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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 2018

The board of directors (the "Board") of China Renewable Energy Investment Limited (the "Company" or "CRE") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue	3	**149,496**	131,343
Cost of sales	4	**(97,643)**	(85,661)
Gross profit		**51,853**	45,682
Other income	3	**6,586**	12,319
Administrative expenses	4	**(29,670)**	(25,325)
Operating profit		**28,769**	32,676
Finance income	5	**3,183**	2,545
Finance costs	5	**(28,693)**	(32,487)
Finance costs – net	5	**(25,510)**	(29,942)
Share of profits less losses of associates		**69,007**	67,580

	Note	2018 HK$'000	2017 HK$'000
Profit before income tax		**72,266**	70,314
Income tax expense	*6*	**(9,313)**	(9,364)
Profit for the year		**62,953**	60,950
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences of the Company and its subsidiaries		**(45,124)**	55,279
Currency translation differences of associates		**(46,403)**	68,637
Other comprehensive (loss)/income for the year, net of tax		**(91,527)**	123,916
Total comprehensive (loss)/income for the year		**(28,574)**	184,866
Profit attributable to:			
Equity holders of the Company		**62,254**	60,330
Non-controlling interests		**699**	620
		62,953	60,950
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(29,346)**	184,413
Non-controlling interests		**772**	453
		(28,574)	184,866
Earnings per share attributable to equity holders of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	*7(a)*	**2.54**	2.56
Diluted earnings per share	*7(b)*	**2.54**	2.54

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**825,547**	911,598
Construction in progress		**321,004**	36,089
Prepaid land lease payments		**10,257**	11,925
Intangible assets		**4,614**	5,392
Prepayments and other receivables	9	**59,749**	166,411
Interests in associates		**884,894**	931,364
Total non-current assets		**2,106,065**	2,062,779
Current assets			
Inventories		**6,728**	9,050
Trade and other receivables	9	**204,986**	117,730
Restricted cash		**2,391**	–
Short-term bank deposits		**43,656**	–
Cash and cash equivalents		**161,585**	300,060
Total current assets		**419,346**	426,840
Total assets		**2,525,411**	2,489,619
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**25,062**	23,647
Reserves		**1,703,504**	1,721,779
Equity attributable to equity holders of the Company		**1,728,566**	1,745,426
Non-controlling interests		**(1,297)**	(2,069)
Total equity		**1,727,269**	1,743,357

	Note	2018 HK$'000	2017 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**383,450**	351,335
Deferred income tax liabilities		**31,270**	32,772
Total non-current liabilities		**414,720**	384,107
Current liabilities			
Trade and other payables	*10*	**63,207**	46,958
Current portion of bank borrowings		**122,510**	88,931
Amount due to a shareholder		**197,511**	226,169
Current income tax liabilities		**194**	97
Total current liabilities		**383,422**	362,155
Total liabilities		**798,142**	746,262
Total equity and liabilities		**2,525,411**	2,489,619

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 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.

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 for issue by the board of directors of the Company (the "Board") on 20 March 2019.

2 BASIS OF PREPARATION

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

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

Amendments to HKAS 40	Transfers of Investment Property
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
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
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 adoption of the new impairment model as at 1 January 2018 has not resulted in any 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 selected to apply 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 any 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	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019
HK(IFRIC)-Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
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$8.6 million. Based on the current assessment, it is estimated that the change in accounting for the Group's operating leases will not result in a significant impact on the Group's financial statements.

HKFRS 16 is mandatory for the first annual reporting period beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. The Group has not early adopted HKFRS 16 for the year ended 31 December 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE AND OTHER INCOME

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of electricity	**149,496**	131,343
Other income		
Value-added tax refund	**6,516**	6,514
Others	**70**	5,805
	6,586	12,319

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 significant material operations outside the PRC, no geographic segment information is presented.

For the year ended 31 December 2018, the Group's revenue for reportable segment from external customers of HK$149.5 million (2017: HK$131.3 million) is only attributable to the China market.

For the year ended 31 December 2018, the Group has two customers with revenue exceeding 10% of the Group's total revenue (2017: two customers). Revenues from the customers amounted to HK$95.7 million and HK$49.5 million (2017: HK$85.0 million and HK$46.3 million) respectively.

4 EXPENSES BY NATURE

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit services	**1,531**	1,494
– Non-audit services	**410**	615
Amortisation of prepaid land lease payments	**1,109**	1,074
Amortisation of intangible assets	**734**	435
Depreciation of property, plant and equipment	**74,897**	70,068
Net exchange loss	**4,151**	715
Employee benefit expenses (including directors' emoluments)	**19,377**	17,987
Operating lease rental	**1,617**	1,285
Repair and maintenance expenses	**5,111**	2,287
Corporate expenses	**972**	1,081
Legal and professional fees	**788**	1,427
Management service fee	**1,106**	1,106
Other expenses	**15,510**	11,412
Total cost of sales and administrative expenses	**127,313**	110,986

5 FINANCE INCOME AND COSTS

	2018	2017
	HK$'000	*HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(26,590)**	(26,738)
– interest expenses on amount due to a shareholder	**(9,870)**	(6,169)
	(36,460)	(32,907)
Less: amounts capitalised	**7,767**	420
	(28,693)	(32,487)
Finance income:		
– interest income on bank deposits	**3,183**	2,545
Finance costs – net	**(25,510)**	(29,942)

6 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the years ended 31 December 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% (2017: 25%). Withholding tax was provided for undistributed profits of certain subsidiaries and associates in the PRC at a rate of 5% or 10% (2017: 5% or 10%).

	2018	2017
	HK$'000	*HK$'000*
Current income tax	**(1,703)**	(1,082)
Withholding tax on dividends	**(7,850)**	(9,201)
Deferred income tax credit, net	**240**	919
Income tax expense	**(9,313)**	(9,364)

Note:

The share of income tax expense of associates of HK$20.5 million (2017: HK$19.7 million) is included in the Group's share of profits less losses of associates.

7 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.

	2018	2017
Profit attributable to equity holders of the Company (HK$ thousand)	**62,254**	60,330
Weighted average number of ordinary shares in issue (thousand)	**2,450,873**	2,359,216
Basic earnings per share (HK cents per share)	**2.54**	2.56

(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 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.

	2018	2017
Profit attributable to equity holders of the Company (HK$ thousand)	**62,254**	60,330
Weighted average number of ordinary shares in issue (thousand)	**2,450,873**	2,359,216
Adjustment for:		
– Assumed conversion of warrants (thousand)	**1,207**	11,647
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**2,452,080**	2,370,863
Diluted earnings per share (HK cents per share)	**2.54**	2.54

8 DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividend paid, of HK0.4 cents (2017: HK0.3 cents) per ordinary share	**10,025**	7,094
Final dividend proposed, of HK0.4 cents (2017: HK0.4 cents) per ordinary share	**10,025**	9,459

On 20 March 2019, a final dividend of HK0.4 cents per ordinary share payable in cash in respect of the year ended 31 December 2018 is proposed by the Board and the amounts are not accounted for until they are approved by the shareholders at the forthcoming annual general meeting of the Company. As the proposed final dividend is declared after the balance sheet date, such dividend is not recognised as liability as at 31 December 2018.

On 23 August 2018, the Board has declared an interim dividend of HK0.4 cents per ordinary share payable in cash, total of HK$10.0 million was paid in September 2018.

For the year ended 31 December 2017, a final dividend of HK0.4 cents per ordinary share payable in cash, total of HK$10.0 million was paid in June 2018.

9 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	Note	2018 HK$'000	2017 HK$'000
Non-current			
Prepayments	*(b)*	**16,654**	155,001
Other receivables	*(c)*	**43,095**	11,410
		59,749	166,411
Current			
Trade receivables	*(a)*	**61,247**	17,176
Prepayments and other receivables	*(c)*	**143,739**	100,554
		204,986	117,730
		264,735	284,141

Notes:

(a) The ageing analysis of trade receivables by the Group's revenue recognition policy at year end was as follows:

	2018 HK$'000	2017 HK$'000
Less than 30 days	**25,711**	17,176
More than 30 days and within 60 days	**6,326**	–
More than 60 days and within 90 days	**6,371**	–
More than 90 days	**22,839**	–
	61,247	17,176

The ageing analysis of trade receivables by invoice date at year end was as follows: *(Note i)*

	2018 HK$'000	2017 HK$'000
Less than 30 days	**24,898**	15,029
More than 30 days and within 60 days	**6,656**	2,147
More than 60 days and within 90 days	**6,424**	–
More than 90 days	**23,269**	–
	61,247	17,176

Note i:

The Group allows a credit period of 30 days to its trade customers. 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) The balance includes prepayments of HK$16.7 million (2017: HK$154.0 million) for purchase of wind farm's equipment for the relevant construction work.

(c) Included in other receivables were input value-added taxation recoverable of HK$49.4 million (2017: HK$18.4 million) arising from purchase of property, plant and equipment and dividend receivables from associates of HK$125.5 million (2017: HK$78.5 million).

(d) All prepayments, 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.

10 TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**513**	552
Payables for acquisition and construction of property, plant and equipment	**48,355**	30,232
Other payables and accruals	**14,339**	16,174
	63,207	46,958

The ageing analysis of trade payables by invoice date at year end was as follows:

	2018	2017
	HK$'000	*HK$'000*
Less than 12 months	**441**	53
12 months and more	**72**	499
	513	552

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2018, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$149.5 million in turnover. Although wind resources were at similar levels as in 2017, lower overall curtailment and new contributions from the Group's distributed solar project has led to a 14% increase in revenue as compared to last year's HK$131.3 million. With continued effort in controlling operational costs, the gross profit for the period increased 14% to HK$51.9 million (2017: HK$45.7 million).

Wind conditions of the Group's wind farms operating under the associates were similar to last year. As a result, the net profit contribution from the associates of HK$69.0 million was similar to last year's HK$67.6 million.

While revenue and gross profit increased in 2018, the Group was adversely affected by a 5.1% depreciation in the Renminbi ("RMB"), resulting in a HK$4.2 million exchange loss. As a result, for the year ended 31 December 2018, net profit after tax attributable to the equity holders of the Group was only 3% higher compared to the previous year at HK$62.3 million or basic earnings of HK2.54 cents per share. For the same period in 2017, net profit after tax attributable to the equity holders of the Group was HK$60.3 million or basic earnings of HK2.56 cents per share. The slight decrease in basic earnings per share was a result of a larger share base due to the exercise of bonus warrants.

Liquidity and Financial Resources

As at 31 December 2018, the Group's total bank borrowings was HK$506.0 million as compared to HK$440.3 million in 2017. The difference was mainly due to the net effect of the drawdown of a bank loan for the Henan Songxian 74 Mega-Watt ("MW") wind project ("Songxian Phase I Wind Farm"), repayment of principal for existing project loans, drawdown of a new revolving corporate bank loan facility and currency exchange differences.

The bank borrowings include project loans and a revolving corporate bank loan facility. Project loans were interest-bearing RMB bank loans to finance the Group's wind farm projects in the People's Republic of China ("China"), with interest rates based on the People's Bank of China rates. The revolving corporate bank loan facility was an interest-bearing HKD bank loan, with interest rate based on the Hong Kong Interbank Offered Rate. The maturity dates for the Group's outstanding bank borrowings were as follows: HK$122.5 million is repayable within one year, HK$280.8 million repayable within two to five years and HK$102.7 million repayable after five years.

As at 31 December 2018, the Group had restricted cash of HK$2.4 million. Unrestricted bank deposits and cash were HK$205.2 million as compared to HK$300.1 million in 2017. Such decrease was mainly due to repayment of a shareholder loan of HK$25.0 million to Creator Holdings Limited and repayment of project bank loans of HK$85.4 million.

As the majority of the bank borrowings and all 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 RMB1,002.8 million (equivalent to HK$1,141.8 million) as security for the bank borrowings as at 31 December 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 a higher pledge on construction in progress for the Songxian Phase I Wind Farm.

Gearing Ratio

As at 31 December 2018, the Group's net gearing ratio, defined as the total borrowings plus the amount due to a shareholder, less unrestricted bank deposits and cash, divided by total equity, was 29% as compared to 21% as at 31 December 2017.

Contingent Liabilities

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

Business Review

While China's economy is slowing down, total power consumption in China continues to grow, reaching 6,844,900 Giga-Watt-hours ("GWh"), representing an increase of 8.5% as compared to 2017. However, wind and solar power generation capacity grew even more. An aggregate total of 184 Giga-Watt ("GW") wind power capacity and 174 GW solar power capacity were installed, increasing by 12% and 34% respectively as compared to 2017. Total wind power output was 366,000 GWh, an increase of around 20% compared to 2017, accounting for 5.2% of total power generation across the country. Total solar power output was 177,500 GWh, an increase of around 50% compared to 2017, accounting for 2.5% of total power generation across the country.

The Group has seven wind farms and one distributed solar project under operation with a total gross power generating capacity of 664 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 utilization hours, dispatching a total of 1,362.2 GWh as compared to 1,325.2 GWh in 2017. The average utilization hours of our wind portfolio reached 2,064 hours (2,010 hours in 2017), similar to the national average.

We continue to make progress on the development and construction of new projects. Songxian Phase I Wind Farm is under construction and about half of the project is now connected to the grid. Construction costs of the project are under control, and quality and safety standards have been met. The project will be commissioned by stages starting from early 2019. Completion of the project will increase the Group's total gross power generating capacity by 11% to 738 MW.

In addition, the Group obtained approval from the National Development and Reform Commission ("NDRC") for an additional phase two of the Songxian project ("Songxian Phase II Wind Farm"). Preparation for this 40 MW wind farm is underway and construction preparation is under planning. Construction is expected to begin in late 2019 or early 2020 and operations to begin in early 2021. After the completion and full operation of the Songxian Phase II Wind Farm, the Group's total gross power generating capacity is expected to increase by an additional 5% to 778 MW.

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 86.7% respectively. Power dispatch in 2018 was approximately 76.9 GWh, which was equivalent to 1,293 utilization hours. Although wind resources were similar to last year, curtailment was reduced significantly due to various implemented policies; therefore, performance was better compared to last year's dispatch of 72.3 GWh (equivalent to 1,215 utilization hours).

Siziwang Qi Phase I & II Wind Farms

Siziwang Qi Phase I & 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 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. In 2018, Siziwang Qi Phase I & II wind farms dispatched power of approximately 191.4 GWh, which was equivalent to 1,933 utilization hours. Although wind resources were slightly less than last year, performance was actually significantly higher than last year's dispatch of 166.2 GWh (equivalent to 1,679 utilization hours). The improvement was due to an enhancement in our operation and maintenance strategy, resulting in higher power generation and reduced curtailment.

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 commenced commercial operation in September 2010. The power dispatched in 2018 was approximately 420.2 GWh, which was equivalent to 2,101 utilization hours. As this project was obtained through the national tendering process, the wind farm enjoyed minimal curtailment. As wind resources were slightly better than last year, together with improved operational efficiencies, the performance was slightly better compared to last year's dispatch of 415.3 GWh (equivalent to 2,076 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. As this project was also obtained through the national tendering process, the wind farm enjoyed minimal curtailment. The power dispatched in 2018 was approximately 458.6 GWh, which was equivalent to 2,282 utilization hours. As wind resources were slightly better than last year, together with improved operational efficiencies, the performance was better compared to last year's dispatch of 445.2 GWh (equivalent to 2,215 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 was not obtained through the national tendering process, hence it does not enjoy low curtailment. The power dispatched in 2018 was approximately 215.1 GWh, which was equivalent to 2,141 utilization hours. Although wind resources were similar to last year, slightly higher curtailment resulted in lower power dispatch compared to last year's dispatch of 226.2 GWh (equivalent to 2,251 utilization hours).

Nanxun Distributed Solar Project

Nanxun distributed solar project is located in Nanxun district of Huzhou city in Zhejiang province, and 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 is sold to Nanxun International Building Materials City and any excess power is sold to the local grid company. The project started commercial operation in March 2018. The power dispatched in 2018 was approximately 3.8 GWh, which was equivalent to 953 utilization hours.

Business Model & Risk 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 customers. 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 thoroughly evaluated by the Executive Committee and the Board based on a combination of 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 to managing these so that they can be understood, minimised, mitigated or avoided.

Outlook

During 2018, the NDRC and National Energy Administration ("NEA") issued the "Renewable Energy Consumption Action Plan 2018-2020". The plan calls for a renewable energy quota system which will set renewable energy consumption targets for each region, with the goal of reducing curtailment by 2020. In addition, NEA continues to encourage new technologies and management strategies and to improve the transmission networks. Operational procedures have also been improved in order to increase the utilization rate of renewable energy. With environmental protection now equivalent in importance to economic growth, wind and solar power consumption is expected to continue increasing.

However, the renewable energy industry continues to face challenges such as increased competition and delays in the tariff subsidies settlement. However, environmental protection policies will become stronger and the government is more carefully managing the growth of the industry. And the government is making progress in settling tariff subsidies. With lower expected investment costs, lower curtailment, and improved operational efficiencies, wind farm utilization rates and investment returns are expected to improve.

Facing the challenges and opportunities, the Group continues to proactively respond. We continue to adhere to our principle of investing only in top quality renewable energy projects, focusing on those projects with high potential return and in regions not subject to curtailment. For our existing wind farms, every kWh energy output counts, as outlined in our strategy. The Group's wind power projects in Heilongjiang and Inner Mongolia will explore participating in the pilot electricity market trading scheme. This is expected to help increase power dispatch, reduce curtailment and increase overall profitability of these projects.

On the development front, Songxian Phase II Wind Farm 40 MW has been successfully approved by NDRC. Initial planning is underway. Construction will be targeted to start in late 2019 or early 2020 and commercial operation is expected to commence around early 2021. After completion and full operation of the phase two project, the Group's total gross power generating capacity will increase by 5% to 778 MW. At the same time, we have been actively looking into acquiring and developing other wind and solar power projects in China, and possibly overseas.

CRE has full confidence in our growth prospects. The renewable energy business is one that rewards expertise, patience, commitment and innovation. With our Songxian Phase I Wind Farm to be fully commissioned in 2019 and Songxian Phase II Wind Farm to be commissioned in coming years, the Group expects earnings to continue improving. The Group has been focusing on increasing profitability instead of blind pursuit of expansion. We will continue to work diligently, develop our businesses efficiently and steadily, 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 the end of December 2018, the Group's operations in Hong Kong and Mainland China employed a total of 89 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 2018, 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 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 a 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 area through investment, by reducing local pollution and carbon emissions, and by contributing to the local community through the hiring of local staff who are given fair market-based remuneration packages. In 2018, CRE's operating assets complied with all local environmental related regulatory requirements. With a total electricity generation of 1,362.2 GWh, we have reduced approximately 443,000 tons of coal consumption and 1,054,000 tons of carbon emission. For our Songxian Phase I Wind Farm which is still under construction in 2019, we will closely 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 NDRC and NEA 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.

RECORD DATE FOR 2019 AGM

The record date for determining the entitlement of shareholders of the Company ("Shareholders") to attend and vote at the forthcoming annual general meeting of the Company which will be held on Monday, 20 May 2019 ("2019 AGM") is Tuesday, 14 May 2019 after close of business. In order to be eligible to attend and vote at the 2019 AGM, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with the Company's branch share registrar and transfer agent in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong ("Computershare"), no later than 4:30 p.m. on Tuesday, 14 May 2019.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK0.4 cents (2017: HK0.4 cents) per ordinary share for the year ended 31 December 2018 to Shareholders whose names appear on the register of members of the Company on Friday, 31 May 2019. Subject to the approval of Shareholders at the 2019 AGM, the final dividend will be paid on Friday, 14 June 2019.

CLOSURE OF REGISTER OF MEMBERS

The record date for the proposed final dividend is Friday, 31 May 2019. The Company's register of members will be closed from Thursday, 30 May 2019 to Friday, 31 May 2019 (both days inclusive) in order to determine entitlements to the proposed final dividend. During such period, no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Computershare for registration no later than 4:30 p.m. on Wednesday, 29 May 2019.

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 securities during the year ended 31 December 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 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 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 but some of the Independent Non-executive Directors 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 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 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.

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 2018.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 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 2018 annual report containing all the information required by the Listing Rules will be published on the above websites and dispatched to the Shareholders in due course.

By order of the Board
CHINA RENEWABLE ENERGY INVESTMENT LIMITED
OEI Kang, Eric
Chairman and Chief Executive Officer

Hong Kong, 20 March 2019

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.