CHINA RENEWABLE ENERGY INVESTMENT LIMITED
中國再生能源投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 987)

(website: www.cre987.com)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the "Board") of China Renewable Energy Investment Limited (the "Company" or "CRE") wishes to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2011 together with the comparative figures as follows:–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

		Unaudited Six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Revenue	4	**50,998**	1,374
Cost of sales	5	**(38,095)**	(1,926)
Gross profit/(loss)		**12,903**	(552)
Other income		**382**	–
Selling and distribution costs	5	**–**	(1)
Administrative expenses	5	**(30,779)**	(24,064)
Impairment loss on intangible assets		**–**	(4,337)
Operating loss		**(17,494)**	(28,954)
Finance income	6	**1,094**	200
Finance costs	6	**(23,855)**	(1,140)
Finance costs – net	6	**(22,761)**	(940)
Gain on deregistration		**–**	145
Fair value gain on derivative liabilities		**976**	–
Share of profits less losses of associated companies		**42,998**	290

	Note	Unaudited Six months ended 30 June **2011** ***HK$'000***	 2010 *HK$'000*
Profit/(loss) before income tax		**3,719**	(29,459)
Income tax (expense)/credit	*7*	**(620)**	1,069
Profit/(loss) for the period		**3,099**	(28,390)
Other comprehensive income:			
Currency translation differences		**27,038**	5,008
Other comprehensive income for the period, net of tax		**27,038**	5,008
Total comprehensive income/(loss) for the period		**30,137**	(23,382)
Profit/(loss) attributable to:			
– Equity holders of the Company		**4,611**	(28,390)
– Non-controlling interests		**(1,512)**	–
		3,099	(28,390)
Total comprehensive income/(loss) attributable to:			
– Equity holders of the Company		**31,539**	(23,382)
– Non-controlling interests		**(1,402)**	–
		30,137	(23,382)
Dividends	*8*	**–**	–
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company, expressed in HK cents per share	*9*		
Basic		**0.52**	(3.38)
Diluted		**0.18**	(3.38)

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2011

	Note	**Unaudited 30 June 2011** *HK$'000*	Audited 31 December 2010 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,001,900**	509,067
Construction in progress		**3,604**	501,515
Prepaid land lease payments		**17,410**	17,032
Intangible assets		**189,492**	191,895
Interests in associated companies		**1,047,802**	1,011,962
Total non-current assets		**2,260,208**	2,231,471
Current assets			
Inventory		**6,206**	6,091
Trade and other receivables	*10*	**123,775**	160,599
Restricted cash		**975**	957
Cash and cash equivalents		**454,891**	362,555
Total current assets		**585,847**	530,202
Total assets		**2,846,055**	2,761,673
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**26,564**	25,422
Reserves		**1,713,331**	1,631,945
Equity attributable to equity holders of the Company		**1,739,895**	1,657,367
Non-controlling interests		**22,278**	23,680
Total equity		**1,762,173**	1,681,047
LIABILITIES			
Non-current liabilities			
Bank borrowings		**671,720**	660,560
Convertible note		**79,462**	78,287
Deferred income tax liabilities		**77,607**	76,894
Total non-current liabilities		**828,789**	815,741

	Note	**Unaudited 30 June 2011** *HK$'000*	Audited 31 December 2010 *HK$'000*
Current liabilities			
Trade and other payables	*11*	**103,454**	104,151
Amount due to a fellow subsidiary		**9,630**	20,125
Derivative liabilities		**75,800**	75,500
Current portion of bank borrowings		**66,209**	65,109
Total current liabilities		**255,093**	264,885
Total liabilities		**1,083,882**	1,080,626
Total equity and liabilities		**2,846,055**	2,761,673
Net current assets		**330,754**	265,317
Total assets less current liabilities		**2,590,962**	2,496,788

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Renewable Energy Investment Limited (the "Company" or "CRE"), formerly known as Hong Kong Energy (Holdings) Limited, is an exempted company incorporated in the Cayman Islands with limited liability. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in alternative energy business and software development business. The Group has operations mainly in Mainland China.

The unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK$ thousand or HK$'000), unless otherwise stated. The unaudited condensed consolidated interim financial information was approved by the Board of Directors for issue on 30 August 2011.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Revised and amended standards and interpretations adopted by the Group

For the financial year beginning on 1 January 2011, the Group has adopted the following revised standards, amendments to standards and interpretation of HKFRS which are relevant to its operations.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 34 (Amendment)	Interim Financial Reporting
Annual improvements project	Improvements to HKFRSs 2010

The Group has assessed the impact for the adoption of these revised standards, amendments to standards and interpretation and considered that there was no significant effect on the Group's interim financial information.

Other new standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning 1 January 2011, are not currently relevant for the Group or do not have material impact on the Group in the period ended 30 June 2011.

The Group has not early adopted the new standards, amendments to standards and interpretations, which have been issued but are not effective for the financial year beginning 1 January 2011. The Group has commenced an assessment of the related impact but is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of the financial information will be resulted.

4 SEGMENT INFORMATION

The chief operating decision maker has been identified as the directors of the Company (the "Directors"). The Directors review the Group's internal reporting in order to assess performance, allocate resources and make strategic decisions by business segment. The Directors determine that the operating segments are the same as the business segments. In this regard, the reportable operating segments are alternative energy and software development segments.

The Group's revenue comprise turnover derived from the generation of electricity and the sales of software.

The Directors assess the performance of operating segments based on a measure of segment results and share of profits less losses of associated companies. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as gain on deregistration and provision for impairment losses. Fair value gain on derivative liabilities and other corporate expenses are also not included in the segment results as they mainly represent the income and expenses arising from the holding companies. Other information provided to the Directors is measured in a manner consistent with that in the condensed consolidated financial information.

Total segment assets exclude corporate assets which are centrally managed. This is part of the reconciliation to total consolidated balance sheet asset. Corporate assets mainly include cash and cash equivalents, other receivables and prepayments held by the head office.

The segment information provided to the Directors for the reportable segments for the six months ended 30 June 2011 and 2010 are as follows:

	Six months ended 30 June					
	2011			2010		
	Alternative energy *HK$'000*	**Software development** *HK$'000*	**Total reportable segments** *HK$'000*	Alternative energy *HK$'000*	Software development *HK$'000*	Total reportable segments *HK$'000*
Revenue	**50,215**	**783**	**50,998**	–	1,374	1,374
Segment results	**3,556**	**(3,426)**	**130**	(699)	(3,185)	(3,884)
Impairment loss on intangible assets	**–**	**–**	**–**	–	(4,337)	(4,337)
Gain on deregistration	**–**	**–**	**–**	–	145	145
Share of profits less losses of associated companies	**42,998**	**–**	**42,998**	290	–	290
Finance income	**73**	**82**	**155**	2	76	78
Finance costs	**(22,681)**	**–**	**(22,681)**	–	–	–
Profit/(loss) before income tax	**23,946**	**(3,344)**	**20,602**	(407)	(7,301)	(7,708)
Income tax (expense)/credit	**(620)**	**–**	**(620)**	66	1,003	1,069
Profit/(loss) for the period	**23,326**	**(3,344)**	**19,982**	(341)	(6,298)	(6,639)
Depreciation	**28,704**	**–**	**28,704**	–	141	141
Amortisation	**6,054**	**–**	**6,054**	–	885	885
Provision for impairment losses on customer relationship and software technology know-how	**–**	**–**	**–**	–	4,337	4,337

The segment assets as at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011			31 December 2010		
	Alternative energy	**Software development**	**Total reportable segments**	Alternative energy	Software development	Total reportable segments
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Total segment assets	**2,521,836**	**11,879**	**2,533,715**	2,437,057	14,814	2,451,871
Total segment assets include:						
– Interests in associated companies	**1,047,802**	**–**	**1,047,802**	1,011,962	–	1,011,962
– Additions to non-current assets	**8,897**	**–**	**8,897**	16,329	–	16,329

A reconciliation of profit/(loss) for the period of reportable segments to profit/(loss) for the period of the Group is provided as follows:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) for the period of reportable segments	**19,982**	(6,639)
Unallocated amounts		
– Fair value gain on derivative liabilities	**976**	–
– Other corporate expenses, net	**(17,859)**	(21,751)
Profit/(loss) for the period	**3,099**	(28,390)

Reportable segment assets are reconciled to total assets as follows:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
Total segment assets	**2,533,715**	2,451,871
Corporate assets		
– cash and cash equivalents	**311,939**	309,341
– others	**401**	461
Total assets	**2,846,055**	2,761,673

The total non-current assets by geographical location are detailed below:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
Hong Kong	**104**	129
The PRC	**2,260,104**	2,231,342
Total non-current assets	**2,260,208**	2,231,471

For the six months ended 30 June 2011, the Group's revenue for reportable segments from external customers of HK$50,215,000 and HK$783,000 are attributable to the China and Japan markets respectively.

For the six months ended 30 June 2010, the Group's revenue for reportable segments was solely from external customers and is attributable to the Japan market.

For the six months ended 30 June 2011, the Group has two customers with revenue exceeding 10% of the Group's total revenue. Revenue from the two customers amounted to HK$28,603,000 and HK$21,612,000 respectively and is attributable to alternative energy business.

For the six months ended 30 June 2010, the Group has one customer with revenue exceeding 10% of the Group's total revenue. Revenue from the customer amounted to HK$1,281,000 and is attributable to software development business.

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Auditor's remuneration	**412**	328
Amortisation of prepaid land lease payments	**504**	–
Amortisation of intangible assets	**5,575**	909
Depreciation of property, plant and equipment	**28,704**	141
Cost of other operations	**1,996**	–
Net exchange losses	**4,176**	2,027
Employee benefit expenses (including directors' emoluments)	**15,631**	6,947
Employee share option benefits	**833**	657
Operating lease rental	**1,885**	300
Corporate expenses	**1,460**	1,033
Legal and professional fees		
– for the acquisition of alternative energy businesses	**49**	7,180
– others	**1,654**	809
Management service fee	**1,095**	4,421
Repair and maintenance expenses	**1,476**	18
Other expenses	**3,424**	1,221
Cost of sales, selling and distribution costs and administrative expenses	**68,874**	25,991

6 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Finance costs:		
– notional interest on convertible note wholly repayable within 5 years	**(1,174)**	(1,140)
– interest expenses on bank borrowings not wholly repayable within 5 years	**(22,681)**	–
Finance costs	**(23,855)**	(1,140)
Finance income:		
– interest income on bank deposits	**1,094**	200
Finance costs – net	**(22,761)**	(940)

7 INCOME TAX (EXPENSE)/CREDIT

No provision for Hong Kong profits tax has been made as the Group has no assessable profits for the period (2010: Nil). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Withholding tax is provided at 5% on dividend income received from companies in the Mainland China.

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Current income tax expense	**(1,241)**	–
Deferred income tax credit, net	**621**	1,069
	(620)	1,069

Notes:

As at 31 December 2010 and 30 June 2011, deferred tax liabilities were recognised mainly in respect of fair value adjustment arising from business combinations and withholding tax arising from acquisition.

The share of income tax expense of associated companies of HK$4,716,000 (Six months ended 30 June 2010: HK$343,000) is included in the Group's share of profits less losses of associated companies.

8 DIVIDENDS

No interim dividend was proposed and paid for the six months ended 30 June 2011 (Six months ended 30 June 2010: Nil).

9 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the unaudited profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2011	2010
Profit/(loss) attributable to equity holders of the Company (HK$ thousand)	**4,611**	(28,390)
Weighted average number of ordinary shares in issue (thousand)	**881,213**	839,356
Basis earnings/(loss) per share (HK cents per share)	**0.52**	(3.38)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares including the bonus warrants and convertible preference shares. The convertible preference shares are assumed to have been converted into ordinary shares. For the bonus warrants, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding bonus warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the bonus warrants.

	Six months ended 30 June	
	2011	2010
Profit/(loss) attributable to equity holders of the Company (HK$ thousand)	**4,611**	(28,390)
Weighted average number of ordinary shares in issue (thousand)	**881,213**	839,356
Adjustment for :		
– Assumed conversion of convertible preference shares (thousand)	**1,685,170**	–
– Assumed exercise of bonus warrants (thousand)	**29,886**	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share (thousand)	**2,596,269**	839,356
Diluted earnings/(loss) per share (HK cents per share)	**0.18**	(3.38)

Diluted earnings per share for the six months ended 30 June 2011 did not assume the exercise of the share options, convertible note and the subscription rights for convertible preference shares outstanding during the period since the exercise would have an anti-dilutive effect.

Diluted loss per share for the six months ended 30 June 2010 did not assume the exercise of bonus warrants, convertible note and share options outstanding during the period since the exercise would have an anti-dilutive effect.

10 TRADE AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**48,922**	50,611
Other receivables	**73,168**	109,988
Bills receivables	**1,685**	–
	123,775	160,599

At 30 June 2011 and 31 December 2010, the ageing analysis of trade receivables is as follows:

	As at	
	30 June	31 December
	2011	2010
	HK$'000	*HK$'000*
Less than 30 days	**13,942**	35,810
More than 30 days and within 60 days	**5,025**	1,176
More than 60 days and within 90 days	**5,829**	856
More than 90 days	**24,126**	12,769
	48,922	50,611

Notes:

The Group's policy on software business is to allow credit periods ranging from 30 days to 90 days to its trade customers. There were no trade receivables on software business being past due as of 30 June 2011 and 31 December 2010.

The Group's policy on alternative energy business is to allow a credit period of 30 days to its trade customers. Trade receivables that are less than 30 days past due are not considered impaired. As at 30 June 2011, trade receivables of HK$35.0 million (31 December 2010: 14.8 million) were past due but not impaired. These relate to the electricity tariff of government subsidies. There were trade receivables of HK$0.15 million (31 December 2010: Nil) on alternative energy business being past due over 12 months.

Carrying amount of trade and other receivables mainly denominated in Renminbi approximate their fair values.

All trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

11 TRADE AND OTHER PAYABLES

	As at 30 June 2011 HK$'000	31 December 2010 HK$'000
Trade payables	**5**	117
Other payables and accruals	**103,449**	104,034
	103,454	104,151

At 30 June 2011 and 31 December 2010, the ageing analysis of trade payables is as follows:

	As at 30 June 2011 HK$'000	31 December 2010 HK$'000
6 to less than 12 months	**1**	103
12 months and more	**4**	14
	5	117

Carrying amounts of trade and other payables mainly denominated in Renminbi approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2011, the turnover for China Renewable Energy Investment Limited (previously known as Hong Kong Energy (Holdings) Limited) ("CRE" or "the Company", and with its subsidiaries, collectively, the "Group") amounted to HK$51.00 million, an increase of 3,612% from HK$1.37 million for the same period ended in 30 June 2010. Gross profit for the period was HK$12.90 million as compared to a gross loss of HK$0.55 million for the same period last year. Such increase reflected the transition from the original combined software and alternative energy business to the renewable energy business currently focused on wind farm development and wind power generation.

Intangible assets, amounting to HK$4.34 million, and associated with the software business was fully written-off last year, and no impairment loss was recorded for the period ended 30 June 2011. As the Group has started winding down the non-core software business since February 2011, compensation to the staff and clients have been incurred and provided for during the current period.

With various wind farms gradually coming into commercial operation in late 2010 and early 2011, they started to contribute revenues to the Group. Despite higher financing costs having been recorded due to interest payments for bank loan on projects that are majority owned by the Group, a profit before tax of HK$3.72 million was recorded. Net profit after tax attributable to the equity holders of the Group was HK$4.61 million for the six months ended 30 June 2011; as compared to a net loss attributable to the equity holders of the Group of HK$28.39 million for the same period in 2010.

Basic earnings per share were HK0.52 cents as compared to last year basic loss per share of HK3.38 cents for the same period in 2010.

Liquidity and Financial Resources

As at 30 June 2011, the Group total bank borrowings were HK$737.93 million as compared to HK$725.67 million as at 31 December 2010. The difference was mainly due to appreciation of the Renminbi currency.

The bank borrowings were interest-bearing Renminbi bank loans for the Group's wind farm projects in the People's Republic of China ("PRC", or "China"), with interest rates fixed at the People's Bank of China rates. The maturity dates for the Group's outstanding borrowings are spread over the next eleven years. There were HK$66.21 million repayable within one year, HK$274.47 million repayable within two to five years and HK$397.25 million repayable after five years.

Convertible notes of principal amount RMB73.50 million (equivalent to HK$83.06 million) were issued on 30 December 2009 to HKC (Holdings) Limited ("HKC', and with its subsidiaries, collectively, the "HKC Group") for the acquisition of an effectively 10% equity interest of the Danjinghe wind farm project company. The notes have a three-year conversion and carry zero-interest coupon with a fixed conversion price of HK$1.0113 per share. The notional loan amount of the convertible notes was HK$79.46 million as at 30 June 2011 as compared to 78.29 million as at 31 December 2010.

The Group's unrestricted cash and cash equivalents were HK$454.89 million as at 30 June 2011 as compared to HK$362.56 million as at 31 December 2010. The increase was due to the receipt of dividends from our joint-venture wind farm projects and the collection of receivables. For future projects, the Group will first rely on its internal sources and will actively seek bank financing to fund its future capital expenditure commitments.

As the Group's main business is in PRC, Renminbi appreciation will continue to create foreign exchange exposure. However, since our incomes and liabilities, including bank borrowings, are denominated in Renminbi, such natural hedging will minimise the foreign exchange risk. The Group did not use any financial instruments for financial hedging purposes during the period under review.

Details of Charges in Group Assets

The Group's subsidiaries had charged their assets including wind power equipment, prepaid land lease payments and trade receivables, worth approximately RMB868.16 million (equivalent to HK$1,045.09 million) as security for the bank borrowings as at 30 June 2011; as compared to RMB838.06 million (equivalent to HK$992.10 million) as at 31 December 2010.

Gearing Ratio

As at 30 June 2011, the Group's gearing ratio, which was the total borrowings less cash and cash equivalents (including restricted cash) divided by total equity, was 21% as compared to 26% as at 31 December 2010.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2011 (Nil as at 31 December 2010).

BUSINESS REVIEW

Following the successful strategy implementation in 2010 to transform the Group into the alternative energy flagship of HKC and to secure TPG Growth as a strategic partner, CRE has focused its core efforts during this interim period on safe and reliable operation of its existing assets, development and construction of its new wind farm projects, and building up a quality pipeline of future wind projects. In addition, CRE continues to monitor other potential viable renewable energy opportunities that CRE might invest during the second-horizon period. Non-core software business was in the progress of being closed down since the announcement was made on 16 February 2011. The Group has changed its name to "China Renewable Energy Investment Limited" on 1 June 2011, which more appropriately reflects the focus and current principle business activities of the Group as well as refreshes the corporate image and identity of the Group to investors and the public.

In early 2011, two new wind farms located in Siziwang Qi of Inner Mongolia and Lunaobao of Hebei province respectively and with a total gross capacity of 150 Mega-watt ("MW") have been put into commercial operation. Taking into account of these new operating assets, a total gross capacity of 610.5 MW of wind power and 25 MW of waste-to-energy are currently contributing revenues to the Group.

Mudanjiang and Muling Wind Farms

Mudanjiang and Muling wind farms have a total of 59.5 MW of wind power capacity. Located in Heilongjiang province, the wind farms started commercial operation in the fourth quarter of 2007. The Group is the majority shareholder, holding 86% and 86.68% equity stakes, respectively. Similar to last year, the wind farms experienced curtailment on power dispatch during the first six months of 2011. It is expected that the curtailment will be gradually eased off over the next several years as the transmission infrastructure improves. The Mudanjiang and Muling wind farms dispatched 30.05 million Kilowatt-hour ("KWh") of power for the period up to 30 June 2011.

Siziwang Qi Phase I Wind Farm

Siziwang Qi Phase I wind farm has a total of 49.5 MW of wind power capacity and is wholly-owned by the Group. Located at 16 kilometres ("km") north of Wulanhua under Siziwang Qi of West Inner Mongolia, the wind farm started commercial operation in January 2011. The wind farm is the first of a strategic base for the Group which can be further developed into a 1000 MW wind farm complex. The Siziwang Qi Phase I wind farm dispatched 54.12 million KWh of power, which represented 97% of the plan for the same period up to 30 June 2011.

Danjinghe Wind Farm

The Group has a 40% effective equity interest in the Danjinghe wind farm project company, while the majority and controlling shareholder, the wind division subsidiary of China Energy Conservation and Environmental Protection Group (collectively, "CECEP"), holds 60%. The 200 MW Danjinghe wind farm is located in Hebei province and consists of three phases. The first phase of wind power capacity 40.5 MW as well as the second and third phases started commercial operation in January and September 2010 respectively. Despite an abnormal low wind period in a traditionally good wind month of February, the power dispatched for first six months of 2011 was around 242.38 million KWh, which represented 97% of the plan.

Changma Wind Farm

Changma wind farm, located in Gansu province, is a joint venture with CECEP. The Group has a 40% effective interest in the project company. The 201 MW wind farm started commercial operation in November 2010. The power dispatched in the first six months of 2011 was around 199.96 million KWh, which is approximately 73% of the plan. Due to technical problems on the newly developed 750KV transmission grid, Changma wind farm started to experience significant power dispatch curtailment in April. This has not only affected our Changma wind farm but all the wind farms in the region. The grid company has placed high priority in restoring the transmission grid and expects the grid to be stabilized within the second half of 2011 to significantly ease off the curtailment situation.

Lunaobao Wind Farm

Lunaobao wind farm is a joint venture with CECEP which is adjacent to the Danjinghe wind farm in Hebei province. The Group has a 30% effective equity interest. The wind farm capacity is 100.5 MW and has started commercial operation in February 2011. Similar to Danjinghe wind farm, the power dispatched for the first six months of 2011, including power dispatched during trial run and commissioning period prior to commercial operation, was around 155.36 million KWh. This was approximately 20% better than the plan.

Linyi Waste-to-energy Plant

Linyi waste-to-energy plant of 25MW power generating capacity is a joint venture with CECEP located in Shandong province. The Group owns a 40% effective equity interest. The plant went into commercial operation in September 2007. In the first six months of 2011, approximately 158,643 tonnes of garbage was being handled and 57.03 million KWh of power was dispatched.

For new wind farms project development, construction preparation has been made for the Siziwang Qi Phase II project, a 49.5 MW wind farm located in Inner Mongolia. Additional assessment on future development of the transmission grid was conducted and other relevant information was submitted to the local Development and Reform Committee ("DRC", or on national level, "NDRC") for the final approval of this project.

In Kulun Qi under the Tongliao city of East Inner Mongolia, the Group has completed two years of wind testing and a potential wind farm with a capacity of 200 MW can be developed. The Group has established a project company in late 2010 for developing phase I (49.5 MW) of this wind farm. The Feasibility Study Report ("FSR") of this project has been completed and work is underway to obtain various local approvals leading to the final approval from the DRC of Inner Mongolia and NDRC.

In addition to the operating assets and projects under development, the Group has signed a number of Memorandum of Understanding ("MOU") with the local government in Yunnan and Hebei province during this interim period. These MOUs enable the Group to run a series of wind resources tests at these locations. The Group has also conducted preliminary discussions to explore the possibility of acquiring several "Greenfield" or "Brownfield" projects. Depending on the result of the wind resources tests and the outcome of these discussions, the potential project pipeline could be expanded by a further 570 MW.

OUTLOOK

During this interim period, China took over Japan as the second largest economy in the world. Its huge manufacturing capacity and the burgeoning domestic consumers market will continue to propel China's economy into new heights in the coming years. However, climate and environmental issues will continue to be pressure points to China and have to be dealt with properly. The landscape for renewable energy business continues to be encouraging.

Year 2011 is also the first year of the Twelfth Five-Year Programme for National Economic and Social Development ("12th FYP") which covers 2011 to 2015. The recently concluded Eleventh Five-Year Programme for National Economic and Social Development set ambitious targets such as 15% renewable energy by 2020, and 45% reduction in energy intensity (energy per unit of Gross Domestic Product) by 2020 vis-à-vis 2005. These targets traverse the 12th FYP period and therefore the existing favourable policies will be continued throughout the 12th FYP period.

We anticipate that China will continue to put in considerable efforts and resources to improve the power transmission capacity. Major plans have been established to channel power from high renewable energy supply areas, such as the "3-Norths" (namely the North, Northwest and Northeast) regions, to areas of high demand such as those in the coastal southern regions. This will improve the existing bottleneck and curtailment situations. The Chinese government's policy support and financial incentives, such as tariff subsidy and tax relief, will continue in the foreseeable future.

The nuclear crisis in Japan caused by the massive earthquake and devastating tsunami in March 2011 has created great concerns on the potential hazards of having nuclear power as an alternative energy source. This incident will no doubt delay the progress of the nuclear program in China. This also sparked demands for a safer and more environmental-friendly alternative energy sources, such as wind and solar power.

From the supply side, due to manufacturing overcapacity, wind equipment prices continue to decline. More favourable purchase terms, including equipment financing, have also been introduced for a couple of years and likely to continue. Wind farm developers and owners, like our Group, can enjoy lower development costs offsetting some of the adverse effects stemming from rising competition and higher interest rates in China.

Going forward, the Group will continue to focus its efforts and resources to expedite the development of the wind farms in the 2000 MW project pipeline. Potential merger and acquisition opportunities of both "Greenfield" and "Brownfield" wind farm projects will be explored. For existing projects, proper controls and measures will be implemented to ensure they can continue to contribute steady revenue to the Group.

The Group will continue to monitor the renewable energy market in China and if suitable opportunities arise, will enter into other renewable energy business in a strategic and cautious manner.

Despite challenges on increasing interest rates and tightening liquidity, the Group will continue to explore different bank financing or other sources to fund its projects.

Employees

As at 30 June 2011, the Group's operations in Hong Kong and mainland China employed a total of 77 employees. The Group had also appointed technical consultants on contract terms for its alternative energy projects. All employees are remunerated according to the nature of their jobs, their individual performances, the Group's overall performance, and the prevailing marketing conditions.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors and one non-executive director with written terms of reference in accordance with the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and reports to the Board. The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2011, which has also been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "Code Provisions") and certain recommended best practices set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2011, except for the Code Provisions A.2.1 and A.4.1.

Code Provision A.2.1

Under the Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and performed by different individuals. Under the current organization structure of the Company, the functions of CEO are performed by the Chairman, Mr. OEI Kang, Eric, with support from Managing Director and other Executive Directors. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company, and has been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development. The Board will review the structure from time to time to ensure it continues to meet the principle and will consider segregation of the roles of chairman and CEO if and when appropriate.

Code Provision A.4.1

Under the Code Provision A.4.1, non-executive directors should be appointed for specific term and subject to re-election. However, all the Independent Non-executive Directors of the Company were not appointed for specific term but are subject to the rotation requirement in the Company's articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry, all directors of the Company confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2011.

PUBLICATION OF INTERIM REPORT

The 2011 interim report will be published on the websites of the Company (www.cre987.com) and the Stock Exchange (www.hkexnews.hk) and dispatched to the shareholders in due course.

By order of the Board
China Renewable Energy Investment Limited
YUNG Pak Keung, Bruce
Executive Director and Managing Director

Hong Kong, 30 August 2011

As at the date of this announcement, the Board comprises eight Directors of which Mr. OEI Kang, Eric, Mr. CHANG Li Hsien, Leslie, Dr. YUNG Pak Keung, Bruce and Mr. LEUNG Wing Sum, Samuel are executive Directors; Mr. WANG Sing is non-executive Director (with Mr. TSANG Chi Kin as his alternate); and Mr. ZHANG Songyi, Mr. TANG Siu Kui, Ernest and Mr. YU Hon To, David are independent non-executive Directors.