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 2024

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 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

		Unaudited	
		Six months ended 30 June	
	Note	**2024**	2023
		HK$'000	*HK$'000*
Revenue	*5*	**74,299**	97,820
Cost of sales		**(63,807)**	(65,997)
Gross profit		**10,492**	31,823
Other income	*5*	**2,942**	3,409
Administrative expenses		**(14,881)**	(19,771)
Operating (loss)/profit	*6*	**(1,447)**	15,461
Finance income	*7*	**1,326**	1,841
Finance costs	*7*	**(8,340)**	(15,690)
Finance costs – net	*7*	**(7,014)**	(13,849)

	Note	Unaudited Six months ended 30 June 2024 HK$'000	2023 HK$'000
Share of results of associates		**22,134**	42,246
Profit before income tax		**13,673**	43,858
Income tax expense	*8*	**(3,285)**	(8,819)
Profit for the period		**10,388**	35,039
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Currency translation differences of the Company and its subsidiaries		**(21,951)**	(45,155)
Currency translation differences of associates		**(17,391)**	(33,810)
Other comprehensive loss for the period, net of tax		**(39,342)**	(78,965)
Total comprehensive loss for the period		**(28,954)**	(43,926)
Profit/(loss) attributable to:			
Equity holders of the Company		**11,662**	35,853
Non-controlling interests		**(1,274)**	(814)
		10,388	35,039
Total comprehensive loss attributable to:			
Equity holders of the Company		**(27,779)**	(43,237)
Non-controlling interests		**(1,175)**	(689)
		(28,954)	(43,926)
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)			
Basic and diluted earnings per share	*10*	**0.47**	1.43

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	Unaudited 30 June 2024 HK$'000	Audited 31 December 2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**805,426**	873,421
Construction in progress		**1,412**	364
Right-of-use assets		**12,410**	13,451
Intangible assets		**1,048**	1,372
Prepayments and other receivables	*11*	**13,878**	17,259
Interests in associates		**765,780**	824,173
Total non-current assets		**1,599,954**	1,730,040
Current assets			
Inventories		**10,855**	11,541
Trade and other receivables	*11*	**369,940**	345,343
Cash and cash equivalents		**174,419**	164,290
Total current assets		**555,214**	521,174
Total assets		**2,155,168**	2,251,214
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**25,062**	25,062
Reserves		**1,816,754**	1,857,064
Equity attributable to equity holders of the Company		**1,841,816**	1,882,126
Non-controlling interests		**(9,320)**	(8,145)
Total equity		**1,832,496**	1,873,981

	Note	Unaudited 30 June 2024 *HK$'000*	Audited 31 December 2023 *HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**213,480**	244,461
Deferred income tax liabilities		**30,422**	32,669
Total non-current liabilities		**243,902**	277,130
Current liabilities			
Trade and other payables	*12*	**49,585**	55,045
Current portion of bank borrowings		**28,170**	43,339
Current income tax liabilities		**1,015**	1,719
Total current liabilities		**78,770**	100,103
Total liabilities		**322,672**	377,233
Total equity and liabilities		**2,155,168**	2,251,214

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

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 20 August 2024.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024, for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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 2023.

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	
	2024	2023
	HK$'000	*HK$'000*
Revenue		
Sales of electricity	**74,299**	97,820
Other income		
Value-added tax refund	**2,909**	3,387
Gain on disposal of property, plant and equipment	**14**	20
Others	**19**	2
	2,942	3,409

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$39.7 million (six months ended 30 June 2023: HK$51.0 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 six months ended 30 June 2024, the Group's revenue for reportable segment from external customers of HK$74.3 million (six months ended 30 June 2023: HK$97.8 million) is only attributable to the China market.

For the six months ended 30 June 2024, the Group has three customers with revenue exceeding 10% of the Group's total revenue (six months ended 30 June 2023: three customers). Revenues from the customers amounted to HK$38.2 million, HK$24.3 million and HK$9.5 million (six months ended 30 June 2023: HK$43.9 million, HK$39.7 million and HK$11.8 million) respectively.

6 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging the following items:

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
Auditor's remuneration	**(330)**	(330)
Amortisation of intangible assets	**(332)**	(362)
Depreciation of property, plant and equipment	**(48,548)**	(52,859)
Depreciation of right-of-use assets	**(711)**	(692)
Net exchange loss	**(750)**	(4,590)
Employee benefit expenses (including directors' emoluments)	**(12,432)**	(12,572)
Rental expenses relating to short-term leases	**(1,051)**	(979)
Corporate expenses	**(447)**	(461)
Legal and professional fees	**(476)**	(1,438)
Management service fee	**(1,129)**	(1,241)
Repair and maintenance expenses	**(1,811)**	(2,238)

7 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(8,340)**	(11,431)
– interest expenses on amount due to a shareholder	**–**	(4,259)
	(8,340)	(15,690)
Finance income:		
– interest income on bank deposits	**1,326**	1,841
Finance costs – net	**(7,014)**	(13,849)

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
Current income tax	**(1,665)**	(3,150)
Withholding tax on dividends	**(3,160)**	(5,949)
Deferred income tax credit/(expense), net	**1,540**	(6,816)
Refund of withholding tax on dividends paid in prior years	**–**	7,096
Income tax expense	**(3,285)**	(8,819)

9 DIVIDENDS

The 2023 final dividend of HK$0.5 cents per ordinary shares, amounting HK$12,531,000 was paid on 21 June 2024 to the shareholders of the Company.

On 20 August 2024, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2024.

On 30 August 2023, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2023.

10 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	
	2024	2023
Profit attributable to equity holders of the Company *(HK$ thousand)*	**11,662**	35,853
Weighted average number of ordinary shares in issue *(thousand)*	**2,506,157**	2,506,157
Earnings per share *(HK cents per share)*	**0.47**	1.43

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 2024 and 2023.

11 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

		As at	
		30 June	31 December
		2024	2023
	Note	***HK$'000***	*HK$'000*
Non-current			
Other receivables	*(b)*	**13,878**	17,259
Current			
Trade receivables	*(a)*	**299,382**	289,572
Prepayments and other receivables	*(b)*	**70,558**	55,771
		369,940	345,343
		383,818	362,602

Notes:

(a) The ageing analysis of trade receivables based on the Group's revenue recognition policy at 30 June 2024 and 31 December 2023, was as follows:

	As at	
	30 June	31 December
	2024	2023
	HK$'000	*HK$'000*
Less than 30 days	**21,710**	28,830
More than 30 days and within 60 days	**8,019**	7,778
More than 60 days and within 90 days	**9,197**	5,366
More than 90 days	**260,456**	247,598
	299,382	289,572

The ageing analysis of trade receivables by invoice date at 30 June 2024 and 31 December 2023, was as follows: *(Note i)*

	As at	
	30 June	31 December
	2024	2023
	HK$'000	*HK$'000*
Less than 30 days	**289,783**	279,740
More than 30 days and within 60 days	**–**	–
More than 60 days and within 90 days	**–**	–
More than 90 days	**9,599**	9,832
	299,382	289,572

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$292.4 million (31 December 2023: HK$281.3 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$282.8 million (31 December 2023: HK$271.5 million) was unbilled and has been classified under 'less than 30 days' in the above ageing analysis, while the remaining of HK$9.6 million (31 December 2023: HK$9.8 million) has issued invoices.

(b) Included in current and non-current other receivables were input value-added taxation recoverable of HK$24.7 million (31 December 2023: HK$28.3 million) arising from purchase of property, plant and equipment, and dividend receivables from associates of HK$52.3 million (31 December 2023: HK$36.6 million).

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

12 TRADE AND OTHER PAYABLES

	As at 30 June 2024 *HK$'000*	31 December 2023 *HK$'000*
Trade payables	**390**	506
Payables for acquisition and construction of property, plant and equipment	**44,894**	46,733
Other payables and accruals	**4,301**	7,806
	49,585	55,045

The ageing analysis of trade payables by invoice date at 30 June 2024 and 31 December 2023, was as follows:

	As at 30 June 2024 *HK$'000*	31 December 2023 *HK$'000*
Less than 12 months	**390**	493
12 months and more	**–**	13
	390	506

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2024, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$74.3 million in turnover. Unexpected poor wind conditions in the first half of 2024 led to a 24% decrease in revenue during the interim period as compared to last year's HK$97.8 million. Gross profit for the period decreased 67% to HK$10.5 million (six months ended 30 June 2023: HK$31.8 million). Finance costs have been reduced as the Group has paid back loans without incurring additional capital expenditures, dropping from HK$13.8 million in the interim period 2023 to HK$7.0 million in 2024.

For the Group's associate company wind farms, wind conditions were also poor during the first half of 2024. As a result, net profit from the associates decreased 48% to HK$22.1 million as compared to last year's HK$42.2 million.

Overall, the Group's net profit after tax attributable to the equity holders of the Group for the six months ended 30 June 2024 declined 67% to HK$11.7 million or earnings per share of HK0.47 cents. For the same period in 2023, net profit after tax attributable to the equity holders of the Group was HK$35.9 million or earnings per share of HK1.43 cents.

Liquidity and Financial Resources

As at 30 June 2024, the Group's total bank borrowings was HK$241.7 million as compared to HK$287.8 million as at 31 December 2023. 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$28.2 million is repayable within one year, HK$131.0 million repayable within two to five years and HK$82.5 million repayable after five years.

As at 30 June 2024, bank deposits and cash of the Group was HK$174.4 million as compared to HK$164.3 million as at 31 December 2023. 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 2023 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 RMB468.7 million (equivalent to HK$501.4 million) as security for the bank borrowings as at 30 June 2024. Such assets, with a carrying value of approximately RMB720.4 million (equivalent to HK$789.4 million), were charged as at 31 December 2023.

Gearing Ratio

As at 30 June 2024, 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 4% as compared to 7% as at 31 December 2023.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

BUSINESS REVIEW

China's GDP increased 5.0% year-on-year during the first quarter of 2024, below last year's growth of 5.5%. In the second quarter GDP growth slowed to a disappointing 4.7% compared to the 5.3% in the first quarter and below the government's full year target of 5%. Growth has slowed as consumer demand and retail sales growth has been disappointing. In June, retail sales growth rose only 2%, an 18-month low. A negative wealth effect from falling property prices, lower stock prices, job instability, and low wage growth has dampened demand.

Total power consumption in China increased by 9% as compared to 2023, reaching 4,700,000 Giga-Watt-hours ("GWh"). Consistent with the country's goal to increase the usage of renewable energy, China's wind and solar power generation capacity increased even more strongly, with wind rising 20.0% to an aggregate total of 467 Giga-Watt ("GW"). Total wind power output was 508,800 GWh, an increase of around 10% compared to 2023, accounting for 10.8% of total power generation across the country. Total solar power output was 391,400 GWh, an increase of around 47% compared to 2023, accounting for 8.3% of total power generation across the country.

However, while wind power capacity has increased in China, wind resources were lower than expected. The Group's wind resources were particularly disappointing during January and April. During the interim period, the average wind speed for all the Company's wind farms decreased to an average of 5.8 m/s compared to 6.2 m/s in the same period in 2023. Power dispatch was also impacted by unusually cold weather at Songxian, which resulted in the freezing of turbines, an unusual non-recurring situation. Curtailment was reduced during the interim period, decreasing to 6.2% during the interim period compared to 10.6%

during the interim period of 2023. There was a significant improvement at Lunaobao as a new transmission line was completed at the end of 2023. Total power despatch for the Company's wind farms in the first half of 2024 was 690.6 GWh or 941 utilization hours, a decrease of 11.4% compared to the 779.4 GWh or 1,062 utilization hours in the 2023 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. During the first six months of 2024, wind resources were worse than last year's interim period and curtailment was higher. Mudanjiang and Muling wind farms dispatched power of approximately 24.2 GWh, which was equivalent to 407 utilization hours, 15.1% lower than last year's power dispatch of 28.5 GWh (equivalent to 479 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 first six months of 2024, wind resources were worse than last year, even though curtailment decreased. Siziwang Qi Phase I and II wind farms dispatched power of approximately 107.0 GWh, which was equivalent to 1,080 utilization hours, 5.1% lower than last year's power dispatch of 112.7 GWh (equivalent to 1,138 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 2024, wind resources were worse than last year. Danjinghe project dispatched power of approximately 196.7 GWh, which was equivalent to 983 utilization hours, 16.0% lower than last year's power dispatch of 234.2 GWh (equivalent to 1,171 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 2024, wind resources were worse than last year. Changma project dispatched power of approximately 212.2 GWh, which was equivalent to 1,056 utilization hours, 9.5% lower than last year's power dispatch of 234.5 GWh (equivalent to 1,167 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. Although wind resources in the first half of 2024 were less than 2023, curtailment was reduced due to the construction of a new transmission line at the end of last year. As a result, Lunaobao dispatched power of approximately 104.4 GWh, which was equivalent to 1,039 utilization hours, 10.6% higher than last year's power dispatch of 94.4 GWh (equivalent to 939 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 2024, wind resources were significantly worse than last year. Songxian project dispatched power of approximately 46.1 GWh, which was equivalent to 623 utilization hours, 38.5% lower than last year's power dispatch of 75.0 GWh (equivalent to 1,014 utilization hours). Power dispatch was impacted by unusually cold weather and the freezing of some wind turbines, an unusual circumstance which is not likely to occur again.

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 2024, the power dispatched was approximately 2.2 GWh, which was equivalent to 556 utilization hours. The performance was 4.3% lower than last year's power dispatch of 2.3 GWh (equivalent to 575 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 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 Group anticipates that the second half of 2024 will show improved GDP growth. The government is promoting policies to boost domestic demand. In May, to boost the property markets, the government announced plans to reduce downpayments, lower mortgage rates, and ease purchase requirement. Moreover, the government is now encouraging local governments and state-owned enterprises to purchase unsold properties to use as social housing. A RMB300 billion re-lending loan facility has been set up for this purpose.

Beijing is also allocating another RMB300 billion to boost domestic consumption–half of the amount to encourage large-scale equipment upgrades and trade-ins for consumer goods, and the other to be handed out to local governments to finance initiatives aimed at boosting consumption.

President Xi Jinping's plan for China to reach peak carbon emissions in 2030 and carbon neutrality by 2060 has resulted in tremendous recent growth in renewable energy capacity. However, the grid has not been able to accommodate that increased capacity. As a result, curtailment for both wind and solar power has remained high. The National Energy Administration said that it will accelerate transmission projects, with the goal of completing 37 major power lines and starting construction on another 33 by the end of the year. During the first four months of this year alone, China invested RMB122.9 billion in its power grid projects, a 24.9 per cent year-on-year increase. Given the increased investment in grid capacity, the Group expects curtailment to be reduced over the long term.

The power industry in general is benefitting from increased power prices as local governments have raised tariffs for public utilities. However, this does not directly benefit CRE, as the higher prices have not affected the fixed tariffs for the Group's existing wind farms. Due to uncertainties about future demand growth aligning with electricity supply and ongoing curtailment, the Group has decided to be cautious on investing in new projects–unlike state owned wind power companies which have a mandate to invest, even with lower expected returns. With a net debt/equity ratio of only 4%, the Group has an improving balance sheet, can expect lower finance costs as it continue to repay its project debt, and is well positioned to invest in new projects when the Group determines that returns are attractive. Recently, renewable energy companies have expressed concern over project returns to the government, and the Group anticipates the government will implement new policies to make investments more attractive.

The Group is investigating the possibility of repowering some of CRE existing windfarms. Some of the Group's existing windfarms are reaching close to the end of their expected working life. The Group has the option of trying to extend its life or to reinvest with upgraded wind turbines that can significantly increase the generation capacity and power output of a repowered site.

Employees

As at 30 June 2024, 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 2024, 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 2024, CRE's operating assets complied with all local environmental related regulatory requirements. With a total electricity generation of 692.8 GWh, we have reduced approximately 225,000 tons of coal consumption and 535,000 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 National Energy Administration at both national and provincial level), local authorities (e.g. environmental and land bureau) and State Grid Corporation through various meetings to facilitate their understanding of our business, operations and development direction.

The Group will continue to support the 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 do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

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 2024, which has also been reviewed by the Company's auditor, Moore CPA Limited, 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 2024.

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 C1 to the Listing Rules throughout the six months ended 30 June 2024, 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, Mr. OEI Kang, Eric, with support from other executive directors of the Company. 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 (the "Model Code") set out in Appendix C3 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 2024.

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 2024 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 (upon requested) in due course.

By Order of the Board
China Renewable Energy Investment Limited
OEI Kang, Eric
Chairman and Chief Executive Officer

Hong Kong, 20 August 2024

As at the date of this announcement, the Board comprises seven Directors, of which Mr. OEI Kang, Eric, Mrs. OEI Valonia Lau, 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.