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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "Board") of China Renewable Energy Investment Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Continuing operations			
Revenue	3	**113,744**	99,513
Cost of sales	4	**(71,527)**	(79,377)
Gross profit		**42,217**	20,136
Other income	5	**3,583**	1,968
Administrative expenses	4	**(29,386)**	(37,462)
Provision for impairment losses	6	**–**	(133,516)
Operating profit/(loss)		**16,414**	(148,874)
Finance income	7	**3,351**	1,874
Finance costs	7	**(46,755)**	(51,174)
Finance costs – net	7	**(43,404)**	(49,300)
Fair value gain on derivative liability		**2,150**	7,140
Share of profits less losses of associated companies		**58,830**	80,667
Profit/(loss) before income tax		**33,990**	(110,367)
Income tax (expense)/credit	8	**(6,382)**	15,648

	Note	2013 *HK$'000*	2012 *HK$'000*
Profit/(loss) for the year from continuing operations		**27,608**	(94,719)
Discontinued operations			
Profit for the year from discontinued operations		**–**	100
Profit/(loss) for the year		**27,608**	(94,619)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**45,748**	7,734
Release of exchange reserve upon disposal of discontinued operations		**(2,668)**	–
Other comprehensive income for the year, net of tax		**43,080**	7,734
Total comprehensive income/(loss) for the year		**70,688**	(86,885)
Profit/(loss) attributable to:			
Equity holders of the Company			
– Continuing operations		**28,194**	(82,842)
– Discontinued operations		**–**	100
		28,194	(82,742)
Non-controlling interests		**(586)**	(11,877)
		27,608	(94,619)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company			
– Continuing operations		**71,028**	(75,254)
– Discontinued operations		**–**	196
		71,028	(75,058)
Non-controlling interests		**(340)**	(11,827)
		70,688	(86,885)
Dividends	*10*	**–**	–
Earnings/(loss) per share from continuing and discontinued operations attributable to equity holders of the Company (expressed in HK cents per share)			
Basic earnings/(loss) per share	*9(a)*		
From continuing operations		**1.20**	(3.51)
From discontinued operations		**–**	–
		1.20	(3.51)
Diluted earnings/(loss) per share	*9(b)*		
From continuing operations		**1.06**	(3.51)
From discontinued operations		**–**	–
		1.06	(3.51)

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**900,845**	931,317
Construction in progress		**251,884**	69,341
Prepaid land lease payments		**13,147**	14,319
Intangible assets		**6,053**	6,398
Prepayments and other receivables	*11*	**57,132**	–
Interests in associated companies		**1,095,487**	1,099,031
Total non-current assets		**2,324,548**	2,120,406
Current assets			
Inventory		**6,571**	6,389
Trade and other receivables	*11*	**99,628**	141,327
Restricted cash		**–**	1,014
Cash and cash equivalents		**271,050**	238,213
		377,249	386,943
Assets of disposal group classified as held for sale		**–**	12,381
Total current assets		**377,249**	399,324
Total assets		**2,701,797**	2,519,730
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**26,564**	26,564
Reserves		**1,761,767**	1,690,567
Equity attributable to equity holders of the Company		**1,788,331**	1,717,131
Non-controlling interests		**3,042**	3,382
Total equity		**1,791,373**	1,720,513

	Note	2013	2012
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**562,236**	552,247
Deferred income tax liabilities		**39,940**	41,546
Total non-current liabilities		**602,176**	593,793
Current liabilities			
Trade and other payables	*12*	**133,998**	38,851
Derivative liability		**36**	2,150
Current portion of bank borrowings		**72,258**	70,897
Convertible note		**101,956**	93,519
		308,248	205,417
Liabilities of disposal group classified as held for sale		**–**	7
Total current liabilities		**308,248**	205,424
Total liabilities		**910,424**	799,217
Total equity and liabilities		**2,701,797**	2,519,730
Net current assets		**69,001**	193,900
Total assets less current liabilities		**2,393,549**	2,314,306

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the 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.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$ thousand or HK$'000), unless otherwise stated. These consolidated financial statements were approved by the board of directors for issue on 20 March 2014.

2 BASIS OF PREPARATION

The consolidated financial statements of China Renewable Energy Investment Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of a derivative liability, which is carried at fair value.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

HKFRS 10	Consolidated financial statements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
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 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investments in associates and joint ventures
Annual improvements project	Annual improvements to 2009-2011 cycle

Except as described below, the adoption of these above standards and amendments to standards have no significant effects on the Group's financial information.

The Group adopted HKFRS 10 on 1 January 2013. The accounting policy for subsidiaries will be revised as follows:

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group assessed that adoption of HKFRS 10 did not result in any change in the determination of control over its subsidiaries.

The Group also adopted HKFRS 12 on 1 January 2013 which included the disclosure requirements for all forms of interests in other entities.

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group and the disclosure.

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's financial information.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2013 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKFRS 11	Joint arrangements
HKFRS 1 (Amendment)	Government loans
HKAS 19 (Revised 2011)	Employee benefits
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

The following standards, amendments to standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2014 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
HKAS 19 (2011) (Amendment)	Defined benefit plans: employee contributions	1 July 2014
HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Impairment of assets – recoverable amount disclosures	1 January 2014
HKAS 39 (Amendment)	Financial instruments: recognition and measurement – novation of derivatives	1 January 2014
HKFRS 9	Financial instruments – (hedge accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)	Not yet announced[#]
HKFRS 10, 12 and HKAS 27 (2011) (Amendment)	Consolidation for investment entities	1 January 2014
HK(IFRIC) Int 21	Levies	1 January 2014
Annual improvements project	Annual Improvements to HKFRSs 2010-2012 cycle	1 July 2014
Annual improvements project	Annual Improvements to HKFRSs 2011-2013 cycle	1 July 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016

[#] The original effective date of 1 January 2015 is removed and it will be set once the other phase of HKFRS 9 is completed and finalised.

The Group has not early adopted the new standards, amendments to standards and interpretation, 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.

3 SEGMENT INFORMATION

The chief operating decision-maker (the "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 the 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 is 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 provision for impairment losses. Fair value gain on derivative liability 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 consolidated financial statements.

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 years ended 31 December 2013 and 2012 are as follows:

	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	**113,744**	**–**	**113,744**	99,513	–	99,513
Segment results	**30,451**	**–**	**30,451**	4,410	(42)	4,368
Provision for impairment losses	**–**	**–**	**–**	(133,516)	–	(133,516)
Share of profits less losses of associated companies	**58,830**	**–**	**58,830**	80,667	–	80,667
Finance income	**2,373**	**–**	**2,373**	837	142	979
Finance costs	**(41,981)**	**–**	**(41,981)**	(48,520)	–	(48,520)
Profit/(loss) before income tax	**49,673**	**–**	**49,673**	(96,122)	100	(96,022)
Income tax (expense)/credit	**(6,173)**	**–**	**(6,173)**	15,248	–	15,248
Profit/(loss) for the year	**43,500**	**–**	**43,500**	(80,874)	100	(80,774)
Depreciation	**61,001**	**–**	**61,001**	60,446	–	60,446
Amortisation	**1,384**	**–**	**1,384**	9,885	–	9,885
Provision for impairment losses	**–**	**–**	**–**	133,516	–	133,516

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

	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*
Total segment assets	**2,675,598**	**–**	**2,675,598**	2,464,016	12,381	2,476,397
Total segment assets include:						
– Interests in associated companies	**1,095,487**	**–**	**1,095,487**	1,099,031	–	1,099,031
– Additions to non-current assets	**240,619**	**–**	**240,619**	21,717	–	21,717

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

	2013	2012
	HK$'000	*HK$'000*
Profit/(loss) for the year of total reportable segments	**43,500**	(80,774)
Unallocated amounts:		
– Fair value gain on derivative liability	**2,150**	7,140
– Other corporate expenses, net	**(18,042)**	(20,985)
Profit/(loss) for the year	**27,608**	(94,619)

Reportable segment assets are reconciled to total assets as follows:

	2013	2012
	HK$'000	*HK$'000*
Total segment assets	**2,675,598**	2,476,397
Corporate assets:		
– cash and cash equivalents	**25,741**	42,396
– others	**458**	937
Total assets	**2,701,797**	2,519,730

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

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**116**	185
The PRC	**2,324,432**	2,120,221
Total non-current assets	**2,324,548**	2,120,406

For the year ended 31 December 2013, the Group's revenue for reportable segments from external customers of HK$113,744,000 (2012: HK$99,513,000) is only attributable to the China market.

For the year ended 31 December 2013, the Group has two customers with revenue exceeding 10% of the Group's total revenue (2012: two customers). Revenues from these customers amounting to HK$113,744,000 (2012: HK$99,513,000) are solely attributable to alternative energy business.

4 EXPENSES BY NATURE

	2013	2012
	HK$'000	*HK$'000*
Auditor's remuneration	**2,020**	2,020
Amortisation of prepaid land lease payments	**923**	1,132
Amortisation of intangible assets	**515**	8,825
Depreciation of property, plant and equipment	**61,016**	60,457
Net exchange losses	**2,280**	641
Employee benefit expenses (including directors' emoluments)	**16,075**	19,333
Operating lease rental	**2,100**	2,331
Repair and maintenance expenses	**2,090**	3,191
Corporate expenses	**1,033**	1,404
Legal and professional fees	**1,484**	2,907
Management service fee	**1,026**	1,414
Other expenses	**10,351**	13,184
Total cost of sales and administrative expenses	**100,913**	116,839

5 OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Clean Development Mechanism income	**–**	1,102
Gain on disposal of property, plant and equipment	**–**	807
Gain on disposal of discontinued operations	**2,668**	–
Others	**915**	59
	3,583	1,968

6 PROVISION FOR IMPAIRMENT LOSSES

	2013	2012
	HK$'000	*HK$'000*
Provision for impairment losses on		
– concession right	**–**	130,783
– prepaid land lease payments	**–**	2,733
	–	133,516

7 FINANCE INCOME AND COSTS

	2013	2012
	HK$'000	*HK$'000*
Finance costs:		
– interest expense on convertible note wholly repayable within 5 years	**(5,724)**	(2,654)
– interest expenses on bank borrowings not wholly repayable within 5 years	**(42,831)**	(48,520)
Less: amount capitalised in construction in progress *(Note)*	**1,800**	–
Finance costs	**(46,755)**	(51,174)
Finance income:		
– interest income on bank deposits	**3,351**	1,874
Finance costs – net	**(43,404)**	(49,300)

Note: The capitalisation rate applied to funds borrowed and used for the construction of wind farms was between 6.03% and 6.55% per annum in 2013.

8 INCOME TAX (EXPENSE)/CREDIT

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the year (2012: Nil). Taxation on PRC profits has been calculated on the estimated assessable profit for the year at 25%, which is the rate of taxation prevailing in the PRC.

	2013	2012
	HK$'000	*HK$'000*
Withholding tax on dividends	**(9,017)**	(9,720)
Deferred income tax credit	**2,635**	25,368
Income tax (expense)/credit	**(6,382)**	15,648

Note:

The share of income tax expense of associated companies of HK$10,530,000 (2012: income tax credit HK$16,381,000) is included in the Group's share of profits less losses of associated companies.

9 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2013	2012
Profit/(loss) from continuing operations attributable to equity holders of the Company (HK$ thousand)	**28,194**	(82,842)
Profit from discontinued operations attributable to equity holders of the Company (HK$ thousand)	**–**	100
	28,194	(82,742)
Weighted average number of ordinary shares in issue (thousand)	**2,356,372**	2,356,372
Basic earnings/(loss) per share (HK cents per share)		
From continuing operations	**1.20**	(3.51)
From discontinued operations	**–**	–
	1.20	(3.51)

(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. In 2013, the convertible preference shares are assumed to have been converted into ordinary shares.

	2013	2012
Profit/(loss) from continuing operations attributable to equity holders of the Company (HK$ thousand)	**28,194**	(82,842)
Profit from discontinued operations attributable to equity holders of the Company (HK$ thousand)	**–**	100
	28,194	(82,742)
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**	–
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**2,656,372**	2,356,372
Diluted earnings/(loss) per share (HK cents per share)		
From continuing operations	**1.06**	(3.51)
From discontinued operations	**–**	–
	1.06	(3.51)

Diluted earnings/(loss) per share for the year ended 31 December 2013 did not assume the exercise of the share options, convertible note and the subscription rights for convertible preference shares outstanding during the year since the exercise would have an anti-dilutive effect.

Diluted (loss)/earnings per share for the year ended 31 December 2012 did not assume the exercise of the share options, convertible note, convertible preference shares and the subscription rights for convertible preference shares outstanding during the year since the exercise would have an anti-dilutive effect.

10 DIVIDENDS

No dividend was proposed and paid for the year ended 31 December 2013 (2012: Nil).

11 PREPAYMENTS AND TRADE AND OTHER RECEIVABLES

	Note	**2013** **HK$'000**	2012 *HK$'000*
Non-current			
Prepayments	*(a)*	**32,812**	–
Other receivables	*(c)*	**24,320**	–
		57,132	–
Current			
Trade receivables	*(b)*	**65,967**	104,449
Other receivables	*(c)*	**33,661**	36,878
		99,628	141,327
		156,760	141,327

Notes:

(a) The balance represents mainly prepayments for purchase of wind farm and equipment for construction purpose.

(b) At 31 December 2013 and 2012, the ageing analysis of trade receivables by Group's revenue recognition policy is as follows:

	2013	2012
	HK$'000	*HK$'000*
Less than 30 days	**18,883**	19,229
More than 30 days and within 60 days	**4,340**	4,046
More than 60 days and within 90 days	**2,370**	1,464
More than 90 days	**40,374**	79,710
	65,967	104,449

At 31 December 2013 and 2012, the ageing analysis of trade receivables by invoice due date is as follows: *(Note i)*

	2013	2012
	HK$'000	*HK$'000*
Less than 30 days	**49,678**	82,749
More than 30 days and within 60 days	**1,447**	–
More than 60 days and within 90 days	**–**	–
More than 90 days	**14,842**	21,700
	65,967	104,449

Note i:

The Group allows a credit period of 30 days to its trade customers. The electricity tariff receivables due from the government have to go through an approval procedure before issuing invoices, which the related receivables of which invoices were not issued as at 31 December 2013 of HK$36.1 million (2012: HK$66.8 million) are classified as less than 30 days in the ageing analysis. Trade receivables that are less than 30 days past due are not considered impaired. As at 31 December 2013, trade receivables of HK$16.3 million (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. The amount included HK$14.8 million (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.

(c) Included in other receivables were input value-added taxation recoverable of HK$45,117,000 (2012: HK$27,519,000) arising from purchase of property, plant and equipment.

(d) All prepayments and 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.

12 TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**461**	199
Payables for acquisition and construction of property, plant and equipment	**125,504**	27,335
Other payables and accruals	**8,033**	11,317
	133,998	38,851

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

	2013	2012
	HK$'000	*HK$'000*
Less than 12 months	**215**	199
12 months and more	**246**	–
	461	199

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the year ended 31 December 2013, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded a turnover on its alternative energy assets of HK$113.7 million, an increase of 14% from HK$99.5 million for the same period in 2012. Gross profit was HK$42.2 million which was 110% higher than the gross profit of HK$20.1 million in 2012. Better wind resources, decreased curtailment and effective control over operating costs resulted in such an increase.

Wind farms and the waste-to-energy plant operating under the associated companies contributed profits of HK$58.8 million to the Group. Profit contribution from the associate companies decreased by 27% from HK$80.7 million in 2012 due to the inclusion of a one-off tax benefit HK$22.9 million granted by the People's Republic of China ("PRC", or "China") Tax Bureau in the result of an associated company in 2012.

A lower trading price of CRE's shares compared to 2012 resulted in a fair value gain of HK$2.2 million being recognised on the investment right granted to a private investment firm TPG Growth (with its subsidiary STAR Butterfly Energy, Ltd. ("STAR"), collectively, the "TPG") on 23 November 2010.

Through continuous effort in controlling spending, the Group's administrative expenses were HK$29.4 million; 22% lower than last year's HK$37.5 million.

The Group's net profit after tax attributable to the equity holders was HK$28.2 million for 2013 (2012: a net loss after tax of HK$82.7 million). Basic earnings per share was HK1.20 cents as compared to last year basic loss per share of HK3.51 cents.

Liquidity and Financial Resources

As at 31 December 2013, the Group's total bank borrowings was HK$634.5 million as compared to HK$623.1 million in 2012. The difference was mainly due to drawdown bank loan amounting to HK$74.2 million for the Siziwang Qi Phase Two project, repayment of principal instalments of HK$72.9 million for other wind farm projects and currency exchange difference.

The bank borrowings include interest-bearing Renminbi bank loans to the Group's wind farm projects in PRC, 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$72.3 million repayable within one year, HK$318.7 million repayable within two to five years and HK$243.5 million repayable after five years.

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. CN 2012 is for the term of 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 aggregate carrying amount of CN 2012 principal and accrued interest was HK$102.0 million as at 31 December 2013.

The Group's unrestricted cash and cash equivalent were HK$271.1 million as at 31 December 2013 as compared to HK$238.2 million in 2012. Such increase represented cash received from normal operation and bank loan drawdown for Siziwang Qi Phase Two project.

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 RMB932.2 million (equivalent to HK$1,192.2 million) as security for the bank borrowings as at 31 December 2013. Assets, worth approximately RMB809.9 million (equivalent to HK$1,007.3 million), were charged as at 31 December 2012. The difference arises from the increase of construction in progress from Siziwang Qi Phase Two project being pledged and the appreciation of the Renminbi currency.

Gearing Ratio

As at 31 December 2013, the Group's gearing ratio, which was 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, was 26% as compared to 28% as at 31 December 2012.

Contingent Liabilities

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

Business review

The renewable energy business showed recovery in 2013 after a tough year in 2012. In China, there has been increased awareness of the adverse social and economic consequences of environmental pollution. Despite the slowdown in economic growth leading to less energy demand, the PRC government is determined to tackle the pollution issue and has put considerable effort in promoting and supporting the renewable energy sector in 2013.

Following the issuance of an implementation notice in January 2013 restating the importance of renewable energy under China's twelfth 5-year plan ("12th FYP"), the approval on the construction of transmission infrastructure has been expedited. In order to ease off the transmission bottle-neck that has led to the curtailment currently troubling the renewable energy industry, the State Grid has announced an investment of RMB3 trillion for the implementation of a mega-transmission network for transporting power from the west energy generating region to the east energy in-need region. The levy imposed on non-residential and non-farming power users has been increased by the Department of Finance to raise funds for early settlement of subsidy tariff.

Amidst these positive changes in the renewable energy operating environment, the Group has realigned its development plan and business development strategy. Bank financing has been obtained for the development of Siziwang Qi Phase Two, the second 49.5 mega-watt ("MW") project of a potential 1,000 MW wind farm complex in the West Inner Mongolia. Construction work commenced in September 2013 with wind equipment being delivered in batches and assembled on site for final hoisting. All work has been on schedule and is expected to be completed for testing in mid 2014.

Continuous efforts have been made to ensure the safety and reliability of the existing renewable energy assets, which comprise of 6 wind farms with total gross power generating capacity of 610.5 MW and a 25 MW waste-to-energy plant. The performance of the renewable energy assets in 2013 was better than the previous year.

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 72.1 million Kilowatt-hour ("KWh"), which was equivalent to 1,210 efficiency hours in 2013. Lower curtailment rate has resulted in better performance this year.

Siziwang Qi Phase I Wind Farm

Siziwang Qi Phase One 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 One wind farm despatched 105.3 million KWh (an equivalent to 2,130 efficiency hours) in 2013. Better wind resources, lower curtailment and more effective controls over expenditures has accounted for such improvement in power despatch.

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"), who holds 60%. The entire wind farm, which consists of three phases, started commercial operation in September 2010. The power despatched in 2013 was a record high 507.7 million KWh (an equivalent to 2,540 efficiency hours). As a project obtained through the national tendering process, the wind farm enjoyed close to zero curtailment last year.

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 project, also obtained through national tendering, enjoyed low curtailment in 2013 and despatched around 416.5 million KWh (an equivalent to 2,070 efficiency hours), which was significantly better than 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 commenced commercial operation in February 2011. The power despatched in 2013 was 172.9 million KWh (an equivalent to 1,720 efficiency hours), which was not as good as in 2012. Unlike Danjinghe, Lunaobao wind farm was not obtained through national tendering process; and, hence, does not enjoy low curtailment. Due to heavy curtailment during the first half of the year, dispatch for the full year was 255 efficiency hours lower compared to 2012. However, there was significant improvement in the second half of the year as dispatch increased by 344 efficiency hours compared to the same period in 2012. Curtailment for this wind farm is expected to remain high, but the rate should continue to drop over the next couple of years as a new high voltage transmission line is currently under construction.

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 and is now running at its full designed capacity. In 2013, approximately 452,000 tonnes of garbage was being handled and 87.8 million KWh of power was despatched.

Outlook

The recovery of the renewable energy sector is anticipated to continue throughout 2014. Aiming to combat pollution, the PRC government will continue its support and promotion of renewable energy. Favourable policies, such as tax incentives and increased subsidies, will improve the financial attractiveness for developing new projects. Project approval is expected to be decentralised allowing the provincial level Development and Reform Committee ("DRC" or, on the national level, "NDRC") to take control of the process in accordance with the national plan. It is expected that such change will shorten the time of approval while at the same time ensuring the orderly growth of the industry. With the mega-transmission networks gradually coming into commercial operation in 2014 and the following years, curtailment should decrease, leading to increased power despatch and a healthier financial status for the operators. The establishment of a Carbon Emission Reduction ("CER") trading exchange in Shenzhen in 2013 could reinvigorate the market for CER – a market that was damaged by the poor Euro Zone economy. The new CER exchange, and similar establishments expected to come, although still immature, may eventually become an alternative to the original European CER market.

In view of these positive developments in the renewable energy market, the Group has adjusted its business plan. For the existing renewable energy assets, operational and safety procedures will be enhanced with the industry's best practices to maintain low operational risk and low production costs. In order to assure the reliability and availability of the renewable energy generating equipment, sufficient effort will be made to liaise with suppliers to ensure that they will be available to handle any repair and maintenance even after the warranties are being expired. The Group will also closely monitor the impact of rising interest rate on the Group's project bank financing and will explore other financing alternatives available.

The Group will complete the construction of Siziwang Qi Phase Two for trial run in mid 2014. Initial study and preliminary development planning for Siziwang Qi Phase Three, a 100 MW wind farm project, will commence. The Group will adopt the usual prudent approach on conducting careful analysis of investment risks, returns and commercial viability. The Group will continue to monitor the progress of the approval for the wind farm project in Kulun Qi of Tongliao City, East Inner Mongolia, Phase One 49.5 MW out of the potential maximum 200 MW wind farm. Wind testing in the southern region of China will be carried on to identify potential high quality pipeline projects for future development.

Following the Group's long term strategy, different types of renewable energy other than wind energy will be explored as new technology on renewable energy develop. The Group's assets portfolio will be properly assessed and managed. Strategic alliance to secure investment funding and expansion opportunities will be investigated so as to create the best return for our shareholders.

Environmental, Social and Governance Issues

The Group is one of the leading players involved in environmental protection in China. CRE believes that its operations can greatly benefit the environment while also earning profits for its shareholders. The Group has over 600 MW of operating wind farms in Hebei, Heilongjiang, Gansu, and Inner Mongolia provinces. The electricity that the Group generated makes it possible to reduce the amount of electricity generated from coal fired power plants. As a result, the amount of carbon emissions and pollutants that enter the atmosphere is reduced. In addition, the Group has a waste to energy plant in Linyi, Shandong. This plant helps resolving a major garbage disposal problem in the city, while providing electricity and steam to end users. As a company in its early growth stage, the Group has focused its efforts on expanding its renewable energy business; but as profitability increases, the Group anticipates greater involvement in sharing some of its profits with the community.

Employees

As at the end of December 2013, the Group's operations in Hong Kong and mainland China employed a total of 67 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.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2013 (2012: Nil).

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 shares during the year ended 31 December 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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2013, except for the following:–

Code Provision A.2.1

According to 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 organisation structure of the Company, the functions of CEO are performed by the Chairman, Mr. OEI Kang, Eric, with support from 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

All independent non-executive directors of the Company were appointed with no specific term, but are subject to the rotation requirement in the articles of association of the Company, accomplishing the same purpose as being appointed for a specific term pursuant to Code Provision A.4.1 of the CG Code.

Code Provision A.6.7

All independent non-executive directors and non-executive directors of the Company were encouraged to attend the general meeting to inter-face with shareholders of the Company but one Non-executive Director was not in a position to attend the annual general meeting of the Company held on 31 May 2013 (as provided for in Code Provision A.6.7) due to overseas commitment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, the Company has obtained confirmation from all Directors that they have complied with the required standards set out in the Model Code during the year ended 31 December 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 inside information in relation to the securities of the Group, on no less exacting terms than the Model Code.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference which have been updated from time to time to align with the Code Provisions set out in the CG Code. The Audit Committee, chaired by an Independent Non-executive Director, comprises four members namely Mr. TANG Siu Kui, Ernest, Mr. YU Hon To, David, Mr. TIAN Yuchuan who are Independent Non-executive Directors and Mr. WANG Sing, who is a Non-executive Director.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2013.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.cre987.com) and the Stock Exchange (www.hkexnews.hk). The 2013 annual report containing all the information required by the Listing Rules will be published on the above websites 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, 20 March 2014

As at the date of this announcement, the Board comprises seven Directors, of which Mr. OEI Kang, Eric, Mr. LEUNG Wing Sum, Samuel and Mr. WONG Jake Leong, Sammy 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.