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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2021

		Unaudited	
		Six months ended 30 June	
	Note	**2021**	2020
		HK$'000	*HK$'000*
Revenue	*5*	**133,714**	96,807
Cost of sales		**(69,132)**	(61,070)
Gross profit		**64,582**	35,737
Other income	*5*	**7,777**	3,819
Other losses	*6*	**(167)**	–
Administrative expenses		**(11,429)**	(14,465)
Operating profit	*7*	**60,763**	25,091
Finance income	*8*	**724**	1,822
Finance costs	*8*	**(19,894)**	(17,915)
Finance costs – net	*8*	**(19,170)**	(16,093)
Share of results of associates		**53,625**	33,556

	Note	Unaudited Six months ended 30 June 2021 HK$'000	2020 HK$'000
Profit before income tax		**95,218**	42,554
Income tax expense	*9*	**(9,485)**	(6,501)
Profit for the period		**85,733**	36,053
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences of the Company and its subsidiaries		**8,124**	(14,821)
Currency translation differences of associates		**7,130**	(15,406)
Other comprehensive income/(loss) for the period, net of tax		**15,254**	(30,227)
Total comprehensive income for the period		**100,987**	5,826
Profit/(loss) attributable to:			
Equity holders of the Company		**85,305**	36,834
Non-controlling interests		**428**	(781)
		85,733	36,053
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**100,561**	6,585
Non-controlling interests		**426**	(759)
		100,987	5,826
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)			
Basic and diluted earnings per share	*11*	**3.40**	1.47

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	Unaudited 30 June 2021 HK$'000	Audited 31 December 2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,244,043**	1,285,205
Right-of-use assets		**14,932**	16,075
Intangible assets		**3,360**	3,499
Prepayments and other receivables	*12*	**45,242**	51,185
Interests in associates		**908,494**	909,595
Total non-current assets		**2,216,071**	2,265,559
Current assets			
Inventories		**10,917**	12,901
Trade and other receivables	*12*	**460,972**	432,972
Restricted cash		**2,522**	2,502
Cash and cash equivalents		**221,687**	190,405
Total current assets		**696,098**	638,780
Total assets		**2,912,169**	2,904,339
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**25,062**	25,062
Reserves		**1,979,793**	1,889,257
Equity attributable to equity holders of the Company		**2,004,855**	1,914,319
Non-controlling interests		**(494)**	(920)
Total equity		**2,004,361**	1,913,399

	Note	Unaudited 30 June 2021 HK$'000	Audited 31 December 2020 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**504,389**	552,182
Lease liabilities		**331**	654
Deferred income tax liabilities		**34,347**	33,989
Total non-current liabilities		**539,067**	586,825
Current liabilities			
Trade and other payables	*13*	**69,763**	84,165
Current portion of bank borrowings		**129,865**	121,070
Amount due to a shareholder		**166,490**	196,874
Lease liabilities		**629**	849
Current income tax liabilities		**1,994**	1,157
Total current liabilities		**368,741**	404,115
Total liabilities		**907,808**	990,940
Total equity and liabilities		**2,912,169**	2,904,339

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 intermediate holding company is HKC (Holdings) Limited, a company incorporated in Bermuda. 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 of the Company (the "Board") on 19 August 2021.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 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 2020, 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 2020.

(a) Amendments to standards adopted by the Group

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform

The adoption of these amendments to standards does not have any significant impact on the Group's consolidated financial information.

(b) New standard and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted

The following new standard and amendments to standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2022 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
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 standard and amendments to standards, which have been issued but are not effective for the financial year beginning on 1 January 2021. The Group has already commenced an assessment on the impact of these new standard and amendments to standards, and expected that the adoption of those new standard and amendments to standards will not have any significant impact on the Group's consolidated financial information in the current or future reporting periods.

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 2020.

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	
	2021	2020
	HK$'000	*HK$'000*
Revenue		
Sales of electricity	**133,714**	96,807
Other income		
Value-added tax refund	**4,971**	3,468
Government subsidies	**–**	267
Net exchange gain	**2,116**	–
Others	**690**	84
	7,777	3,819

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 six months ended 30 June 2021, the Group's revenue for reportable segment from external customers of HK$133.7 million (six months ended 30 June 2020: HK$96.8 million) is only attributable to the China market.

For the six months ended 30 June 2021, the Group has three customers with revenue exceeding 10% of the Group's total revenue (six months ended 30 June 2020: three customers). Revenues from the customers amounted to HK$56.5 million, HK$53.2 million and HK$21.6 million (six months ended 30 June 2020: HK$47.6 million, HK$28.5 million and HK$18.4 million) respectively.

6 OTHER LOSSES

The amount of each significant category of other losses recognised during the period is as follows:

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Loss arising from liquidation of a subsidiary	**(167)**	–

7 OPERATING PROFIT

Operating profit is arrived at after charging the following items:

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Auditor's remuneration	**(396)**	(396)
Amortisation of intangible assets	**(411)**	(348)
Depreciation of property, plant and equipment	**(53,440)**	(44,764)
Depreciation of right-of-use assets	**(1,260)**	(1,086)
Net exchange loss	**–**	(4,372)
Employee benefit expenses (including directors' emoluments)	**(10,783)**	(8,900)
Rental expenses relating to short-term leases	**(158)**	(130)
Corporate expenses	**(440)**	(445)
Legal and professional fees	**(535)**	(572)
Management service fee	**(548)**	(548)
Repair and maintenance expenses	**(2,260)**	(1,302)

8 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(16,632)**	(18,419)
– interest expenses on amount due to a shareholder	**(3,230)**	(5,033)
– interest expenses on lease liabilities	**(32)**	(57)
	(19,894)	(23,509)
Less: amounts capitalised	**–**	5,594
	(19,894)	(17,915)
Finance income:		
– interest income on bank deposits	**724**	1,822
Finance costs – net	**(19,170)**	(16,093)

9 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 2021 and 2020. 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 2020: 25%). Withholding tax was provided for distributed and undistributed profits of associates in the Mainland China at a rate of 10% (six months ended 30 June 2020: 10%).

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Current income tax	**(3,180)**	(2,717)
Withholding tax on dividends	**(6,189)**	(4,998)
Deferred income tax (expense)/credit, net	**(116)**	1,214
Income tax expense	**(9,485)**	(6,501)

10 DIVIDENDS

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
Interim dividend proposed, of HK0.5 cents (six months ended 30 June 2020: HK0.4 cents) per ordinary share	**12,531**	10,025

On 19 August 2021, the Board has resolved to declare an interim dividend of HK0.5 cents per ordinary share payable in cash for the six months ended 30 June 2021. As the proposed interim dividend is declared after the reporting date, such dividend is not recognised as liability as at 30 June 2021.

On 20 August 2020, 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 2020, total of HK$10.0 million was paid in September 2020.

11 EARNINGS PER SHARE

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	
	2021	2020
Profit attributable to equity holders of the Company *(HK$ thousand)*	**85,305**	36,834
Weighted average number of ordinary shares in issue *(thousand)*	**2,506,157**	2,506,157
Earnings per share *(HK cents per share)*	**3.40**	1.47

Basic and fully diluted earnings per share are the same as the Company did not have any dilutive equity instruments throughout the six months ended 30 June 2021 and 2020.

12 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

		As at	
		30 June	31 December
		2021	2020
	Note	***HK$'000***	*HK$'000*
Non-current			
Other receivables	*(b)*	**45,242**	51,185
Current			
Trade receivables	*(a)*	**268,186**	220,982
Prepayments and other receivables	*(b)*	**192,786**	211,990
		460,972	432,972
		506,214	484,157

Notes:

(a) The ageing analysis of trade receivables based on the Group's revenue recognition policy at 30 June 2021 and 31 December 2020, was as follows:

	As at	
	30 June	31 December
	2021	2020
	HK$'000	*HK$'000*
Less than 30 days	**36,433**	51,364
More than 30 days and within 60 days	**10,842**	9,153
More than 60 days and within 90 days	**11,364**	6,707
More than 90 days	**209,547**	153,758
	268,186	220,982

The ageing analysis of trade receivables by invoice date at 30 June 2021 and 31 December 2020, was as follows: *(Note i)*

	As at	
	30 June 2021	31 December 2020
	HK$'000	*HK$'000*
Less than 30 days	**260,545**	213,402
More than 30 days and within 60 days	**–**	–
More than 60 days and within 90 days	**–**	–
More than 90 days	**7,641**	7,580
	268,186	220,982

Note i:

The Group allows a credit period of 30 days to its trade customers. Receivables from sales of electricity are usually settled on a monthly basis by the state-owned grid companies. Included in trade receivables were tariff subsidy receivables of HK$251.2 million (31 December 2020: HK$194.6 million), representing the government subsidies on renewable energy projects to be received from the state-owned grid companies in accordance with the prevailing government policies. Based on the credit history of the customers, it is expected that the amounts will be received eventually and there is no recent history of default. The Group does not hold any collateral in relation to these receivables.

(b) Included in current and non-current other receivables were input value-added taxation recoverable of HK$45.3 million (31 December 2020: HK$51.4 million) arising from purchase of property, plant and equipment, and dividend receivables from associates of HK$171.4 million (31 December 2020: HK$191.7 million).

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

13 TRADE AND OTHER PAYABLES

	As at	
	30 June	31 December
	2021	2020
	HK$'000	*HK$'000*
Trade payables	**326**	305
Payables for acquisition and construction of property, plant and equipment	**62,324**	73,223
Other payables and accruals	**7,113**	10,637
	69,763	84,165

The ageing analysis of trade payables by invoice date at 30 June 2021 and 31 December 2020, was as follows:

	As at	
	30 June	31 December
	2021	2020
	HK$'000	*HK$'000*
Less than 12 months	**312**	291
12 months and more	**14**	14
	326	305

14 EVENTS AFTER THE REPORTING PERIOD

On 26 July 2021, the Group received a notice from China International Economic and Trade Arbitration Commission in respect of a dispute over the final construction payments made in 2019 with a constructor of Songxian wind farm. No provision is recognised at the current stage as the probability of any outflow is considered as remote.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2021, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$133.7 million in turnover. The excellent wind conditions in the first half of 2021 and contributions from the full operation of the Group's Henan Songxian 74 Mega-Watt ("MW") wind project ("Songxian Wind Farm") led to a 38% increase in revenue during the interim period as compared to last year's HK$96.8 million. Gross profit for the period also increased 81% to HK$64.6 million (six months ended 30 June 2020: HK$35.7 million).

For the Group's associate company wind farms, wind conditions were also excellent during the first half of 2021. As a result, operational performance significantly improved and net profit from the associates increased 60% to HK$53.6 million as compared to last year's HK$33.6 million.

Moreover, the appreciation in Renminbi during the first half of 2021 resulted in the Group recording a net exchange gain of HK$2.1 million. As a result, the net profit after tax attributable to the equity holders of the Group for the six months ended 30 June 2021 increased 132% to HK$85.3 million or earnings per share of HK3.40 cents. For the same period in 2020, net profit after tax attributable to the equity holders of the Group was HK$36.8 million or earnings per share of HK1.47 cents.

Liquidity and Financial Resources

As at 30 June 2021, the Group's total bank borrowings was HK$634.3 million as compared to HK$673.3 million as at 31 December 2020. The difference was mainly due to the repayment of principal for existing project loans and corporate bank loan facilities.

The bank borrowings include project loans and corporate bank loan facilities. Project loans were interest-bearing RMB bank loans used 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 or Loan Prime Rate. The corporate bank loan facilities were interest-bearing HKD bank loans, with interest rates based on the Hong Kong Interbank Offered Rate. The maturity dates for the Group's outstanding bank borrowings were as follows: HK$130.0 million is repayable within one year, HK$301.4 million repayable within two to five years and HK$202.9 million repayable after five years.

As at 30 June 2021, the Group had restricted cash of HK$2.5 million. Unrestricted bank deposits and cash was HK$221.7 million as compared to HK$190.4 million as at 31 December 2020. The difference was mainly related to the combined effect of dividend received from associates, repayment of principal for existing project loans and corporate bank loan facilities, and payment of 2020 final dividend.

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, related right-of-use assets and trade receivables, with a carrying value of approximately RMB1,010.2 million (equivalent to HK$1,213.3 million) as security for the bank borrowings as at 30 June 2021. Such assets, with a carrying value of approximately RMB1,192.5 million (equivalent to HK$1,420.9 million), were charged as at 31 December 2020.

Gearing Ratio

As at 30 June 2021, the Group's net gearing ratio, defined as the total borrowings plus the amount due to a shareholder, less bank deposits and cash, divided by total equity, was 29% as compared to 35% as at 31 December 2020.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

BUSINESS REVIEW

With the recovery in the economy during the first half of 2021 as China was able to contain the Coronavirus Disease 2019 ("Covid-19"), total power consumption in China increased by 16% as compared to 2020, reaching 3,933,900 Giga-Watt-hours ("GWh"). China's wind and solar power generation capacity increased even more strongly, rising 35% and 24% respectively to an aggregate total of 292 Giga-Watt ("GW") and 268 GW respectively. Total wind power output was 344,200 GWh, an increase of around 45% compared to 2020, accounting for 9% of total power generation across the country. Total solar power output was 157,600 GWh, an increase of around 23% compared to 2020, accounting for 4% of total power generation across the country.

As at 30 June 2021, with the inclusion of our new Songxian Wind Farm, the Group now has eight wind farms and one distributed solar project under operation. Total gross power generating capacity is 738 MW and net power generating capacity is 427 MW.

The wind conditions in the areas that the company operates in Gansu, Hebei, Heilongjiang, Henan and Inner Mongolia provinces improved considerably during the interim period. In addition, the company has continued to improve the operations of its existing wind farms, reducing costs and curtailment. As a result of the increased capacity with Songxian, higher wind speeds during the period, and the improvement in operations, total power despatch of the company's wind farms in the first half of 2021 reached 873.2 GWh or 1,190 utilization hours, a strong increase of 22% compared to the 717.9 GWh or 978 utilization hours in the 2020 interim period.

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. The power dispatched for the first six months of 2021 was approximately 40.8 GWh, which was equivalent to 685 utilization hours. Wind resources were significantly better than last year. Therefore, the performance was better compared to last year's power dispatch of 33.0 GWh (equivalent to 555 utilization hours).

Siziwang Qi Phase I and II Wind Farms

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 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 124.1 GWh, which was equivalent to 1,253 utilization hours. Wind resources were significantly better than last year with lower curtailment. Therefore, the performance was much better compared to last year's power dispatch of 98.4 GWh (equivalent to 993 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 commenced commercial operation in September 2010. As this project was obtained through the national tendering process, the wind farm enjoyed minimal curtailment. During the first six months of 2021, the power dispatched was approximately 261.2 GWh, which was equivalent to 1,306 utilization hours. Wind resources in the first half of 2021 were significantly better than 2020. Therefore, the performance was better compared to last year's power dispatch of 215.9 GWh (equivalent to 1,079 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. During the first six months of 2021, the power dispatched was approximately 256.1 GWh, which was equivalent to 1,274 utilization hours. Wind resources in the first half of 2021 were significantly better than 2020. Therefore, the performance was better compared to last year's power dispatch of 220.0 GWh (equivalent to 1,094 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. During the first six months of 2021, the power dispatched was approximately 103.7 GWh, which was equivalent to 1,032 utilization hours. Wind resources in the first half of 2021 were better than 2020. The performance was slightly better compared to last year's power dispatch of 100.4 GWh (equivalent to 999 utilization hours).

Songxian Wind Farm

Songxian wind farm, located in Songxian of Luoyang city in Henan province, has a total of 74 MW wind power capacity and is wholly owned by the Group. The first 36 MW wind power capacity commenced commercial operation in February 2019, and the entire 74 MW started full operation from May 2020. During the first half of 2021, the power dispatched was approximately 87.4 GWh, which was equivalent to 1,181 utilization hours. The performance was significantly better compared to last year's power dispatch of 50.3 GWh (equivalent to 680 utilization hours) as the entire project was fully operating in 2021.

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 commenced commercial operation in March 2018. During the first six months of 2021, the power dispatched was approximately 2.2 GWh, which was equivalent to 559 utilization hours. The performance was slightly lower than last year's power dispatch of 2.3 GWh (equivalent to 568 utilization hours).

BUSINESS MODEL AND 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 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 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

The outlook for wind power remains promising over the long term as the industry is one of the major sectors that the Chinese government has prioritized for development. Over the long term, CRE will benefit from the government's goal for carbon emissions to peak no later than 2030 and for carbon neutrality by 2060. Over the near term, the National Energy Administration ("NEA") in a document on 19 April 2021, targets wind and solar power consumption to reach 11% by the end of 2021 and 16.5% by the end of 2025. Provinces will allot a minimum amount of grid capacity for renewable energy in 2021. Reflecting the industry's promise, China Three Gorges Renewables (Group) Co., Ltd listed as an A share company in June 2021, trading as high as 45x P/E and 2.6x price to book, with valuations that are much higher than CRE and the wind power companies currently listed in Hong Kong.

China's economic recovery is leading to strong demand for power. However, coal prices have also increased sharply, rising almost 40% during the first six months of this year. As a result, there have been some power outages as power companies have been unable to sell power at profitable prices. Realizing the plight of the coal fired power producers, some regions are now increasing the price for power up to 10% higher than the local reference tariff. The increasing cost for coal fired power plants is making renewable energy relatively more attractive. Given the attractiveness of renewable energy compared to power generated by coal, demand for renewable energy is expected to remain strong and curtailment is expected to continue to decline.

The company's 2021 interim results reflect the strong capacity growth built over the last decade with net capacity increasing from 30 MW in 2009 to 427 MW in 2021, an increase of 13.2x, achieving this growth mostly with internally generated funds. As a result, the interim profits were the highest in over a decade. Depending on wind conditions, the strong capacity additions should lead to stable earnings for the next several years.

Recognizing that not enough public funds are available to achieve their renewable energy goals, People's Bank of China governor, Yi Gang has stated at the China Development Forum on 21 March 2021, that "it is imperative to put in place sound public policy incentives to encourage market forces to fill the funding gap." He stated that hundreds of trillions of RMB will be needed to achieve its renewable energy goals. Given the government's stated goal to reduce carbon emissions, we anticipate more clarity from the Chinese government on additional incentives that may be proposed to make future projects more profitable, such as higher carbon trading credits or more favourable financing terms for new projects.

On 16 July 2021, China finally launched its online carbon trading scheme. However, currently, it is limited to coal and gas fired energy plants and the price for carbon allowances is currently relatively low at around RMB50/ton. This is just the initial start and the company anticipates that more industries such as steel and chemicals will eventually be included and that the price for the carbon allowances will need to rise if China is to reach its carbon emission goals.

Employees

As at 30 June 2021, the Group's operations in Hong Kong and Mainland China employed a total of 98 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 2021, 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 738 MW of operating wind farms and a distributed solar project in Gansu, Hebei, Heilongjiang, Henan, 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 community through the hiring of local staff who are given fair market-based remuneration packages. In the first half of 2021, CRE's operating assets complied with all local environmental related regulatory requirements. With a total electricity generation of 875.5 GWh, we have reduced approximately 284,000 tons of coal consumption and 677,000 tons of carbon emission.

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 National Development and Reform Commission 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 goal to decrease carbon emissions by 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 HK0.5 cents (2020: HK0.4 cents) per ordinary share for the six months ended 30 June 2021 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 3 September 2021. The interim dividend will be paid on Friday, 17 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The record date for the interim dividend is Friday, 3 September 2021. The register of members of the Company will be closed on Friday, 3 September 2021, 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 Thursday, 2 September 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors of the Company (the "Director(s)") 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 2021, 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 2021.

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 2021, 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 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.

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 2021.

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 2021 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, 19 August 2021

As at the date of this announcement, the Board comprises seven Directors, of which Mr. OEI Kang, Eric, Mr. LEUNG Wing Sum, Samuel, Mr. WONG Jake Leong, Sammy and Mr. LEE Shiu Yee, Daniel, are Executive Directors; and Mr. YU Hon To, David, Mr. TIAN Yuchuan and Mr. ZHANG Songyi are Independent Non-executive Directors.