

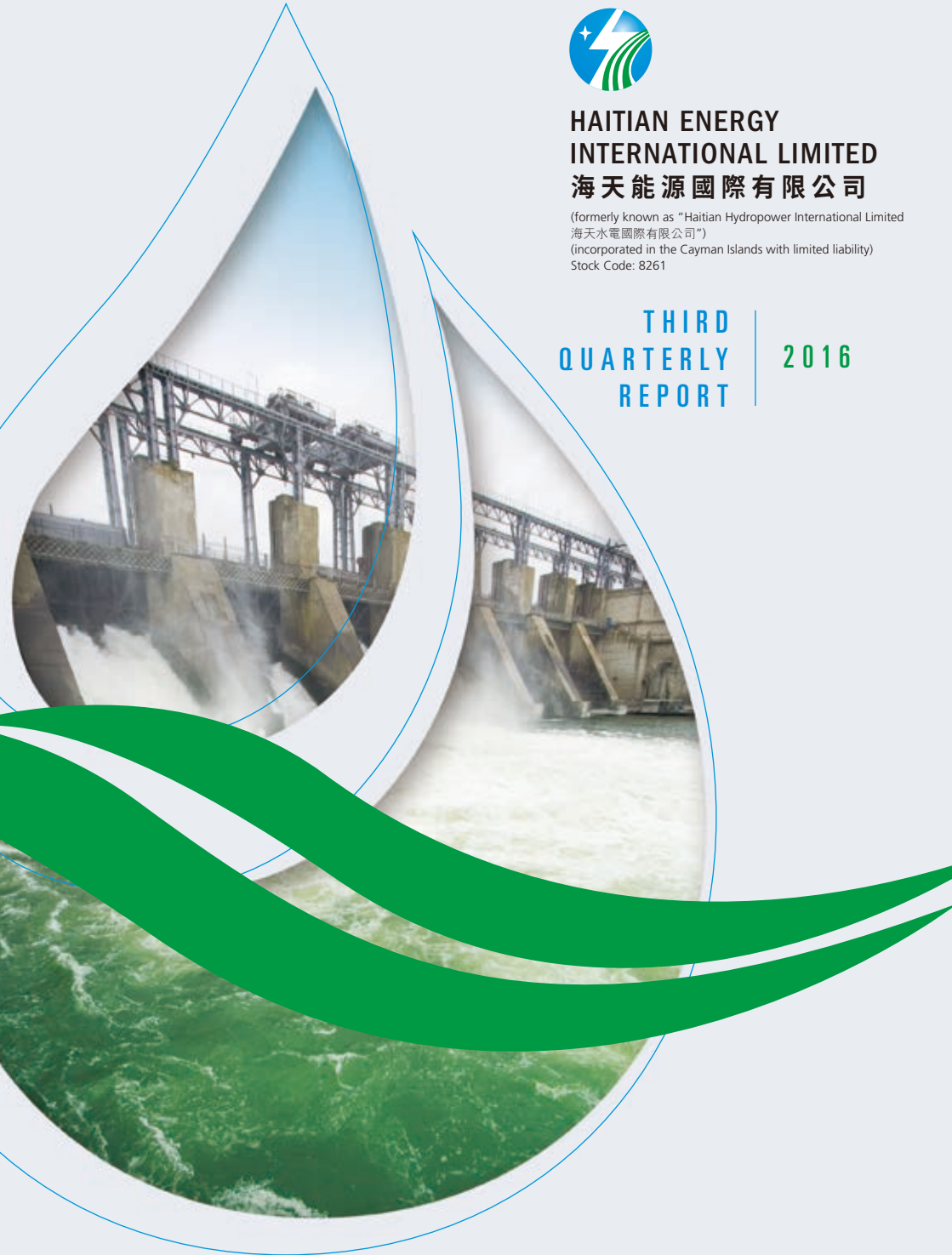


**HAITIAN ENERGY
INTERNATIONAL LIMITED**
海天能源國際有限公司

(formerly known as "Haitian Hydropower International Limited
海天水電國際有限公司")
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8261

**THIRD
QUARTERLY
REPORT**

2016



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

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

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

FINANCIAL HIGHLIGHT

- Revenue for the nine months ended 30 September 2016 amounted to approximately RMB188.7 million (same period in 2015: approximately RMB132.3 million), representing an increase of 42.6% as compared with the corresponding period in 2015.
- Gross profit for the nine months ended 30 September 2016 amounted to approximately RMB125.2 million (same period in 2015: approximately RMB85.3 million), representing an increase of 46.8% as compared with the corresponding period in 2015.
- The profit and total comprehensive income attributable to owners of the Company for the nine months ended 30 September 2016 was approximately RMB41.0 million compared to that of approximately RMB28.4 million for the corresponding period in 2015.
- Basic and diluted earnings per share for the nine months ended 30 September 2016 amounted to RMB0.45 cents and RMB0.45 cents (same period in 2015: RMB0.35 cents and RMB0.32 cents).
- The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2016.

THIRD QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the "Board") of the Company announces herewith the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2016, together with the comparative unaudited figures in the corresponding period of last year, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited and restated)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited and restated)
Revenue	4	60,409	59,247	188,703	132,293
Cost of sales		(18,930)	(17,843)	(63,530)	(47,011)
Gross profit		41,479	41,404	125,173	85,282
Other income	6	1,669	558	3,067	1,363
Administrative expenses		(4,138)	(4,426)	(11,316)	(12,443)
Other operating expenses		(243)	(23)	(534)	(147)
Finance costs	7	(12,857)	(6,063)	(39,252)	(29,092)
Profit before tax		25,910	31,450	77,138	44,963
Income tax expense	8	(8,116)	(7,208)	(23,796)	(11,629)
Profit for the period and total comprehensive income for the period	9	17,794	24,242	53,342	33,334
Profit for the period and total comprehensive income for the period attributable to:					
Owners of the Company		13,664	21,398	41,022	28,417
Non-controlling interests		4,130	2,844	12,320	4,917
		17,794	24,242	53,342	33,334
Earnings per share (RMB cents)	11				
Basic		0.15	0.25	0.45	0.35
Diluted		0.15	0.24	0.45	0.32

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2016

Attributable to owners of the Company

	Share capital	Share premium	Other reserve	Special reserve	Equity	Convertible	Statutory reserve	Capital reserve	Retained profits	Total	Non-controlling interests	
					transaction reserve	notes reserve					Total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016 (audited)	8,883	139,325	362	48,622	(1,127)	-	16,851	24	88,432	301,372	47,087	348,459
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	-	-	41,022	41,022	12,320	53,342
Issue of shares upon placing of shares	420	83,586	-	-	-	-	-	-	-	84,006	-	84,006
Transaction costs attributable to issue of shares upon placing of shares	-	(57)	-	-	-	-	-	-	-	(57)	-	(57)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,450)	(1,450)
At 30 September 2016 (unaudited)	9,303	222,854	362	48,622	(1,127)	-	16,851	24	129,454	426,343	57,957	484,300
At 1 January 2015 (audited)	8,156	48,782	362	48,622	-	3,477	6,270	24	52,034	167,727	39,371	207,098
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	-	-	28,417	28,417	4,917	33,334
Issue of shares upon conversion of convertible notes	727	90,755	-	-	-	(3,477)	-	-	-	88,005	-	88,005
At 30 September 2015 (unaudited)	8,883	139,537	362	48,622	-	-	6,270	24	80,451	284,149	44,288	328,437

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2016

1. General Information

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

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

The shares of the Company (the "Share") were listed on the GEM of Stock Exchange.

The Company is engaged in investment holding while the Group is principally engaged in hydropower generation and provision of operating and repair and maintenance services for hydropower plants.

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

2. Basis of Preparation

The condensed consolidated financial statements for the nine months ended 30 September 2016 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

3. Principal Accounting Policies

The principal accounting policies adopted in preparing the condensed consolidated financial statements for the nine months ended 30 September 2016 were consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

4. Revenue

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Sales of electricity	60,409	59,172	188,703	127,973
Provision of repair and maintenance services	–	75	–	4,320
	60,409	59,247	188,703	132,293

5. Segment Information

Information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

- Hydropower generation by self-owned plants – Operation of self-owned hydropower plants in the People's Republic of China (the "PRC")
- Hydropower operation service – Provision of operating and repair and maintenance services for hydropower plants in the PRC
- Hydropower generation by leased plants – Operation of leased hydropower plants in the PRC

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

During the nine months ended 30 September 2016, the executive directors of the Company consider to change the segment name of "hydropower trading" to "hydropower generation by leased plants" which would be more accurate to present the nature of the business. The nature of "hydropower trading" and "hydropower generation by leased plants" are the same.

5. Segment Information (Continued)

(a) Segment revenue and results

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

Nine months ended 30 September

	Hydropower generation by self-owned plants		Hydropower operation services		Hydropower generation by leased plants		Total	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited and restated)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited and restated)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue								
External sales	148,502	100,764	-	4,320	40,201	27,209	188,703	132,293
Inter-segment sales	-	-	5,570	4,851	-	-	5,570	4,851
Segment revenue	148,502	100,764	5,570	9,171	40,201	27,209	194,273	137,144
Eliminations							(5,570)	(4,851)
Group revenue							188,703	132,293
Segment profit	107,483	62,543	410	4,445	10,808	7,999	118,701	74,987
Unallocated corporate income							3,067	1,363
Unallocated corporate expenses							(5,378)	(2,295)
Finance costs							(39,252)	(29,092)
Profit before tax							77,138	44,963

Segment profit represents the profit earned by each segment without allocation of other income, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment.

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

5. Segment Information (Continued)

(b) Information about geographical areas

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

6. Other Income

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Bank interest income	481	87	1,292	538
Gain on disposal of property, plant and equipment	–	–	–	11
Net exchange gain	1,170	–	1,382	–
Government grant (Note (i))	–	30	357	373
Waive of convertible notes interest	–	376	–	376
Net gain on early repayment of amount due to a former beneficial owner of a subsidiary	–	65	–	65
Rental income (net of outgoings: nil)	9	–	27	–
Other interest income (Note (ii))	9	–	9	–
	1,669	558	3,067	1,363

Notes:

- (i) Government grant was received from local government authority of which the Group fulfilled all conditions or contingencies relating to such subsidy.
- (ii) Other interest income represented interest income arising from a loan advances to an independent third party.

7. Finance Costs

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Interest on secured bank borrowings	10,070	5,005	30,359	15,329
Interest expense on convertible notes	–	(2,695)	–	796
Interest on debentures	516	485	1,525	1,434
Interest on finance leases	2,271	3,139	7,368	10,277
Interest on former beneficial owner of a subsidiary	–	–	–	850
Interest on unsecured other borrowing	–	129	–	406
	12,857	6,063	39,252	29,092

8. Income Tax Expense

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
The charge comprises:				
PRC Enterprise Income Tax ("EIT")	7,685	7,552	22,257	12,660
Deferred taxation	431	(344)	1,539	(1,031)
	8,116	7,208	23,796	11,629

8. Income Tax Expense (Continued)

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

9. Profit for the Period

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Profit for the period has been arrived at after charging:				
Depreciation of property, plant and equipment	6,048	6,060	18,212	19,548
Amortisation of prepaid lease payments (included in cost of sales)	121	119	365	363
Amortisation of intangible assets	56	105	301	311
Operating lease charges in respect of properties (included in administrative expenses)	238	56	909	119
Operating lease charges in respect of leased plants (included in cost of sales)	8,063	8,811	29,393	19,210
Net exchange loss	–	1,056	–	1,637

10. Dividend

The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2016 (same period in 2015: nil).

11. Earnings Per Share

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Earnings				
Earnings for the purpose of basic earnings per share for the period attributable to the owners of the Company	13,664	21,398	41,022	28,417
Waive of convertible notes interest	–	(376)	–	(376)
Earnings for the purpose of diluted earnings per share	13,664	21,022	41,022	28,041

	Three months ended 30 September		Nine months ended 30 September	
	2016 '000 (unaudited)	2015 '000 (unaudited and restated)	2016 '000 (unaudited)	2015 '000 (unaudited and restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	9,136,000	8,480,696	9,087,825	8,166,096
Convertible notes	–	255,304	–	569,904
Weighted average number of ordinary shares for the purpose of diluted earnings per share	9,136,000	8,736,000	9,087,825	8,736,000

11. Earnings Per Share (Continued)

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the operation and management of small hydropower plants in the PRC which were either developed by itself, acquired or leased from other independent third parties.

Operating Hydropower Plants

The Group is principally engaged in the hydropower generation, operation and management of hydropower plants in the PRC which were either developed by itself, acquired or leased from other independent third parties. As at 30 September 2016, the Group possessed two 110 kV electricity transmission lines with total length of 190 km and eleven (seven wholly-owned and four non wholly-owned) hydropower plants, namely, Ma Tou Shan Hydropower Plant, Qianping Hydropower Plant, Jiulong Hydropower Plant, Ningde Jinxi-I Hydropower Plant, Fu'an Jiulong-I Hydropower Station, Fu'an Jiulong-II Hydropower Station, Xiadongxi Hydropower Plant, Liuchai Hydropower Plant, Kengdou Hydropower Plant, Cheling-II Hydropower Plant, and Huangqiling-II Hydropower Plant in Fujian Province in the PRC. The total installed capacity of the Group attributable to the Group's equity interests in the various hydropower plants mentioned above amounted to approximately 88.67 MW.

Repair and Maintenance Services

As at 30 September 2016, the Group also owned a subsidiary engaging in the provision of hydropower operation services and repair and maintenance services, namely, Shouning Guangyuan Hydropower Operation Management Co., Ltd. (壽寧縣廣源水電營運有限公司) ("Guangyuan Hydropower").

Extension Development of Jiulong Hydropower Plant

In September 2012, the Group proactively initiated the Jiulong Hydropower Plant enhancement of technologies and extension project. As at 30 September 2016, the approval from Fujian Development and Reform Commission for the extension project of Zhouning County Jiulong Hydropower Plant was obtained. The mainframe construction of such project will be commenced in February 2017. Depending on the construction progress, the Directors of the Company believe the mainframe construction will be completed in the first quarter of 2018 and the project will start to contribute revenue to the Group in March 2018.

Acquisition of Hydropower Plants

As a core of expansion strategy, the Group continues to seek for acquiring small and medium-size hydropower plants with attractive return and appreciation potential. During the nine months ended 30 September 2016, no acquisition of hydropower plant was completed. However, the Group has identified a few potential hydropower plants in Fujian Province and conducted preliminary reviews and feasibility studies.

Financial Review

Revenue

The Group recorded a revenue of approximately RMB188.7 million for the nine months ended 30 September 2016, representing a 42.6% increase as compared to approximately RMB132.3 million for the corresponding period in 2015. Such increase was mainly due to the increase in precipitation in Shouning County and Zhouning County in Fujian Province during the nine months ended 30 September 2016 and the increase in the on-grid tariff for certain hydropower plants since the second half of 2015.

Gross Profit and Gross Profit Margin

The Group achieved a gross profit of approximately RMB125.2 million for the nine months ended 30 September 2016 (same period in 2015: approximately RMB85.3 million) representing an increase of 46.8% as compared to that for the corresponding period in 2015. Cost of sales increased from approximately RMB47.0 million for the nine months ended 30 September 2015 to approximately RMB63.5 million for the nine months ended 30 September 2016. Gross profit margin, calculated as gross profit divided by revenue, for the nine months ended 30 September 2016 amounted to 66.3% (same period in 2015: 64.5%). Such increase was mainly due to the increase of revenue while the fixed cost of sales, which including depreciation, direct salaries and operation fees, had no significant change. During the period under review, the cost of sales mainly included depreciation, direct salaries, operation fees, water resource fees and operating lease charges for hydropower plants.

Administrative Expenses

The administrative expenses of the Group primarily comprised legal and professional fees and staff costs. For the nine months ended 30 September 2016, the Group's administrative expenses slightly decreased to approximately RMB11.3 million compared to approximately RMB12.4 million for the corresponding period of last year. The decrease in administrative expenses was mainly due to exchange loss was incurred in 2015 while exchange gain was recognised in the current period.

Finance Costs

The finance costs of the Group represented interest expenses on secured bank borrowings, unsecured other borrowing, debentures, finance leases and amount due to former beneficial owner of a subsidiary. For the nine months ended 30 September 2016, finance costs recorded by the Group increased to approximately RMB39.3 million compared to approximately RMB29.1 million for the corresponding period of last year. The increase in finance costs was mainly due to the increased bank borrowings during the first quarter of 2016.

Income Tax Expense

Owing to increased profit in certain subsidiaries, the income tax expense of the Group increased by 105.2% from approximately RMB11.6 million for the nine months ended 30 September 2015 to approximately RMB23.8 million for the nine months ended 30 September 2016.

Profit and Total Comprehensive Income

Owing to increased profit in certain subsidiaries, the profit and total comprehensive income of the Group increased by 60.1% from approximately RMB33.3 million for the nine months ended 30 September 2015 to approximately RMB53.3 million for the nine months ended 30 September 2016.

Outlook

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

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

There was no significant investment held, material acquisition or disposal of subsidiaries and affiliated companies during the period under review. Save for the extension development of Jiulong Hydropower Plant as disclosed under Business Review of this Third Quarterly Report, there is no plan for material investments or capital assets as at 30 September 2016.

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

As at 30 September 2016, the interest and short position of the Directors and chief executive of the Company in the shares, underlying shares or debenture of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO; to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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

Name of Director	Nature of interest	Number of Shares held	Approximate shareholding percentage (%)
Mr. Lin Yang (“Mr. Lin”) (Note)	Interest of controlled corporation	6,000,000,000 Shares	65.67

Note: 6,000,000,000 Shares are held by Victor River Limited (“Victor River”), which is wholly and beneficially owned by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the Shares held by Victor River under the SFO.

Save for disclosed above, as at 30 September 2016, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 September 2016, other than a Director or chief executive of the Company whose interests or short positions are disclosed under the paragraph headed "Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, the following persons had interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

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

Notes:

1. Victor River is wholly and beneficially owned by Mr. Lin. Accordingly, Mr. Lin is deemed to be interested in the 6,000,000,000 Shares held by Victor River under the SFO. Ms. Chen Congling is the spouse of Mr. Lin. Under the SFO, Ms. Chen Congling is deemed to be interested in the 6,000,000,000 Shares owned by Mr. Lin through Victor River.
2. Bright Century Resources Ltd. is wholly owned by Dong Yin Development (Holdings) Limited and Dong Yin Development (Holdings) Limited is wholly owned by China Orient Asset Management Corporation.
3. The Shares held by Bright Century Resources Ltd. are held in the capacities of beneficial owner (relating to 400,000,000 Shares), person having a security interest in Shares (relating to 480,040,000 Shares) and other (relating to 400,000,000 Shares).
4. (L) – Long position, (S) – short position

Save for disclosed above, as at 30 September 2016, the Directors were not aware of any other person (other than the Directors or chief executive as disclosed in the paragraph headed “Interests and Short Positions of the Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above) who had, or deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors’ Interests in Competing Business

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

Purchase, Sales or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company during the nine months ended 30 September 2016.

Share Option Scheme

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operation. Since the Scheme has become effective on 19 June 2012 and during the period under review, no share options were granted, exercised or cancelled by the Company under the Scheme. There were no outstanding share options under the Scheme as at 30 September 2016.

Code on Corporate Governance Practice

The Company has applied and adopted the principles of Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the “CG Code”) throughout the period under review. During the nine months ended 30 September 2016, the Company has complied with the code provisions as set out in the CG Code.

Code of Conduct for Securities Transactions by Directors

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

Audit Committee

The Audit Committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the unaudited third quarterly financial results and the third quarterly report of the Group for the nine months ended 30 September 2016. The Audit Committee is of opinion that the condensed consolidated financial statements of the Group for the nine months ended 30 September 2016 comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Fujian Province, the PRC, 11 November 2016

At the date of this report, 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.