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 2013

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 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

		Unaudited Six months ended 30 June	
	Note	**2013**	2012
		HK$'000	*HK$'000*
Continuing operations			
Revenue	*5*	**56,009**	53,654
Cost of sales		**(36,545)**	(38,737)
Gross profit		**19,464**	14,917
Other income		**901**	847
Administrative expenses		**(14,538)**	(19,673)

	Note	Unaudited Six months ended 30 June 2013 HK$'000	2012 HK$'000
Operating profit/(loss)	*6*	**5,827**	(3,909)
Finance income	*7*	**1,126**	589
Finance costs	*7*	**(23,734)**	(25,280)
Finance costs – net	*7*	**(22,608)**	(24,691)
Fair value gain on derivative liability		**2,163**	7,884
Share of profits less losses of associated companies	*8*	**39,261**	61,861
Profit before income tax		**24,643**	41,145
Income tax expense	*9*	**(4,505)**	(15,993)
Profit for the period from continuing operations		**20,138**	25,152
Discontinued operations			
Profit for the period from discontinued operations		**39**	33
Profit for the period		**20,177**	25,185
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**28,368**	(20,626)
Other comprehensive income/(loss) for the period, net of tax		**28,368**	(20,626)
Total comprehensive income for the period		**48,545**	4,559
Profit attributable to:			
Equity holders of the Company			
– Continuing operations		**20,334**	26,644
– Discontinued operations		**39**	33

	Note	Unaudited Six months ended 30 June 2013 HK$'000	2012 HK$'000
		20,373	26,677
Non-controlling interests		**(196)**	(1,492)
		20,177	25,185
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company			
– Continuing operations		**48,251**	6,242
– Discontinued operations		**244**	(106)
		48,495	6,136
Non-controlling interests		**50**	(1,577)
		48,545	4,559
Dividends	*10*	**–**	–
Earnings per share from continuing and discontinued operations attributable to the equity holders of the Company (expressed in HK cents per share)			
Basic earnings per share	*11(a)*		
From continuing operations		**0.86**	1.13
From discontinued operations		**–**	–
		0.86	1.13
Diluted earnings per share	*11(b)*		
From continuing operations		**0.77**	1.00
From discontinued operations		**–**	–
		0.77	1.00

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2013

	Note	Unaudited 30 June 2013 HK$'000	Audited 31 December 2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**915,699**	931,317
Construction in progress		**80,276**	69,341
Prepaid land lease payments		**13,486**	14,319
Intangible assets		**6,233**	6,398
Interests in associated companies		**1,068,624**	1,099,031
Total non-current assets		**2,084,318**	2,120,406
Current assets			
Inventory		**6,346**	6,389
Trade and other receivables	*12*	**122,253**	141,327
Restricted cash		**–**	1,014
Cash and cash equivalents		**350,163**	238,213
		478,762	386,943
Assets of disposal group classified as held for sale		**12,408**	12,381
Total current assets		**491,170**	399,324
Total assets		**2,575,488**	2,519,730
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**26,564**	26,564
Reserves		**1,739,192**	1,690,567

	Note	Unaudited 30 June 2013 *HK$'000*	Audited 31 December 2012 *HK$'000*
Equity attributable to equity holders of the Company		**1,765,756**	1,717,131
Non-controlling interests		**3,432**	3,382
Total equity		**1,769,188**	1,720,513
LIABILITIES			
Non-current liabilities			
Bank borrowings		**561,394**	552,247
Deferred income tax liabilities		**37,679**	41,546
Total non-current liabilities		**599,073**	593,793
Current liabilities			
Trade and other payables	*13*	**37,199**	38,851
Derivative liability		**23**	2,150
Current portion of bank borrowings		**72,071**	70,897
Convertible note		**97,934**	93,519
		207,227	205,417
Liabilities of disposal group classified as held for sale		**–**	7
Total current liabilities		**207,227**	205,424
Total liabilities		**806,300**	799,217
Total equity and liabilities		**2,575,488**	2,519,730
Net current assets		**283,943**	193,900
Total assets less current liabilities		**2,368,261**	2,314,306

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 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 22 August 2013.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard ("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 2012, 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 2012, 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 2013, the Group has adopted the following standards, amendments to standards and interpretation:

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKFRS 1 (Amendment)	Government loans
HKFRS 7 (Amendment)	Financial instruments: disclosures – offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosures of interests in other entities: transition guidance
HKAS 1 (Amendment)	Presentation of items of other comprehensive income
HKAS 19 (Revised 2011)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investments in associates and joint ventures
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
Annual improvements project	Annual improvements to 2009-2011 cycle

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

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 2013. 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 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions applied in the preparation of the condensed consolidated interim financial information are consistent with those that applied to the annual financial statements for the year ended 31 December 2012.

5 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 with 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. 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 2013 and 2012 are as follows:

	Six months ended 30 June					
	2013			2012		
	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	**56,009**	**–**	**56,009**	53,654	–	53,654
Segment results	**14,621**	**(29)**	**14,592**	6,652	–	6,652
Share of profits less losses of associated companies	**39,261**	**–**	**39,261**	61,861	–	61,861
Finance income	**674**	**68**	**742**	87	33	120
Finance costs	**(20,889)**	**–**	**(20,889)**	(24,070)	–	(24,070)
Profit before income tax	**33,667**	**39**	**33,706**	44,530	33	44,563
Income tax expense	**(4,296)**	**–**	**(4,296)**	(16,193)	–	(16,193)
Profit for the period	**29,371**	**39**	**29,410**	28,337	33	28,370
Depreciation	**30,399**	**–**	**30,399**	29,840	–	29,840
Amortisation	**663**	**–**	**663**	4,947	–	4,947

The segment assets as at 30 June 2013 and 31 December 2012 are as follows:

	30 June 2013			31 December 2012		
	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	**2,527,055**	**12,408**	**2,539,463**	2,464,016	12,381	2,476,397
Total segment assets include:						
– Interests in associated companies	**1,068,624**	**–**	**1,068,624**	1,099,031	–	1,099,031
– Additions to non-current assets	**9,693**	**–**	**9,693**	21,717	–	21,717

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	
	2013	2012
	HK$'000	*HK$'000*
Profit for the period of reportable segments	**29,410**	28,370
Unallocated amounts:		
– Fair value gain on derivative liability	**2,163**	7,884
– Other corporate expenses, net	**(11,396)**	(11,069)
Profit for the period	**20,177**	25,185

Reportable segment assets are reconciled to total assets as follows:

	30 June	31 December
	2013	2012
	HK$'000	*HK$'000*
Total segment assets	**2,539,463**	2,476,397
Corporate assets:		
– cash and cash equivalents	**35,589**	42,396
– others	**436**	937
Total assets	**2,575,488**	2,519,730

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

	30 June	31 December
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**140**	185
The PRC	**2,084,178**	2,120,221
Total non-current assets	**2,084,318**	2,120,406

For the six months ended 30 June 2013 and 2012, the Group's revenue for reportable segments was solely from external customers and is attributable to the PRC market.

For the six months ended 30 June 2013, the Group has two customers with revenue exceeding 10% of the Group's total revenue (six months ended 30 June 2012: two customers). Revenues from these customers amounting to HK$56,009,000 (six months ended 30 June 2012: HK$53,654,000) are solely attributable to alternative energy business.

6 OPERATING PROFIT/(LOSS)

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

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration	**(845)**	(845)
Amortisation of prepaid land lease payments	**(434)**	(574)
Amortisation of intangible assets	**(266)**	(4,409)
Depreciation of property, plant and equipment	**(30,407)**	(29,845)
Cost of other operations	**(2,709)**	(2,961)
Net exchange (loss)/gain	**(1,531)**	429
Employee benefit expenses (including directors' emoluments)	**(7,104)**	(10,182)
Employee share option benefits	**(130)**	(503)
Operating lease rental	**(974)**	(1,379)
Corporate expenses	**(645)**	(804)
Legal and professional fees	**(938)**	(1,793)
Management service fee	**(513)**	(901)
Repair and maintenance expenses	**(2,514)**	(1,272)

7 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Finance costs:		
– interest expense on convertible note wholly repayable within 5 years	**(2,844)**	(1,210)
– interest expenses on bank borrowings not wholly repayable within 5 years	**(20,890)**	(24,070)
Finance costs	**(23,734)**	(25,280)
Finance income:		
– interest income on bank deposits	**1,126**	589
Finance costs - net	**(22,608)**	(24,691)

8 SHARE OF PROFITS LESS LOSSES OF ASSOCIATED COMPANIES

The amount included an one-off tax benefit of HK$22.9 million for the six months ended 30 June 2012 granted to an associated company by the PRC government.

9 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 2012: Nil). Taxation on PRC profits has been calculated on the estimated assessable profit for the period at 25% (six months ended 30 June 2012: 25%). Withholding tax on dividend income has been provided at rates ranging from 5% to 10% (six months ended 30 June 2012: 5% to 10%) on profit distribution upon declaration.

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Withholding tax expense	**(8,889)**	(9,309)
Deferred income tax credit/(expense)	**4,384**	(6,684)
Income tax expense	**(4,505)**	(15,993)

10 DIVIDENDS

No interim dividend was proposed and paid for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

11 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	
	2013	2012
Profit from continuing operations attributable to equity holders of the Company (HK$ thousand)	**20,334**	26,644
Profit from discontinued operations attributable to equity holders of the Company (HK$ thousand)	**39**	33
	20,373	26,677
Weighted average number of ordinary shares in issue (thousand)	**2,356,372**	2,356,372
Basic earnings per share (HK cents per share)		
From continuing operations	**0.86**	1.13
From discontinued operations	**–**	–
	0.86	1.13

(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. The convertible preference shares are assumed to have been converted into ordinary shares.

	Six months ended 30 June	
	2013	2012
Profit from continuing operations attributable to equity holders of the Company (HK$ thousand)	**20,334**	26,644
Profit from discontinued operations attributable to equity holders of the Company (HK$ thousand)	**39**	33
	20,373	26,677
Weighted average number of ordinary shares in issue (thousand)	**2,356,372**	2,356,372
Adjustment for:		
– Assumed conversion of convertible preference shares (thousand)	**300,000**	300,000
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand)	**2,656,372**	2,656,372
Diluted earnings per share (HK cents per share)		
From continuing operations	**0.77**	1.00
From discontinued operations	**–**	–
	0.77	1.00

Diluted earnings per share for the six months ended 30 June 2013 and 2012 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.

12 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
Trade receivables	**89,015**	104,449
Other receivables	**33,238**	36,878
	122,253	141,327

At 30 June 2013 and 31 December 2012, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
Less than 30 days	**67,403**	82,749
More than 30 days and within 60 days	**1,480**	–
More than 60 days and within 90 days	**2,624**	–
More than 90 days	**17,508**	21,700
	89,015	104,449

Notes:

(a) 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 2013, trade receivables of HK$21.6 million (31 December 2012: HK$21.7 million) were past due but not impaired. These relate to the government subsidies on the electricity tariff which have not been allocated and distributed. Based on past experience and industry practice, these tariff premiums are generally paid in 6 to 12 months from the date of the sales recognition. As at 30 June 2013, there were HK$14.7 million (31 December 2012: HK$19.8 million) trade receivables on alternative energy business being past due over 12 months. No impairment has been provided for these receivables as the balances are not in dispute and there is no indication that the amount will not be collectible.

(b) Other receivables represent mainly input value-added taxation recoverable of HK$23,488,000 (31 December 2012: HK$27,519,000) arising from purchase of property, plant and equipment.

13 TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2013	2012
	HK$'000	*HK$'000*
Trade payables	**2,970**	199
Payables for acquisition and construction of property, plant and equipment	**27,090**	27,335
Other payables and accruals	**7,139**	11,317
	37,199	38,851

At 30 June 2013 and 31 December 2012, the ageing analysis of trade payables is as follows:

	As at	
	30 June	31 December
	2013	2012
	HK$'000	*HK$'000*
Less than 12 months	**2,954**	199
12 months and more	**16**	–
	2,970	199

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2013, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded a HK$56.0 million turnover for the renewable energy business. A slight increase of 4% from the HK$53.7 million revenue of the same period last year was due to better wind resources. Good operational cost controls has resulted in a HK$19.5 million gross profit for the period, a 31% improvement from last year's interim gross profit of HK$14.9 million.

Wind farms and waste-to-energy plant operating under the associate companies contributed HK$39.3 million net profit to the Group representing a decrease from the HK$61.9 million net profit contributed in the same period last year. The difference was mainly due to the one-off tax benefit HK$22.9 million granted in 2012.

A decline in CRE's share price has led to the recognition of a fair value gain of HK$2.2 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.

The Group's net profit after tax attributable to the equity holders of the Group was HK$20.4 million for the six months ended 30 June 2013 as compared to HK$26.7 million for the same period in 2012. This represents a basic earnings per share of HK0.86 cents, compared to a 2012 basic earnings per share for the same period of HK1.13 cents.

Liquidity and Financial Resources

The Group's total bank borrowing was HK$633.5 million as at 30 June 2013. As compared to bank borrowing HK$623.1 million as at 31 December 2012, the slight increase was due to movement in the Hong Kong Dollar and Renminbi exchange. The bank borrowings included 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 rates. The maturity dates for the Group's outstanding borrowings were spread over the next ten years. There were HK$72.1 million repayable within one year, HK$288.3 million repayable within two to five years and HK$273.1 million repayable after five years.

New convertible notes of principal amount RMB75.0 million (equivalent to HK$93.2 million) ("CN 2012") were issued to HKC (Holdings) Limited ("HKC", and with its subsidiaries, collectively, the "HKC Group") on 18 December 2012 to raise fund for financing future project development, providing working capital and repaying borrowings, including convertible notes issued in 2009. The notes are three years with early redemption by both issuer and holder. It bears interest on its outstanding principal amount at 6.4% per annum accrued every year but pays arrears on the maturity date or, in the event of early redemption any part in relation to the principal amount that has been converted prior to the maturity date, on the date of such redemption. The conversion price of CN 2012 is fixed at HK$0.68. The CN 2012 principal and accrued interest total was HK$97.9 million as at 30 June 2013.

As at 30 June 2013, the Group's unrestricted cash and cash equivalents were HK$350.2 million as compared to HK$238.2 million as at 31 December 2012. Such increase was mainly due to the receipt of dividend HK$85.5 million from wind farm assets in the associated companies after paying off normal operating expenses. The Group is currently discussing with banks to obtain financing for the new project development.

The Group did not use financial instruments for financial hedging purposes during the period under review.

Details of Charges in Group Assets

The Group's subsidiaries have charged their assets including wind power equipment, construction in progress, prepaid land lease payments and trade receivables, worth approximately RMB778.3 million (equivalent to HK$984.0 million) as security for the bank borrowings as at 30 June 2013. Same assets, worth approximately RMB809.9 million (equivalent to HK$1,007.3 million), were charged as at 31 December 2012.

Gearing Ratio

As at 30 June 2013, the Group's gearing ratio was 22 % as compared to 28% as at 31 December 2012. It represented the total borrowings less cash and cash equivalents, excluding the cash and cash equivalents related to the discontinued software business but including restricted cash, divided by total equity.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2013 (Nil as at 31 December 2012).

BUSINESS REVIEW

The first half of 2013 showed slight improvement compared to 2012. While the United States of America ("US") economic recovery are gaining speed, the still troubled Euro zone economies prevented a rebound in the price for carbon emission reduction ("CER") units. As a result, no significant improvement was found on the CER incomes for alternative energy operators.

In China, the slowdown in economic growth has reduced the increase in energy consumption and demand. Despite the PRC government's full support for the industry, approvals for new alternative energy project and bank loans related to these projects have yet to be expedited. Given curtailment remains an issue, the Group has taken a very cautious approach for its expansion plans, and will only develop those projects with proven financial viability as well as having obtained all necessary approvals and bank finance.

Siziwang Qi Phase Two project ("SZWQ II"), the second 49.5 mega-watt ("MW") project of a potential 1000 MW wind farm complex in West Inner Mongolia, obtained the final approval from the National Development and Reform Committee ("NDRC" or, on provincial level, "DRC") in 2012. The Group is currently securing a bank loan for the SZWQ II project. For another pipeline project in Kulun Qi of Tongliao City, East Inner Mongolia, a Phase One 49.5 MW of a potential 200 MW wind farm is still pending local DRC approval.

For the first six months of 2013, the Group benefitted from better wind resources. The operating performance of the Group's alternative energy assets, which consists of 610.5MW of wind farms and a 25MW waste-to-energy plant, was slightly better than the performance for the same period last year. Considerable efforts have been made to enhance the safety and reliability of these assets. Effective controls over operating costs have helped to improve the Group's profitability.

Mudanjiang and Muling Wind Farms

Mudanjiang and Muling wind farms, located in Heilongjiang province, have a total of 59.5 MW of wind power capacity. The wind farms started commercial operation in the fourth quarter of 2007. The Group holds majority stakes of 86% and 86.68% respectively. Power despatch was around 35.7 million Kilowatt-hour ("KWh") for the first six months of 2013, roughly the same amount as last year given similar wind resources and curtailment.

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 started 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 despatched 52.3 million KWh for the first six months of 2013, slightly better than the power despatched in the same period last year. This is due to our effective control of the curtailment and better wind resources.

Danjinghe Wind Farm

The Group has a 40% effective equity interest in the 200 MW Danjinghe wind farm located in Hebei. The majority and controlling shareholder is the wind division subsidiary of China Energy Conservation and Environmental Protection Group (collectively "CECEP"), which holds 60%. The entire wind farm started commercial operation in September 2010. The power despatched was around 294.7 million KWh for the first six months of 2013, higher than during the power despatch in the same period in 2012. The wind farm, being a project going through national tender, is substantially benefitted from an order by the National Energy Administration of the PRC ("NEA PRC"). This order ("2012 Order") enables those wind farms which were obtained through national tender enjoy zero curtailment.

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. This wind farm has also benefited from the 2012 Order from the NEA PRC. As a result, power despatch curtailment has been significantly reduced. There was some limited curtailment in May as a newly installed power transmission line was put into operation. Changma despatched around 219.6 million KWh, which was significantly better than the power despatched in the same period in 2012.

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 it started commercial operation in February 2011. The power despatched in 2012 was 77.0 million KWh for the first six months of 2013, which was not as good as the power despatched in the same period last year. Curtailment increased at the end of 2012 as new wind farms came into operation in the region, creating bottlenecks in the transmission. Unlike Dangjinhe, Lunaobao does not benefit from the 2012 Order. The situation is expected to last until a new transmission infrastructure is put in place within the next two years.

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. Approximately 213,046 tonnes of garbage was being handled and 43.6 million KWh of power was despatched for the first six months of 2013.

OUTLOOK

The alternative energy sector in China is emerging from the challenging operating conditions, such as heavy curtailment, late subsidy settlement and tight bank financing, that dominated 2012. In January 2013, the PRC government issued an implementation notice restating the importance of alternative energy under China's twelfth 5-year plan ("12th FYP"), and emphasised its strong support for the industry. Subsequent to the notice, there has been indication that approvals for new transmission infrastructure and for construction have been expedited. Over the next couple of years, these approvals are expected to relieve transmission congestion and reduce power despatch curtailment. For outstanding tariff subsidies, payments in arrear are gradually being settled, and are improving the liquidity of the alternative energy operators. Such positive developments in the operational conditions should eventually benefit the industry over the long term.

In line with our value preservation strategy, the Group is currently primarily focused on managing the existing alternative energy assets. Enhancements, such as technical modifications to automatically regulate power despatch, will be implemented to improve the effectiveness and efficiency of the wind farm assets. Operation and safety procedures will be fine-tuned and benchmarked to the industry's best practice standards in order to minimise the operational risk and to reduce production costs.

For new project development, the Group is currently working with various banks to obtain financing for the SZWQ II project. Anticipation of rising interest rates in the near future may create new challenges for project development, increasing the investment and operating costs. The Group will closely monitor the situation and adjust the project development strategy accordingly.

Over the long term, the Group will continue its prudent investment approach in expanding the wind sector and exploring the feasibility of investing into other forms of alternative energy. The pace of investment will be adjusted according to the changes in government policy and in transmission infrastructure development. Careful analysis of investment risks, returns and commercial viability will be performed. The project pipeline will be properly managed, keeping only high-quality projects. The Group will actively search for strategic alliances to secure investment funding and expansion opportunities for our platform in order to create greater value for our shareholders.

Employees

As at 30 June 2013, the Group's operations in Hong Kong and mainland China employed a total of 70 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 2013 (2012: 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 2013, 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 2013.

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 (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013, except for the following:

Code Provision A.2.1

According to the Code Provision A.2.1 of the CG Code, 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 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 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. Currently, all the existing Independent Non-executive Directors 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.

Code provision A.6.7

Independent Non-executive Directors and Non-executive Director should attend general meetings pursuant to code provision A.6.7 of the CG Code. All Independent Non-executive Directors and Non-executive Director were encouraged to attend the general meetings to interface with shareholders of the Company but one Non-executive Director was not in a position to attend the annual general meeting held on 31 May 2013 due to pre-arranged business engagement.

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 confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2013.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Group, on no less exacting terms than the Model Code.

PUBLICATION OF INTERIM REPORT

The 2013 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 of the Company in due course.

By order of the Board
China Renewable Energy Investment Limited
OEI Kang, Eric
Chairman and Chief Executive Officer

Hong Kong, 22 August 2013

As at the date of this announcement, the Board comprises seven Directors of which Mr. OEI Kang, Eric, Mr. CHANG Li Hsien, Leslie and Mr. LEUNG Wing Sum, Samuel are executive Directors; Mr. WANG Sing is non-executive Director (with Mr. HUNG Leung as his alternate); and Mr. TANG Siu Kui, Ernest, Mr. YU Hon To, David and Mr. TIAN Yuchuan are independent non-executive Directors.