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 2022

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 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
Revenue	3	**197,184**	250,255
Cost of sales	5	**(132,519)**	(138,158)
Gross profit		**64,665**	112,097
Other income	3	**6,558**	17,413
Other losses	4	**–**	(13,672)
Administrative expenses	5	**(54,196)**	(29,098)
Operating profit		**17,027**	86,740
Finance income	6	**1,791**	1,297
Finance costs	6	**(36,173)**	(38,151)
Finance costs – net	6	**(34,382)**	(36,854)
Share of results of associates		**54,497**	75,738

	Note	**2022** *HK$'000*	2021 *HK$'000*
Profit before income tax		**37,142**	125,624
Income tax expense	*7*	**(7,323)**	(13,823)
Profit for the year		**29,819**	111,801
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss			
Currency translation differences of the Company and its subsidiaries		**(75,732)**	26,533
Currency translation differences of associates		**(74,543)**	18,552
Other comprehensive (loss)/income for the year, net of tax		**(150,275)**	45,085
Total comprehensive (loss)/income for the year		**(120,456)**	156,886
Profit/(loss) attributable to:			
Equity holders of the Company		**31,111**	113,354
Non-controlling interests		**(1,292)**	(1,553)
		29,819	111,801
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(119,214)**	158,441
Non-controlling interests		**(1,242)**	(1,555)
		(120,456)	156,886
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*	**1.24**	4.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,009,094**	1,199,562
Construction in progress		**49**	–
Right-of-use assets		**10,768**	13,169
Intangible assets		**2,319**	3,581
Prepayments and other receivables	*10*	**25,990**	40,009
Interests in associates		**854,442**	942,029
Total non-current assets		**1,902,662**	2,198,350
Current assets			
Inventories		**10,357**	10,726
Trade and other receivables	*10*	**473,566**	506,209
Cash and cash equivalents		**232,414**	197,182
Total current assets		**716,337**	714,117
Total assets		**2,618,999**	2,912,467
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**25,062**	25,062
Reserves		**1,893,397**	2,025,142
Equity attributable to equity holders of the Company		**1,918,459**	2,050,204
Non-controlling interests		**(3,717)**	(2,475)
Total equity		**1,914,742**	2,047,729

	Note	2022 HK$'000	2021 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**296,257**	419,607
Deferred income tax liabilities		**32,301**	36,897
Total non-current liabilities		**328,558**	456,504
Current liabilities			
Trade and other payables	*11*	**61,507**	71,273
Current portion of bank borrowings		**144,612**	168,373
Amount due to a shareholder		**167,931**	166,496
Current income tax liabilities		**1,649**	2,092
Total current liabilities		**375,699**	408,234
Total liabilities		**704,257**	864,738
Total equity and liabilities		**2,618,999**	2,912,467

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 29 March 2023.

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 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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 2022 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 2023 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts	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
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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

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 2022. 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:

	2022	2021
	HK$'000	*HK$'000*
Revenue		
Sales of electricity	**197,184**	250,255
Other income		
Value-added tax refund	**6,123**	8,258
Net exchange gain	**–**	8,321
Gain on disposal of property, plant and equipment, net	**103**	148
Others	**332**	686
	6,558	17,413

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$95.1 million (2021: HK$106.5 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 2022, the Group's revenue for reportable segment from external customers of HK$197.2 million (2021: HK$250.3 million) is only attributable to the China market.

For the year ended 31 December 2022, the Group has three customers with revenue exceeding 10% of the Group's total revenue (2021: three customers). Revenues from the customers amounted to HK$81.2 million, HK$80.9 million and HK$29.8 million (2021: HK$102.3 million, HK$102.3 million and HK$40.8 million) respectively.

4 OTHER LOSSES

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

	2022	2021
	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)
	–	(13,672)

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, HK$0.3 million and HK$0.2 million have been recognised against the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets respectively.

5 EXPENSES BY NATURE

	2022	2021
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit services	**(680)**	(920)
– Non-audit services	**(120)**	(204)
Amortisation of intangible assets	**(1,033)**	(855)
Depreciation of property, plant and equipment	**(104,000)**	(107,213)
Depreciation of right-of-use assets	**(1,398)**	(2,698)
Net exchange loss	**(24,759)**	–
Employee benefit expenses (including directors' emoluments)	**(26,867)**	(26,222)
Rental expenses relating to short-term leases	**(1,743)**	(317)
Repair and maintenance expenses	**(4,471)**	(3,266)
Corporate expenses	**(831)**	(936)
Legal and professional fees	**(446)**	(1,492)
Management service fee	**(2,955)**	(2,025)
Other expenses	**(17,412)**	(21,108)
Total cost of sales and administrative expenses	**(186,715)**	(167,256)

6 FINANCE INCOME AND COSTS

	2022	2021
	HK$'000	*HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(28,194)**	(31,911)
– interest expenses on amount due to a shareholder	**(7,979)**	(6,216)
– interest expenses on lease liabilities	**–**	(24)
	(36,173)	(38,151)
Finance income:		
– interest income on bank deposits	**1,791**	1,297
Finance costs – net	**(34,382)**	(36,854)

7 INCOME TAX EXPENSE

	2022	2021
	HK$'000	*HK$'000*
Current income tax	**(6,944)**	(5,557)
Withholding tax on dividends	**(7,276)**	(6,191)
Deferred income tax credit/(expense), net	**1,616**	(2,075)
Refund of withholding tax on dividends paid in prior years	**5,281**	–
Income tax expense	**(7,323)**	(13,823)

Note:

The share of income tax expense of associates of HK$16.4 million (2021: HK$22.0 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.

	2022	2021
Profit attributable to equity holders of the Company *(HK$ thousand)*	**31,111**	113,354
Weighted average number of ordinary shares in issue *(thousand)*	**2,506,157**	2,506,157
Earnings per share *(HK cents per share)*	**1.24**	4.52

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 2022 and 2021.

9 DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Interim dividend paid, of HKNil cents (2021: HK0.5 cents) per ordinary share	–	12,531
Final dividend proposed, of HK0.5 cents (2021: HK0.5 cents) per ordinary share	**12,531**	12,531

On 29 March 2023, 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 2022. As the proposed final dividend is declared after the reporting date, such dividend is not recognised as liability as at 31 December 2022.

On 26 August 2022, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2022.

For the year ended 31 December 2021, the Board has resolved to declare a final dividend of HK0.5 cents per ordinary share payable in cash, total of HK$12.5 million was paid in June 2022.

On 19 August 2021, the Board has resolved to declare an interim dividend of HK$0.5 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.

10 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	Note	2022 HK$'000	2021 HK$'000
Non-current			
Other receivables	*(b)*	**25,990**	40,009
Current			
Trade receivables	*(a)*	**300,590**	323,577
Prepayments and other receivables	*(b)*	**172,976**	182,632
		473,566	506,209
		499,556	546,218

Notes:

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

	2022 HK$'000	2021 HK$'000
Less than 30 days	**34,703**	58,453
More than 30 days and within 60 days	**8,181**	8,346
More than 60 days and within 90 days	**5,476**	6,915
More than 90 days	**252,230**	249,863
	300,590	323,577

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

	2022 HK$'000	2021 HK$'000
Less than 30 days	**287,331**	286,770
More than 30 days and within 60 days	**–**	–
More than 60 days and within 90 days	**–**	–
More than 90 days	**13,259**	36,807
	300,590	323,577

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$284.8 million (2021: HK$295.7 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$271.5 million (2021: HK$258.9 million) was unbilled and has been classified under 'less than 30 days' in the above ageing analysis, while the remaining of HK$13.3 million (2021: HK$36.8 million) has issued invoices.

(b) Included in current and non-current other receivables were input value-added taxation recoverable of HK$37.2 million (2021: HK$52.3 million) arising from purchase of property, plant and equipment, and dividend receivables from associates of HK$148.0 million (2021: HK$150.2 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

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**463**	938
Payables for acquisition and construction of property, plant and equipment	**52,940**	60,417
Other payables and accruals	**8,104**	9,918
	61,507	71,273

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

	2022	2021
	HK$'000	*HK$'000*
Less than 12 months	**450**	923
12 months and more	**13**	15
	463	938

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 2022 as the management considered the possibility of any outflow is remote.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2022, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$197.2 million in turnover. Unexpected poor wind conditions in the year of 2022 led to a 21% decrease in revenue as compared to last year's HK$250.3 million. Gross profit for the period also decreased 42% to HK$64.7 million (2021: HK$112.1 million).

For the Group's associate company wind farms, wind resources were also poor during 2022. As a result, net profit from the associates decreased 28% to HK$54.5 million as compared to last year's HK$75.7 million.

The Group was also adversely impacted by the depreciation of Renminbi during 2022, resulting in a net exchange loss of HK$24.8 million. As a result, the net profit after tax attributable to the equity holders of the Group for the year ended 31 December 2022 decreased 73% to HK$31.1 million or earnings per share of HK1.24 cents. For the same period in 2021, net profit after tax attributable to the equity holders of the Group was HK$113.4 million or earnings per share of HK4.52 cents.

Liquidity and Financial Resources

As at 31 December 2022, the Group's total bank borrowings was HK$440.9 million as compared to HK$588.0 million in 2021. 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$144.6 million is repayable within one year, HK$157.8 million repayable within two to five years and HK$138.5 million repayable after five years.

As at 31 December 2022, bank deposits and cash of the Group was HK$232.4 million as compared to HK$197.2 million in 2021. 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 2021 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 RMB749.2 million (equivalent to HK$845.1 million) as security for the bank borrowings as at 31 December 2022. Such assets, with a carrying value of approximately RMB798.2 million (equivalent to HK$976.2 million), were charged as at 31 December 2021.

Gearing Ratio

As at 31 December 2022, 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 20% as compared to 27% as at 31 December 2021.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2022 (2021: Nil).

BUSINESS REVIEW

Despite an economy that only grew 3%, one of the lowest rates of growth over the last four decades, total power consumption in China still increased 3.6% as compared to 2021, reaching 8,637,000 Giga-Watt-hours ("GWh") in 2022. Reflecting the government's goal to increase renewable energy, China's wind and solar power generation capacity increased even more strongly, rising 11% and 39% respectively to an aggregate total of 364 Giga-Watt ("GW") and 425 GW respectively. Total wind power output was 758,000 GWh, an increase of around 16.2% compared to 2021, accounting for 8.8% of total power generation across the country. Total solar power output was 432,000 GWh, an increase of around 32.5% compared to 2021, accounting for 5% of total power generation across the country.

As at 31 December 2022, 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 427MW.

The wind conditions in the areas that the company operates in Gansu, Hebei, Henan and Inner Mongolia provinces were disappointing for 2022. Total power dispatch of the company's wind farms in 2022 reached 1,360.9 GWh or 1,854 utilization hours, a decrease of 12% compared to 1,541.2 GWh or 2,100 utilization hours in 2021. Most of the disappointment occurred during the first two months of the year.

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. During 2022, wind resources were worse than last year. Mudanjiang and Muling wind farms dispatched power of approximately 67.5 GWh, which was equivalent to 1,134 utilization hours, lower than last year's power dispatch of 71.3 GWh (equivalent to 1,198 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. During 2022, wind resources were worse than last year, even though curtailment decreased. Siziwang Qi Phase I and II wind farms dispatched power of approximately 188.7 GWh, which was equivalent to 1,906 utilization hours, lower than last year's power dispatch of 218.9 GWh (equivalent to 2,211 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 2022, wind resources were worse than last year. Danjinghe project dispatched power of approximately 371.3 GWh, which was equivalent to 1,856 utilization hours, lower than last year's power dispatch of 423.8 GWh (equivalent to 2,119 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 2022, wind resources were worse than last year. Changma project dispatched power of approximately 412.3 GWh, which was equivalent to 2,051 utilization hours, lower than last year's power dispatch of 470.9 GWh (equivalent to 2,343 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 2022, curtailment was stable, but wind resources were worse than last year. As a result, Lunaobao dispatched power of approximately 183.5 GWh, which was equivalent to 1,826 utilization hours, lower than last year's power dispatch of 188.7 GWh (equivalent to 1,878 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 2022, wind resources and curtailment were worse than last year. Songxian dispatched power of approximately 137.6 GWh, which was equivalent to 1,860 utilization hours, lower than last year's power dispatch of 167.6 GWh (equivalent to 2,265 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 2022 was approximately 4.7 GWh, which was equivalent to 1,167 utilization hours. The performance was better than last year's power dispatch of 4.4 GWh (equivalent to 1,094 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

With the Chinese government lifting the Covid zero policy, China's economy is expected to recover in 2023. Initially, the fear was that rampant covid infections would slow the economy significantly through the end of 2022 and into March of 2023. However, with most of the population having already been infected by the end of January and the feared number of deaths much less than expected, the Chinese economy is already showing signs of a rapid recovery. The manufacturing purchasing managers' index rose to 52.6 in February, the highest since 2012. Home sales also rose in February from a year earlier, the first increase since June 2021. Road congestion is up and subway ridership has returned to pre-pandemic levels.

Meanwhile China's top leaders are prioritizing economic growth for 2023, with The People's Bank of China promising to maintain sustainable support for the economy. With government support, the economy is expected by economists to grow more than 5% for 2023, significantly higher than last year's 3%. With an improving economy, the RMB is expected to improve, so the Group does not anticipate another RMB exchange loss.

With an improved economy, energy demand is likely to increase, with power consumption likely to rebound to the mid-single digits compared to 3.6% in 2022. With supply chain disruptions now eliminated and domestic demand increasing, industrial power, which accounts for about two-thirds of power demand, is expected to increase.

China is now the world's leader in the production of renewable energy. In 2022, it generated 46% more energy from wind power than all of Europe, the world's second largest generator of wind power, which until 2020 was the world's leader. With China continuing to invest in wind power and solar farms, renewable energy will continue to account for a greater percentage of total power capacity. China expects to cut capacity reliance on fossil fuels by around 3% to 47.5% by the end of 2023.

At the National People's Congress in March 2023, the National Development and Reform Commission said in its report that China would continue supporting clean energy. It will expand the national emissions trading program and will crack down on data fraud to make it more effective. China will continue the expansion of wind and solar and will increase investments in electricity storage, pumped-hydro plants, and power grid upgrades. This should keep curtailment at a minimum, even with the increases in wind power capacity.

The Chinese government is also providing its provinces more flexibility to raise power prices, a willingness that over the long term will benefit the power industry. This represents a major shift in China policy. Previously, the government sought to guarantee that China's industry would have access to the world's cheapest electricity. However, there is increasing recognition that low margin industries should put more effort into energy efficiency. At the National People's Congress, Li Keqiang announced it is targeting a 2% reduction in energy intensity in 2023. With the increased flexibility, some provinces increased electricity prices of 50% to 70% during peak hours. Other provinces cancelled the preferential discounted electricity price for energy-intensive industries. By the end of 2022, 26 provinces announced some price increases.

Wind turbine prices continue to decline and will benefit wind farm developers. Wind turbine prices are now below RMB2,000/kw. However, the elimination of tariff subsidies for new onshore wind projects is a negative for the industry. The Group is studying whether the drop in prices is sufficient relative to the loss in tariff subsidies to justify continued expansion of its wind farm capacity. With one of the strongest balance sheets in the industry, the Group is positioned to take advantage of opportunities.

Employees

As at the end of December 2022, the Group's operations in Hong Kong and Mainland China employed a total of 95 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 2022, 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 2022, CRE's operating assets complied with all local environmental related regulatory requirements. With a total electricity generation of 1,365.6 GWh, we have reduced approximately 443,000 tons of coal consumption and 1,057,000 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 2023 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, 15 June 2023 ("2023 AGM") is Friday, 9 June 2023 after close of business. In order to be eligible to attend and vote at the 2023 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, 9 June 2023.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK0.5 cents (2021: HK0.5 cents) per ordinary share for the year ended 31 December 2022 to Shareholders whose names appear on the register of members of the Company on Wednesday, 28 June 2023. Subject to the approval of Shareholders at the 2023 AGM, the final dividend will be paid on Thursday, 6 July 2023.

CLOSURE OF REGISTER OF MEMBERS

The record date for the proposed final dividend is Wednesday, 28 June 2023. The Company's register of members will be closed from Tuesday, 27 June 2023 to Wednesday, 28 June 2023 (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, 26 June 2023.

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 2022.

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 2022, except for the following:

Code Provision C.2.1

According to the Code Provision C.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 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.

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 2022.

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 2022.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2022 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 2022 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, 29 March 2023

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.