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 2012

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 2012 together with the comparative figures as follows:–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Unaudited	
		Six months ended 30 June	
	Note	**2012**	2011
		HK$'000	*HK$'000*
Continuing operations			
Revenue	*4*	**53,654**	50,215
Cost of sales		**(38,737)**	(37,537)
Gross profit		**14,917**	12,678
Other income		**847**	382
Administrative expenses		**(19,673)**	(27,115)
Operating loss	*5*	**(3,909)**	(14,055)
Finance income	*6*	**589**	1,011
Finance costs	*6*	**(25,280)**	(23,855)

	Note	Unaudited Six months ended 30 June **2012** ***HK$'000***	 2011 *HK$'000*
Finance costs – net	*6*	**(24,691)**	(22,844)
Fair value gain on derivative liability		**7,884**	976
Share of profits less losses of associated companies	*7*	**61,861**	42,998
Profit before income tax		**41,145**	7,075
Income tax expense	*8*	**(15,993)**	(620)
Profit for the period from continuing operations		**25,152**	6,455
Discontinued operations			
Profit/(loss) for the period from discontinued operations		**33**	(3,356)
Profit for the period		**25,185**	3,099
Other comprehensive (loss)/income:			
Currency translation differences		**(20,626)**	27,038
Other comprehensive (loss)/income for the period, net of tax		**(20,626)**	27,038
Total comprehensive income for the period		**4,559**	30,137
Profit/(loss) attributable to:			
Equity holders of the Company			
– Continuing operations		**26,644**	7,967
– Discontinued operations		**33**	(3,356)
		26,677	4,611
Non-controlling interests		**(1,492)**	(1,512)
		25,185	3,099

	Note	Unaudited Six months ended 30 June **2012** ***HK$'000***	 2011 *HK$'000*
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company			
– Continuing operations		**6,242**	34,675
– Discontinued operations		**(106)**	(3,136)
		6,136	31,539
Non-controlling interests		**(1,577)**	(1,402)
		4,559	30,137
Dividends	*9*	**–**	–
Earnings/(loss) per share from continuing and discontinued operations attributable to the equity holders of the Company (expressed in HK cents per share)			
Basic earnings/(loss) per share	*10(a)*		
From continuing operations		**1.13**	0.90
From discontinued operations		**–**	(0.38)
		1.13	0.52
Diluted earnings/(loss) per share	*10(b)*		
From continuing operations		**1.00**	0.31
From discontinued operations		**–**	(0.13)
		1.00	0.18

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2012

	Note	**Unaudited 30 June 2012** *HK$'000*	Audited 31 December 2011 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**944,413**	984,333
Construction in progress		**52,732**	47,851
Prepaid land lease payments		**17,283**	18,057
Intangible assets		**138,901**	144,601
Interests in associated companies		**1,057,363**	1,098,713
Total non-current assets		**2,210,692**	2,293,555
Current assets			
Inventory		**6,393**	7,062
Trade and other receivables	*11*	**210,199**	113,076
Restricted cash		**993**	1,002
Cash and cash equivalents		**251,277**	338,751
		468,862	459,891
Assets of disposal group classified as held for sale		**9,509**	4,651
Total current assets		**478,371**	464,542
Total assets		**2,689,063**	2,758,097
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**26,564**	26,564
Reserves		**1,772,357**	1,765,718
Equity attributable to equity holders of the Company		**1,798,921**	1,792,282
Non-controlling interests		**13,632**	15,209
Total equity		**1,812,553**	1,807,491

	Note	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**611,320**	618,334
Deferred income tax liabilities		**72,189**	66,319
Total non-current liabilities		**683,509**	684,653
Current liabilities			
Trade and other payables	*12*	**40,225**	105,596
Derivative liability		**1,380**	9,370
Current portion of bank borrowings		**69,551**	70,349
Convertible note		**81,845**	80,636
		193,001	265,951
Liabilities of disposal group classified as held for sale		**–**	2
Total current liabilities		**193,001**	265,953
Total liabilities		**876,510**	950,606
Total equity and liabilities		**2,689,063**	2,758,097
Net current assets		**285,370**	198,589
Total assets less current liabilities		**2,496,062**	2,492,144

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Renewable Energy Investment Limited (the "Company" or "CRE"), is an exempted company incorporated in the Cayman Islands with limited liability. 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. The Group has operations mainly in the People's Republic of China (the "PRC").

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The ultimate holding company is HKC (Holdings) Limited ("HKC"), a company incorporated in Bermuda and listed in Hong Kong.

This unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK$ thousand or HK$'000), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved by the Board of Directors for issue on 23 August 2012.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with HKAS 34 "Interim Financial Reporting". The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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 2011, 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.

For the financial year beginning on 1 January 2012, the Group has adopted the following amendment to standard, which is relevant to its operations.

HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets

The Group has assessed the impact for the adoption of this amendment to standard and considered that there was no significant effect on the Group's interim financial information.

Other new amendments to standards which are mandatory for the first time for the financial year beginning 1 January 2012, are not currently relevant for the Group or do not have material impact on the Group in the period ended 30 June 2012.

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 2012. 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 ("CODM") 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. Subsequent to the discontinuance of the software development segment, the Group has one single operating segment, namely alternative energy. Although the alternative energy segment consists of different locations of power plants in PRC, the CODM considers that these underlying power plants are subject to similar risks and returns. Therefore, it has only relied on the reported revenue associated from these underlying power plants in making financial decisions and allocating resources.

The Group's revenue comprise turnover primarily derived from the generation of electricity.

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 fair value gain on derivative liability and other corporate expenses 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 interim financial information.

Total segment assets exclude corporate assets which are centrally managed. This is part of the reconciliation to total condensed 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 2012 and 2011 are as follows:

	Six months ended 30 June					
	2012			2011		
	Continuing operations	**Discontinued operations**		Continuing operations	Discontinued operations	
	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*
Revenue	**53,654**	**–**	**53,654**	50,215	783	50,998
Segment results	**6,652**	**–**	**6,652**	3,568	(3,438)	130
Share of profits less losses of associated companies	**61,861**	**–**	**61,861**	42,998	–	42,998
Finance income	**87**	**33**	**120**	73	82	155
Finance costs	**(24,070)**	**–**	**(24,070)**	(22,681)	–	(22,681)
Profit/(loss) before income tax	**44,530**	**33**	**44,563**	23,958	(3,356)	20,602
Income tax expense	**(16,193)**	**–**	**(16,193)**	(620)	–	(620)
Profit/(loss) for the period	**28,337**	**33**	**28,370**	23,338	(3,356)	19,982
Depreciation	**29,840**	**–**	**29,840**	28,704	–	28,704
Amortisation	**4,947**	**–**	**4,947**	6,054	–	6,054

The segment assets as at 30 June 2012 and 31 December 2011 are as follows:

	30 June 2012			31 December 2011		
	Continuing operations	**Discontinued operations**		Continuing operations	Discontinued operations	
	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	**2,622,683**	**9,509**	**2,632,192**	2,689,914	4,651	2,694,565
Total segment assets include:						
– Interests in associated companies	**1,057,363**	**–**	**1,057,363**	1,098,713	–	1,098,713
– Additions to non-current assets	**6,125**	**–**	**6,125**	40,031	–	40,031

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Profit for the period of reportable segments	**28,370**	19,982
Unallocated amounts		
– Fair value gain on derivative liability	**7,884**	976
– Other corporate expenses, net	**(11,069)**	(17,859)
Profit for the period	**25,185**	3,099

Reportable segment assets are reconciled to total assets as follows:

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
Total segment assets	**2,632,192**	2,694,565
Corporate assets		
– cash and cash equivalents	**55,849**	62,789
– others	**1,022**	743
Total assets	**2,689,063**	2,758,097

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

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
Hong Kong	**206**	211
The PRC	**2,210,486**	2,293,344
Total non-current assets	**2,210,692**	2,293,555

For the six months ended 30 June 2012, the Group's revenue for reportable segments was solely from external customers and is attributable to the China markets.

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 2012, the Group has two customers with revenue exceeding 10% of the Group's total revenue (six months ended 30 June 2011: two customers). Revenue from these customers amounting to HK$27,605,000 and HK$26,049,000 (six months ended 30 June 2011: HK$28,603,000 and HK$21,612,000) respectively and are solely attributable to alternative energy business.

5 OPERATING LOSS

Operating loss is arrived at after (charging)/crediting the following items:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Auditor's remuneration	**(845)**	(412)
Amortisation of prepaid land lease payments	**(574)**	(504)
Amortisation of intangible assets	**(4,409)**	(5,575)
Depreciation of property, plant and equipment	**(29,845)**	(28,704)
Cost of other operations	**(2,961)**	(1,996)
Net exchange gain/(loss)	**429**	(4,173)
Employee benefit expenses (including directors' emoluments)	**(10,182)**	(11,741)
Employee share option benefits	**(503)**	(833)
Operating lease rental	**(1,379)**	(1,612)
Corporate expenses	**(804)**	(1,460)
Legal and professional fees		
– for the acquisition of alternative energy businesses	**–**	(49)
– others	**(1,793)**	(1,612)
Management service fee	**(901)**	(1,095)
Repair and maintenance expenses	**(1,272)**	(1,467)

6 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Finance costs:		
– notional interest on convertible note wholly repayable within 5 years	**(1,210)**	(1,174)
– interest expenses on bank borrowings not wholly repayable within 5 years	**(24,070)**	(22,681)
Finance costs	**(25,280)**	(23,855)
Finance income:		
– interest income on bank deposits	**589**	1,011
Finance costs – net	**(24,691)**	(22,844)

7 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES

The amount includes an one-off tax benefit of HK$22.9 million (six months ended 30 June 2011: Nil) granted to an associated company by the PRC government.

8 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profits for the period (six months ended 30 June 2011: Nil). Taxation on PRC profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the PRC.

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Withholding tax on dividends	**(9,309)**	(1,241)
Deferred income tax (expense)/credit	**(6,684)**	621
Income tax expense	**(15,993)**	(620)

Note:

The share of income tax credit of associated companies of HK$20,334,000 (six months ended 30 June 2011: share of income tax expense of associated companies of HK$4,716,000) is included in the Group's share of profits less losses of associated companies.

9 DIVIDENDS

No interim dividend was proposed and paid for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the unaudited profit 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	
	2012	2011
Profit from continuing operations attributable to equity holders of the Company (HK$ thousand)	**26,644**	7,967
Profit/(loss) from discontinued operations attributable to equity holders of the Company (HK$ thousand)	**33**	(3,356)
Profit attributable to equity holders of the Company (HK$ thousand)	**26,677**	4,611
Weighted average number of ordinary shares in issue (thousand)	**2,356,372**	881,213
Basic earnings/(loss) per share (HK cents per share)		
From continuing operations	**1.13**	0.90
From discontinued operations	**–**	(0.38)
	1.13	0.52

(b) Diluted

Diluted earnings 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 convertible preference shares and bonus warrants. 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	
	2012	2011
Profit from continuing operations attributable to equity holders of the Company (HK$ thousand)	**26,644**	7,967
Profit/(loss) from discontinued operations attributable to equity holders of the Company (HK$ thousand)	**33**	(3,356)
	26,677	4,611
Weighted average number of ordinary shares in issue (thousand)	**2,356,372**	881,213
Adjustment for:		
– Assumed conversion of convertible preference shares (thousand)	**300,000**	1,685,170
– Assumed exercise of bonus warrants (thousand)	**–**	29,886
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**2,656,372**	2,596,269
Diluted earnings/(loss) per share (HK cents per share)		
From continuing operations	**1.00**	0.31
From discontinued operations	**–**	(0.13)
	1.00	0.18

Diluted earnings per share for the six months ended 30 June 2012 and 2011 did not assume the exercise of the share options, convertible note and subscription rights for convertible preference shares outstanding during the period since the exercise would have an anti-dilutive effect.

11 TRADE AND OTHER RECEIVABLES

	As at **30 June 2012** *HK$'000*	As at 31 December 2011 *HK$'000*
Trade receivables	**89,595**	69,321
Other receivables	**39,585**	42,642
Dividend receivables from associated companies	**81,019**	1,113
	210,199	113,076

At 30 June 2012 and 31 December 2011, the ageing analysis of trade receivables is as follows:

	As at **30 June 2012** *HK$'000*	As at 31 December 2011 *HK$'000*
Less than 30 days	**61,956**	50,901
More than 30 days and within 60 days	**1,900**	1,839
More than 60 days and within 90 days	**1,843**	681
More than 90 days	**23,896**	15,900
	89,595	69,321

Note:

The Group allows 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 2012, trade receivables of HK$27.6 million (31 December 2011: 18.4 million) were past due but not impaired. These relate to the electricity tariff of government subsidies. There were trade receivables of HK$12.5 million (31 December 2011: HK$3.65 million) on alternative energy business being past due over 12 months.

12 TRADE AND OTHER PAYABLES

	As at **30 June 2012** *HK$'000*	As at 31 December 2011 *HK$'000*
Trade payables	**224**	827
Payables for acquisition and construction of property, plant and equipment	**31,166**	79,678
Other payables and accruals	**8,835**	25,091
	40,225	105,596

At 30 June 2012 and 31 December 2011, the ageing analysis of trade payables is as follows:

	As at	
	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
0 to less than 12 months	**220**	822
12 months and more	**4**	5
	224	827

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2012, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded a HK$53.7 million turnover, purely coming from the renewable energy business as the Company has successfully transitioned from a combined software and alternative energy business to a sole renewable energy business currently focused on wind farm development and power generation. Despite lower wind resources as compared to last year, improvement on the power curtailment has led to a slight increase of 7% from HK$50.2 million revenue of the same period last year. The gross profit was HK$14.9 million, a 17% increase from last year interim gross profit of HK$12.7 million.

Operating wind farm assets in both subsidiary and associated companies continued to contribute profits to the Group, with associated companies making the larger contribution at HK$61.9 million. Profits at associated companies increased 44% compared to the same period last year, and includes a one-off tax benefit HK$22.9 million granted to one of the associated companies.

In addition, the Group has recognised a fair value gain of HK$7.9 million on the investment right granted to a global private investment firm TPG Growth (with its subsidiary STAR Butterfly Energy, Ltd. ("STAR"), collectively, the "TPG") on 23 November 2010. While the fair value of the investment right depends on the share price movement, future increase in the share price could result in a fair value loss.

With a net finance costs of HK$24.7 million and an income tax expense of HK$16.0 million, the Group's net profit after tax attributable to the equity holders of the Group was HK$26.7 million for the six months ended 30 June 2012. An increase of 480% as compared to the net profit after tax attributable to the equity holders of the Group of HK$4.6 million for the same period in 2011.

Basic earnings per share was HK1.13 cents as compared to last year basic earnings per share of HK0.52 cents for the same period in 2011.

Liquidity and Financial Resources

The Group's total bank borrowing was HK$680.9 million as at 30 June 2012. As compared to the total bank borrowing of HK$688.7 million as at 31 December 2011, there was a slight decrease due to improvement of the Hong Kong Dollar exchange to Renminbi.

The bank borrowings were interest-bearing Renminbi bank loans to 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 ("PBOC") rates. The maturity dates for the Group's outstanding borrowings were spread over the next ten years. There were HK$69.6 million repayable within one year, HK$278.2 million repayable within two to five years and HK$333.1 million repayable after five years.

Convertible notes of principal amount RMB73.5 million (equivalent to HK$83.1 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$81.8 million as at 30 June 2012, which represented notional interest for the half-year period added to the notional convertible notes amount of HK$80.6 million as at 31 December 2011.

As at 30 June 2012, the Group's unrestricted cash and cash equivalents were HK$251.3 million as compared to HK$338.8 million as at 31 December 2011. The drop was attributable to the normal operating expenses and payments for project preparation work. For its future capital expenditure commitments, the Group will first rely on its internal sources and will actively seek for bank financing.

As the Group's main business is in PRC, Renminbi exchange fluctuation will create foreign exchange exposure. However, since our incomes and liabilities, including bank borrowings, are denominated in Renminbi, the foreign exchange risk is minimised. 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 assets in the wind farm projects, including wind power equipment, prepaid land lease payments and trade receivables, worth approximately RMB825.2 million (equivalent to HK$1,006.9 million) have been charged as security for the bank borrowings as at 30 June 2012. Same assets worth approximately RMB836.7 million (equivalent to HK$1,032.6 million) were charged as at 31 December 2011. Depreciation of the Renminbi currency and depreciation of the assets gave rise to the variance in assets value.

Gearing Ratio

As at 30 June 2012, the Group's gearing ratio was 28% as compared to 24% as at 31 December 2011. The gearing ratio represented the total borrowings less cash and cash equivalents, that excluded those amounts related to the discontinued software business but included the restricted cash, divided by the total equity.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2012 (Nil as at 31 December 2011).

BUSINESS REVIEW

In the first half of 2012, China was faced with complicated and volatile economic landscapes at home and abroad. The PRC government has reacted with focus on maintaining a moderate pace of economic growth, fine-tuning economic policies and managing inflation. The China wind sector, after several years of exponential growth, grew at a more moderate pace during this period. Slow progress in the development of transmission grid infrastructure, slowdown of the project approval processes and tight liquidity on project financing all contributed to the slowdown.

Whilst the Group has secured Inner Mongolia Development and Reform Committee ("Inner Mongolia DRC") approval at the end of 2011 for the Siziwang Qi Phase Two project ("SZWQ II"), which is the second 49.5 mega-watt ("MW") project of a 1000 MW wind farm complex in West Inner Mongolia, the National Development and Reform Committee ("NDRC") has decided not to make a formal announcement of all approved wind projects in six provinces, including Inner Mongolia, until further notice. This has inevitably caused delays in the project financing as well as the construction schedule for SZWQ II. The Group is also waiting for the local approval from the Inner Mongolia DRC for the Kulun Qi project, which is phase one of a total 200 MW project in Tongliao city of Eastern Inner Mongolia.

Despite the change in the business landscape as mentioned above, the performance of the Group's existing renewable energy assets, which comprise several wind farms with a gross total power generating capacity of 610.5 MW and a 25 MW waste-to-energy power plant, has been reasonable as expected. Considerable efforts have been made to enhance the safety, reliability and efficiency of these assets to ensure their contribution to the Group's revenues.

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. Despite wind resources that were lower than the previous year, power dispatch was around 34.9 million Kilowatt-hour ("KWh") for the first six months of 2012, which was better than same period in last year. This was due to a slight improvement in the curtailment situation. More significant improvement is expected as the transmission infrastructure enhances further in the coming years.

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. It is located 16 kilometres ("km") north of Wulanhua under Siziwang Qi of Western Inner Mongolia. Commercial operation was started in January 2011. The wind farm is the first phase of a strategic 1,000 MW wind farm base for the Group. Siziwang Qi Phase I wind farm dispatched 50.5 million KWh for the first six months of 2012.

Danjinghe Wind Farm

The Group has a 40% effective equity interest in the 200 MW Danjinghe wind farm located in Hebei province and consists of three phases. The majority and controlling shareholder is the wind division subsidiary of China Energy Conservation and Environmental Protection Group (collectively, "CECEP"), who holds 60%. The wind farm started commercial operation in January and September 2010. The power dispatched was around 268.2 million KWh.

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. With the technical problems of the transmission line in the region yet to be resolved, the power dispatched in the first six months of 2012 continued to be disappointing, resulting in power dispatch of around 145.7 million KWh. However, this situation is expected to improve in the second half of the year as the National Energy Administration of PRC has issued instructions to the local grid company forbidding further curtailment.

Lunaobao Wind Farm

Lunaobao wind farm is a joint venture with CECEP adjacent to the Danjinghe wind farm. The Group has a 30% effective equity interest. The wind farm capacity is 100.5 MW and started commercial operation in February 2011. The power dispatched in the first six months of 2012 was 137.2 million KWh.

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. For the first six months of 2012, approximately 194,314 tonnes of garbage was being handled and 61.2 million KWh of power was dispatched.

OUTLOOK

The continued saga of the European sovereign debt crisis, slow recovery of the US economy and moderation of the China economic growth have dampened the investment sentiment on the renewable energy sector globally. This is compounded by the expiry at end 2012 of the Kyoto Protocol of which the Clean Development Mechanism ("CDM") is part of. So far, there has not been a formal plan established for the post-2012 period and has inevitably caused uncertainties in the future CDM revenues of our projects.

The wind sector in China, engulfed by these global macro factors as well as by the China based forces such as project approval delays and power dispatch curtailment, has entered into a period of consolidation. Most industrial observers believe that the uncertainties on delays of approvals, power dispatch curtailment etc. will linger on until at least after the forthcoming 18th National Congress of the Communist Party this autumn and the leadership change-over at the National People's Congress in March 2013.

Whilst we are still of the view that China will lead the world towards a lower Carbon economy in the long term and the China policy makers will endeavour to abide with the "China Wind Energy Development Roadmap 2050" published by NDRC, the China wind sector will continue to be at its low ebb over the near term. Investment as well as operational risk will increase given this environment. Given such circumstances, we are taking extra precautions in analysing investment risks on new projects and are adjusting our pace of investment to ensure viable commercial returns can be achieved in our new projects rather than blindly chasing for capacity expansion. We will therefore continue to monitor the China renewable energy policy closely and manage our project pipeline in a flexible and ready mode.

More attention will be placed on enhancing the effectiveness and efficiency of existing operating wind farm assets. Safe operation and other management best practice are being implemented in all our wind farms to minimise safety related incidents and to further reduce the cost of production. Various technical improvements imposed by the government on wind farms are being implemented in our wind farms, improvements that will improve the availability and reliability of our wind farms over the long run. Delays in the tariff subsidy payment this year to all wind farms in China, including ours, due to a change of jurisdiction in managing the renewable energy fund should be resolved soon. We should expect the retrospective payment in the near future and this will strengthen the cash position in our companies.

We will continue to explore opportunities to safeguard and create further shareholder value through strategic alliances and by exploring the feasibility of investing in other forms of alternative energy.

Employees

As at 30 June 2012, the Group's operations in Hong Kong and mainland China employed a total of 82 employees. The Group had also appointed technical consultants on contract terms for its renewable 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 2012 (2011: 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 on the Stock Exchange (the "Listing Rules"), 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 2012, 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 THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "Code Provisions") and certain recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2012, 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 the Vice Chairman, the Managing Director and the other Executive Director. 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 a specific term and subject to re-election. Currently, all the existing independent non-executive directors of the Company were appointed with no specific term but they are subject to the rotation requirement in the Company's articles of association, accomplishing the same purpose as being appointed for a specific term.

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 2012.

PUBLICATION OF INTERIM REPORT

The 2012 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, 23 August 2012

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.