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 2014

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 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014

		Unaudited	
		Six months ended 30 June	
	Note	**2014**	2013
		HK$'000	*HK$'000*
Continuing operations			
Revenue	5	**46,600**	56,009
Cost of sales		**(36,052)**	(36,545)
Gross profit		**10,548**	19,464
Other income		**–**	901
Administrative expenses		**(9,947)**	(14,538)
Provision for impairment loss	7	**(7,009)**	–
Operating (loss)/profit	6	**(6,408)**	5,827
Finance income	8	**2,525**	1,126
Finance costs	8	**(18,474)**	(23,734)

	Note	Unaudited Six months ended 30 June **2014** ***HK$'000***	 2013 *HK$'000*
Finance costs – net	*8*	**(15,949)**	(22,608)
Fair value (loss)/gain on derivative liability		**(597)**	2,163
Share of profits less losses of associated companies		**28,352**	39,261
Profit before income tax		**5,398**	24,643
Income tax expense	*9*	**(474)**	(4,505)
Profit for the period from continuing operations		**4,924**	20,138
Discontinued operations			
Profit for the period from discontinued operations		**–**	39
Profit for the period		**4,924**	20,177
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**(44,284)**	28,368
Other comprehensive (loss)/income for the period, net of tax		**(44,284)**	28,368
Total comprehensive (loss)/income for the period		**(39,360)**	48,545
Profit attributable to:			
Equity holders of the Company			
– Continuing operations		**5,681**	20,334
– Discontinued operations		**–**	39
		5,681	20,373
Non-controlling interests		**(757)**	(196)
		4,924	20,177

	Note	Unaudited Six months ended 30 June **2014** *HK$'000*	2013 *HK$'000*
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company			
– Continuing operations		**(38,420)**	48,251
– Discontinued operations		**–**	244
		(38,420)	48,495
Non-controlling interests		**(940)**	50
		(39,360)	48,545
Dividends	*10*	**–**	–
Earnings per share from continuing and discontinued operations attributable to equity holders of the Company (expressed in HK cents per share)			
Basic earnings per share	*11(a)*		
From continuing operations		**0.24**	0.86
From discontinued operations		**–**	–
		0.24	0.86
Diluted earnings per share	*11(b)*		
From continuing operations		**0.20**	0.77
From discontinued operations		**–**	–
		0.20	0.77

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2014

	Note	**Unaudited 30 June 2014** *HK$'000*	Audited 31 December 2013 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**848,883**	900,845
Construction in progress		**364,763**	251,884
Prepaid land lease payments		**12,342**	13,147
Intangible assets		**5,666**	6,053
Prepayments and other receivables	*12*	**39,360**	57,132
Interests in associated companies		**947,321**	1,095,487
Total non-current assets		**2,218,335**	2,324,548
Current assets			
Inventory		**6,230**	6,571
Trade and other receivables	*12*	**102,079**	99,628
Short-term bank deposits		**17,886**	–
Cash and cash equivalents		**184,950**	271,050
		311,145	377,249
Assets classified as held for sale		**76,281**	–
Total current assets		**387,426**	377,249
Total assets		**2,605,761**	2,701,797
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**26,564**	26,564
Reserves		**1,723,347**	1,761,767
Equity attributable to equity holders of the Company		**1,749,911**	1,788,331
Non-controlling interests		**2,102**	3,042
Total equity		**1,752,013**	1,791,373

	Note	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**586,882**	562,236
Deferred income tax liabilities		**32,539**	39,940
Total non-current liabilities		**619,421**	602,176
Current liabilities			
Trade and other payables	*13*	**157,685**	133,998
Derivative liability		**634**	36
Current portion of bank borrowings		**76,008**	72,258
Convertible note		**–**	101,956
Total current liabilities		**234,327**	308,248
Total liabilities		**853,748**	910,424
Total equity and liabilities		**2,605,761**	2,701,797
Net current assets		**153,099**	69,001
Total assets less current liabilities		**2,371,434**	2,393,549

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 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.

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 21 August 2014.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standards ("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 2013, 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 2013, 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 2014, the Group has adopted the following amendments to standards and interpretation:

HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Impairment of assets – recoverable amount disclosures
HKAS 39 (Amendment)	Financial instruments: recognition and measurement – novation of derivatives
HKFRS 10, 12 and HKAS 27 (2011) (Amendment)	Consolidation for investment entities
HK(IFRIC) Int 21	Levies

The Group has assessed the impact for the adoption of these amendments to standards and interpretation and 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 2014. 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 2013.

5 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 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 2014 and 2013 are as follows:

	Six months ended 30 June					
	2014			2013		
	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	**46,600**	**–**	**46,600**	56,009	–	56,009
Segment results	**5,525**	**–**	**5,525**	14,621	(29)	14,592
Provision for impairment loss	**(7,009)**	**–**	**(7,009)**	–	–	–
Share of profits less losses of associated companies	**28,352**	**–**	**28,352**	39,261	–	39,261
Finance income	**1,850**	**–**	**1,850**	674	68	742
Finance costs	**(18,474)**	**–**	**(18,474)**	(20,889)	–	(20,889)
Profit before income tax	**10,244**	**–**	**10,244**	33,667	39	33,706
Income tax expense	**(474)**	**–**	**(474)**	(4,296)	–	(4,296)
Profit for the period	**9,770**	**–**	**9,770**	29,371	39	29,410
Depreciation	**30,129**	**–**	**30,129**	30,399	–	30,399
Amortisation	**716**	**–**	**716**	663	–	663
Provision for impairment loss	**7,009**	**–**	**7,009**	–	–	–

The segment assets as at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014			31 December 2013		
	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	**2,568,335**	**–**	**2,568,335**	2,675,598	–	2,675,598
Total segment assets include:						
– Interests in associated companies	**947,321**	**–**	**947,321**	1,095,487	–	1,095,487
– Additions to non-current assets	**120,219**	**–**	**120,219**	240,619	–	240,619

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Profit for the period of total reportable segments	**9,770**	29,410
Unallocated amounts:		
– Fair value (loss)/gain on derivative liability	**(597)**	2,163
– Other corporate expenses, net	**(4,249)**	(11,396)
Profit for the period	**4,924**	20,177

Reportable segment assets are reconciled to total assets as follows:

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Total segment assets	**2,568,335**	2,675,598
Corporate assets:		
– short-term bank deposit	**7,485**	–
– cash and cash equivalents	**29,564**	25,741
– others	**377**	458
Total assets	**2,605,761**	2,701,797

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

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Hong Kong	**96**	116
The PRC	**2,218,239**	2,324,432
Total non-current assets	**2,218,335**	2,324,548

For the six months ended 30 June 2014, the Group's revenue for reportable segments from external customers of HK$46,600,000 (six months ended 30 June 2013: HK$56,009,000) is only attributable to the China market.

For the six months ended 30 June 2014, the Group has two customers with revenue exceeding 10% of the Group's total revenue (six months ended 30 June 2013: two customers). Revenues from these customers amounting to HK$46,600,000 (six months ended 30 June 2013: HK$56,009,000) are solely attributable to alternative energy business.

6 OPERATING (LOSS)/PROFIT

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**(860)**	(845)
Amortisation of prepaid land lease payments	**(486)**	(434)
Amortisation of intangible assets	**(243)**	(266)
Depreciation of property, plant and equipment	**(30,136)**	(30,407)
Cost of other operations	**(2,408)**	(2,709)
Net exchange gain/(losses)	**1,620**	(1,531)
Employee benefit expenses (including directors' emoluments)	**(6,605)**	(7,104)
Employee share option benefits	**–**	(130)
Operating lease rental	**(787)**	(974)
Corporate expenses	**(649)**	(645)
Legal and professional fees	**(1,120)**	(938)
Management service fee	**(495)**	(513)
Repair and maintenance expenses	**(1,924)**	(2,514)

7 PROVISION FOR IMPAIRMENT LOSS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Provision for impairment loss on – assets held for sale of Linyi equity	**7,009**	–

8 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Finance costs:		
– interest expense on convertible note wholly repayable within 5 years	**(2,999)**	(2,844)
– interest expenses on bank borrowings not wholly repayable within 5 years	**(21,425)**	(20,890)
Less: amount capitalised in construction in progress *(Note)*	**5,950**	–
Finance costs	**(18,474)**	(23,734)
Finance income:		
– interest income on bank deposits	**2,525**	1,126
Finance costs – net	**(15,949)**	(22,608)

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 2014.

9 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the period (six months ended 30 June 2013: Nil). Taxation on PRC profits has been calculated on the estimated assessable profit for the year at 25% (six months ended 30 June 2013: 25%), which is the rate of taxation prevailing in the PRC. Withholding tax on dividend income has been provided at rate 10% (six months ended 30 June 2013: 5% to 10%) on profit distribution upon declaration.

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Withholding tax on dividends	**(6,906)**	(8,889)
Deferred income tax credit	**6,432**	4,384
Income tax expense	**(474)**	(4,505)

10 DIVIDENDS

No interim dividend was proposed and paid for the six months ended 30 June 2014 (six months ended 30 June 2013: 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	
	2014	2013
Profit from continuing operations attributable to equity holders of the Company (HK$ thousand)	**5,681**	20,334
Profit from discontinued operations attributable to equity holders of the Company (HK$ thousand)	**–**	39
	5,681	20,373
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	**0.24**	0.86
From discontinued operations	**–**	–
	0.24	0.86

(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 and convertible note are assumed to have been converted into ordinary shares.

	Six months ended 30 June	
	2014	2013
Profit from continuing operations attributable to equity holders of the Company (HK$ thousand)	**5,681**	20,334
Profit from discontinued operations attributable to equity holders of the Company (HK$ thousand)	**–**	39
	5,681	20,373
Weighted average number of ordinary shares in issue (thousand)	**2,356,372**	2,356,372
Adjustments for:		
– Assumed conversion of convertible preference shares (thousand)	**300,000**	300,000
– Assumed conversion of convertible note (thousand)	**121,352**	–
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**2,777,724**	2,656,372
Diluted earnings per share (HK cents per share)		
From continuing operations	**0.20**	0.77
From discontinued operations	**–**	–
	0.20	0.77

Diluted earnings per share for the six months ended 30 June 2014 did not assume the exercise of the share options and the subscription rights for convertible preference shares outstanding during the period since the exercise would have an anti-dilutive effect.

Diluted earnings per share for the six months ended 30 June 2013 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 PREPAYMENTS AND TRADE AND OTHER RECEIVABLES

		As at	
		30 June 2014	31 December 2013
	Note	***HK$'000***	*HK$'000*
Non-current			
Prepayments	*(a)*	**155**	32,812
Other receivables	*(c)*	**39,205**	24,320
		39,360	57,132
Current			
Trade receivables	*(b)*	**71,567**	65,967
Other receivables	*(c)*	**30,512**	33,661
		102,079	99,628
		141,439	156,760

Notes:

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

(b) At 30 June 2014 and 31 December 2013, the ageing analysis of trade receivables by the Group's revenue recognition policy is as follows:

	As at	
	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Less than 30 days	**12,104**	18,883
More than 30 days and within 60 days	**3,095**	4,340
More than 60 days and within 90 days	**2,178**	2,370
More than 90 days	**54,190**	40,374
	71,567	65,967

At 30 June 2014 and 31 December 2013, the ageing analysis of trade receivables by invoice due date is as follows: *(Note i)*

	As at	
	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Less than 30 days	**54,949**	49,678
More than 30 days and within 60 days	**1,129**	1,447
More than 60 days and within 90 days	**421**	–
More than 90 days	**15,068**	14,842
	71,567	65,967

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 30 June 2014 of HK$43.5 million (31 December 2013: HK$36.1 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 30 June 2014, trade receivables of HK$16.6 million (31 December 2013: HK$16.3 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$13.8 million (31 December 2013: HK$14.8 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$57.7 million (31 December 2013: HK$45.1 million) arising from purchase of property, plant and equipment.

13 TRADE AND OTHER PAYABLES

	As at	
	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Trade payables	**307**	461
Payables for acquisition and construction of property, plant and equipment	**151,286**	125,504
Other payables and accruals	**6,092**	8,033
	157,685	133,998

At 30 June 2014 and 31 December 2013, the ageing analysis of trade payables is as follows:

	As at	
	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Less than 12 months	**307**	215
12 months and more	**–**	246
	307	461

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2014, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$46.6 million in turnover, a significant drop of 17% compared to the same period last year of HK$56.0 million. Poor wind resources led to lower power despatch revenue for the period. Despite continued effort in controlling operational costs, the gross profit for the period was only HK$10.5 million as compared to last year's interim gross profit of HK$19.5 million.

Poor wind resources also affected the Group's associate wind farms. The net profit contributed by the associated companies to the Group was HK$28.4 million as compared to the net contribution for the same period last year of HK$39.3 million.

In order to focus on its core wind energy business, on 30 June 2014, CRE has entered into an agreement to sell its entire minority stake in the Linyi waste-to-energy plant back to the joint venture partner, the environmental protection division of China Energy Conservation and Environmental Protection Group (collectively "CECEP"). As a result, the relevant asset has been reclassified as an asset-held-for-sale, which has led to the recognition of an impairment loss, being the difference of the consideration after taxes and fees minus the carrying book value of the relevant asset, of HK$7.0 million.

An increase in CRE's share price has led to the recognition of a fair value loss of HK$0.6 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 around HK$5.7 million for the six months ended 30 June 2014 as compared to HK$20.4 million for the same period in 2013. This represents a basic earnings per share of HK0.24 cents, compared to a 2013 basic earnings per share for the same period of HK0.86 cents.

Liquidity and Financial Resources

The Group's total bank borrowing was HK$662.9 million as at 30 June 2014. As compared to bank borrowings of HK$634.5 million as at 31 December 2013, the increase was due to further drawdown on the bank loan for the Siziwang Qi Phase Two project of approximately HK$43.4 million, and the currency exchange difference.

The bank borrowings represent 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$76.0 million repayable within one year, HK$326.1 million repayable within two to five years and HK$260.8 million repayable after five years.

In order to minimise future finance costs, CRE exercised the early redemption option in the convertible notes issued in 2012 of principal amount RMB75.0 million (equivalent to HK$93.5 million) ("CN 2012") to HKC (Holdings) Limited ("HKC", and with its subsidiaries, collectively, the "HKC Group"). Principal and accrued interest of HK$101.9 million was repaid in full on 12 June 2014.

As at 30 June 2014, the Group's unrestricted bank deposits and cash were HK$202.8 million as compared to HK$271.1 million as at 31 December 2013. Such difference represents bank loan drawdown and receipt of dividends HK$66.0 million from wind farm assets in the associated companies after repaying CN 2012 and paying normal operating expenses.

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 pledged their assets including wind power equipment, construction in progress, prepaid land lease payments and trade receivables, worth approximately RMB1,013.1 million (equivalent to HK$1,263.9 million) as security for the bank borrowings as at 30 June 2014. Assets, worth approximately RMB932.2 million (equivalent to HK$1,192.2 million), were charged as at 31 December 2013. The difference arises from the increase of construction in progress from Siziwang Qi Phase Two project being pledged and the currency exchange fluctuation of the Renminbi currency.

Gearing Ratio

As at 30 June 2014, the Group's gearing ratio was 26% as compared to 26% as at 31 December 2013. It represents the total borrowings less unrestricted bank deposits and cash divided by total equity.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2014 (Nil as at 31 December 2013).

BUSINESS REVIEW

The government's support for renewable energy continued in the first half of 2014. By limiting the approval pace of wind farms, the government is now controlling the amount of supply. In addition, by investing in new transmission lines, the transmission bottle-neck has gradually been eased, resulting in improved power despatch. Liquidity for wind farm operators has improved as the Ministry of Finance has quickened the pace by which it is paying wind farm operators for the wind subsidy tariff.

Recognising that long term prospects for the industry is promising, the Group continues to execute on its business strategy and development plan. After securing bank financing, CRE began construction of Siziwang Qi Phase Two, the second 49.5 mega-watt ("MW") project of a potential 1000 MW wind farm complex in the West Inner Mongolia. A total of 33 wind turbines and towers have been assembled and hoisted during the first half of 2014. Power connection has been established and is waiting for the final testing and inspection before commercial operation. Final testing completion is expected in the second half of 2014 in accordance with the project schedule, and should begin generating revenues for the Group. Completion of this project will increase the Group's attributable operating capacity by 16%. The project is expected to be completed within budget.

With regards to operations, the safety and reliability of the existing wind farm assets, which have a total gross power generating capacity of 610.5MW, has been carefully managed. Considerable efforts have been made to ensure the operation is running in a cost-effective manner. However, due to the lack of wind resources in the first half of 2014, the performance of the wind farm assets in 2014 was not as good as 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. Affected by the poor wind resources, power despatch for the first six months of 2014 was only around 27.9 million Kilowatt-hour ("KWh"), which was equivalent to 469 efficiency hours.

Siziwang Qi Phase One 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 1000 MW wind farm base for the Group. During the interim period, Siziwang Qi Phase One wind farm despatched 45.4 million KWh, which was equivalent to 918 efficiency hours.

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 CECEP, which holds 60%. The entire wind farm started commercial operation in September 2010. During the interim period, the power despatched was around 223.5 million KWh, which was equivalent to 1118 efficiency hours. The wind farm, obtained through national tender, benefits 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 to enjoy low or close to 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 low. There was some curtailment in May as the regular safety inspection of the power transmission lines was conducted. During the interim period, Changma wind farm despatched around 184.1 million KWh, which was equivalent to 916 efficiency hours.

Lunaobao Wind Farm

Lunaobao wind farm is a joint venture with CECEP and is 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. Unlike Danjinghe, Lunaobao does not benefit from the 2012 Order. Curtailment was relatively higher than the Danjinghe wind farm as new wind farms increased supply, further exacerbating the transmission bottleneck. For the first six months of 2014, power despatched was around 96.4 million KWh, which was equivalent to 959 efficiency hours. The despatch situation is expected to improve in the next two year as new transmission infrastructure is under development.

OUTLOOK

Government support for the renewable energy sector is expected to remain strong throughout 2014. Little change in tax incentives or tariff subsidies is expected. Project approvals will be decentralised, giving the provincial level Development and Reform Committees ("DRC" or, on the national level, "NDRC") the power to approve projects in accordance with the nationwide Five-years Plan. This will help shorten the approval process and enable orderly growth of the industry. Curtailment should also be reduced as the State Grid Company has approved eight ultra-high and high voltage cross-regional transmission lines. This network should ease the transmission bottlenecks.

For the existing renewable energy assets, the Group will continue to introduce industry best practices relating to the safety, reliability and availability of operations. As part of the Group's regular requirements, all business units will continue to ensure operational risk and operation costs are kept to a minimum. Considerable effort will be made to ensure spare parts supply for the equipment is uninterrupted. The Group will also closely monitor the impact of rising interest rate on project bank financing and will explore other financing alternatives available.

With Siziwang Qi Phase Two being expected to be in commercial operation in the second half 2014, the Group will now focus on developing other high quality projects and on expanding its potential project pipeline. As usual, a prudent approach will be adopted to carefully analyse the investment risks, returns and commercial viability. Initial study and preliminary development planning for Siziwang Qi Phase Three, a 100 MW wind farm project, will commence. In addition, the Group will continue to monitor the progress of the approval for the phase one 49.5 MW wind farm project in Kulun Qi of Tongliao City, East Inner Mongolia. Recently, the Group has also entered into an agreement with the Chinese government in the Hebei region to have the right to build a 100 MW wind farm. The Group is now performing feasibility studies, and if the studies are positive, will seek to get the necessary approvals for permission to begin construction.

On a longer term, the Group may explore different types of renewable energy other than wind energy as technology develops. To create the best return for our shareholders, the Group's assets portfolio will be periodically assessed and properly managed. Strategic alliance to secure investment funding and expansion opportunities will be examined.

Employees

As at 30 June 2014, the Group's operations in Hong Kong and mainland China employed a total of 69 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 2014 (2013: 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 2014, 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 2014.

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 2014, 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 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 30 May 2014 (as provided for in Code Provision A.6.7 of the CG Code) 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 (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, the Company has obtained confirmation from all Directors that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2014.

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.

PUBLICATION OF INTERIM REPORT

The 2014 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, 21 August 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.