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)

(Warrant code: 1677)

(website: www.cre987.com)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Unaudited Six months ended 30 June	
	Note	**2017**	2016
		HK$'000	*HK$'000*
Revenue	*5*	**66,596**	68,366
Cost of sales		**(40,292)**	(43,458)
Gross profit		**26,304**	24,908
Other income	*5*	**8,708**	163
Administrative expenses		**(13,576)**	(10,625)
Operating profit	*6*	**21,436**	14,446
Finance income	*7*	**1,071**	1,573
Finance costs	*7*	**(14,806)**	(16,347)
Finance costs – net	*7*	**(13,735)**	(14,774)
Share of profits less losses of associates		**33,619**	49,122

	Note	Unaudited Six months ended 30 June **2017** ***HK$'000***	 2016 *HK$'000*
Profit before income tax		**41,320**	48,794
Income tax expense	*8*	**(5,581)**	(4,726)
Profit for the period		**35,739**	44,068
Other comprehensive income/(loss):			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences		**54,525**	(18,501)
Other comprehensive income/(loss) for the period, net of tax		**54,525**	(18,501)
Total comprehensive income for the period		**90,264**	25,567
Profit attributable to:			
Equity holders of the Company		**34,599**	44,309
Non-controlling interests		**1,140**	(241)
		35,739	44,068
Total comprehensive income attributable to:			
Equity holders of the Company		**89,213**	25,786
Non-controlling interests		**1,051**	(219)
		90,264	25,567
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)			
Basic earnings per share	*10(a)*	**1.47**	1.88
Diluted earnings per share	*10(b)*	**1.46**	1.88

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	Note	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**907,088**	910,853
Construction in progress		**13,954**	7,319
Prepaid land lease payments		**11,962**	12,089
Intangible assets		**4,039**	4,057
Prepayments and other receivables	*11*	**39,157**	18,188
Interests in associates		**860,160**	878,111
Total non-current assets		**1,836,360**	1,830,617
Current assets			
Inventory		**6,019**	5,939
Trade and other receivables	*11*	**152,930**	78,319
Short-term bank deposits		**77,729**	13,475
Cash and cash equivalents		**346,880**	200,704
Total current assets		**583,558**	298,437
Total assets		**2,419,918**	2,129,054
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**23,573**	23,564
Reserves		**1,632,034**	1,542,629
Equity attributable to equity holders of the Company		**1,655,607**	1,566,193
Non-controlling interests		**(1,471)**	(2,522)
Total equity		**1,654,136**	1,563,671

	Note	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**386,159**	383,018
Deferred income tax liabilities		**28,133**	31,518
Total non-current liabilities		**414,292**	414,536
Current liabilities			
Trade and other payables	*12*	**45,925**	68,433
Current portion of bank borrowings		**85,209**	82,414
Amount due to a shareholder		**220,000**	–
Current income tax liabilities		**356**	–
Total current liabilities		**351,490**	150,847
Total liabilities		**765,782**	565,383
Total equity and liabilities		**2,419,918**	2,129,054

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").

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 of the Company for issue on 23 August 2017.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 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 2016, 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 2016, 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.

(a) Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group

(b) Impact of standards issued but not yet applied by the Group

(i) HKFRS 9, 'Financial Instruments'

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and financial liabilities.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) HKFRS 15, 'Revenue from Contracts with Customers'

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. The Group will make more detailed assessments of the impact over the next 6 months.

(iii) HKFRS 16, 'Leases'

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$864,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim period within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5 REVENUE AND OTHER INCOME

The amount of each significant category of revenue and other income recognised during the period are as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Sales of electricity	**66,596**	65,358
Value-added tax refund	**3,025**	3,008
Others	**5,683**	163
	75,304	68,529

Sales of electricity were all generated by the wind power plants of the Group. The Group has a single reportable segment which is wind power segment. As the Group does not have material operations outside the PRC, no geographic segment information is presented.

For the six months ended 30 June 2017, the Group's revenue for reportable segments from external customers of HK$66.6 million (six months ended 30 June 2016: HK$65.4 million, HK$68.4 million after including value-added tax refund) is only attributable to the China market.

For the six months ended 30 June 2017, the Group has two customers with revenue exceeding 10% of the Group's total revenue (six months ended 30 June 2016: two customers). Revenues from the customers amounting to HK$47.1 million and HK$19.5 million (six months ended 30 June 2016: HK$46.8 million and HK$21.6 million) respectively are solely attributable to alternative energy business.

6 OPERATING PROFIT

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration	**(547)**	(575)
Amortisation of prepaid land lease payments	**(527)**	(554)
Amortisation of intangible assets	**(194)**	(213)
Depreciation of property, plant and equipment	**(34,384)**	(36,677)
Cost of other operations	**(2,496)**	(3,487)
Net exchange (loss)/gain	**(1,825)**	183
Employee benefit expenses (including directors' emoluments)	**(7,933)**	(7,590)
Operating lease rental	**(625)**	(820)
Corporate expenses	**(547)**	(509)
Legal and professional fees	**(1,166)**	(677)
Management service fee	**(553)**	(495)
Repair and maintenance expenses	**(1,288)**	(1,117)

7 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(13,218)**	(16,347)
– interest expenses on amount due to a shareholder	**(1,588)**	–
Finance income:		
– interest income on bank deposits	**1,071**	1,573
Finance costs – net	**(13,735)**	(14,774)

8 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 2016: Nil). Taxation on PRC profits has been calculated on the estimated assessable profit for the period at 25% (six months ended 30 June 2016: 25%), which is the rate of taxation prevailing in the PRC. Withholding tax on dividend income has been provided at rate 5%-10% (six months ended 30 June 2016: 10%) on profit distribution upon declaration.

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Current income tax	**(767)**	–
Withholding tax on dividends	**(9,198)**	(6,657)
Deferred income tax credit	**4,384**	1,931
Income tax expense	**(5,581)**	(4,726)

9 DIVIDENDS

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Interim dividend proposed, of HK0.3 cents (six months ended 30 June 2016: HK0.2 cents) per ordinary share	**7,072**	4,713

On 23 August 2017, the Board has resolved to declare an interim dividend of HK0.3 cents per ordinary share payable in cash for the six months ended 30 June 2017. As the proposed interim dividend is declared after the balance sheet date, such dividend is not recognised as liability as at 30 June 2017.

On 18 August 2016, the Board has resolved to declare an interim dividend of HK0.2 cents per ordinary share payable in cash for the six months ended 30 June 2016. As the proposed interim dividend is declared after the balance sheet date, such dividend is not recognised as liability as at 30 June 2016.

10 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2017	2016
Profit attributable to equity holders of the Company *(HK$ thousand)*	**34,599**	44,309
Weighted average number of ordinary shares in issue *(thousand)*	**2,356,995**	2,356,372
Basic earnings per share *(HK cents per share)*	**1.47**	1.88

(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 2017, the warrants are assumed to have been converted into ordinary shares. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of warrants.

	Six months ended 30 June	
	2017	2016
Profit attributable to equity holders of the Company *(HK$ thousand)*	**34,599**	44,309
Weighted average number of ordinary shares in issue *(thousand)*	**2,356,995**	2,356,372
Adjustments for:		
– Assumed conversion of warrants *(thousand)*	**6,985**	–
Weighted average number of ordinary shares for diluted earnings per share *(thousand)*	**2,363,980**	2,356,372
Diluted earnings per share *(HK cents per share)*	**1.46**	1.88

Diluted earnings per share for the period ended 30 June 2016 is equal to basic earnings per share as there are no potential dilutive shares in issue for the period ended 30 June 2016.

11 PREPAYMENTS AND TRADE AND OTHER RECEIVABLES

		As at	
		30 June	31 December
		2017	2016
	Note	***HK$'000***	*HK$'000*
Non-current			
Prepayments		**25,556**	886
Other receivables	*(b)*	**13,601**	17,302
		39,157	18,188
Current			
Trade receivables	*(a)*	**49,940**	53,150
Prepayments and other receivables	*(b)*	**102,990**	25,169
		152,930	78,319
		192,087	96,507

Notes:

(a) At 30 June 2017 and 31 December 2016, the ageing analysis of trade receivables by the Group's revenue recognition policy is as follows:

	As at	
	30 June	31 December
	2017	2016
	HK$'000	*HK$'000*
Less than 30 days	**21,917**	18,740
More than 30 days and within 60 days	**9,548**	1,088
More than 60 days and within 90 days	**4,370**	–
More than 90 days	**14,105**	33,322
	49,940	53,150

At 30 June 2017 and 31 December 2016, the ageing analysis of trade receivables by invoice due date is as follows: *(Note i)*

	As at	
	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
Less than 30 days	**36,631**	52,471
More than 30 days and within 60 days	**7,988**	679
More than 60 days and within 90 days	**1,974**	–
More than 90 days	**3,347**	–
	49,940	53,150

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. The receivables relating to such invoices which were not issued as at 30 June 2017 amounted to HK$8.2 million (31 December 2016: HK$41.2 million) and 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 2017, trade receivables of HK$23.2 million (31 December 2016: HK$4.4 million) were past due but not impaired. These mainly 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. There were no trade receivables on alternative energy business being past due over 12 months. No impairment has been provided for these receivables as the balances are not in dispute and there is no indication that the amount will not be collectible.

(b) Included in other receivables were input value-added taxation recoverable of HK$19,486,000 (31 December 2016: HK$22,994,000) arising from purchase of property, plant and equipment.

12 TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2017	2016
	HK$'000	*HK$'000*
Trade payables	**534**	667
Payables for acquisition and construction of property, plant and equipment	**31,547**	57,471
Other payables and accruals	**13,844**	10,295
	45,925	68,433

At 30 June 2017 and 31 December 2016, the ageing analysis of trade payables by the Group's recognition policy is as follows:

	As at	
	30 June	31 December
	2017	2016
	HK$'000	*HK$'000*
Less than 12 months	**4**	185
12 months and more	**530**	482
	534	667

13 SUBSEQUENT EVENTS

On 5 July 2017, Songxian HKE Wind Power Limited, a wholly-owned subsidiary of the Company, entered into agreements relating to the acquisition of certain wind power generation equipment including wind turbines and turbine towers at a total contract sum of RMB332.1 million (equivalent to approximately HK$381.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the six months ended 30 June 2017, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$66.6 million in turnover from its renewable energy business. Despite slightly less wind resources, the Group's wind farms enjoyed lower overall curtailment compared to last year. Hence, our wholly-owned and majority-owned wind farms performed better, which led to an increase of 2% in revenue as compared to last year's HK$65.4 million. The gross profit for the period also increased 20% to HK$26.3 million (2016: HK$21.9 million).

However, low wind conditions affected our wind farms operating under the associates differently, which led to a drop in the overall performance and lowered the net profit contribution to the Group. The net profit from the associates was HK$33.6 million as compared to last year's HK$49.1 million.

The Group's net profit after tax attributable to the equity holders of the Group was around HK$34.6 million for the six months ended 30 June 2017 as compared to HK$44.3 million for the same period in 2016, a decrease of 22%. This represents basic earnings per share of HK1.47 cents, compared to 2016 basic earnings per share of HK1.88 cents.

Liquidity and Financial Resources

The Group's total bank borrowing was HK$471.4 million as at 30 June 2017, compared to HK$465.4 million as at 31 December 2016. The difference was mainly due to repayment of bank loans and currency exchange fluctuation.

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"). Interest rates are set with reference to 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$85.2 million repayable within one year, HK$327.1 million repayable within two to five years and HK$59.1 million repayable after five years.

As at 30 June 2017, the Group's unrestricted bank deposits and cash increased to HK$424.6 million as compared to HK$214.2 million as at 31 December 2016. The increase was due to receipt of a shareholder loan HK$220.0 million from Creator Holdings Limited.

As the borrowings and revenues are in Renminbi, 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 pledged their assets including wind power equipment, prepaid land lease payments and trade receivables, worth approximately RMB816.7 million (equivalent to HK$938.6 million) as security for the bank borrowings as at 30 June 2017. Assets, worth approximately RMB857.5 million (equivalent to HK$953.2 million), were charged as at 31 December 2016.

Gearing Ratio

As at 30 June 2017, the Group's net debt to equity was 16% as compared to 16% as at 31 December 2016. The ratio is defined as 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 2017 (Nil as at 31 December 2016).

Business review

In the first half of 2017, China economic growth was stronger than expected. Compared to the same period last year, electricity consumption increased approximately 6.3%. Under the Thirteenth Five-year Plan for Energy Development and the Thirteenth Five-year Plan for Renewable Energy Development announced by National Development and Reform Commission ("NDRC") at the end of 2016, and with the implementation of previously announced measures, the renewable energy industry in the first half of 2017 continued to develop well. About 6 Giga-Watts ("GW") of wind capacity was installed in China, bringing total installed wind capacity to around 154 GW. Wind conditions were slightly lower than the same period last year. However, due to lower curtailment in some Northern and Northeast provinces, the national average utilization hours was 984 hours, higher than the first half of 2016 by 67 hours. Moreover, the State Grid and National Energy Administration ("NEA") announced goals to further reduce wind and solar power curtailment from 20% in 2016 to less than 5% by 2020, for which we have already seen some impact in the first half of 2017.

As of June 2017, the Group has seven operational wind farms with total gross generating capacity of 660 mega-watts ("MW"). Throughout the period, ensuring our wind farms continue to operate in a safe, reliable and cost effective manner remains our top priority. Adhering to the general principal of making progress and optimisation in a steady way, the Group has focused efforts on our wholly-owned and majority-owned wind farms. Through various measures, our average wind turbine availability has increased, while curtailment has also been reduced.

Although some of our wind farms in Northern China still experienced curtailment, because of our efforts, our wind farms dispatched a total of 676 Giga-Watt-hour ("GWh") as of 30 June 2017. The average utilization hours was 1,024 hours, representing a decrease of 126 hours as compared to the first half of 2016, but still 40 hours above the national average utilisation hours for the first half of 2017. The drop in utilisation hours was primarily due to the lower wind resources for our minority-owned projects in Hebei and Gansu provinces. Our continued outperformance compared to the national average is a strong positive indicator of the Group's prudent selective investment approach and technical expertise in operating wind farms efficiently.

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 dispatch for the first six months of 2017 was around 31.0 GWh, which was equivalent to 522 utilization hours. Wind resources and curtailment was similar compared to the first half of 2016; therefore the performance was comparable to last year's six-month dispatch of 30.4 GWh, or an equivalent of 511 utilization hours.

Siziwang Qi Phase One and Two Wind Farms

Siziwang Qi Phase One and Two wind farms have a total of 99 MW of wind power capacity and are wholly-owned by the Group. They are located 16 kilometres ("km") north of Wulanhua under Siziwang Qi of Western Inner Mongolia. Commercial operation of Phase One and Two 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. During the interim period, Siziwang Qi Phase One and Two wind farms dispatched approximately 93.9 GWh, which was equivalent to 948 utilization hours. With an enhancement in our operation and maintenance strategy, together with various measures implemented to reduce curtailment, the performance was better compared to last year's six-month dispatch of 86.1 GWh (870 utilization 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 power division of China Energy Conservation and Environmental Protection Group (collectively "CECEP"), which holds 60%. The entire wind farm started commercial operation in September 2010. During the first six months of 2017, the power dispatched was around 209.0 GWh, which was equivalent to 1,045 utilization hours. As this project was obtained through national tender, the wind farm enjoyed minimal curtailment. Wind resources in the first half of 2017 was worse than 2016, especially in the months of February, March and May 2017, adversely affecting its performance as compared to last year's power dispatch of 254.9 GWh (1,275 utilization hours).

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 was also obtained through national tender and enjoyed low curtailment. With a lower overall wind resources compared to last year, especially for February and March, Changma dispatched around 224.7 GWh, which was equivalent to 1,118 utilization hours, for the first six months of 2017. The wind farm's output was slightly lower than last year's power dispatch of 257.8 GWh (1,282 utilization 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 project was not obtained through national tendering process; hence, it does not enjoy low curtailment. For the first six months of 2017, although Lunaobao's curtailment situation was similar to last year, wind resources was worse. Therefore, power dispatch was around 117.4 GWh, which was equivalent to 1,169 utilization hours, slightly lower as compared to last year's 129.9 GWh (1,293 utilization hours).

Business model and risks

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 for the long term. 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. All investment opportunities are evaluated thoroughly based on a balance of their economic, environmental and social benefits. The Group's vision is to continuously improve and evolve in the renewable energy sector, while balancing the needs of our shareholders, environment and the communities we operate in.

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 operations 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 evaluated through assessing their consequences and likelihood. With a continuous and proactive approach to risk management, the Group is committed to identifying material risks and then manages these so that they can be understood, minimized, mitigated or avoided.

Outlook

Looking ahead to the second half of 2017 and beyond, under the backdrop of the international community's and China's commitments to fighting global climate change, it is clear that the trend towards cleaner, low-carbon and efficient energy sources will continue. China's transition, in particular, may be much faster than expected. The Chinese government has made its goal known that carbon emissions should peak by 2030, and the proportion of non-fossil energy to total energy consumption should increase to more than 20%. As such, the renewable energy sector has plenty of room for development and expansion. The launching of a series of renewable energy development plans and the effective implementation of a number of favorable policies clearly demonstrates China's determination to develop renewable energy and to promote the transformation and upgrading of the energy industry. Such plans and policies provide major support for the healthy and orderly development of the wind and solar power sectors. These commitments were also reinforced by the politically important annual work report to the National Peoples' congress by Premier Li Keqiang in March 2017. Moreover, we are also somewhat positive that curtailment will continue to be reduced as a number of Ultra High Voltage (UHV) transmission lines are being commissioned and constructed, and more are planned.

However, the renewable energy industry is also facing some challenges. The Chinese government is seeking to induce market competition and to reduce imbalances in the generation-consumption of power in certain regions. As part of that plan, the voluntary Renewable Energy Green Certificate ("RGC") trial began trading in 1 July 2017. The intention is that sales of green certificates will ultimately be used to replace the current subsidy for renewable energy. However many details are still unclear, and it is unknown what will happen in the final rollout at the beginning of 2018. Some fear has been expressed that perhaps the amounts paid for the green certificates may end up being less than what is currently paid in subsidy. Our opinion is that given the importance of renewable energy to reduce carbon emissions and pollution, and the stated goal to expand renewable energy consumption, the government should ensure fair treatment toward renewable energy companies.

For our existing wind farms, every Kilo-Watt-hour ("KWh") energy output counts, as outlined in our newly implemented strategy. The Group will continue to enhance our operation management including optimization of our repair and maintenance plan, implementation of "just in time" spare part management system and reduction of the cost of power generation. In order to maximize power generation and enhance the profitability for projects under curtailments, the Group is also actively exploring various market measures, such as cross-region power supply within China as well as direct power supply for large energy consumers.

In the first half of 2017, construction of our Henan Songxian 74 MW wind project has started. As always with construction of first-class wind farms, considerable effort will be made to control project costs while ensuring that construction schedules, quality and safety standards are met. Upon completion in the first half of 2018, the project will further increase our net capacity by approximately 22%.

On the development front, although the Group has been mainly focused in the wind industry, we have also been closely monitoring the development of other renewable energy in terms of their technology advancement, commercial and economic viability. It is noted that solar power investment has increased substantially in China with favourable supporting policies in recent years. Unlike other renewable energy players that have been focusing on utility-scale solar project development, the Group has decided to focus more on distributed solar, which we see ourselves having a niche and competitive advantage, given our parent company, HKC Holdings ("HKC"), is a real estate developer.

The Group is currently evaluating a 4 MW distributed rooftop solar project on one of HKC's commercial buildings. The development work is progressing well, with a target of obtaining the final project approval and to start construction before the end of 2017. Upon successful completion of this project in 2018, the Group may consider increasing its development efforts in distributed solar, and may look to secure and develop more such kinds of projects in high power demand provinces around the southern and eastern coastal regions of China.

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 Renminbi. The Group are exploring ways to expand our financing channels that could increase the amount of funds available and reduce financial costs.

Given we are a long term investor-operator in the renewable energy industry, our 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. 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 returns for the shareholders as we work towards a cleaner future.

Employees

As at 30 June 2017, the Group's operations in Hong Kong and Mainland China employed a total of 83 employees. The Group has 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.

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 profit for its shareholders. The Group has over 660 MW of operating wind farms in Hebei, Heilongjiang, Gansu, and Inner Mongolia provinces. The electricity that the Group generates 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.

Through hiring local people to operate the project companies and providing them with a market compatible remuneration package and staff benefits, the Group is able to share its operational returns with the local community and contribute back to society.

The Group will explore other means to contribute more to the environment and to society once the Group grows larger and profitability increases.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.3 cents (2016: HK0.2 cents) per ordinary share for the six months ended 30 June 2017 to the shareholders of the Company. The interim dividend will be paid on Tuesday, 31 October 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 19 October 2017 to Friday, 20 October 2017 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer agent in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 18 October 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three Independent Non-executive Directors 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 2017, 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 securities during the six months ended 30 June 2017.

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 2017, 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 some of them were not in a position to attend the annual general meeting of the Company held on 23 May 2017 (as provided for in Code Provision A.6.7 of the CG Code) due to overseas commitment and pre-arranged business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2017.

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 2017 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, 23 August 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.