Zheng Rui (鄭睿) (Note 3)
Assets disposed (“Disposal Target”)	:	Entire registered capital of Ningde Xingyuan Hydropower Co., Ltd. (Note 4)

For further information of the Disposal Target, please refer to the announcement of the Company published on 20 December 2016.

Consideration and Payment Terms : RMB5,000,000 (approximately HK\$5,590,000)

Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to the net asset value of the Disposal Target in group level as at 30 November 2016, which includes the net assets value of Disposal Target (excluding assets and liabilities related to finance lease obligations) of approximately RMB26,246,000 and taking into account the assets and liabilities related to finance lease obligations of the Disposal Target of approximately RMB21,246,000 as at 30 November 2016.

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. (*Note 5*)

Reasons and Benefits of the Disposal : The Company was aware that Xingyuan Hydropower did not have all the land use right certificates and certificates of ownership for buildings at the time of completion of acquisition. At that time, the Directors estimated that such certificates would be obtained within a reasonable timeframe. After the acquisition, the Group approached, and was in constant discussions with the relevant governmental authorities to obtain the certificates. It was not until late 2016 that the Company understood from the governmental authority that it was uncertain as to when the land use right certificate can be obtained.

Subsequently, the Directors was seeking for possible purchaser for the Disposal Target at an estimated consideration based on its net asset value as at November 2016 calculated from the available unaudited management account of the Disposal Target at company level, which is expected to record a gain of approximately RMB36,000. However, taking into account the fair value adjustments in prior year and respective depreciation adjustments at the consolidation level of the Disposal Target, a loss of RMB2.6 million is recorded.

In view that (i) fair value adjustment that led to loss in Disposal is an accounting adjustment and not a cash item, hence there was no loss in terms of cashflow; (ii) all the land use right certificates and certificates of ownership for buildings were unlikely to be obtained in the foreseeable future; (iii) the Disposal Target did not contribute any significant profits to the Group since its acquisition; (iv) the Disposal can strengthen the cash position of the Group and improve the gearing ratio of the Group; (v) the Disposal could minimize the risks associated with the absence of land use rights certificate and certificates of ownership for buildings; and (vi) it may facilitate progress in the Company's application for transfer from GEM to Main Board, and improves the feasibility and channels of financing for the Group for its future projects, the Directors consider the Disposal to be a good and timely opportunity for the Company to realise part of its investment and is fair and reasonable and in the interests of the Company and its shareholders as a whole for the forthcoming corporate development.

Note 3: To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 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). According to publicly available information as at 9 April 2017 apart from being the shareholder, legal representative, executive director and general manager of Xingyuan Hydropower after the Disposal, and also taking the same role and responsibilities in an investment company in the PRC, based on Mr. Zheng Rui's presentation, he has been engaging in real property investment since 2011.

Note 4: The Disposal Target has invested and built the project of Ningde Jinxi-I Hydropower Plant, with a total installed capacity of 3.20 MW.

Note 5: The change in shareholder information of business registration of the Disposal Target has been approved and becomes effective on 23 December 2016. The transaction was completed in December 2016 and no balance of amount due from Disposal Target to the Group upon completion of the transaction.

With reference to the Company's voluntary announcement dated 20 December 2016, the expected gain on disposal of Disposal Target was RMB36,000 which was based on the unaudited net assets value of Xingyuan Hydropower as at 30 November 2016. The actual loss on disposal of Disposal Target was RMB2,558,000 which was based on the audited net assets value of Xingyuan Hydropower as at 31 December 2016. The detail was disclosed in note 33(b) of the consolidated financial statement which was included in the Annual Report of 2016.

The Group's profit after tax attributable to owners of the Company during the three years ended 31 December 2014, 2015 and 2016 after deducting profit or loss contributed from the Ningde Jinxi-I Hydropower Plant are approximately RMB42,114,000, RMB47,210,000 and RMB40,290,000. Therefore, the Directors are of the view that the Group would be able to meet the minimum profit requirements under Rule 8.05(1)(a) of the Main Board Listing Rules if profit or loss contributed from the Ningde Jinxi-I Hydropower Plant was excluded from the Group's results during the three years ended 31 December 2014, 2015 and 2016.

Customers

During the Track Record Period, majority of the Group's customers are state-owned power grid companies, namely State Grid Fujian Fuan Municipal Power Supply Co., Ltd.* (國網福建福安市供電有限公司), State Grid Fujian Province Zhouning County Power Supply Co., Ltd.* (國網福建周寧縣供電有限公司), State Grid Fujian Shouning Province Power Supply Co., Ltd.* (國網福建壽寧縣供電有限公司) and State Grid Zhenjiang Electric Power Company Wenzhou branch* (國網浙江省電力公司溫州供電公司), which are engaged in the distribution of electricity to Fuan City, Zhouning County, and Shouning Country of Fujian Province and to Wenzhou City of Zhenjiang Province respectively. One of the major customers is Shouning Ronghua Metal Products Company* (壽寧榮華金屬制品有限公司) which is engaged in metal processing. The remaining of the Group's customers are state-owned power grid companies in the PRC.

The principal terms of the Group's contracts with customers may vary based on negotiations with their customers. The material terms of the power purchase agreements are summarized below:

Name of hydropower plant	:	The hydropower plant from which electricity shall be generated for sale
Date of agreement	:	The date on which the electricity sales agreement is signed with the customer
Term of agreement	:	Validity period of the electricity sales agreement
Price	:	the price is measured in RMB per kWh, including VAT as of Price = quantity of electricity x applicable on-grid tariff (including VAT as of)
Method of settlement	:	Customers may choose to settle either by way of: (i) cheque and exchange settlement; or (ii) commercial draft (bank acceptance bill and commercial acceptance bill)

Quantity of electricity : There is no agreed quantity of electricity to be supplied. Customers will purchase all the on-grid electricity from the hydropower company provided the customers guarantee that the electric grid will be run in accordance with the Renewable Energy Law, Regulatory Measures for Grid Enterprises' Full Purchase of Renewable Energy Electricity and other relevant provisions and policies of the State

Renewal clause : For most of the electricity sales agreements, automatic renewal clause is not set out therein. Renewal of the agreement is subject to negotiation between the parties which will usually take place approximately three months before the expiry of the sales agreement

For sales agreements which contain automatic renewal clause, in the absence of disagreement between the parties on the expiry date and subject to negotiation of the renewal terms (if any), such agreements will be automatically extended for a further period

Applicable on-grid tariff : Based on the on-grid tariff approved by the relevant governmental price administrative department

Termination clause : The customer can terminate the electricity sales agreement without any liability for breach if: (1) the approval process in respect of power station(s) of the hydropower company has become defective; (2) the hydropower company has not performed any statutory obligations and at the request of the government, the customer is required to stop purchasing electricity from the hydropower company; and (3) the customer performs administrative duty of the government

If any of the following events occurs, the other party may terminate the sales agreement within 10 days by serving a termination notice: (1) any one party becomes bankrupt, is in liquidation, or whose business licence or permission to carry on electricity business is revoked; (2) any one party merged with another party, or having all or most of its assets transferred to another legal entity and the subsisting corporation is unable to continue to perform its obligations under the agreement; (3) termination of the grid connection and dispatch agreement between the parties; (4) the hydropower company is unable to safely supply electricity pursuant to the sales agreement for a continuous period of 30 or 60 or 180 days; and (5) the customer is unable to normally receive electricity supplied by the hydropower company pursuant to the sales agreement for a continuous period of 30 or 60 or 180 days

The relevant members of the Group have also entered into grid connection and dispatch agreements with the relevant customers pursuant to which the relevant hydropower plants of the Group are connected to the power grid operated and managed by the relevant customers.

As at the Latest Practicable Date, validity periods of the grid connection and dispatch agreement of Fu'an Jiulong-I Hydropower Station and Fu'an Jiulong-II Hydropower Station (“**Fu'an Jiulong Agreement**”) will expire on 30 November 2021. The Company does not expect any difficulty in renewing the Fu'an Jiulong Agreement.

As at the Latest Practicable Date, the expiry dates of the contracts with other customers range from 2 to 19 months. The Company does not expect any difficulty in renewing the contracts with other customers.

Lessors of hydropower plants and customers of the Group's hydropower generation business from leased hydropower plants

As at the Latest Practicable Date, four hydropower plants under the operation of the Group were leased by the Group from Independent Third Parties, namely, Shouning County Baizhang Hydropower Plant (壽寧縣百丈水電站), Zherong County Wang She Level II Hydropower Plant (柘榮縣王社二級水電站), Shouning County Jingshan Hydropower Plant (壽寧縣景山水電站) and Shouning County Dongxi Hydropower Plant (寧縣東溪水電站) (collectively, “**Leased Hydropower Plants**”). They are all located in Fujian Province, the PRC. The Group's customers which purchase electricity generated by these hydropower plants are all located in Wenzhou City, Zhejiang Province, the PRC.

The identity, and background according to the publicly available information as at the Latest Practicable Date, of the lessors are set out below:

Power plants	Lessor	Background
Shouning County Baizhang Hydropower Plant (壽寧縣百丈水電站)	Shouning County Baizhang Power Plant (General Partner) 壽寧縣百丈電站 (普通合伙)	A general partnership enterprise incorporated in the PRC in 2005. It is principally engaged in hydropower generation. The general partners are all individuals.

Power plants	Lessor	Background
Zherong County Wang She Level II Hydropower Plant (柘榮縣王社二級水電站)	Zherong County Dong Lian Hydropower Investments Limited 柘榮縣東聯水電投資有限公司	<p>A company with limited liability incorporated in the PRC in 2010 with registered capital of RMB17.5 million.</p> <p>It is principally engaged in hydropower generation; hydropower projects investment and management; electronic technology consulting and services; and selling of electronic materials, construction materials, metal materials and electronic equipment.</p> <p>Its shareholder is a state controlled enterprise.</p>
Shouning County Jingshan Hydropower Plant (壽寧縣景山水電站)	Shouning County Dongxi Hydropower Limited 壽寧縣東溪水電有限公司	<p>A wholly owned foreign investment company with limited liability incorporated in the PRC in 2003 with registered capital of RMB6 million.</p> <p>It is principally engaged in hydropower generation.</p> <p>Its shareholder is a foreign investment company.</p>
Shouning County Dongxi Hydropower Plant (壽寧縣東溪水電站)		

The operation of the Leased Hydropower Plants is part of the businesses of Huajin Huifu, being the target of an acquisition by the Company under the announcement dated 6 October 2014. Upon completion of the acquisition on 15 December 2014, the Group commenced hydropower generation by leased hydropower plant business through Huajin Huifu. The Group has not constructed any buildings or structures in relation to the leased hydropower plants.

As confirmed by the Company and advised by the Company's PRC legal adviser based on the relevant title certificates and documents provided by the relevant lessors, apart from certificates of ownership for buildings of Shouning County Baizhang Hydropower Plant, the lessors of the leased hydropower plants have obtained all the land use right certificates and certificates of ownership for buildings of the hydropower plants. The Company's PRC legal adviser confirms that, under such lease arrangement, the nature of the land and the lack of building ownership certificate will not affect the legality of the relevant lease contracts and the operation of the leased hydropower plants. During the three years ended 31 December 2014, 2015 and 2016, Shouning County Baizhang Hydropower Plant contributed revenue of approximately RMB5,000, RMB1,025,000 and RMB1,290,000 respectively and contributed profit of approximately RMB1,000, RMB288,000 and RMB287,000 respectively to the Group.

As at the Latest Practicable Date, the Group possessed two 110 kV electricity transmission lines which could transmit the electricity generated from these hydropower plants in Fujian Province to power grids in Wenzhou, while the lessors of these hydropower plants do not possess such facility to supply the electricity to the Group's customers in Wenzhou and therefore the Company believes that without such kind of facility, these hydropower plants are not able to transmit the electricity directly to the Group's customers in Wenzhou.

In addition, by leasing their hydropower plants to the Group which will then sell the electricity to its customers through electricity transmission lines not only in the Fujian Province but also in Wenzhou, Zhejiang Province, the customer base of the electricity generated from these hydropower plants could be broadened and, as mentioned above, the lease payments payable to these lessors are directly linked to the amount of electricity sold by the Group.

According to the interviews conducted by the Company's PRC legal adviser with the Water Conservancy Bureau of Ningde City (寧德市水利局) on 12 October 2016, the Group's operation of the four hydropower plants leased by the Group are in compliance with the relevant laws and regulations of PRC and is also validated by the local competent Water Conservancy Bureau which also confirmed that such mode of operation does not constitute violation of the laws and regulations and therefore will not result in any penalty to be imposed on the relevant members of the Group. However, under the requirements of the local Tax Bureau for the purpose of ensuring the source of tax, the invoice of the aforesaid business shall be issued in the category of electricity (電費) and linked to the quantity of electricity generated, which in fact are the lease payments (租賃費) paid by the Group to the lessors pursuant to the relevant lease agreements entered between the Group and the relevant lessors.

As at the Latest Practicable Date, the Group possessed two 110 kV electricity transmission lines with total length of 190 km which could transmit the electricity generated from the hydropower plants to power grids.

In light of the above, the Company considers that the business of selling electricity generated from hydropower plants leased by the Group which had been classified under the category of “hydropower trading business” in the Company’s financial statements and annual reports are in fact hydropower generation and selling business which are not fundamentally different by nature from the Group’s business of selling electricity generated from the Group’s own hydropower plants. The segment name of “hydropower trading business” has been changed to “hydropower generation by leased plants” in the 2016 annual report for more accurate presentation of the nature of the Group’s business.

The Group’s profit after tax attributable to owners of the Company during the three years ended 31 December 2014, 2015 and 2016 after deducting profit or loss contributed from the Ningde Jinxi-I Hydropower Plant and operation through leased hydropower plants are approximately RMB34,293,000, RMB41,305,000 and RMB33,286,000. Therefore, the Directors are of the view that the Group would be able to meet the minimum profit requirements under Rule 8.05(1)(a) of the Main Board Listing Rules even if profit or loss contributed from the Ningde Jinxi-I Hydropower Plant and operation through leased hydropower plants was excluded from the Group’s results during the three years ended 31 December 2014, 2015 and 2016.

The Group’s leased hydropower plants

The table below sets out details of each of the hydropower plants leased by the Group:

Name of Lessor	Name of Hydropower Plant	Date of commencement of operation	Installed capacity attributable to the Group (MW)	Utilisation rates during the Track Record Period (%) (Note 3)				Revenue contribution during the Track Record Period (RMB’000)			
				2014	2015	2016	Nine months ended 30 September 2017	2014	2015	2016	Nine months ended 30 September 2017
Shouning County Baizhang Power Plant (General Partner)	Shouning County Baizhang Hydropower Plant	October 2005	1.00	0.22	27.85	36.75	29.67	5	1,025	1,290	801
Zherong County Dong Lian Hydropower Investments Limited	Zherong County Wang She Level II Hydropower Plant	March 2005	18.00	–	48.56	61.25	45.11	N/A	29,526	35,193	18,603
Shouning County Dongxi Hydropower Limited	Shouning County Jingshan Hydropower Plant	November 2005	4.00	0.53	34.12	50.86	36.34	44	5,224	7,108	3,765
Shouning County Dongxi Hydropower Limited	Shouning County Dongxi Hydropower Plant	January 2006	3.20	0.52	34.12	50.86	36.34	35	4,104	5,687	3,012

Note 3: Utilisation rate is calculated as utilisation hours contributed to the Group divided by 8,760 hours (i.e. 365 x 24) per year.

**Applicable on-grid tariff during the Track Record Period and
as at Latest Practicable Date (RMB/KWh), including VAT as of**

Name of Lessor	Name of Hydropower Plant	2014	2015	2016	As at Latest Practicable Date
Shouning County Baizhang Power Plant (General Partner)	Shouning County Baizhang Hydropower Plant	Electricity of peak period: 0.562			
		Electricity of low period: 0.208			
Zherong County Dong Lian Hydropower Investments Limited	Zherong County Wang She Level II Hydropower Plant	Electricity of peak period: 0.562			
		Electricity of low period: 0.208			
Shouning County Dongxi Hydropower Limited	Shouning County Jingshan Hydropower Plant	Electricity of peak period: 0.562			
		Electricity of low period: 0.208			
Shouning County Dongxi Hydropower Limited	Shouning County Dongxi Hydropower Plant	Electricity of peak period: 0.562			
		Electricity of low period: 0.208			

Accounting treatments for hydropower generation business conducted on leased hydropower plants and the gross profits generated from hydropower generation conducted on leased hydropower plants during the Track Record Period

The revenue from sales of electricity and the operating leases payment of for leasing the four leased hydropower plants were recognized when electricity is supplied to the provincial grid companies or private company and recorded as the revenue and cost of sales separately in the consolidated statement of profit or loss and other comprehensive income during the Track Record Period. The gross profit for hydropower generation business conducted on leased hydropower plants for each of the years ended 31 December 2014, 2015 and 2016 was approximately RMB30,000, RMB7,874,000 and RMB9,339,000, respectively.

Investors may refer to the annual reports for the three years ended 31 March 2014, 2015 and 2016 published on 27 March 2015, 30 March 2016 and 31 March 2017, respectively, for more details of the financial results of the Group during the relevant periods.

The Group's land use right to allotted lands

As advised by the Company's PRC legal adviser, certain property, plant and equipment of the Group's hydropower projects are situated on allotted lands which were allocated to the Group for its use free of charge where there is no limitation as to the period of use. However, if by reason of needs of urban development and urban planning, the relevant municipal or county government has authority to recall the allotted lands at any time by their discretion and at no cost to the government. Notwithstanding the aforesaid, depending on the circumstances, the government shall make appropriate compensation as regards the buildings and properties situated thereon should they recall such allotted.

As at the Latest Practicable Date, the table below sets out the hydropower projects that are situated on allotted lands:

Name of Hydropower Plant	Land nature – reservoir	Land nature – plant	Land nature – other property
Ma Tou Shan Hydropower Plant	By allotment	By assignment	Engine room is situated on allotted land
Qianping Hydropower Plant	By allotment	By assignment	N/A
Fu'an Jiulong-I Hydropower Station & Fu'an Jiulong-II Hydropower Station	By allotment	By allotment	N/A
Liuchai Hydropower Plant	By allotment	By allotment	N/A
Xiadongxi Hydropower Plant	By allotment	By allotment	N/A
Huangqiling-II Hydropower Plant	By allotment	By allotment	Living quarters are located on allotted land
Cheling-II Hydropower Plant	By allotment	By allotment	N/A
Kengdou Hydropower Plant	By allotment	By allotment	N/A

According to the existing "Catalogue for the Allocation of Land", land use right for building energy, communications and water conservancy and other infrastructure projects specially supported by the State may be provided through allocation.

As confirmed by the Company, up to the Latest Practicable Date, none of the Group's companies which operates the relevant hydropower projects situated on allotted lands had received any enquiries made by the local state-owned land resources administration department or planning department in respect of the land use rights of the aforesaid allotted lands.

According to the interviews conducted by the Company's PRC legal adviser with the Land and Resources Bureau of Ningde City (寧德市國土資源局) and Urban and Rural Planning Bureau of Ningde City (寧德市城鄉規劃局) on 12 October 2016 and the confirmation issued by Land and Resources Bureau of Ningde City (寧德市國土資源局) on 23 December 2016, the abovementioned hydropower plants of the Group were supported by the State and relevant provisions of "Catalogue for the Allocation of Land" apply to the Group, and given the on-going hydropower projects of the Group are renewable energy projects which are specially supported by the PRC government and the subject allotted lands are not within the scope of urban planning of Ningde City, there is a slim possibility that the respective land use right certificates will be recalled by the relevant PRC government authorities in the foreseeable future. Despite that according to the "Catalogue for the Allocation of Land" (《劃撥用地目錄》), in case of any change of the nature of the enterprise (企業改制), transfer of land use right or change of use of the allotted lands resulting in the allotted lands on which the hydropower plants of the Group are situated no longer falling under the "Catalogue for the Allocation of Land" (《劃撥用地目錄》), the Group would be required to pay the relevant land premium for using the allotted lands. However, the Company's PRC legal adviser also confirmed that the acquisitions of the hydropower plants by the Group in 2014 did not constitute a change in the nature of an enterprise (企業改制), and therefore, no premium is required to be paid in respect of the Group's allotted lands on which certain of the acquired hydropower plants are situated.

Pursuant to Article 6 of the Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right to Use of State-Owned Land in the Urban Areas and Article 4 of Provisional Rules on Administration of Allocated Land Use Rights, the Land Administration Bureau of the People's Government at County level or above shall supervise and review the sale, transfer, lease, pledge of land and termination thereof. Therefore, our PRC legal adviser is of the view that the Land and Resources Bureau of Ningde City has the right to administer, supervise and review the sale, transfer, lease and pledge of land use rights within the jurisdiction of Ningde City.

Pursuant to the Notice of Printing and Distributing the Regulation on the Main Functions, Interior Institutions and Staffing of Ningde Bureau of Land and Resources (No.246 (2011)) (《關於印發寧德市國土資源局主要職責內設機構和人員編制規定的通知》(寧政辦〔2011〕246號)) issued by Ningde Municipal People's Government, Fujian Province, the major functions of the Land and Resources Bureau of Ningde City include (i) being responsible for the planning, administration, protection and rational utilisation of the city's land resources, mineral resources and other natural resources; (ii) organising the development of the city's land resources development plan; and (iii) participating in the city's macroeconomic operation, regional coordination, urban and rural research and to put forward proposals in relation to regulations and measures on land resources.

Pursuant to the Notice of the Printing and Distributing the Regulation on the Main Functions, Interior Institutions and Staffing of Urban and Rural Planning Bureau of Ningde City (No.221 (2011)) (《關於印發寧德市城鄉規劃局主要職責內設機構和人員編制規定的通知》(寧政辦〔2011〕221號)) issued by Ningde Municipal People's Government, Fujian Province, the major functions of the Urban and Rural Planning Bureau of Ningde City include (i) studying and formulating the city's urban and rural development strategy, urbanisation and urban system (township) planning and planning management measures for various zones; (ii) participating in preparation of territorial planning, regional planning, land-use planning and urban state-owned land use rights transfer planning; and (iii) being responsible for the planning and management of assignment and transfer of the state-owned land use right.

In light of above Notices and laws, since all subsidiaries of the Group in the PRC are located within the jurisdiction of Ningde City, the Company's PRC legal adviser is of the view that the Land and Resources Bureau of Ningde City and Urban and Rural Planning Bureau of Ningde City are therefore competent authorities to give the relevant confirmations as stated above.

There are certain allotted lands and/or the buildings and properties situated thereon to be pledged with a sub-branch of Industrial and Commercial Bank of China Ltd. ("ICBC") pursuant to the loan agreements entered into between ICBC and Fuyuan Hydropower in 2009 in respect of Liuchai Hydropower Plant and Xiadongxi Hydropower Plant. As at the Latest Practicable Date, the outstanding balance of the loan with the sub-branch of ICBC is RMB103 million. As advised by the Company's PRC legal adviser, according to Property Law of the People's Republic of China, the right of mortgage, charge or pledge will only become effective upon registration with the relevant government authorities. Furthermore, according to Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right to the Use of the State-Owned Land in the Urban Areas (《中華人民共和國城鎮有土地使用權出讓和轉讓行條例》) and Provisional Rules on Administration of Allocated Land Use Right (《劃撥土地使用權管理暫行辦法》), upon registration of the mortgage, charge or pledge of the land use right, the buildings and properties situated thereon together with their land use right will also be subject to mortgage, charge or pledge. Furthermore, land users who have not obtained approval from the land administrations of municipal or county people's governments and fail to go through requisite procedures for granting of the land use right and pay land premium shall not transfer, lease or mortgage land use right.

However, approval from and registration with the relevant government authorities in relation to the pledge on the allotted lands as mentioned above has never been obtained and conducted. Up to the Latest Practicable Date, the registration of the pledge over lands and the buildings and properties situated thereon by Fuyuan Hydropower was not completed. The Group had issued enquiry letters to the relevant bank on 24 February 2017 and received bank's confirmation that the bank was aware of the non-registration of the pledge, and confirmed that such non-registration will not affect the validity of the respective bank loan agreements, and that such agreements have been and will continue to be in force. The Company further confirmed that up to the Latest Practicable Date, the bank has also confirmed that (1) it has not demanded the Group's companies to proceed with the relevant registration procedures of the pledge, and (2) it has agreed that such loan agreements have been and will continue to be in force. As confirmed by the Company, up to the Latest Practicable Date, none of the Group's companies had received any enquiries made by the local Land and Resources Bureau in respect of the non-registration of the pledge for the aforesaid allotted lands. Furthermore, according to the enquiry conducted by the Company's PRC legal adviser with the Land and Resources Bureau of Ningde City (寧德市國土資源局), the validity of the pledge is a commercial issue between the bank as pledgor and the Group as pledgee; therefore, the land use right concerned will remain as it is. As long as the allotted lands are not subject to registration under pledge, it is not regarded as non-compliance with the relevant regulations in respect of allotted lands and no penalty will be imposed on the Group. Hence, the Company's PRC legal adviser is of the view that as the pledge in respect of the allotted lands as mentioned above have not been registered with the relevant government authorities, the Group is not in violation of the regulations in relating to the pledgee of the allotted lands and the usage of such lands in accordance with the relevant certificates is in compliance with the laws and regulations of the People's Republic of China governing allotted lands. In other words, Fuyuan Hydropower is entitled to operate the hydropower plant projects on the relevant allotted land that does not have any effectively registered pledge in accordance with the State Owned Land Use Rights Certificate or Real Estate Certificate lawfully obtained by them.

In addition, the Group has obtained a letter of undertaking of intention, valid until 9 April 2018, to lend from the Fuzhou Branch of Shanghai Pudong Development Bank dated 10 April 2017, confirming that the aforesaid bank will make financing arrangements of not more than RMB150 million to Fuyuan Hydropower for the Liuchai Hydropower Plant and Xiadongxi Hydropower Plant projects. Such letter of intent does not contain specific terms on the pledge of assets and is not enforceable. The Company's PRC legal adviser is of the view that such letter of intent is not in violation of PRC laws and regulations. The Directors undertake that the Group will ensure full compliance with the laws and regulations in relation to the allotted lands and/or buildings thereon, in case the Group enters into any loan agreement with Fuzhou Branch of Shanghai Pudong Development Bank. Even if the sub-branch of ICBC may demand accelerated repayment of the outstanding loans based on its credit risk management due to non-registration of the pledge, the Group does not anticipate any material adverse change to its financial position as it may use the financing proceeds available from the new bank to repay the relevant existing loan. Taking into consideration of the aforesaid banks' confirmations and the Group's cash position, the Directors believe that the likelihood of the Group needing to seek for actual financing from Fuzhou Branch of Shanghai Pudong Development Bank is low.

REASONS FOR THE TRANSFER OF LISTING

The Directors believe that the listing of the Shares on the Main Board will enhance the profile and public image of the Group and improve the trading liquidity of the Shares. The Directors also consider that the listing of the Shares on the Main Board will be beneficial to the future growth, financial flexibility and business development of the Group, and allow the Company to gain wider recognition among the public and institutional investors. As at the date of this announcement, the Directors do not contemplate any material change in nature of the Group's business following the Transfer of Listing. The Transfer of Listing does not involve any issue of new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from 6 July 2012, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (Stock code: 8261) will be 2 February 2018. Dealings in the Shares on the Main Board (Stock code: 1659) will commence at 9:00 a.m. on 5 February 2018.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 8,000 Shares each and are traded in Hong Kong dollars. The share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrar and transfer office of the Company following the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 19 June 2012 and took effect on 6 July 2012 to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants and for such other purposes as the Board may approve from time to time. Pursuant to the Share Option Scheme, the Board may, at its discretion invite eligible participants of the Share Option Scheme including, among others, the Group's executive directors, non-executive directors and employees, to take up share options to subscribe for Shares in accordance with the terms of the Share Option Scheme.

As at the date of this announcement, no share option was granted, exercised or cancelled by the Company under the Share Option Scheme. A total of 800,000,000 Shares may fall to be issued upon exercise of the share options that may be but not yet granted under the Share Option Scheme.

The Share Option Scheme will remain effective following the Transfer of Listing and will be implemented in compliance with the requirements of Chapter 17 of the Main Board Listing Rules. The listing of the Shares to be issued pursuant to the Share Option Scheme will also be transferred to the Main Board.

PUBLIC FLOAT

Reference is made to our announcement dated 4 September 2017 regarding the completion of SFC's enquiry into the shareholding of the Company. The SFC's findings indicated that as at 24 August 2017, 19 Shareholders held an aggregate of 2,555,584,000 Shares, which represented approximately 27.97% of the then issued share capital of the Company. Such shareholding, together with 6,000,000,000 Shares (which represented approximately 65.67% of the then issued share capital of the Company) held by our Controlling Shareholder, represented approximately 93.64% of the then issued share capital of the Company. Therefore, only 580,416,000 Shares (which represented approximately 6.36% of the then issued share capital of the Company) were held by other public Shareholders as at 24 August 2017. SFC considered that a high concentration of shareholding was maintained in a small number of Shareholders.

In order to increase the spread of the shareholding of the Company held by public Shareholders, the Controlling Shareholder, Victor River Limited, disposed of an aggregate of 715,192,000 Shares (the “**Place Down**”), which represented approximately 7.82% of the then issued share capital of the Company, to 36 independent placees through placing agent at the price of HK\$0.2 per share on 11 October 2017. None of the placees was placed more than 20,000,000 placing shares. Immediately after the Place Down by the Controlling Shareholder and as at the Latest Practicable Date, approximately 57.85% and approximately 42.15% of the Shares were held by the Controlling Shareholder and the public Shareholders, respectively. Immediately before and after the Place Down by the Controlling Shareholder, the twenty-five largest public Shareholders in aggregate held 2,516,952,000 Shares, which represented approximately 27.55% of the issued share capital of the Company, and together with the Controlling Shareholder, they hold in aggregate 7,801,760,000 Shares, which represented approximately 85.4% of the issued share capital of the Company.

According to the latest information available to the Directors, a total of 3,851,192,000 Shares were held by at least 383 public Shareholders, representing approximately 42.15% of the issued share capital of the Company, and the three largest public Shareholders in aggregate held 1,259,344,000 Shares, representing approximately 13.78% of the issued share capital of the Company. The Company has at least a total of 384 Shareholders.

The Directors confirm that not less than 25% of the total issued share capital of the Company was held by the public (as defined in the Main Board Listing Rules) as at the Latest Practicable Date. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules. Save for the 9,136,000,000 Shares in issue, the Company does not have any other options, warrants, or similar rights or convertible equity securities in issue as at the Latest Practicable Date.

CONVERTIBLE SECURITIES, OPTIONS, OR WARRANTS

As at the date of this announcement, there are no outstanding convertible securities, options, or warrants in issue which confer any right to subscribe for, convertible or exchangeable into Shares.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 19 May 2017 to the Directors to allot and issue new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the revocation or variation of the authority given under the relevant resolutions granting the general mandates by ordinary resolution(s) passed by the Shareholders in general meeting; and
- (c) the expiration of the period within which the next annual general meeting of the Company is required by the Company's articles of association or any applicable laws to be held.

PUBLICATION OF RESULTS

Upon completion of the Transfer of Listing, the Company will cease the practice of reporting financial results on a quarterly basis and will follow the relevant requirements of the Main Board Listing Rules, which include publishing its interim results and annual results within 2 months and 3 months from the end of the relevant periods or financial year, respectively. The Board is of the view that the investors and Shareholders will continue to have access to relevant information on the Company following the reporting requirements under the Main Board Listing Rules.

COMPETING BUSINESSES

As at the date of this announcement, none of the Directors and the controlling shareholders of the Company (as defined under the Main Board Listing Rules) and their respective close associates has any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rules 8.10(1) and 8.10(2) of the Main Board Listing Rules.

Non-competition undertaking by the Controlling Shareholders

As the terms of the deed of non-competition undertaking (“**Original Non-competition Deed**”) entered into by the Controlling Shareholders on 19 June 2012 have made several references to the GEM Listing Rules, in connection with the Transfer of Listing, a deed of amendment supplemental to the Original Non-competition Deed (“**Amendment Deed**”) will be executed by the Controlling Shareholders prior to the Transfer of Listing so that the Original Non-competition Deed shall, where the context so requires, be read and construed throughout so as to incorporate the amendments and supplements made by the Amendment Deed and as a result, any references to the GEM Listing Rules in the Original Non-competition Deed shall be amended as references to the Main Board Listing Rules. The Amendment Deed will take effect from the date on which the Transfer of Listing has become effective, i.e., from 5 February 2018. Save for the aforesaid amendments, all the provisions of the Original Non-competition Deed (as amended and supplemented by the Amendment Deed) shall continue to be in full force and effect and be operative and binding on the Controlling Shareholders. For details of the terms of the Original Non-competition Deed, please refer to the prospectus of the Company dated 28 June 2012.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company discloses below the biographical information of each Director and each member of the senior management:

Executive Directors

Mr. Lin Yang, aged 55, is the founder of the Group. He has been appointed as an executive Director since 27 August 2010 and is the chairman of the Board. Mr. Lin is mainly responsible for the overall strategic planning and corporate policy making for the operational direction of the Group. He possesses many years of experience in corporate planning, business development and project investment. Prior to the establishment of the Group, Mr. Lin acted as assistant general manager and general manager of Fuan Oriental Plastic Factory (福安市東方塑料廠), a factory with principal business of production and sale of plastic products mainly in the PRC market, respectively, during the period from 1995 to 2002 where he was responsible for plastic trading and management affairs. Before that, he worked in a few other plastic factories in the PRC. Mr. Lin obtained a certificate in Administrative Management (行政管理專業成人高等教育專業證書) from the Fujian Normal University (福建師範大學) in October 1995. In 2009, Mr. Lin completed a Private Equity Investment Fund Advanced Programme in the Beijing University (北京大學私募股權投資基金高級研修班) and passed the examinations.

Mr. Lin was appointed as deputy chairman of the Third Standing Committee of the China Commercial Association General of Canada, Fujian Commerce Association of Canada (加拿大中華總商會福建商會第三屆常務理事會常務副會長) in 2006. Mr. Lin is the father, brother-in-law and cousin-in-law of the executive Directors, Mr. Lin Tian Hai, Mr. Chen Congwen and Mr. Zheng Xuesong, respectively.

Save for Mr. Lin's interest in a total of 5,284,808,000 ordinary Shares, representing approximately 57.85% of the issued share capital of the Company as at the date of this announcement, which is directly held by Victor River Limited, a company wholly-owned by Mr. Lin, as at the date of this announcement, Mr. Lin does not have any other interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, (i) Mr. Lin does not hold any other position with the Company or any of its subsidiaries and does not hold and did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) Mr. Lin has no relationship with any directors, senior management or substantial shareholders (as defined in the Main Board Listing Rules) or controlling shareholders (as defined in the Main Board Listing Rules) of the Company.

Mr. Lin has entered into a service contract with the Company commencing from 6 July 2012 for a term of three years which upon expiry will be automatically renewed for a further term of three years subject to early termination in accordance with the terms therein and retirement by rotation, and eligible for re-election pursuant to the Articles. He is entitled to a directors' fee of HK\$300,000 per annum, which is determined by the Remuneration Committee with reference to his duties and responsibilities in the Company and the market benchmark.

In view of the Transfer of Listing, the Company will enter into an amendment agreement with Mr. Lin with terms materially the same as the original service contract entered into between the Company and Mr. Lin in order to amend any references to the GEM Listing Rules in the original service contract to references to the Main Board Listing Rules.

Save as disclosed above, there is no other information relating to Mr. Lin that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. Zheng Xuesong, aged 45, has been an executive Director since 14 October 2010 and is the chief executive officer of the Group. He has over 17 years of experience in hydropower plants development and management. Mr. Zheng is mainly responsible for overseeing the day-to-day management of the Group. Prior to joining the Group, Mr. Zheng worked for Fujian Muyang River Hydropower Development Co., Ltd. (福建穆陽溪水電開發有限公司) for the period from February 1995 to January 2003 as an assistant operation supervisor and head of technical department. During the period from November 1993 to January 1995, Mr. Zheng worked in sales department of Mingdong Zhongmin Enameled Wire Factory (閩東中閩漆包綫廠). In 2010, Mr. Zheng was appointed as the vice chairman of Energy Association of Ningde City of Fujian province (寧德市能源行業協會). Mr. Zheng is the cousin-in-law of Mr. Lin Yang and the uncle of Mr. Lin Tian Hai. Mr. Zheng finished high school education in September 1993 in Zhouning County, Ningde City, Fujian Province.

As at the date of this announcement, Mr. Zheng does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, (i) Mr. Zheng does not hold any other position with the Company or any of its subsidiaries and does not hold and did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) Mr. Zheng has no relationship with any directors, senior management or substantial shareholders (as defined in the Main Board Listing Rules) or controlling shareholders (as defined in the Main Board Listing Rules) of the Company.

Mr. Zheng has entered into a service contract with the Company commencing from 6 July 2012 for a term of three years which upon expiry will be automatically renewed for a further term of three years subject to early termination in accordance with the terms therein and retirement by rotation, and eligible for re-election pursuant to the Articles. He is entitled to a directors' fee of HK\$200,000 per annum, which is determined by the Remuneration Committee with reference to his duties and responsibilities in the Company and the market benchmark.

In view of the Transfer of Listing, the Company will enter into an amendment agreement with Mr. Zheng with terms materially the same as the original service contract entered into between the Company and Mr. Zheng in order to amend any references to the GEM Listing Rules in the original service contract to references to the Main Board Listing Rules.

Save as disclosed above, there is no other information relating to Mr. Zheng that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. Chen Congwen, aged 50, has been an executive Director since 14 October 2010 and is the chief financial officer of the Group. Mr. Chen is mainly responsible for the financial planning and management of the Group. He has over 21 years of experience in finance and corporate management. Mr. Chen has a Certificate of Accounting Employment Qualification (會計從業資格證書) issued to him by the Ningde Fuan Financial Bureau (寧德市福安市財政局) of the PRC in January 2006. He completed a 3 years' course in Finance and Accounting (計財系財務會計三年制本(專)科) at Fujian Commercial College (福建省商業高等專科學校) in July 1988. During the period from August 1988 to November 2003, Mr. Chen worked as finance manager for Fuan City Administration Bureau for Industry and Commerce (福安市工商行政管理局). Mr. Chen is the brother-in-law of Mr. Lin Yang and the uncle of Mr. Lin Tian Hai.

As at the date of this announcement, Mr. Chen does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, (i) Mr. Chen does not hold any other position with the Company or any of its subsidiaries and does not hold and did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) Mr. Chen has no relationship with any directors, senior management or substantial shareholders (as defined in the Main Board Listing Rules) or controlling shareholders (as defined in the Main Board Listing Rules) of the Company.

Mr. Chen has entered into a service contract with the Company commencing from 6 July 2012 for a term of three years which upon expiry will be automatically renewed for a further term of three years subject to early termination in accordance with the terms therein and retirement by rotation, and eligible for re-election pursuant to the Articles. He is entitled to a directors' fee of HK\$120,000 per annum, which is determined by the Remuneration Committee with reference to his duties and responsibilities in the Company and the market benchmark.

In view of the Transfer of Listing, the Company will enter into an amendment agreement with Mr. Chen with terms materially the same as the original service contract entered into between the Company and Mr. Chen in order to amend any references to the GEM Listing Rules in the original service contract to references to the Main Board Listing Rules.

Save as disclosed above, there is no other information relating to Mr. Chen that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. Lin Tian Hai, aged 31, was appointed as an executive Director since 30 January 2013 and is the deputy chief executive officer of the Group. Mr. Lin Tian Hai obtained a Bachelor Degree of Business Administration and Management from the University of Toronto in Canada in May 2011. Mr. Lin Tian Hai joined the Group in July 2012 and is mainly responsible for the investor relationship of the Group. He has worked in private equity and investment banking sectors and has substantial experiences in project management and corporate financing. Mr. Lin Tian Hai is the son of Mr. Lin Yang.

As at the date of this announcement, Mr. Lin Tian Hai does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, (i) Mr. Lin Tian Hai does not hold any other position with the Company or any of its subsidiaries and does not hold and did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) Mr. Lin Tian Hai has no relationship with any directors, senior management or substantial shareholders (as defined in the Main Board Listing Rules) or controlling shareholders (as defined in the Main Board Listing Rules) of the Company.

Mr. Lin Tian Hai has entered into a service contract with the Company commencing from 30 January 2013 for a term of one year which upon expiry will be automatically renewed for a further term of one year subject to early termination in accordance with the terms therein and retirement by rotation, and eligible for re-election pursuant to the Articles. He is entitled to a directors' fee of HK\$120,000 per annum, which is determined by the Remuneration Committee with reference to his duties and responsibilities in the Company and the market benchmark.

In view of the Transfer of Listing, the Company will enter into an amendment agreement with Mr. Lin Tian Hai with terms materially the same as the original service contract entered into between the Company and Mr. Lin Tian Hai in order to amend any references to the GEM Listing Rules in the original service contract to references to the Main Board Listing Rules.

Save as disclosed above, there is no other information relating to Mr. Lin Tian Hai that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Independent non-executive Directors

Mr. Cheng Chuhan, aged 45, has been an independent non-executive Director since 14 October 2010. Mr. Cheng is responsible for the supervision of management, participation in the direction of the Company's business and affairs and ensuring interests of all Shareholders are taken into account. Mr. Cheng graduated from Fuzhou University (福州大學) with a bachelor's degree in Economics in July 1994. Mr. Cheng has over 17 years of experience in the accounting and audit industry. During the period from April 2004 to September 2007, Mr. Cheng worked for Meridian Industries (Asia Pacific) Ptd Ltd. in Singapore as a deputy general manager responsible for managing the finance and investment of the corporation. During the period from May 1998 to March 2004, Mr. Cheng was an audit manager of Chan Hock Seng & Co. Certified Public Accounts in Singapore.

As at the date of this announcement, Mr. Cheng did not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, (i) Mr. Cheng does not hold any other position with the Company or any of its subsidiaries and does not hold and did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) Mr. Cheng has no relationship with any directors, senior management or substantial shareholders (as defined in the Main Board Listing Rules) or controlling shareholders (as defined in the Main Board Listing Rules) of the Company.

Mr. Cheng has entered into a letter of appointment with the Company commencing from 6 July 2015 for a specified term of three years but will be subject to retirement by rotation, and eligible for re-election pursuant to the Articles. He is entitled to a directors' fee of HK\$80,000 per annum, which is determined by the Remuneration Committee with reference to his duties and responsibilities in the Company and the market benchmark.

In view of the Transfer of Listing, the Company will enter into an amendment letter of appointment with Mr. Cheng with terms materially the same as the original letter of appointment entered into between the Company and Mr. Cheng in order to amend any references to the GEM Listing Rules in the original letter of appointment to references to the Main Board Listing Rules.

Save as disclosed above, there is no other information relating to Mr. Cheng that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. Chan Kam Fuk, aged 52, has been appointed as an independent non-executive Director since 14 October 2010. Mr. Chan is responsible for the supervision of management, participation in the direction of the Company's business and affairs and ensuring interests of all Shareholders are taken into account. Mr. Chan is the sole-proprietor of Dominic K. F. Chan & Co., CPA, and practising director of Centurion ZD CPA Limited and Grandeur CPA Limited, accounting firms in Hong Kong. He is a practising certified public accountant in Hong Kong, member of CPA Australia, and certified tax adviser of the Taxation Institute of Hong Kong. Prior to joining the Group, Mr. Chan acted as an executive director of a Hong Kong listed company, namely, Ecopro Hi-Tech Holdings Limited (now known as China Gogreen Assets Investment Limited) (Stock Code: 397) from 15 January 2001 and retired on 31 August 2001, and acted as an independent non-executive director of two Hong Kong listed companies, namely, Info Communication Holdings Limited (now known as Sage International Group Limited) (Stock Code: 8082) and Wing Hing International Holdings Limited (now known as Taung Gold International Limited) (Stock Code: 621) for the periods from 30 September 2004 to 14 December 2007 and from 30 October 2009 to 20 April 2010, respectively. In addition, Mr. Chan acted as (i) an executive director of Swing Media Technology Group Ltd., a corporation listed in the Singapore Exchange ("SGX") from 19 May 2003 and resigned as non-executive director on 11 November 2006 because of his own personal working schedule, and (ii) an independent non-executive director of Superior Fastening Technology Limited (now known as Renewable Energy Asia Group Limited) whose shares are also listed on the SGX from 28 October 2003 and retired by rotation on 30 July 2010. Mr. Chan was an independent non-executive director of Luks Group (Vietnam Holdings) Company Limited whose shares are listed on the Stock Exchange (Stock Code: 366) from 16 June 2014 to 15 September 2016. Mr. Chan has extensive experience in finance, auditing and accounting. Mr. Chan graduated from The University of Southern Queensland, Australia with a Master of Professional Accounting in March 1998 and from the City University of Hong Kong with the degree of Master of Science in Finance in 1995.

Mr. Chan and his accounting firm, Dominic K.F. Chan & Co., CPA, have been reprimanded by the disciplinary committee of the Hong Kong Institute of Certified Public Accountants (the "**Institute**"). Both Mr. Chan and his firm have been required to pay penalty and costs. The disciplinary proceedings were brought on a complaint that they failed or neglected to observe, maintain or otherwise apply a professional standard issued by the Institute, and involved a finding of breaches of audit and accounting standards by the firm in relation to the issuance of unqualified Accountants' Report on the unaudited pro forma financial information set out in a major transaction circular of a listed company. However, there was no allegation or finding of fraud or dishonesty made against Mr. Chan or his firm.

As at the date of this announcement, Mr. Chan does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, (i) Mr. Chan does not hold any other position with the Company or any of its subsidiaries and does not hold and did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) Mr. Chan has no relationship with any directors, senior management or substantial shareholders (as defined in the Main Board Listing Rules) or controlling shareholders (as defined in the Main Board Listing Rules) of the Company.

Mr. Chan has entered into a letter of appointment with the Company commencing from 6 July 2015 for a specified term of three years but will be subject to retirement by rotation, and eligible for re-election pursuant to the Articles. He is entitled to a directors' fee of HK\$80,000 per annum, which is determined by the Remuneration Committee with reference to his duties and responsibilities in the Company and the market benchmark.

In view of the Transfer of Listing, the Company will enter into an amendment letter of appointment with Mr. Chan with terms materially the same as the original letter of appointment entered into between the Company and Mr. Chan in order to amend any references to the GEM Listing Rules in the original letter of appointment to references to the Main Board Listing Rules.

Save as disclosed above, there is no other information relating to Mr. Chan that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Mr. Xie Zuomin, aged 73, has been appointed as an independent non-executive Director since 21 April 2015. Mr. Xie is responsible for the supervision of management, participation in the direction of the Company's business and affairs and ensuring interests of all Shareholders are taken into account. Mr. Xie obtained a Bachelor's Degree in Electrical Engineering from Harbin Institute of Technology in the PRC in August 1970. Mr. Xie holds the title of senior economist (高級經濟師) awarded by Fujian Province Department of Human Resources* (福建省人事廳) in January 2004. From 2003 to 2008, Mr. Xie was a member of the Fujian Province Committee of the Chinese People's Political Consultative Conference* (福建省政協委員) as well as the vice chairman of the Sub-Committee of Education and Publicity* (學習宣傳委). From May 1996 to August 2005, he had served as the general manager as well as the Secretary of the Communist Party of China* ("CPC") in Fujian Ship Building Industry Group Company Limited* (福建省船舶工業公司總經理及黨委書記).

Mr. Xie had also been a member of the Ningde Prefectural Committee of the CPC* (寧德市地委), the Secretary of the Ningde City Committee of the CPC* (寧德市委書記) and the Director of the Ningde Municipal People's Congress* (寧德市人大主任) between 1994 and 1996. From 1990 to 1996, Mr. Xie had served as the Secretary of Fujian Ningde City (County-level City) Committee of the CPC* (福建寧德市(縣級市)市委書記). He had been the Director General of Fujian Ningde District Two Light Industry Bureau* (福建寧德地區二輕工業局局長) from March 1987 to August 1990. From January 1984 to March 1987, Mr. Xie had been the County Head of Fujian Fuding County* (福建福鼎縣縣長). During the period from August 1983 to July 1985, Mr. Xie attended training at the Fujian Provincial CPC Party School for Young Cadre* (中共福建省委黨校中青年幹部). Mr. Xie worked at Bureau of Materials and Equipments of Fujian Fuding County* (福建福鼎縣物資局) from 1976 to 1983. He had worked as a 404T technician in Jijiang City (技江市) of Hubei Province from August 1970 to September 1976. Mr. Xie has also been the chairman of Fujian Ship Building Industry Association since 2006.

As at the date of this announcement, Mr. Xie does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, (i) Mr. Xie does not hold any other position with the Company or any of its subsidiaries and does not hold and did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) Mr. Xie has no relationship with any directors, senior management or substantial shareholders (as defined in the Main Board Listing Rules) or controlling shareholders (as defined in the Main Board Listing Rules) of the Company.

Mr. Xie has entered into a letter of appointment with the Company for a fixed term of three years commencing from 21 April 2015 but will be subject to retirement by rotation, and eligible for re-election at annual general meetings pursuant to the Articles. He is entitled to a directors' fee of HK\$80,000 per annum, which is determined by the Remuneration Committee with reference to his duties and responsibilities in the Company and the market benchmark.

In view of the Transfer of Listing, the Company will enter into an amendment letter of appointment with Mr. Xie with terms materially the same as the original letter of appointment entered into between the Company and Mr. Xie in order to amend any references to the GEM Listing Rules in the original letter of appointment to references to the Main Board Listing Rules.

Save as disclosed above, there is no other information relating to Mr. Xie that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Senior Management

Mr. Wang Xiaoyun, aged 53, is the vice president of the Group. He joined the Group in March 2003 acting as the general manager of Fujian Dachuan Hydropower Development Co., Ltd (formerly known as Zhouning Qianping Hydroelectric Development Co., Ltd. (周寧縣前坪水電開發有限公司)), an indirect wholly-owned subsidiary of the Company. He has been the vice president of Fuan Liyuan Hydropower Co., Ltd and Fujian Dachuan Hydropower Development Co., Ltd, both are subsidiaries of the Group, from March 2007. Mr. Wang has over 14 years' experience in the development, construction and management of hydropower plants. He has extensive professional experiences in the development, construction and operation management of hydropower plants. Mr. Wang finished high school education in July 1984 in Ningde Area Ethnic Secondary School* (寧德地區民族中學) in Fujian Province.

Mr. Wu Zengsheng, aged 46, is the vice president of the Group and is responsible for the operation management of hydropower plants and the construction of regional power grids. Mr. Wu obtained a Bachelor's Degree in Economic Management from the People's Liberation Army Nanjing Institute of Politics* (解放軍南京政治學院) in July 2001. Mr. Wu has been responsible for regional power grids and operation management of hydropower plants in Sifang Hydropower Group since 1992 and joined the Group after its acquisition by the Group, and has therefore accumulated extensive practical experience.

Mr. Shen Weiwang, aged 61, is an electrical engineer of of the Group and is responsible for the operation management of electrical engineer system of hydropower plants. Mr. Shen joined the Group in January 2004. Mr. Shen obtained a Bachelor's Degree specialised in water and electricity facility in July 1987 from Fujian Yong'an College of Water Conservancy And Electric Power* (福建永安水利水電學校). Mr. Shen has extensive practical experiences in the management of electrical engineer system of hydropower plants.

Ms. Lin Yuwen, aged 50, is the general manager of the Human Resources Department of the Group. She joined the Group in March 2003 and has been working in the Group's finance and accounting department where she gained many years of professional experiences in human resources management and administrative management. Ms. Lin finished secondary school education in July 1983 in Fuan Number 4 Secondary School* (福安第四中學), Fujian Province.

Mr. Zhou Mingliao, aged 76, graduated from Zhejiang University with a Bachelor's Degree in Water Conservancy and Hydropower Engineering in July 1964. He holds the title of senior engineer awarded by Human Resources and Social Security Department of Fujian Province* (福建省人力資源和社會保障廳) in May 1989 and has been granted the Expert Special Subsidy by the State Council since 1996. Mr. Zhou acted as the senior adviser of the Group. He was the director of Ningde Municipal Water Conservancy and Hydropower Engineering Bureau (寧德市水電工程局局長) and senior engineer and was awarded as the "Labour Model" (勞動模範稱號) of Fujian Province in 1998.

Mr. Ye Bisen, aged 75, is currently the senior adviser of the Group. He holds the title of senior technician awarded by the Social and Labour Insurance Bureau of Fujian Province* (福建省社會勞動保險局) in March 1996. Mr. Ye has over 32 years of experiences in hydropower generation industry. He had worked in Xiamen Electric Motor Factory* (廈門電機廠) and Nanping Hydropower Equipment Manufacturing Factory* (南平水電設備製造廠). He acted as a hydropower expert to participate in the construction of hydropower plant in Thailand and Vietnam during the period from 1991 to 1993.

Mr. Chen Xinbin, aged 45, is the assistant general manager of the Group. He was issued the certificate of his qualification as a Safe Production Supervisor (安全生產管理人員) by Fujian Administration of Work Safety (福建省安全生產監督管理局) and Fujian Office of the State Electricity Regulatory Commission (國家電力監督委員會福建省電力監督專員辦公室) in August 2010 which was valid until 17 August 2013. Mr. Chen took correspondence course in Electrical Power System and its Automatization (電力系統及其自動化專業函授課程) at Fuzhou University (福州大學) from September 2000 to January 2004 and fulfilled the requirements for graduation. Mr. Chen was approved as a Middle Class Hydropower Engineer (水利水電專業中級工程師) by Ningde Human Resources Bureau (寧德市人事局) on 4 December 2006. Prior to joining the Group in January 2008, Mr. Chen worked for Huanglanxi Hydropower Co., Ltd (黃蘭溪水力發電有限公司) in which he was responsible for operation of hydropower plant from 1998 to 2008.

Mr. Zhang Qigui, aged 43, has worked as an operation supervisor (運行主任) and technical head (技術站長) with Qianyuan Hydropower since October 1999 at the Jiulong Hydropower Plant. Mr. Zhang took a three years' course in Electrical and Mechanical Engineering (機電工程三年制普通專科) at The Open University of Fujian (福建廣播電視大學) and fulfilled the requirements for graduation in July 1999.

Mr. Cheong Iok, aged 35, is deputy chief financial officer of the Group, who holds a bachelor's degree of business administration in business management from City University of Hong Kong. Mr. Cheong is a member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in financial management, auditing and accounting in an international accounting firm and listed companies in Hong Kong.

Mr. Gao Ming, aged 45, is assistant of chief financial officer of the Group, who holds a diploma in Accounting from Xiamen University (廈門大學). Mr. Gao is a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師) and a member of the China Certified Tax Agents Association (中國註冊稅務師協會). He has worked in a Chinese accounting firm around 3 years. He joint Fujian Sifang Hydropower Investment Co., Ltd (福建省四方水電投資有限公司) in 2005. He is familiar with accounting, tax law, economy law and possess many experience in hydropower industry.

Ms. Wu Xiaoqing, aged 35, is the finance manager of the Group. Ms. Wu completed a two years' course in Accounting (會計學(財會方向)兩年制專科) at The Open University of China (中央廣播電視大學) in January 2007. She joined the Company since June 2010. Prior to joining the Group, she worked for Ningde Jiaocheng Chaoda Trading Co. Ltd.* (寧德市蕉城區超達貿易有限公司) where she was responsible for accounting and finance work.

Company secretary

Mr. Cheong Iok, was appointed as the company secretary of the Company, an authorised representative of the Company under the GEM Listing Rules and an authorised representative of the Company under the Companies Ordinance on 2 May 2017.

CHANGES IN THE SHARE CAPITAL DUE TO SHARE SUBDIVISION

The Company's share capital has undergone the following changes as a result of its share subdivision effective on 26 May 2015 and 17 May 2016:

	Upon initial listing on GEM on 6 July 2012	Upon share subdivision effective on 26 May 2015 (Note 1)	Upon share subdivision effective on 17 May 2016 (Note 2)
Par value of each share	HK\$0.01	HK\$0.005	HK\$0.00125
Authorised share capital	2,000,000,000 shares of HK\$0.01 each	4,000,000,000 shares of HK\$0.005 each	16,000,000,000 Shares of HK\$0.00125 each
Issued share capital as at the relevant date	1,000,000,000 shares of HK\$0.01 each	2,000,000,000 shares of HK\$0.005 each	9,136,000,000 Shares of HK\$0.00125 each

Notes:

- As approved by an ordinary resolution passed on 22 May 2015, effective from 26 May 2015, each then issued and unissued ordinary share of the Company with a then par value of HK\$0.01 each was subdivided into two (2) shares with a par value of HK\$0.005 each.
- As approved by an ordinary resolution passed on 16 May 2016, effective from 17 May 2016, each then issued and unissued ordinary share of the Company with a then par value of HK\$0.005 each was subdivided into four (4) shares with a par value of HK\$0.00125 each.

FUND RAISING ACTIVITIES OF THE COMPANY SINCE ITS LISTING ON GEM

The Company had on 3 February 2016 raised net proceeds of approximately HK\$99.9 million by the issue and allotment of a total of 100,000,000 new shares of the Company with a then par value of HK\$0.005 each pursuant to a subscription agreement entered into with an Independent Third Party as more particularly disclosed in the Company's announcements dated 31 December 2015 and 3 February 2016, respectively ("**Issue of New Shares**").

The Company had on 17 December 2014 completed the issue of convertible bonds in the principal amounts of HK\$25,000,000, HK\$70,000,000 and HK\$20,000,000 to three subscribers which are convertible into new shares of the Company at the initial conversion price of HK\$1.25 per conversion share, raising net proceeds of approximately HK\$115.0 million, as more particularly disclosed in the Company's announcements dated 1 December 2014, 2 December 2014 and 18 December 2014, respectively ("**Issue of Convertible Bonds**"). As at the date of this announcement, all such convertible bonds have been converted fully.

The intended use and/or actual use of net proceeds from the above equity fund raising activities are summarized as follows:

Fund raising activity	Intended use of net proceeds	Actual use of net proceeds and remaining balance unutilized as at the date of this announcement
Issue of New Shares	Intended to be applied for the daily management and operation of the Group and future acquisition of appropriate hydropower projects when opportunity arises.	The net proceeds of approximately HK\$99.9 million have not yet been utilized. The Company intends to use the net proceeds as previously disclosed.
Issue of Convertible Bonds	Intended to be used by the Company for its daily management and operation of the Group, the partial repayment of the loan due to Mr. Zhenghua as disclosed in the Company's circular dated 25 November 2014, and future acquisition of appropriate hydropower projects when opportunity arises.	As disclosed in the Company's announcement dated 19 August 2015, the net proceeds of HK\$114,798,000 have been fully utilized as partial repayment of the loan due to Mr. Zhenghua as disclosed in the Company's circular dated 25 November 2014 as intended.

CERTAIN FINANCIAL INFORMATION OF THE GROUP

The table below sets forth the selected information of the Group's audited consolidated financial statements for each of the three years ended 31 December 2016 and the Group's unaudited consolidated financial information for the nine months ended 30 September 2016 and 2017:

	For the year ended			For the nine months ended	
	31 December			30 September	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	64,539	206,653	236,761	188,703	136,879
Cost of sales	<u>(13,363)</u>	<u>(73,067)</u>	<u>(83,797)</u>	<u>(63,530)</u>	<u>(51,326)</u>
Gross profit	<u>51,176</u>	<u>133,586</u>	<u>152,964</u>	<u>125,173</u>	<u>85,553</u>
Profit and total comprehensive income	<u>42,020</u>	<u>55,568</u>	<u>55,566</u>	<u>53,342</u>	<u>30,078</u>
Profit and total comprehensive income attributable to owners of the Company	<u>41,844</u>	<u>46,979</u>	<u>40,706</u>	<u>41,022</u>	<u>22,812</u>
Earnings per share* (in RMB cents)					
Basic	<u>0.52</u>	<u>0.57</u>	<u>0.45</u>	<u>0.45</u>	<u>0.25</u>
Diluted	<u>0.52</u>	<u>0.54</u>	<u>0.45</u>	<u>0.45</u>	<u>0.25</u>

* The historical earnings per share have been adjusted for share subdivisions on 22 May 2015 and 17 May 2016.

The Group's revenue for each of the years ended 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2016 and 2017 was approximately RMB64.5 million, RMB206.7 million, RMB236.8 million, RMB188.7 million and RMB136.9 million, respectively.

The total revenue of the Group from continuing operations decreased by approximately 27.5% from the nine months ended 30 September 2017 compared with that for corresponding period in 2016. Such decrease was mainly due to the decrease in precipitation in Shouning County, Zhouning County and Fuan City in Fujian Province during the nine months ended 30 September 2017 compared with the corresponding period in 2016.

The Group's revenue for the year ended 31 December 2016 recorded a growth of 14.6% compared with that for the year ended 31 December 2015, which was mainly due to the increase in precipitation in Shouning County and Zhouning County mainly in the second and third quarter which are the peak season for hydropower generation of the Group in Fujian Province during the year ended 31 December 2016 and the increase in the on-grid tariff for certain hydropower plants in the second half of 2015, offsetting the decrease in volume of electricity of certain hydropower plants due to the equipment maintenance.

The Group's revenue for the year ended 31 December 2015 recorded a growth of 220.2% compared with that for the year ended 31 December 2014, which was mainly due to due to the acquisition of the new hydropower plants of Fu'an Jiulong on 25 April 2014, Sifang Hydropower, Fuyuan Hydropower, Xinyuan Hydropower, Juyuan Hydropower, Shengyuan Hydropower on 15 December 2014 and Guangyuan Hydropower which was engaged in provision of operating and repair and maintenance services for hydropower plants, on 29 July 2014. Those newly acquired hydropower plants started to contribute revenue to the Group since the completion of acquisition in 2014 and made full year contribution of revenue to the Group in 2015.

In particular, the Group's revenue by operating segments and hydropower plants are set forth as follows:–

	For the year ended			For the nine months ended	
	31 December			30 September	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Hydropower generation by self-owned hydropower plants					
Ma Tou Shan Hydropower Plant	14,080	16,346	13,761	12,171	7,758
Qianping Hydropower Plant	16,726	16,607	18,764	14,526	11,128
Jiulong Hydropower Plant	7,741	7,884	7,809	5,981	4,504
Ningde Jinxi-I Hydropower Plant	3,006	4,207	4,599	3,554	–
Fu'an Jiulong-I Hydropower Station & Fu'an Jiulong-II Hydropower Station	6,671	9,849	9,249	7,377	5,292
Liuchai Hydropower Plant	1,931	31,006	36,608	27,620	20,793
Xiandongxi Hydropower Plant	2,360	36,863	50,113	38,684	29,595
Huangqiling-II Hydropower Plant	774	12,445	10,978	10,670	6,255
Cheling-II Hydropower Plant	650	22,896	30,046	23,713	14,782
Kengdou Hydropower Plant	38	4,287	5,556	4,206	3,072
	53,977	162,390	187,483	148,502	103,179
Hydropower generation by leased hydropower plants					
Shouning County Baizhang Hydropower Plant	5	1,025	1,290	1,063	801
Zherong County Wang She Level II Hydropower Plant	–	29,526	35,193	29,541	18,603
Shouning County Jinshan Hydropower Plant	44	5,224	7,108	5,375	3,765
Shouning County Dongxi Hydropower Plant	35	4,104	5,687	4,222	3,012
	84	39,879	49,278	40,201	26,181
Hydropower operating services	10,478	4,384	–	–	7,519
Total	64,539	206,653	236,761	188,703	136,879

The Group's gross profit for each of the years ended 31 December 2014, 2015, 2016 and nine months ended 30 September 2016 and 2017 was approximately RMB51.2 million, RMB133.6 million, RMB153.0 million, RMB125.2 million and RMB85.6 million, respectively. Such change was in line with the change of revenue. The increase in gross profit of the Group for the year ended 31 December 2015 compared with 2014 was mainly due to the acquisition of the new hydropower plants in December 2014. The increase in gross profit of the Group for the year ended 31 December 2016 compared with 2015 was mainly attributable to increase in revenue generated from hydropower generation while the fixed cost of sales had no significant change. The decrease in gross profit of the Group for the nine months ended 30 September 2017 compared with the corresponding period in 2016 was mainly due to the decrease in revenue generated from hydropower generation while the fixed cost of sales had no significant change. The Group's profitability is affected by the level of precipitation in the areas where it operates its hydropower plants.

The Group's gross profit margin for each of the three years ended 31 December 2014, 2015, 2016 and nine months ended 30 September 2017 was approximately 79.3%, 64.6%, 64.6% and 62.5%, respectively. The decrease in gross profit margin for the year ended 31 December 2015 was mainly due to the fact that on top of selling electricity generated by the self-owned hydropower plants, Huajin Huifu, a company acquired by the Group on 15 December 2014 and its subsidiaries also sold electricity generated by the leased hydropower plants and the gross profit margin of such electricity generated by the leased hydropower plants was relatively lower than that of selling the Group's self-own hydropower plants generated electricity. The gross profit margin between 2015 and 2016 did not have a great fluctuation due to the almost proportional increase of the revenue and cost of sales. The gross profit margin for the nine months ended 30 September 2017 decreased mainly due to the decrease in revenue generated from hydropower generation while the fixed cost of sales had no significant change.

The Group's net profit for each of the years ended 31 December 2014, 2015, 2016 and nine months ended 30 September 2017 was approximately RMB42.0 million, RMB55.6 million, RMB55.6 million and RMB30.1 million, respectively.

The net profit of the Group for the nine months ended 30 September 2017 compared with the corresponding period in 2016 decreased from approximately RMB53.3 million to RMB30.1 million mainly due to the significant decrease in gross profit from approximately RMB125.2 million to RMB85.6 million.

The net profit of the Group for 2016 compare with 2015 did not have a great fluctuation due to the fact that the increase in gross profit from approximately RMB133.6 million for 2015 to RMB153.0 million for 2016 was offset by the increase in finance cost from approximately RMB37.2 million for 2015 to RMB50.9 million for 2016.

The increase in net profit from 2014 to 2015 was mainly due to the full year contribution from Huajin Huifu and its subsidiaries which were acquired in December 2014.

The Group's net cash flows from operating activities for each of the years ended 31 December 2014, 2015 and 2016 was approximately RMB36.2 million, RMB151.2 million and RMB140.0 million, respectively. The increase from 2014 to 2015 was in line with the increase in revenue mainly due to the acquisition of the new hydropower plants in December 2014. The slightly decrease from 2015 to 2016 was mainly due to the increase in income tax paid during the year ended 31 December 2016.

The Group's net current assets as at 31 December 2015 and 2016 were approximately RMB111.7 million and RMB361.4 million respectively, and net current liabilities as at 31 December 2014 was approximately RMB2.9 million. During the year ended 31 December 2015, the liquidity of the Group has been improved mainly due to the conversion of convertible bonds and certain short-term loans had been replaced by long-term loans. During the year ended 31 December 2016, the liquidity of the Group has been further improved mainly due to the new long-term loans raised.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

The Directors confirm that subsequent to 30 September 2017, being the date to which the latest published and unaudited consolidated financial information of the Group were made up, and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group.

The PRC government has, in recent years, implemented various policies to encourage the use of renewable energy and the conservation of the environment. Hydropower is clean renewable energy with zero emission of pollutants into the atmosphere, and has therefore continuously won support from the PRC government and are given a priority in on-grid connection and consumption of electricity generated from hydropower by the PRC Government in developing its power supply as compared to other forms of power generation which are non-renewable and not environmental friendly such as fossil fuels.

According to the Measures on the Supervision and Administration of Power Grid Enterprises in the full purchase of Renewable Energy Power (電網企業全額收購可再生能源電量監管辦法) and The Renewable Energy Law of the PRC (中華人民共和國可再生能源法), power-grid enterprises shall purchase all the on-grid electricity generated by renewable energy grid connected power projects within the coverage of the grid. As a result, the customers of the Group have to purchase all power generated by the Group.

By virtue of the promotion of hydropower by the PRC government and its lower tariff compared with other forms of power generation, the Directors confirm that as at the Latest Practicable Date, the Group's customers have purchased all the quantity of electricity supplied by the Hydropower Plants, irrespective of the total annual quantity of electricity agreed under the relevant power purchase agreements previously entered into by the Group.

In light of the aforesaid and given the governmental support, the Company and the Directors are of the view that the slowdown in the PRC economy will not have a negative impact on the Group's operations.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the respective websites of the Company at <http://www.haitian-energy.com> and of the Stock Exchange at <http://www.hkexnews.hk>:

- (a) the annual report of the Company for the year ended 31 December 2014;
- (b) the annual report of the Company for the year ended 31 December 2015;
- (c) the annual report of the Company for the year ended 31 December 2016;
- (d) the interim report of the Company for the six months ended 30 June 2017;
- (e) the third quarterly report of the Company for the nine months ended 30 September 2017;
- (f) the memorandum of association of the Company and the Articles;
- (g) the circular of the Company dated 31 March 2017 in relation to, among others, the proposed general mandates to issue new Shares and repurchase Shares and re-election of the retiring Directors; and
- (h) each of the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Agreement”	the sale and purchase agreement dated 20 December 2016 made between the Vendor and the Purchaser, relating to the transfer of 100% equity interest of 寧德市興源水電有限公司 (Ningde Xingyuan Hydropower Co., Ltd.)
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Company”	Haitian Energy International Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Controlling Shareholder(s)”	(i) Victor River Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Lin Yang, our executive Director; and (ii) Mr. Lin Yang
“Director(s)”	the director(s) of the Company
“Fuyuan Hydropower”	Shouning County Fuyuan Hydropower Co., Ltd. (壽寧縣富源水電有限公司), a company incorporated in Ningde City, Fujian Province, the PRC on 13 June 2003 with limited liability, which owns and operates Liuchai Hydropower Plant and Xiadongxi Hydropower Plant

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
”Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Jiulong Hydropower Plant”	the hydropower plant known as Jiulong Hydropower Plant (周寧縣九龍水電站) owned and operated by Qianyuan Hydropower
“kWh”	kilowatt hour, the unit of measurement for calculating the quantity of power consumption or production output
“Latest Practicable Date”	22 January 2018, being the latest practicable date for ascertaining certain information in this announcement
“Main Board”	The stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM, and for the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“PRC”	the People’s Republic of China

“Purchaser”	Zheng Rui (鄭睿), a third party independent of and not connected with the Company and its connected persons
“Qianyuan Hydropower”	Zhouming Qianyuan Hydropower Development Co., Ltd. (周寧縣乾元水電開發有限公司), a company established in the PRC on 10 September 2014 with limited liability and an indirect wholly-owned subsidiary of the Company, which owns and operates Jiulong Hydropower Plant
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.00125 of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Track Record Period”	the three years ended 31 December 2014, 2015 and 2016
“Transfer of Listing”	the transfer of listing of the Shares from GEM to the Main Board
“VAT”	value added tax
“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 was an indirect wholly-owned subsidiary of the Company

“Xinyuan Hydropower” Shouning County Xinyuan Hydropower Co., Ltd. (壽寧縣新源水電有限公司), a company established in the PRC on 22 September 2003 with limited liability, which owns and operates Cheling-II Hydropower Plant

“%” per cent

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

Fujian Province, the PRC, 26 January 2018

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 Main Board Listing Rules and 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.

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.

* *The English names of entities/organizations/institutes in the PRC and cities of the PRC are translations of their Chinese names and are included for identification purposes only.*