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 2021

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 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	**2021** **HK$'000**	2020 HK$'000
Revenue	3	**250,255**	206,122
Cost of sales	5	**(138,158)**	(128,994)
Gross profit		**112,097**	77,128
Other income	3	**17,413**	29,436
Other losses	4	**(13,672)**	(4,199)
Administrative expenses	5	**(29,098)**	(22,812)
Operating profit		**86,740**	79,553
Finance income	6	**1,297**	2,695
Finance costs	6	**(38,151)**	(40,200)
Finance costs – net	6	**(36,854)**	(37,505)
Share of results of associates		**75,738**	54,279

	Note	2021 HK$'000	2020 HK$'000
Profit before income tax		**125,624**	96,327
Income tax expense	*7*	**(13,823)**	(10,261)
Profit for the year		**111,801**	86,066
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Currency translation differences of the Company and its subsidiaries		**26,533**	60,844
Currency translation differences of associates		**18,552**	56,976
Other comprehensive income for the year, net of tax		**45,085**	117,820
Total comprehensive income for the year		**156,886**	203,886
Profit/(loss) attributable to:			
Equity holders of the Company		**113,354**	86,152
Non-controlling interests		**(1,553)**	(86)
		111,801	86,066
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**158,441**	204,001
Non-controlling interests		**(1,555)**	(115)
		156,886	203,886
Earnings per share attributable to equity holders of the Company for the year (expressed in HK cents per share)			
Basic and diluted earnings per share	*8*	**4.52**	3.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,199,562**	1,285,205
Right-of-use assets		**13,169**	16,075
Intangible assets		**3,581**	3,499
Prepayments and other receivables	*10*	**40,009**	51,185
Interests in associates		**942,029**	909,595
Total non-current assets		**2,198,350**	2,265,559
Current assets			
Inventories		**10,726**	12,901
Trade and other receivables	*10*	**506,209**	432,972
Restricted cash		–	2,502
Cash and cash equivalents		**197,182**	190,405
Total current assets		**714,117**	638,780
Total assets		**2,912,467**	2,904,339
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**25,062**	25,062
Reserves		**2,025,142**	1,889,257
Equity attributable to equity holders of the Company		**2,050,204**	1,914,319
Non-controlling interests		**(2,475)**	(920)
Total equity		**2,047,729**	1,913,399

	Note	**2021**	2020
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**419,607**	552,182
Lease liabilities		**–**	654
Deferred income tax liabilities		**36,897**	33,989
Total non-current liabilities		**456,504**	586,825
Current liabilities			
Trade and other payables	*11*	**71,273**	84,165
Current portion of bank borrowings		**168,373**	121,070
Amount due to a shareholder		**166,496**	196,874
Lease liabilities		**–**	849
Current income tax liabilities		**2,092**	1,157
Total current liabilities		**408,234**	404,115
Total liabilities		**864,738**	990,940
Total equity and liabilities		**2,912,467**	2,904,339

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 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. The ultimate controlling party is Mr. OEI Kang, Eric, who is also the chairman, chief executive officer and executive director of the Company.

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 18 March 2022.

2 BASIS OF PREPARATION

The consolidated financial statements of CRE have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), disclosure requirements of Hong Kong Companies Ordinance and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention.

(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 April 2021 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
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 and the related amendments	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

3 REVENUE AND OTHER INCOME

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

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Sales of electricity	**250,255**	206,122
Other income		
Value-added tax refund	**8,258**	6,506
Government subsidies	**–**	536
Net exchange gain	**8,321**	17,616
Gain on disposal of property, plant and equipment	**148**	–
Others	**686**	4,778
	17,413	29,436

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.

Included in sales of electricity of HK$106.5 million (2020: HK$88.7 million) represents tariff subsidies owed by the state-owned grid companies which are financed by national renewable energy fund to renewable energy projects in the PRC. Tariff subsidy is recognised as sales of electricity and receivables from state-owned grid companies in accordance with the relevant power purchase agreements.

For the year ended 31 December 2021, the Group's revenue for reportable segment from external customers of HK$250.3 million (2020: HK$206.1 million) is only attributable to the China market.

For the year ended 31 December 2021, the Group has three customers with revenue exceeding 10% of the Group's total revenue (2020: three customers). Revenues from the customers amounted to HK$102.3 million, HK$102.3 million and HK$40.8 million (2020: HK$90.2 million, HK$70.8 million and HK$40.4 million) respectively.

4 OTHER LOSSES

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

	2021	2020
	HK$'000	*HK$'000*
Impairment loss on property, plant and equipment	**(13,076)**	–
Impairment loss on right-of-use assets	**(341)**	–
Impairment loss on intangible assets	**(198)**	–
Loss arising from liquidation of a subsidiary	**(57)**	–
Write-off of construction in progress	**–**	(4,199)
	(13,672)	(4,199)

For the year ended 31 December 2021, the Group has performed impairment assessments on the cash-generating unit ("CGU") in Mudanjiang and Muling wind farms with impairment indicators. Based on the impairment assessment of Mudanjiang and Muling wind farms, impairment losses of HK$13.1 million (2020: Nil), HK$0.3 million (2020: Nil) and HK$0.2 million (2020: Nil) have been recognised against the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets respectively.

For the year ended 31 December 2020, the amount of write-off of construction in progress represents costs previously incurred for the construction of certain wind power plants which the management has decided to terminate during the year.

5 EXPENSES BY NATURE

	2021	2020
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit services	**(920)**	(996)
– Non-audit services	**(204)**	(204)
Amortisation of intangible assets	**(855)**	(721)
Depreciation of property, plant and equipment	**(107,213)**	(95,444)
Depreciation of right-of-use assets	**(2,698)**	(2,293)
Employee benefit expenses (including directors' emoluments)	**(26,222)**	(20,076)
Rental expenses relating to short-term leases	**(317)**	(276)
Repair and maintenance expenses	**(3,266)**	(5,129)
Corporate expenses	**(936)**	(843)
Legal and professional fees	**(1,492)**	(583)
Management service fee	**(2,025)**	(1,096)
Other expenses	**(21,108)**	(24,145)
Total cost of sales and administrative expenses	**(167,256)**	(151,806)

6 FINANCE INCOME AND COSTS

	2021	2020
	HK$'000	*HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(31,911)**	(36,956)
– interest expenses on amount due to a shareholder	**(6,216)**	(8,817)
– interest expenses on lease liabilities	**(24)**	(102)
	(38,151)	(45,875)
Less: amounts capitalised *(Note)*	**–**	5,675
	(38,151)	(40,200)
Finance income:		
– interest income on bank deposits	**1,297**	2,695
Finance costs – net	**(36,854)**	(37,505)

Note:

For the year ended 31 December 2020, the capitalisation rate used to determine the amount of the finance costs to be capitalised was the weighted average interest rate applicable to the Group's general borrowings, in this case 4.82%. Such finance costs were ceased to be capitalised after the construction in progress were transferred to property, plant and equipment upon completion in May 2020.

7 INCOME TAX EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Current income tax	**(5,557)**	(4,223)
Withholding tax on dividends	**(6,191)**	(5,001)
Deferred income tax expense, net	**(2,075)**	(1,037)
Income tax expense	**(13,823)**	(10,261)

Note:

The share of income tax expense of associates of HK$22.0 million (2020: HK$17.0 million) is included in the Group's share of results of associates.

8 EARNINGS PER SHARE

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.

	2021	2020
Profit attributable to equity holders of the Company *(HK$ thousand)*	**113,354**	86,152
Weighted average number of ordinary shares in issue *(thousand)*	**2,506,157**	2,506,157
Earnings per share *(HK cents per share)*	**4.52**	3.44

Basic and fully diluted earnings per share are the same as the Company did not have any dilutive equity instruments throughout the years ended 31 December 2021 and 2020.

9 DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Interim dividend paid, of HK0.5 cents (2020: HK0.4 cents) per ordinary share	**12,531**	10,025
Final dividend proposed, of HK0.5 cents (2020: HK0.4 cents) per ordinary share	**12,531**	10,025

On 18 March 2022, the Board has resolved to declare a final dividend of HK0.5 cents per ordinary share payable in cash for the year ended 31 December 2021. As the proposed final dividend is declared after the reporting date, such dividend is not recognised as liability as at 31 December 2021.

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, total of HK$12.5 million was paid in September 2021.

For the year ended 31 December 2020, the Board has resolved to declare a final dividend of HK0.4 cents per ordinary share payable in cash, total of HK$10.0 million was paid in June 2021.

10 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	Note	2021 HK$'000	2020 HK$'000
Non-current			
Other receivables	*(b)*	**40,009**	51,185
Current			
Trade receivables	*(a)*	**323,577**	220,982
Prepayments and other receivables	*(b)*	**182,632**	211,990
		506,209	432,972
		546,218	484,157

Notes:

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

	2021 HK$'000	2020 HK$'000
Less than 30 days	**58,453**	51,364
More than 30 days and within 60 days	**8,346**	9,153
More than 60 days and within 90 days	**6,915**	6,707
More than 90 days	**249,863**	153,758
	323,577	220,982

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

	2021 HK$'000	2020 HK$'000
Less than 30 days	**286,770**	213,402
More than 30 days and within 60 days	**–**	–
More than 60 days and within 90 days	**–**	–
More than 90 days	**36,807**	7,580
	323,577	220,982

Note i:

The Group allows a credit period of 30 days to its trade customers from invoice date. The Group does not hold any collateral in relation to these receivables. Receivables (other than the tariff subsidy receivables) from sales of electricity are usually settled on a monthly basis by the state-owned grid companies.

Included in the Group's trade receivables were tariff subsidy receivables of HK$295.7 million (2020: HK$194.6 million) which represented the government subsidies on renewable energy projects to be received from the stated-owned grid companies. The tariff subsidy receivables will be settled upon the Ministry of Finance ("MoF")'s allocation of the national renewable energy fund to the state-owned grid companies. The MoF does not set out a rigid timetable for the settlement of tariff subsidy receivables. In the opinion of the directors, given the collection of tariff subsidy receivables is well supported by the government policy, all tariff subsidy receivables were expected to be fully recoverable. As the collection of tariff subsidy receivables is expected in the normal operating cycle, they are classified as current assets.

Tariff subsidy receivables of HK$258.9 million (2020: HK$187.0 million) was unbilled and has been classified under 'less than 30 days' in the above ageing analysis, while the remaining of HK$ 36.8 million (2020: HK$7.6 million) has issued invoices.

(b) Included in current and non-current other receivables were input value-added taxation recoverable of HK$52.3 million (2020: HK$51.4 million) arising from purchase of property, plant and equipment, and dividend receivables from associates of HK$150.2 million (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.

11 TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**938**	305
Payables for acquisition and construction of property, plant and equipment	**60,417**	73,223
Other payables and accruals	**9,918**	10,637
	71,273	84,165

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

	2021	2020
	HK$'000	*HK$'000*
Less than 12 months	**923**	291
12 months and more	**15**	14
	938	305

12 DISPUTE WITH A CONSTRUCTOR

On 26 July 2021, the Group received a notice from China International Economic and Trade Arbitration Commission ("CIETAC") in respect of a dispute over the final construction payments made in 2019 with a constructor of Songxian wind farm (the "Constructor"). The Constructor is claiming the Group for RMB27.9 million (equivalent to HK$34.1 million) final construction payments, while the Group is claiming the Constructor for RMB48.2 million (equivalent to HK$59.0 million) additional costs incurred for the completion of the remaining construction works and the losses resulted from delay in commercial operation. The management considered the claim from the Constructor is overcharged as the Constructor did not complete its services. No verdict has been given nor estimation of possible outflow has been indicated up to the date of this report. No provision for the dispute, therefore, has been recognised as at 31 December 2021 as the management considered the possibility of any outflow is remote.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2021, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$250.3 million in turnover. The overall good wind resources in 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 21% increase in revenue as compared to last year's HK$206.1 million. Gross profit for the period also increased 45% to HK$112.1 million (2020: HK$77.1 million).

For the Group's associate company wind farms, wind resources were also good during 2021. As a result, operational performance improved and net profit from the associates increased 39% to HK$75.7 million as compared to last year's HK$54.3 million.

Moreover, the appreciation in Renminbi during 2021 resulted in the Group recording a net exchange gain of HK$8.3 million. As a result, the net profit after tax attributable to the equity holders of the Group for the year ended 31 December 2021 increased 32% to HK$113.4 million or earnings per share of HK4.52 cents. For the same period in 2020, net profit after tax attributable to the equity holders of the Group was HK$86.2 million or earnings per share of HK3.44 cents.

Liquidity and Financial Resources

As at 31 December 2021, the Group's total bank borrowings was HK$588.0 million as compared to HK$673.3 million in 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$168.4 million is repayable within one year, HK$232.0 million repayable within two to five years and HK$187.6 million repayable after five years.

As at 31 December 2021, unrestricted bank deposits and cash was HK$197.2 million as compared to HK$190.4 million in 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 and 2021 interim 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 RMB798.2 million (equivalent to HK$976.2 million) as security for the bank borrowings as at 31 December 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 31 December 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 27% as compared to 35% as at 31 December 2020.

Contingent Liabilities

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

BUSINESS REVIEW

With the recovery in the economy during 2021 as China was able to contain the Coronavirus Disease 2019 ("Covid-19"), total power consumption in China increased 10% as compared to 2020, reaching 8,310,000 Giga-Watt-hours ("GWh") in 2021. China's wind and solar power generation capacity increased even more strongly, rising 16% and 21% respectively to an aggregate total of 328 Giga-Watt ("GW") and 306 GW respectively. Total wind power output was 652,600 GWh, an increase of around 40% compared to 2020, accounting for 8% of total power generation across the country. Total solar power output was 325,900 GWh, an increase of around 25% compared to 2020, accounting for 4% of total power generation across the country.

As at 31 December 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, Henan and Inner Mongolia provinces improved considerably during the year. 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 year, and the improvement in operations, total power dispatch of the company's wind farms in 2021 reached 1,541.2 GWh or 2,100 utilization hours, an increase of 14% compared to 1,350.1 GWh or 1,839 utilization hours in 2020.

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 in 2021 was approximately 71.3 GWh, which was equivalent to 1,198 utilization hours. The performance was better compared to last year's power dispatch of 68.7 GWh (equivalent to 1,155 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 2021, Siziwang Qi Phase I & II wind farms dispatched power of approximately 218.9 GWh, which was equivalent to 2,211 utilization hours. Wind resources were significantly better than last year with lower curtailment. Therefore, the performance was significantly better compared to last year's power dispatch of 184.1 GWh (equivalent to 1,859 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. The power dispatched in 2021 was approximately 423.8 GWh, which was equivalent to 2,119 utilization hours. Wind resources in 2021 were much better than 2020. Therefore, the performance was better compared to last year's power dispatch of 381.8 GWh (equivalent to 1,909 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 2021 was approximately 470.9 GWh, which was equivalent to 2,343 utilization hours. Wind resources in 2021 were significantly better than 2020. Therefore, the performance was significantly better compared to last year's power dispatch of 401.7 GWh (equivalent to 1,999 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 2021 was approximately 188.7 GWh, which was equivalent to 1,878 utilization hours. Wind resources in 2021 were better than 2020, however curtailment increased. Therefore, the performance was similar to last year's power dispatch of 190.6 GWh (equivalent to 1,897 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. The power dispatched in 2021 was approximately 167.6 GWh, which was equivalent to 2,265 utilization hours. The entire project was fully operating in 2021 and wind resources were better than 2020. Therefore, the performance was significantly better compared to last year's power dispatch of 123.2 GWh (equivalent to 1,665 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 commenced commercial operation in March 2018. The power dispatched in 2021 was approximately 4.4 GWh, which was equivalent to 1,094 utilization hours. The performance was similar to last year's power dispatch of 4.5 GWh (equivalent to 1,127 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 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

CRE's 2021 results reflect the strong 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, revenue and net profit were the highest in over a decade. Depending on wind conditions, the strong capacity additions should lead to continuing strong profit for the next several years.

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. CRE will benefit from the government's goal for carbon emissions to peak no later than 2030 and for carbon neutrality by 2060.

Energy prices in China are increasing. In 2021, a strong domestic economy and strong export orders have resulted in high electricity consumption. However, for much of the year, coal fired power plants were not able to meet that demand given shortages of coal, resulting in power shortages. Since July 2021, realizing the plight of the coal fired power producers, some regions including Inner Mongolia, Ningxia, Guangxi, Hunan, and Guangdong have increased the prices for market-based power trading which contributes around 60% of power sales. For many areas, this market-based trading price was 10–20% higher than the local benchmark tariffs. For 2022, CRE expects the benchmark tariffs themselves to rise, particularly in those areas which suffered from power shortages.

Given the increase in price for electricity produced from coal fired power plants and the desire for cleaner energy, there is increasing demand for power from renewable energy producers. The National Development and Reform Commission ("NDRC") recently issued a policy paper to encourage local governments to increase the energy consumption portion of renewable energy. And in February 2022, the NDRC and the National Energy Administration ("NEA") issued a policy document with the directive to build a nationally unified power market that encourages the use of renewable energy. This market will improve cross-provincial power trading and will facilitate new energy power transmission to ensure that renewable energy is not wasted and curtailment is reduced.

Given this encouragement, the attractiveness of renewable energy compared to power generated by coal, and the fact that the performance of government officials will be evaluated based on their ability to achieve carbon-neutrality goals, we expect demand for renewable energy to remain strong.

However, while wind turbine prices continue to drop, we are concerned by the government's decision to eliminate tariff subsidies for new onshore wind projects − the elimination of which will lower returns somewhat. As we have stressed, we will remain disciplined and will focus on profitability instead of blind pursuit of expansion. As a result, we have slowed our expansion until we are sure that there are adequate incentives for us to continue to build new wind farms.

A promising development is that the average trading price for renewable energy in the pilot scheme for green power trading has been increasing. In Guangdong, for example, the premium price for renewable energy over the coal fired benchmark tariff was RMB30–50/Mega-Watt-hours ("MWh") in September 2021 when the pilot scheme started. It is now about RMB61/MWh. We anticipate that the price will continue rising, making future investments more attractive.

Employees

As at the end of December 2021, the Group's operations in Hong Kong and Mainland China employed a total of 94 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 2021, CRE's operating assets complied with all local environmental related regulatory requirements. With a total electricity generation of 1,545.6 GWh, we have reduced approximately 502,000 tons of coal consumption and 1,196,000 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 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 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.

RECORD DATE FOR 2022 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 Thursday, 2 June 2022 ("2022 AGM") is Friday, 27 May 2022 after close of business. In order to be eligible to attend and vote at the 2022 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 Friday, 27 May 2022.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK0.5 cents (2020: HK0.4 cents) per ordinary share for the year ended 31 December 2021 to Shareholders whose names appear on the register of members of the Company on Wednesday, 15 June 2022. Subject to the approval of Shareholders at the 2022 AGM, the final dividend will be paid on Thursday, 23 June 2022.

CLOSURE OF REGISTER OF MEMBERS

The record date for the proposed final dividend is Wednesday, 15 June 2022. The Company's register of members will be closed from Tuesday, 14 June 2022 to Wednesday, 15 June 2022 (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 Monday, 13 June 2022.

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 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 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 2021, except for the following:

Code Provision A.2.1

According to the Code Provision A.2.1 of the CG Code (which has been re-numbered as Code Provision C.2.1 since 1 January 2022), 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 of the Company, Mr. OEI Kang, Eric, with support from other executive directors of the Company (the "Director(s)"). 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. Following the amendments to the CG Code which took effect on 1 January 2022, Non-executive Directors are no longer required to be appointed for a specific term.

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 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.

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. CHENG Yuk Wo, 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 2021.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited 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 Moore Stephens CPA Limited 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 2021 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, 18 March 2022

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. CHENG Yuk Wo, Mr. TIAN Yuchuan and Mr. ZHANG Songyi are independent non-executive directors.