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 2018

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 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2018

		Unaudited	
		Six months ended 30 June	
	Note	**2018**	2017
		HK$'000	*HK$'000*
Revenue	*5*	**85,455**	66,596
Cost of sales		**(47,163)**	(40,292)
Gross profit		**38,292**	26,304
Other income	*5*	**4,048**	8,708
Administrative expenses		**(13,679)**	(13,576)
Operating profit	*6*	**28,661**	21,436
Finance income	*7*	**1,363**	1,071
Finance costs	*7*	**(15,856)**	(14,806)
Finance costs – net	*7*	**(14,493)**	(13,735)
Share of profits less losses of associates		**49,652**	33,619

	Note	Unaudited Six months ended 30 June **2018** *HK$'000*	2017 *HK$'000*
Profit before income tax		**63,820**	41,320
Income tax expense	*8*	**(7,573)**	(5,581)
Profit for the period		**56,247**	35,739
Other comprehensive (loss)/income			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences of the Company and its subsidiaries		**(13,184)**	23,131
Currency translation differences of associates		**(14,885)**	31,394
Other comprehensive (loss)/income for the period, net of tax		**(28,069)**	54,525
Total comprehensive income for the period		**28,178**	90,264
Profit attributable to:			
Equity holders of the Company		**55,690**	34,599
Non-controlling interests		**557**	1,140
		56,247	35,739
Total comprehensive income attributable to:			
Equity holders of the Company		**27,616**	89,213
Non-controlling interests		**562**	1,051
		28,178	90,264
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)			
Basic earnings per share	*10(a)*	**2.32**	1.47
Diluted earnings per share	*10(b)*	**2.32**	1.46

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2018

	Note	**Unaudited 30 June 2018** *HK$'000*	Audited 31 December 2017 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**888,362**	911,598
Construction in progress		**181,594**	36,089
Prepaid land lease payments		**11,212**	11,925
Intangible assets		**5,162**	5,392
Prepayments and other receivables	*11*	**57,200**	166,411
Interests in associates		**897,057**	931,364
Total non-current assets		**2,040,587**	2,062,779
Current assets			
Inventories		**7,580**	9,050
Trade and other receivables	*11*	**219,500**	117,730
Short-term bank deposits		**32,000**	–
Cash and cash equivalents		**219,163**	300,060
Total current assets		**478,243**	426,840
Total assets		**2,518,830**	2,489,619
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**25,062**	23,647
Reserves		**1,770,492**	1,721,779
Equity attributable to equity holders of the Company		**1,795,554**	1,745,426
Non-controlling interests		**(1,507)**	(2,069)
Total equity		**1,794,047**	1,743,357

	Note	Unaudited 30 June 2018 *HK$'000*	Audited 31 December 2017 *HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**357,775**	351,335
Deferred income tax liabilities		**30,125**	32,772
Total non-current liabilities		**387,900**	384,107
Current liabilities			
Trade and other payables	*12*	**45,312**	46,958
Current portion of bank borrowings		**93,646**	88,931
Amount due to a shareholder		**197,368**	226,169
Current income tax liabilities		**557**	97
Total current liabilities		**336,883**	362,155
Total liabilities		**724,783**	746,262
Total equity and liabilities		**2,518,830**	2,489,619

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 renewable 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.

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 for issue by the Board of Directors on 23 August 2018.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, 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 2017.

(a) New standards and amendments to standards adopted by the Group

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 1	First-time Adoption of HKFRS
Amendments to HKAS 28	Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration

(i) HKFRS 9 Financial Instruments — Impact of adoption

HKFRS 9 replaces the whole of HKAS 39 which 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.

All of the Group's financial assets and financial liabilities were carried at amortised costs without significant impairment on the former, the implementation of HKFRS 9 does not result in any significant impact on the Group's financial position and results of operations.

Impairment

The Group's financial assets classified at amortised cost, including trade and other receivables are subject to the new expected credit loss model for impairment assessment. The results of the adopted new impairment model as at 1 January 2018 have not resulted in material impact on the carrying amount of the Group's financial assets.

(ii) HKFRS 15 Revenue from Contracts with Customers — Impact of adoption

HKFRS 15 replaces HKAS 18 which covers contracts for goods and services. The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018. The Group has used the modified retrospective approach by adjusting opening retained earnings when it adopted HKFRS 15 effective on 1 January 2018 without restatement of prior periods.

Revenue from sales of electricity is recognised at the point in time of transfer of ownership. As a result, the adoption of HKFRS 15 does not have an impact on the Group's revenue recognition and therefore adjustments of the Group's opening retained earnings to reflect the adoption of HKFRS 15 is not required.

Other than HKFRS 9 and HKFRS 15, the adoption of these amendments to standards and interpretation does not have any significant impact on the Group.

(b) New standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2018 and have not been early adopted

The following standards, amendments to standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2019 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
Amendments to HKAS 19	Employee Benefits	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle	1 January 2019
Amendments to HKFRS 9	Prepayment Features with Negative Compensation and Modification of Financial Liabilities	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	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 interpretations, which have been issued but are not effective for the financial year beginning on 1 January 2018. Further information about those new standards, amendments to standards and interpretations that are not yet effective but are expected to be applicable to the Group is set out below:

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$9,581,000. 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 the 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 2017.

5 REVENUE AND OTHER INCOME

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of electricity	**85,455**	66,596
Other income		
Value-added tax refund	**3,976**	3,025
Others	**72**	5,683
	4,048	8,708

Sales of electricity were all generated by the wind power plants and a distributed solar project of the Group. The Group has a single reportable segment which is renewable energy 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 2018, the Group's revenue for reportable segment from external customers of HK$85.5 million (six months ended 30 June 2017: HK$66.6 million) is only attributable to the China market.

For the six months ended 30 June 2018, the Group has two customers with revenue exceeding 10% of the Group's total revenue (six months ended 30 June 2017: two customers). Revenues from the customers amounted to HK$58.1 million and HK$25.5 million (six months ended 30 June 2017: HK$47.1 million and HK$19.5 million) respectively.

6 OPERATING PROFIT

Operating profit is arrived at after charging the following items:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**(574)**	(547)
Amortisation of prepaid land lease payments	**(574)**	(527)
Amortisation of intangible assets	**(379)**	(194)
Depreciation of property, plant and equipment	**(38,267)**	(34,384)
Cost of other operations	**(4,660)**	(2,496)
Net exchange loss	**(1,352)**	(1,825)
Employee benefit expenses (including directors' emoluments)	**(8,638)**	(7,933)
Operating lease rental	**(834)**	(625)
Corporate expenses	**(613)**	(547)
Legal and professional fees	**(1,031)**	(1,166)
Management service fee	**(553)**	(553)
Repair and maintenance expenses	**(1,624)**	(1,288)

7 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(12,015)**	(13,218)
– interest expenses on amount due to a shareholder	**(4,782)**	(1,588)
	(16,797)	(14,806)
Less: amounts capitalised	**941**	–
	(15,856)	(14,806)
Finance income:		
– interest income on bank deposits	**1,363**	1,071
Finance costs – net	**(14,493)**	(13,735)

8 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the six months ended 30 June 2018 and 2017. Mainland China income tax includes corporate income tax which has been provided on the estimated assessable profits of subsidiaries operating in the Mainland China at a rate of 25% (six months ended 30 June 2017: 25%). Withholding tax was provided for undistributed profits of certain subsidiaries and associates in the PRC at a rate of 5% or 10% (six months ended 30 June 2017: 5% or 10%).

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current income tax	**(2,042)**	(767)
Withholding tax on dividends	**(7,847)**	(9,198)
Deferred income tax credit	**2,316**	4,384
Income tax expense	**(7,573)**	(5,581)

9 DIVIDENDS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Interim dividend proposed, of HK0.4 cents (six months ended 30 June 2017: HK0.3 cents) per ordinary share	**10,025**	7,072

On 23 August 2018, the Board has resolved to declare an interim dividend of HK0.4 cents per ordinary share payable in cash for the six months ended 30 June 2018. As the proposed interim dividend is declared after the balance sheet date, such dividend is not recognised as liability as at 30 June 2018.

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, total of HK$7.1 million was paid in October 2017.

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	
	2018	2017
Profit attributable to equity holders of the Company *(HK$ thousand)*	**55,690**	34,599
Weighted average number of ordinary shares in issue *(thousand)*	**2,398,689**	2,356,995
Basic earnings per share *(HK cents per share)*	**2.32**	1.47

(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. For the six months ended 30 June 2018 and 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	
	2018	2017
Profit attributable to equity holders of the Company *(HK$ thousand)*	**55,690**	34,599
Weighted average number of ordinary shares in issue *(thousand)*	**2,398,689**	2,356,995
Adjustments for:		
– Assumed conversion of warrants *(thousand)*	**2,118**	6,985
Weighted average number of ordinary shares for diluted earnings per share *(thousand)*	**2,400,807**	2,363,980
Diluted earnings per share *(HK cents per share)*	**2.32**	1.46

11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

		As at	
		30 June	31 December
		2018	2017
	Note	***HK$'000***	*HK$'000*
Non-current			
Prepayments		**42,734**	155,001
Other receivables	*(b)*	**14,466**	11,410
		57,200	166,411
Current			
Trade receivables	*(a)*	**59,391**	17,176
Prepayments and other receivables	*(b)*	**160,109**	100,554
		219,500	117,730
		276,700	284,141

Notes:

(a) The ageing analysis of trade receivables by the Group's revenue recognition policy at 30 June 2018 and 31 December 2017, was as follows:

	As at	
	30 June	31 December
	2018	2017
	HK$'000	*HK$'000*
Less than 30 days	**19,788**	17,176
More than 30 days and within 60 days	**8,970**	–
More than 60 days and within 90 days	**8,798**	–
More than 90 days	**21,835**	–
	59,391	17,176

The ageing analysis of trade receivables by invoice due date at 30 June 2018 and 31 December 2017, was as follows: *(Note i)*

	As at	
	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Not past due and less than 30 days	**27,300**	17,176
More than 30 days and within 60 days	**8,580**	–
More than 60 days and within 90 days	**7,293**	–
More than 90 days	**16,218**	–
	59,391	17,176

Note i:

The Group allows a credit period of 30 days to its trade customers. As at 30 June 2018, trade receivables of HK$40.6 million (31 December 2017: HK$2.1 million) were past due but not impaired. Based on the credit history of the customers, it is expected that the amounts will be received eventually. They are related to a number of independent customers for which there is no recent history of default. The Group does not hold any collateral in relation to these receivables.

(b) Included in other receivables were input value-added taxation recoverable of HK$20,837,000 (31 December 2017: HK$18,375,000) arising from purchase of property, plant and equipment and dividend receivables from associates of HK$137,359,000 (31 December 2017: HK$78,462,000).

12 TRADE AND OTHER PAYABLES

	As at **30 June 2018** *HK$'000*	As at 31 December 2017 *HK$'000*
Trade payables	**311**	552
Payables for acquisition and construction of property, plant and equipment	**31,751**	30,232
Other payables and accruals	**13,250**	16,174
	45,312	46,958

The ageing analysis of trade payables at 30 June 2018 and 31 December 2017, was as follows:

	As at **30 June 2018** *HK$'000*	As at 31 December 2017 *HK$'000*
Less than 12 months	**120**	53
12 months and more	**191**	499
	311	552

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2018, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$85.5 million in turnover from its renewable energy business. For the interim period, revenues improved as wind resources were good and curtailment was lower. In addition, the Group received contributions from its new distributed solar project. Revenue for the first six months of 2018 was 28% higher than last year's HK$66.6 million. With continued effort in controlling operational costs, the gross profit for the period increased 46% to HK$38.3 million (2017: HK$26.3 million).

Good wind conditions helped our wind farms operations under our associates, leading to a better net profit contribution to the Group. The net profit from the associates was HK$49.7 million as compared to last year's HK$33.6 million.

The Group's net profit after tax attributable to the equity holders of the Group was approximately HK$55.7 million for the six months ended 30 June 2018 as compared to HK$34.6 million for the same period in 2017. This represents basic earnings per share of HK2.32 cents, compared to 2017 basic earnings per share of HK1.47 cents.

Liquidity and Financial Resources

The Group's total bank borrowings was HK$451.4 million as at 30 June 2018, compared to HK$440.3 million as at 31 December 2017. The difference was mainly due to the net effect of the draw down of bank loan for the Henan Songxian wind project, repayment of principal with existing project loans 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 annual interest rates fixed at the People's Bank of China rates. The maturity dates for the Group's outstanding borrowings spread over the next 14 years. HK$93.6 million is repayable within one year, HK$317.2 million repayable within two to five years and HK$40.6 million repayable after five years.

As at 30 June 2018, the Group's unrestricted bank deposits and cash decreased to HK$251.2 million as compared to HK$300.1 million as at 31 December 2017. Such decrease was due to repayment of a shareholder loan HK$25.0 million to Creator Holdings Limited and repayment of project bank loans HK$10.4 million.

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 RMB910.9 million (equivalent to HK$1,077.9 million) as security for the bank borrowings as at 30 June 2018. Assets, worth approximately RMB786.9 million (equivalent to HK$943.9 million), were charged as at 31 December 2017. The difference was due to the depreciation of assets, fluctuation of the RMB currency and increase in expenditure under construction in progress for the Henan Songxian wind project.

Gearing Ratio

As at 30 June 2018, the Group's net gearing ratio, which was the total borrowings plus amount due to a shareholder less unrestricted bank deposits and cash divided by total equity, was 22% as compared to 21% as at 31 December 2017.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2018 (Nil as at 31 December 2017).

Business Review

During the first half of 2018, China's economy remained stable with power demand increasing 9.4%, 3.1% higher than the first half of 2017. China's total power consumption reached 3,229,100 Giga-Watt-hours ("GWh"). 7.5 Giga-Watt ("GW") and 24.3 GW of wind power and solar power capacity were installed, and now has an aggregate total of 171.6 GW and 154.5 GW respectively. Total wind power output also increased by 28.7% compared to the first half of 2017 to 191,700 GWh. Total solar power output was 82,390 GWh, an increase of around 59% compared to the first half of 2017. A continuous upward trend in the overall growth in electricity demand and renewable energy output as a percentage of total energy output was observed in the first half of 2018. This was in line with the earlier announced policies and goals of the government and grid company to reduce the amount of curtailment and to increase the renewable energy consumption rate at the same time.

As of June 2018, the Group has seven wind farms and one distributed solar project under operation with a total gross capacity of 664 Mega-Watt ("MW"). Adhering to the general principle of making progress and optimization in a steady way, we have continually improved the operations of our existing wind farms, reducing costs and curtailment. As a result, our operational wind farms were able to achieve higher levels of power generation and utilisation hours compared to first half of 2017, dispatching a total of 766.1 GWh as compared to 676.0 GWh in 2017. The average utilisation hours of our wind portfolio was 1,161 hours (1,024 hours in first half 2017), 18 hours higher than the national average (i.e. 1,143 hours).

We continue to make significant progress on the development and construction of new projects. Project costs at the Group's Henan Songxian Phase I 74 MW wind farm are under control, and construction schedules, quality and safety standards have been met. The project is targeted to be commissioned in the second half of 2018, which will further increase our net capacity by approximately 21%. On the development front, Henan Songxian Phase II wind project has been successfully included under the 2018 Henan Provincial Wind Project Development Plan with 40 MW quota allocated.

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 2018 was around 39.6 GWh, which was equivalent to 666 utilization hours. Wind resources were better and curtailment was lower compared to the first half of 2017; therefore the performance was better compared to last year's six-month dispatch of 31.0 GWh, or an equivalent of 522 utilization hours.

Siziwang Qi Phase I & II Wind Farm

Siziwang Qi Phase I and II 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 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. During the interim period, Siziwang Qi Phase I and II wind farms dispatched power of approximately 106.0 GWh, which was equivalent to 1,071 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 93.9 GWh (948 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 ("CECEP"), which holds 60%. The entire wind farm started commercial operation in September 2010. During the first six months of 2018, the power dispatched was around 245.2 GWh, which was equivalent to 1,226 utilization hours. As this project was obtained through national tender, the wind farm enjoyed almost no curtailment. Wind resources in the first half of 2018 were slightly better than 2017. With improved operational efficiencies, the performance was better compared to last year's power dispatch of 209.0 GWh (1,045 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 minimal curtailment. With better overall wind resources compared to last year, Changma dispatched power of around 250.9 GWh, which was equivalent to 1,248 utilization hours, for the first six months of 2018. The wind farm's output was higher than last year's power dispatch of 224.7 GWh (1,118 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 2018, Lunaobao's wind resources and curtailment situation were similar to last year. Power dispatch was around 124.4 GWh, which was equivalent to 1,238 utilization hours, slightly higher compared to last year's 117.4 GWh (1,169 utilization hours).

Nanxun Distributed Solar Project

Nanxun distributed solar project is located in Nanxun district of Huzhou city in Zhejiang province. It is the Group's first wholly-owned distributed rooftop solar project. The 4 Mega-Watt-peak ("MWp") distributed solar project was installed over 60,000 square meters of rooftops on Nanxun International Building Materials City, a commercial complex owned by CRE's parent company, HKC (Holdings) Limited. Power generated will be first sold to Nanxun International Building Materials City and any excess will be sold to the local grid company. During the first six months of 2018, solar resources were comparable to the national historical average. The project generated power of 1.6 GWh, which was equivalent to 400 utilization 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 Group strategy "**Grow · Advance · Sustain**" guides 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 to look for **growth** investment opportunities in new technologies. In CRE, every kilo-Watt-hour ("kWh") energy output counts. We therefore strive to innovate and **advance** in all aspects of our business and operations to continuously enhance our profitability with an ultimate goal to create **sustainable** value and to increase 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 identifying material risks and then managing these so that they can be understood, minimised, mitigated or avoided.

Outlook

China's renewable energy industry will continue to benefit from previously announced policies. Looking ahead into 2018, the Government will continue to vigorously adjust the energy structure and increase the supply of renewable energy. It will continue to increase efforts to solve grid curtailment issues, and the consumption rate of renewable energy is expected to further increase.

However, the industry is also facing several negative issues: increased competition, a reduction of wind and solar power benchmark tariffs for new projects, and the rising proportion of schemes in different provinces where power is sold based on competitive pricing as opposed to fixed tariffs. Two new policies announced by the National Energy Administration ("NEA") in the first half of 2018 will have an adverse impact on the development of wind and solar projects. For new wind projects, tariff pricing will be determined by a competitive bidding process. Therefore, we expect a drop in tariffs from 2019 onward and the Levelized Cost of Electricity ("LCOE") will become a more important factor for developers to consider under the bidding process. However, it should be noted that projects listed under the 2018 Provincial Development and Plan will not be affected and previously agreed feed-in-tariffs will remain the same. For solar projects, from 1 June 2018, all utility-scale and distributed solar project feed-in-tariffs will be lowered by RMB0.05/kWh, which means the feed-in-tariff for the three categories of resources regions will be RMB0.5/kWh, RMB0.6/kWh and RMB0.7/kWh, respectively. For distributed solar projects, the tariff subsidy will be lowered to RMB0.32/kWh. Tariffs of solar projects in impoverished areas and individual distributed solar project will remain unchanged. NEA will also not allocate any quota for utility-scale solar projects in 2018. Going forward, allocation of annual quota by provinces will need to go through the bidding process (i.e. feed-in-tariff will be the ceiling tariff for bidding). There will also be an annual quota on distributed solar projects. For 2018, 10 GW is allocated.

Facing this change in the environment, the Group will actively adjust to the market trend and adhere to our principle of investing in only the highest quality renewable energy projects – those projects with high potential return in regions not subject to curtailment.

For our existing wind farms, every kWh energy output counts, as outlined in our strategy. After conducting an in-depth analysis of the pilot market transaction scheme, and given most of our competitors are joining these schemes, we have decided to join the scheme for our Inner Mongolian projects in the second half of 2018 in order to further maximise power generation, lower curtailment, and enhance our profitability.

On the development side, we have successfully obtained a 40 MW quota for our Henan Songxian Phase II wind project. We aim to secure all the sub approvals, obtain the final project approval and start construction of the project in 2019. At the same time, after the successful completion of our first 4 MWp distributed solar project, we have been actively looking into the acquisition and development of other distributed solar projects in China, and possibly overseas. We believe we have a competitive advantage given our parent company is a property developer. We are also particularly excited about the potential for distributed wind projects. We are currently assessing the economics and trying to secure good potential sites for our development pipeline.

The energy business is one that rewards expertise, patience, commitment and innovation. CRE is encouraged by our growth over the past 10 years. Our focus has been on profitability and to maintain steady growth in our business. With our first 4 MWp distributed solar project commissioned in 2018, a 74 MW wind project to be completed in 2018, together with another 40 MW wind project to be constructed in 2019, we expect earnings to continue improving. 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 shareholders as we work towards a smarter and cleaner tomorrow.

Employees

As at 30 June 2018, the Group's operations in Hong Kong and Mainland China employed a total of 87 employees. 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 2017, 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 expectations of our stakeholders while balancing the needs of our shareholders, environment and the communities we operate in.

The Group has over 664 MW of operating wind farms and distributed solar project in Hebei, Heilongjiang, Gansu, Inner Mongolia and Zhejiang provinces. Most of our projects are located in remote northern regions. They greatly benefit the economic development of the local areas through investment, by reducing local pollution and carbon emissions, and by contributing to the local communities through the hiring of local staff who are given fair market-based remuneration packages. In the first half of 2018, CRE's operating assets complied with all local environmental related regulatory requirements. With a total electricity generation of 766.1 GWh, we have reduced approximately 249,000 tons of coal consumption and 593,000 tons of carbon emission. For our Songxian project that is still being constructed in 2018, we will monitor the environmental performance of the 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 China's 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 more profitable.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.4 cents (2017: HK0.3 cents) per ordinary share for the six months ended 30 June 2018 to the shareholders of the Company. The interim dividend will be paid on Wednesday, 19 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 6 September 2018 to Friday, 7 September 2018 (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, 5 September 2018.

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 2018, 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 2018.

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 2018, 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 29 May 2018 (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 2018.

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 2018 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 2018

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.