CRE
中国再生能源

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 2016

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 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*3*	**130,998**	132,919
Cost of sales	*4*	**(87,152)**	(88,645)
Gross profit		**43,846**	44,274
Other gains	*5*	**162**	22
Administrative expenses	*4*	**(22,755)**	(23,620)
Operating profit		**21,253**	20,676
Finance income	*6*	**3,612**	6,583
Finance costs	*6*	**(31,894)**	(43,154)
Finance costs – net	*6*	**(28,282)**	(36,571)
Share of profits less losses of associates		**72,009**	60,916

	Note	**2016**	2015
		HK$'000	*HK$'000*
Profit before income tax		**64,980**	45,021
Income tax expense	*7*	**(6,834)**	(5,669)
Profit for the year		**58,146**	39,352
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(92,015)**	(94,478)
Other comprehensive loss for the year, net of tax		**(92,015)**	(94,478)
Total comprehensive loss for the year		**(33,869)**	(55,126)
Profit attributable to:			
Equity holders of the Company		**61,098**	40,454
Non-controlling interests		**(2,952)**	(1,102)
		58,146	39,352
Total comprehensive loss attributable to:			
Equity holders of the Company		**(31,068)**	(54,060)
Non-controlling interests		**(2,801)**	(1,066)
		(33,869)	(55,126)
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)			
Basic earnings per share	*8(a)*	**2.59**	1.72
Diluted earnings per share	*8(b)*	**2.59**	1.56

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**910,853**	1,039,197
Construction in progress		**7,319**	1,055
Prepaid land lease payments		**12,089**	13,937
Intangible assets		**4,057**	4,718
Prepayments and other receivables	*10*	**18,188**	22,719
Interests in associates		**878,111**	923,940
Total non-current assets		**1,830,617**	2,005,566
Current assets			
Inventory		**5,939**	5,920
Trade and other receivables	*10*	**78,319**	65,674
Short-term bank deposit		**13,475**	4,269
Cash and cash equivalents		**200,704**	181,250
Total current assets		**298,437**	257,113
Total assets		**2,129,054**	2,262,679
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**23,564**	23,564
Reserves		**1,542,629**	1,583,123
Equity attributable to equity holders of the Company		**1,566,193**	1,606,687
Non-controlling interests		**(2,522)**	279
Total equity		**1,563,671**	1,606,966

	Note	2016	2015
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**383,018**	471,874
Deferred income tax liabilities		**31,518**	33,072
Total non-current liabilities		**414,536**	504,946
Current liabilities			
Trade and other payables	*11*	**68,433**	65,911
Current portion of bank borrowings		**82,414**	84,856
Total current liabilities		**150,847**	150,767
Total liabilities		**565,383**	655,713
Total equity and liabilities		**2,129,054**	2,262,679

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 Claudio Holdings Limited, a company incorporated in the British Virgin Islands, since 29 January 2015.

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 of the Company for issue on 14 March 2017.

2 BASIS OF PREPARATION

The consolidated financial statements of CRE have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention.

Changes in accounting policy and disclosures

(a) Amended standards adopted by the Group

Annual improvements project	Annual improvements to HKFRSs 2012 - 2014 cycle
HKAS 1 (Amendment)	Disclosure initiative
HKAS 27 (Amendment)	Equity method in separate financial statements
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception

The adoption of the above amendments has no significant effects on the Group's financial information.

(b) Amended standards mandatory for the first time for the financial year beginning on 1 January 2016 but not currently relevant to the Group (although they may affect the accounting for future transactions and events).

HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning on 1 January 2016 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 2017 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
HKAS 12 (Amendments)	Income taxes	1 January 2017
HKAS 7 (Amendments)	Statement of cash flows	1 January 2017
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

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 2016. 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 REVENUE

The amount of each significant category of revenue recognised during the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Sales of electricity	**130,998**	132,919

The amount represents sales of electricity generated by the wind power plants of the Group, including value-added tax refund of HK$5,661,000 (2015: HK$2,785,000). The Group has a single reportable segment which is wind power segment. As the Group does not have significant material operations outside the PRC, no geographic segment information is presented.

For the year ended 31 December 2016, the Group's revenue for reportable segment from external customers of HK$130,998,000 (2015: HK$132,919,000) is only attributable to the China market.

For the year ended 31 December 2016, the Group has two customers with revenue exceeding 10% of the Group's total revenue (2015: two customers). Revenues from the customers amounted to HK$91,792,000 and HK$39,206,000 (2015: HK$92,703,000 and HK$40,216,000) respectively.

4 EXPENSES BY NATURE

	2016	2015
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit services	**1,494**	1,550
– Non-audit services	**400**	400
Amortisation of prepaid land lease payments	**1,092**	1,152
Amortisation of intangible assets	**413**	445
Depreciation of property, plant and equipment	**72,351**	76,525
Net exchange gains	**(943)**	(1,156)
Employee benefit expenses (including directors' emoluments)	**17,353**	17,088
Operating lease rental	**1,595**	1,675
Repair and maintenance expenses	**2,103**	1,481
Corporate expenses	**862**	847
Legal and professional fees	**475**	894
Management service fee	**990**	990
Other expenses	**11,722**	10,374
Total cost of sales and administrative expenses	**109,907**	112,265

5 OTHER GAINS

	2016	2015
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**162**	22

6 FINANCE INCOME AND COSTS

	2016	2015
	HK$'000	*HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(31,894)**	(43,154)
Finance income:		
– interest income on bank deposits	**3,612**	6,583
Finance costs – net	**(28,282)**	(36,571)

7 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the year (2015: 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.

	2016	2015
	HK$'000	*HK$'000*
Withholding tax on dividends	**(6,657)**	(4,932)
Deferred income tax expense, net	**(177)**	(737)
Income tax expense	**(6,834)**	(5,669)

Note: The share of income tax expense of associates of HK$21,277,000 (2015: HK$15,309,000) is included in the Group's share of profits less losses of associates.

8 EARNINGS PER SHARE

(a) Basic

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

	2016	2015
Profit attributable to equity holders of the Company (HK$ thousand)	**61,098**	40,454
Weighted average number of ordinary shares in issue (thousand)	**2,356,372**	2,356,372
Basic earnings per share (HK cents per share)	**2.59**	1.72

(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. In 2015, the convertible preference shares are assumed to have been converted into ordinary shares.

	2016	2015
Profit attributable to equity holders of the Company (HK$ thousand)	**61,098**	40,454
Weighted average number of ordinary shares in issue (thousand)	**2,356,372**	2,356,372
Adjustment for:		
– Assumed conversion of convertible preference shares (thousand)	**–**	242,466
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**2,356,372**	2,598,838
Diluted earnings per share (HK cents per share)	**2.59**	1.56

Remaining outstanding convertible preference shares and share options were buy-back and lapsed in October 2015 and January 2015 respectively. No diluted earnings per share are presented as the Company have any no dilutive potential ordinary shares during the year ended 31 December 2016.

Diluted earnings per share for the year ended 31 December 2015 did not assume the exercise of the share options outstanding during the year since the exercise would have an anti-dilutive effect.

9 DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Interim dividend paid, of HK0.2 cents (2015: HK nil cents) per ordinary share	**4,713**	–
Final dividend proposed, of HK nil cents (2015: HK0.2 cents) per ordinary share	**–**	4,713

No final dividend was proposed for the year ended 31 December 2016.

On 18 August 2016, the Board has declared an interim dividend of HK0.2 cents per ordinary share payable in cash, total of HK$4.7 million was paid in September 2016.

For the year ended 31 December 2015, a final dividend of HK0.2 cents per ordinary share payable in cash, total of HK$4.7 million was paid in June 2016.

10 PREPAYMENTS AND TRADE AND OTHER RECEIVABLES

		2016	2015
	Note	*HK$'000*	*HK$'000*
Non-current			
Prepayments		**886**	2,527
Other receivables	*(b)*	**17,302**	20,192
		18,188	22,719
Current			
Trade receivables	*(a)*	**53,150**	48,741
Prepayments and other receivables	*(b)*	**25,169**	16,933
		78,319	65,674
		96,507	88,393

Notes:

(a) At 31 December 2016 and 2015, the ageing analysis of trade receivables by Group's revenue recognition policy is as follows:

	2016	2015
	HK$'000	*HK$'000*
Less than 30 days	**18,740**	18,768
More than 30 days and within 60 days	**1,088**	1,975
More than 60 days and within 90 days	**–**	1,864
More than 90 days	**33,322**	26,134
	53,150	48,741

At 31 December 2016 and 2015, the ageing analysis of trade receivables by invoice due date is as follows: *(Note i)*

	2016	2015
	HK$'000	*HK$'000*
Less than 30 days	**52,471**	48,741
More than 30 days and within 60 days	**679**	–
	53,150	48,741

Note i:

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 as impaired. As at 31 December 2016, trade receivable of HK$52.5 million (2015: HK$48.7 million) were fully performing. Included in this balance, HK$41.2 million (2015: HK$44.8 million) represented the electricity tariff receivables due from the government which have to go through an approval procedure before issuing invoices and invoices of these related receivables were not issued as at 31 December 2016.

(b) Included in other receivables were input value-added taxation recoverable of HK$22,994,000 (2015: HK$26,234,000) arising from purchase of property, plant and equipment.

(c) 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.

11 TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**667**	546
Payables for acquisition and construction of property, plant and equipment	**57,471**	58,832
Other payables and accruals	**10,295**	6,533
	68,433	65,911

At 31 December 2016 and 2015, the ageing analysis of trade payables is as follows:

	2016	2015
	HK$'000	*HK$'000*
Less than 12 months	**185**	456
12 months and more	**482**	90
	667	546

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the year ended 31 December 2016, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded a revenue of HK$131.0 million as compared to HK$132.9 million for the same period in 2015. Gross profit was HK$43.8 million as compared to HK$44.3 million in 2015. Although wind resources were at a similar level as in 2015 and power generation was slightly higher, the revenue and gross profit declined slightly because of devaluation of Renminbi ("RMB").

Danjinghe and Lunaobao performed particularly well in 2016 with very low curtailment. As a result, the wind farms under the associates contributed profits of HK$72.0 million, an increase of 18% compared to 2015.

With careful control over the costs, the Group recorded a profit after tax attributable to the equity holders of HK$61.1 million for 2016 (2015: a profit after tax of HK$40.5 million). Basic earnings per share was HK2.59 cents as compared to the previous year of HK1.72 cents per share.

Liquidity and Financial Resources

As at 31 December 2016, the Group's total bank borrowings was HK$465.4 million as compared to HK$556.7 million in 2015. The difference was mainly due to repayment of principal and currency exchange differences.

The bank borrowings include interest-bearing RMB bank loans to the Group's wind farm projects in the People's Republic of 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 nine years. There were HK$82.4 million repayable within one year, HK$316.3 million repayable within two to five years and HK$66.7 million repayable after five years.

The Group's unrestricted bank deposits and cash were HK$214.1 million as at 31 December 2016 as compared to HK$185.5 million in 2015. Such increase represents cash received from normal operations.

As the borrowings and incomes are in RMB, no hedging is required. The Group did not use any financial instruments for financial hedging purposes during the period under review.

Details of Charges in Group Assets

The Group's subsidiaries have charged their assets including wind power equipment, prepaid land lease payments and trade receivables, worth approximately RMB857.5 million (equivalent to HK$953.2 million) as security for the bank borrowings as at 31 December 2016. Assets, worth approximately RMB917.5 million (equivalent to HK$1,082.9 million), were charged as at 31 December 2015. The difference was due to the depreciation of assets and fluctuation of the RMB currency.

Gearing Ratio

As at 31 December 2016, the Group's net gearing ratio, which was the total borrowings less unrestricted bank deposits and cash divided by total equity, was 16% as compared to 23% as at 31 December 2015.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2016 (Nil as at 31 December 2015).

Business review

In 2016, China's economy grew steadily. Total power consumption reached 5,919,800 Giga-Watt-hours ("GWh"), representing an increase of 5% as compared to 2015. Total wind power output was 241,000 GWh, accounting for 4% of total power generation across the country. It is estimated that during China's 13th Five-Year Plan period commencing in 2016, demand for electricity will be relatively stable. However, renewable energy output as a percentage of total energy output will continue to increase. During 2016, the government has announced various supportive policies and regulations for the healthy development of the renewable energy industry. The government continues to deepen reform, looking to increase the use of renewable energy through the implementation of new policies, such as the promotion of green certificates. These policies provide both challenges and opportunities for all developers, including CRE.

In the past year, the Group has actively responded to market changes, through innovation in all aspect of our business. In particular, we focus on quality of development and operational effectiveness. We have effectively implemented our Safety, Health, Environmental and Quality ("SHEQ") System, strengthened the risks control process, and further reduced losses from wind power curtailment through the optimization of our energy production strategy. As a result, we have achieved a steady increase in power generation and utilisation hours. In 2016, our wind farms dispatched a total of 1,345.5GWh, representing an increase of 3% as compared to 2015. The average utilisation hours was 2,038 hours, 55 hours higher than the previous year and 296 hours higher than the national average.

On the development front, we continue to adhere to our principle of investing in only the highest quality wind farms – those projects with high potential return in regions not subject to curtailment. In the fourth quarter of 2016, we received the final approvals to develop our wholly-owned Henan Songxian wind project. This project, which has generating capacity of 74 Mega-Watt ("MW"), will increase our installed capacity by 22%. Most of the pre-construction preparatory work was completed before the end of 2016 and the project is expected to start construction in the first half of 2017.

In 2016, management updated the business strategy of CRE based on an in-depth analysis of the current market situation and the foreseeable development of the renewable energy market in China and worldwide. The new strategy "**Grow • Advance • Sustain**" recognises the challenges and opportunities we face. It allows us to position CRE well for the coming decade and also to improve and to evolve in this continuously changing environment. In the first year of implementation of our new strategy, the Company's business performance achieved a record high. We expect this new strategy will provide strong guidance as we move forwards.

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 56.9 million Kilo-Watt-hour ("KWh"), which was equivalent to 956 utilisation hours in 2016. Although power demand was still low in the region, management effort has been made to optimize generation and lower curtailment has led to better performance this year as compared to last year's 54.4 million KWh (or 915 utilisation hours) power dispatch.

Siziwang Qi Phase I & II Wind Farm

Siziwang Qi Phase I & II wind farm has a total of 99 MW of wind power capacity and is wholly-owned by the Group. It is located 16 kilometres north of Wulanhua under Siziwang Qi of Western Inner Mongolia. Commercial operation of Phase I and II started in January 2011 and January 2015 respectively. The wind farms are the first two phases of a strategic 1,000 MW wind farm base for the Group. Siziwang Qi Phase I & II wind farm dispatched approximately 171.0 million KWh (an equivalent to 1,724 utilisation hours) in 2016. Higher wind resources and upgrades on wind equipment to enhance availability have led to an increase in power dispatch as compared to last year's 169.0 million KWh (or 1,708 utilisation 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 China Energy Conservation and Environmental Protection Group (collectively "CECEP"), which holds 60%. The entire wind farm, which consists of three phases, started commercial operation in September 2010. The power dispatched in 2016 was approximately 437.1 million KWh (an equivalent to 2,185 utilisation hours). As the project was obtained through the national tendering process, the wind farm enjoyed minimal curtailment. Higher wind resources led to an increase in power dispatch as compared to last year's 398.0 million KWh (or 1,994 utilisation hours).

Changma Wind Farm

Changma wind farm, located in Gansu province, is a joint venture with the wind division subsidiary of 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 minimal curtailment in 2016 and dispatched around 455.5 million KWh (an equivalent to 2,266 utilisation hours). Slightly lower wind resources led to a decrease in power dispatch as compared to last year's 499.0 million KWh (or 2,483 utilisation hours).

Lunaobao Wind Farm

Lunaobao wind farm is a joint venture with the wind division subsidiary of CECEP, and is adjacent to the Danjinghe wind farm. The Group has a 30% effective equity interest. The 100.5 MW wind farm commenced commercial operation in February 2011. Unlike Danjinghe, Lunaobao wind farm was not obtained through the national tendering process; and, hence, does not enjoy low curtailment. The power dispatched in 2016 was around 225.0 million KWh (an equivalent to 2,239 utilisation hours). Higher wind resources, together with an upgrade in the transmission line and newly commissioned 500 Kilo-Volt substations in the region have significantly reduced curtailment and increased power dispatch as compared to last year's 187.6 million KWh (or 1,866 utilisation hours).

Business model & risks management

CRE's main business is acting as an investor-operator in China's renewable energy sector, in which we secure, develop, construct and operate power stations in order to provide reliable electricity to customer. As one of the main external investors in China's renewable energy sector, the Group is well positioned to contribute to the government's plan for a low-carbon economy.

Our updated strategy "**Grow • Advance • Sustain**" will guide our operations and development going forward. All investment opportunities are evaluated by the Executive Committee and the Board thoroughly based on a balance of the project economic, environmental and social benefits. We plan to continue to develop renewable energy projects and look for **growth** investment opportunity in new technologies. In CRE, every KWh energy output counts. We therefore strive to innovate and **advance** in all aspect of our business and operations to continuously enhance our profitability with an ultimate goal to create **sustainable** value and increasing return for shareholders.

Risk management is the responsibility of everyone within the Group; risk is inherent in our business and the market in which it operates. Rather than being a standalone process, risk management is integrated into our daily business process, from project level day-to-day operation to corporate level strategy development and investment decisions.

Through a bottom up approach, we identify and review existing and emerging risks semi-annually. Identified risks are then monitored and discussed at the Group level. The risk management process is overseen by the Executive Committee and the Board as an element of our strong corporate governance. Within CRE, all risks factors are classified under 6 different categories, (i) Policy and Regulations, (ii) Legal and Compliance, (iii) Safety, Health and Environmental, (iv) Financial, (v) Operational and (vi) Reputational and are evaluated through assessing their consequences and likelihood. With a continuous and proactive approach to risk management, the Group is committed to identify material risks and then to manage these so that they can be understood, minimised, mitigated or avoided.

Outlook

China's transition from an export-led, high growth model to a low carbon economy that emphasizes sustainability and the services sector provide good opportunity for the non-carbon renewable energy generators. We are encouraged by the China government's green and air quality policies together with various guidance and administrative measures to support the renewable energy industry. These should help resolve the problems with curtailment and should encourage more investment in the industry. CRE is clearly encouraged, but will not invest just for the sake of growth, and will focus only on those projects which promise the highest returns on investment.

In December 2016, the National Development and Reform Committee announced an adjustment to the onshore wind power benchmark feed-in-tariffs to partially compensate for lower turbine prices. The price cut applies for new projects to be approved from 2018 onwards, but doesn't apply to existing projects and projects that are approved before the end of 2017 and which started construction before the end of 2019. The new tariff for region I to IV will be RMB0.4/kWh, RMB0.45/kWh, RMB0.49/kWh, and RMB0.57/kWh respectively. We note that government subsidies on renewables will come down over time. As a result, there is very keen competition to secure new renewable projects. This presents a key challenge to all developers including CRE and we will take proactive actions. On the other hand, technology advancement is expected to drive down costs creating opportunities for new projects. Hence, we will focus on developing wholly-owned or majority-owned wind projects and continue to explore potential solar projects for sustainable growth.

Regarding our existing wind farms still facing grid curtailment, the Group will continue to enhance our communication with grid companies and will put in all necessary effort to respond to grid requirements. By doing so, we hope to reduce losses from wind power curtailment and to achieve steady increase in utilisation hours. While closely tracking developments in regions actively promoting or implementing the minimum guaranteed utilisation hours policy, the Group will also continue to observe power market changes, and will conduct in-depth analysis of the regional electricity markets and grid development. The Group will also actively explore various market measures, such as cross-region power supply as well as direct power supply for large energy consumers, in order to maximise power generation and enhance the profitability.

On the development front, the Group over the next few years will focus on certain selective regions based on detailed assessments of the wind resources as well as the potential grid curtailment trend. Most of our reserved projects (over 1 Giga-Watt) in the northern and north-eastern and north-western regions are currently subject to grid curtailment. However, a number of ultra-high-voltage transmission lines are due to be completed in these areas. If there are signs of reduced curtailment, the Group may consider developing wind farms in these regions again.

In 2017, construction of our Henan Songxian 74 MW wind project will be in full swing. Strenuous effort will be made to control project cost by ensuring that construction schedules are met and the project is commissioned on time. Upon completion of construction, the project will further increase our net capacity by 22% in 2018. In addition to wind projects, we are also evaluating a number of potential utility-scale and distributed solar projects.

The Group's wind farm investments are very capital intensive and require project loans. However, there is little currency risk as revenue, expenses, and project debt are denominated in RMB. While the Group has a strong balance sheet, we are exploring ways to expand our financing channels that could increase the amount of funds available and reduce financial costs.

In the near term, we expect that the transition to cleaner and more efficient sources of energy, and reform of the power sector will bring new opportunities to power producers such as CRE. The energy business is one that rewards expertise, patience, commitment and innovation. With over 10 years of experience in the renewable energy industry, in combination with the scale and nature of our portfolio, we have the resilience and confidence to maintain steady growth in our business. We will continue to grow by developing our own project pipeline and will consider strategic alliances with an aim to create sustainable, stable and increasing return for the shareholders as we work towards a smarter and cleaner tomorrow.

Employees

As at the end of December 2016, the Group's operations in Hong Kong and Mainland China employed a total of 72 employee. Our core requirement is to ensure that we attract, retain and deploy employees with the capabilities needed to secure, develop, construct and operate our assets. In 2016, we have strengthened our resources and capabilities through a combination of external recruitment and internal transfers of staff. These have enabled us to enhance performance through common standards and processes in safety, project management and asset management. The Group has also appointed technical consultants on contract terms when deemed necessary for the development of new projects and for operation of existing 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.

Environmental, Social and Governance Issues

As one of the earliest main investors in China's renewable energy sector since 2006, the Group has been heavily involved in environmental protection and support for the low carbon development of China. CRE strives to continuously improve and evolve in the renewable energy sector to adapt to the changing expectation of our stakeholders while balancing the needs of our shareholders, environment and the communities we operate in.

The Group has over 660 MW of operating wind farms in Hebei, Heilongjiang, Gansu and Inner Mongolia provinces. All our operating wind projects are located in remote northern regions, which greatly benefit the economic development of the local area through investment, by reducing local pollution and carbon emissions, and by contributing to the local community through the hiring of local staffs who are given fair market based remuneration packages. In 2016, CRE's operating assets complied with all local environmental related regulatory requirements. With a total electricity generation of 1,345.5GWh, we have reduced approximately 1,040,747 tons of coal consumption and 437,288 tons of carbon emission. For our Songxian project to be constructed in 2017, we will monitor the environmental performance of our construction sites through regular measurements, site supervision, and on-site audits by both CRE internal staff and independent parties.

We place importance on creating positive relationships with stakeholders through understanding and addressing their expectations. As one of the main foreign investors in the China renewable energy industry, we continue to maintain close contacts with our stakeholders, including but not limited to the Government (e.g. the Development and Reform Commission and the Energy Administration at both national and provincial level), local authorities (e.g. environmental and land bureau) and State Grid Corporation through various meetings to facilitate their understanding of our business, operations and development direction.

The Group will continue to support the low carbon development in China though investing in various renewable energy projects. At the same time, we will explore other means to further contribute to the communities we operate in as the Group grows larger and profitability increases.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2016 (2015: HK0.2 cents).

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 2016.

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 2016, 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 of the Company were encouraged to attend the general meeting to inter-face with shareholders of the Company but one Independent Non-executive Director was not in a position to attend the annual general meeting of the Company held on 26 May 2016 (as provided for in Code Provision A.6.7 of the CG Code) due to prearranged business engagements.

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 2016.

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 comprises three members namely Mr. YU Hon To, David, Mr. TIAN Yuchuan and Mr. ZHANG Songyi. The Audit Committee, chaired by an independent non-executive director, is composed of all independent non-executive directors.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2016.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 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 2016 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, 14 March 2017

As at the date of this announcement, the Board comprises six Directors, of which Mr. OEI Kang, Eric, Mr. LEUNG Wing Sum, Samuel and Mr. WONG Jake Leong, Sammy are executive Directors; and Mr. YU Hon To, David, Mr. TIAN Yuchuan and Mr. ZHANG Songyi are independent non-executive Directors.