



RENEWABLE ENERGY ASIA GROUP LIMITED

(Company Registration No. 33437)

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This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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RENEWABLE ENERGY ASIA GROUP LIMITED

(Company Registration No. 33437)

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

PART I: INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of comprehensive income for the financial period ended 31 December 2013

	Quarter ended 31-Dec-13	Quarter ended 31-Dec-12	Variance	Year to date 31-Dec-13	Year to date 31-Dec-12	Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	60,033	76,448	(21)	170,329	246,594	(31)
Cost of sales	(61,853)	(74,734)	(17)	(160,401)	(242,970)	(34)
Gross (loss)/profit	(1,820)	1,714	(206)	9,928	3,624	
Distribution and selling expenses	(294)	(27)	989	(935)	(176)	431
Administration expenses	(10,764)	(9,328)	15	(30,760)	(24,332)	26
Other gains and losses	482	634	(24)	817	3,183	(74)
Finance costs	(7,481)	(8,250)	(9)	(22,156)	(14,073)	57
Share of (loss)/profit of an associate	(505)	(1,776)	(72)	3,160	958	230
Share of profit/(loss) of a jointly controlled	2,131	799	167	(58)	303	(119)
Loss before income tax	(18,251)	(16,234)	12	(40,004)	(30,513)	31
Income tax expense	-	(1)	(100)	-	(9)	(100)
Loss for the period	(18,251)	(16,235)	12	(40,004)	(30,522)	31
Other comprehensive loss for the period, net of tax	-	-	n/m	-	-	n/m
Total comprehensive loss for the period, net of tax	(18,251)	(16,235)	12	(40,004)	(30,522)	31

n/m: Not Meaningful



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1(a)(ii) Notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Loss for the period is arrived at after charging/ (crediting) the following items:

	Quarter ended 31-Dec-13 RMB'000	Quarter ended 31-Dec-12 RMB'000	Year to date 31-Dec-13 RMB'000	Year to date 31-Dec-12 RMB'000
Amortisation of prepaid lease payments	198	198	594	594
Allowances recognised in respect of inventories	2,613	12,081	2,741	12,133
Claims for product defective works	-	-	-	71
Depreciation of property, plant and equipment	3,553	2,354	10,689	6,996
Interest expense	6,876	6,985	21,333	12,808
Loss on disposal of property, plant and equipment	-	24	118	24
Property, plant and equipment written off	-	76	400	76
Interest income	(807)	(806)	(2,309)	(1,319)
Foreign exchange differences	-	-	-	(1,018)



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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of financial position as at 31 December 2013

	Group		Company	
	As at 31-Dec-13 RMB'000	As at 31-Mar-13 RMB'000	As at 31-Dec-13 RMB'000	As at 31-Mar-13 RMB'000
<u>ASSETS</u>				
Non-current assets				
Property, plant and equipment	215,794	196,871	15	7
Prepaid lease payments	37,293	37,887	-	-
Investments in subsidiaries	-	-	-	-
Interest in a jointly controlled entity	54,629	54,687	-	-
Investment in an associate	49,474	47,362	-	-
Other receivable	19,000	4,500	-	-
Total non-current assets	376,190	341,307	15	7
Current assets				
Inventories	54,786	50,996	-	-
Prepaid lease payments	792	792	-	-
Trade receivables	106,718	45,558	-	-
Bills receivables	-	8,842	-	-
Other receivables	242,054	153,641	126,387	128,265
Pledged bank deposits	119,320	122,829	-	-
Cash and cash equivalents	14,920	7,876	1,792	464
Total current assets	538,590	390,534	128,179	128,729
Total assets	914,780	731,841	128,194	128,736
<u>EQUITY AND LIABILITIES</u>				
Equity				
Share capital	109,707	106,268	109,707	106,268
Share premium	191,882	189,283	191,882	189,283
Share options reserve	-	840	-	840
Warrant reserve	5,923	5,923	5,923	5,923
Accumulated losses	(236,288)	(197,124)	(185,268)	(177,324)
Equity attributable to equity holders of parent company	71,224	105,190	122,244	124,990
Total equity	71,224	105,190	122,244	124,990



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1(b)(i) Statements of financial position as at 31 December 2013 (cont'd)

	Group		Company	
	At at	As at	As at	As at
	31-Dec-13	31-Mar-13	31-Dec-13	31-Mar-13
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liability				
Borrowings	113,259	19,613	-	-
Total non-current liability	113,259	19,613	-	-
Current liabilities				
Trade payables	126,521	60,993	-	-
Other payables	246,078	239,526	5,899	2,645
Bills payables	164,000	159,000	-	-
Borrowings	161,917	146,418	-	-
Shareholder's loan	31,730	1,050	-	1,050
Current tax payable	51	51	51	51
Total current liabilities	730,297	607,038	5,950	3,746
Total liabilities	843,556	626,651	5,950	3,746
Total equity and liabilities	914,780	731,841	128,194	128,736



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- 1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**
- (A) the amount repayable in one year or less, or on demand;**
(B) the amount repayable after one year;
(C) whether the amounts are secured or unsecured; and
(D) details of any collaterals.

	As at 31-Dec-13 RMB'000	As at 1-Apr-13 RMB'000
Amount repayable due within one year		
Borrowings - secured 1	161,917	92,926
Borrowings - unsecured	-	53,492
Notes payables - financing	164,000	159,000
	325,917	305,418
Amount repayable due after one year		
Borrowings - secured 1	113,259	19,613
	439,176	325,031

The Group has no outstanding debt securities as at 31 December 2013.

Details of collaterals:-

As at the 31 December 2013, the bank and other borrowings of RMB439.18 million were secured by:-

Borrowings – secured 1

1. Personal guarantees by the controlling shareholder Mr Xu Jian and his family members, Mr Xu Guo Hua and Mdm Zhao Ting Ting;
2. Corporate guarantees by certain companies in which the controlling shareholder, Mr Xu Jian, has substantial interest, namely Nantong Jiaolong Industrial Shipbuilding Co., Ltd, Nantong Jiaolong Industrial Development Co., Ltd and Oceantec Industries Company Ltd;
3. Corporate guarantee by a third party, Nantong Zhongrui Heavy Industries Technology Co., Ltd (南通中瑞重工科技有限公司);
4. Corporate guarantees by a subsidiary of the Company, Nantong Huaishuo Investment Co., Ltd;
5. Certain of the Group's property, plant and equipment;
6. Receivable's invoices;
7. Pledged bank deposits; and
8. Prepaid land use rights of the Group.



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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year (Cont'd)

Notes payables – financing

1. Pledged bank deposits;
2. Personal guarantees by the controlling shareholder Mr Xu Jian and his family members, Mr Xu Guo Hua and Mdm Zhao Ting Ting;
3. Corporate guarantees by certain companies in which the controlling shareholder, Mr Xu Jian, has substantial interest, namely Nantong Jiaolong Industrial Development Co., Ltd and Oceantec Industries Company Ltd;
4. Corporate guarantee by a third party, Nantong Zhongrui Heavy Industries Technology Co., Ltd (南通中瑞重工科技有限公司);
5. Certain of the Group's property, plant and equipment; and
6. Prepaid land use rights of the Group.



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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of cash flows for the financial period ended 31 December 2013

	Group			
	Quarter ended 31-Dec-13	Quarter ended 31-Dec-12	Year to date 31-Dec-13	Year to date 31-Dec-12
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Loss for the period	(18,251)	(16,234)	(40,004)	(30,513)
Adjustment for:				
Income tax expense recognised in profit or loss	-	(1)	-	(9)
Depreciation of property, plant and equipment	3,553	2,354	10,689	6,996
Finance costs recognised in profit or loss	6,876	6,985	21,333	12,808
Interest income recognised in profit or loss	(807)	(806)	(2,309)	(1,319)
Allowances recognised in respect of inventories	2,613	12,081	2,741	12,133
Loss on disposal of property, plant and equipment	-	24	118	24
Property, plant and equipment written off	-	76	400	76
Recognition of equity-settled share-based payments	-	-	-	105
Release of prepaid lease payments	198	198	594	594
Exchange difference	-	-	-	(1,018)
Share of loss/(profit) from an associate	506	1,776	(3,160)	(958)
Share of (profit)/loss from a jointly controlled entity	(2,131)	(799)	58	(303)
Operating loss before changes in working capital	(7,443)	5,654	(9,540)	(1,384)
Decrease/(increase) in Inventories	23,456	(28,471)	(6,531)	16,523
Increase in trade and other receivables	(76,358)	(28,068)	(166,346)	(86,009)
Increase in trade and other payables	12,579	87,138	102,760	102,272
Decrease in bill receivables	-	-	8,842	-
Decrease in notes payables	-	-	-	(50)
Cash (used in)/from operations	(47,766)	36,253	(70,815)	31,352
Interest paid	(4,603)	(7,010)	(19,060)	(12,632)
Net cash (used in)/from operating activities	(52,369)	29,243	(89,875)	18,720
Cash flows from investing activities				
Interest received	807	806	2,309	1,319
Dividend received from an associate	-	-	1,048	-
Purchase of property, plant and equipment	(12,401)	(52,811)	(30,835)	(96,908)
Placement of pledged bank deposits	(45,010)	(45,000)	(177,010)	(128,531)
Withdrawals of pledged bank deposits	61,448	49,186	180,519	64,698
Proceeds from disposal of property, plant and equipment	-	100	705	100
Net cash from/(used in) investing activities	4,844	(47,719)	(23,264)	(159,322)



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1(c) Consolidated statement of cash flows for the financial period ended 31 December 2013 (cont'd)

Cash flows from financing activities

Proceeds from notes payables	
Proceeds from borrowings	
Repayment of borrowing	
Repayment of notes payables	
Repayment of loan from a controlling shareholder	
Net proceeds from issuance of subscription shares	
Net proceeds from issuance of rights shares	
Net cash generated from/(used in) financing activities	
Net increase/(decrease) in cash and cash equivalents	
Cash and cash equivalents at beginning of period	
Cash and cash equivalents at end of period	

Group			
Quarter ended 31-Dec-13	Quarter ended 31-Dec-12	Year to date 31-Dec-13	Year to date 31-Dec-12
RMB'000	RMB'000	RMB'000	RMB'000
85,000	80,000	164,000	218,400
99,791	20,000	273,856	85,000
(42,593)	(31,000)	(164,711)	(56,000)
(90,000)	(84,000)	(159,000)	(116,000)
-	-	-	(19,815)
-	-	6,038	-
-	-	-	23,929
52,198	(15,000)	120,183	135,514
4,673	(33,476)	7,044	(5,088)
10,247	50,068	7,876	21,680
14,920	16,592	14,920	16,592

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of changes in equity for the financial period ended 31 December 2013

The Group (RMB '000)	Share capital	Share premium	Warrant reserve	Share options reserve	Accumulated losses	Total equity
Balance as at 1 April 2013	106,268	189,283	5,923	840	(197,124)	105,190
Changes of equity for the period						
Total comprehensive loss for the period	-	-	-	-	(21,753)	(21,753)
Issuance of subscription shares	3,439	2,603	-	-	-	6,042
Exercise of warrants	-	(4)	-	-	-	(4)
Balance as at 30 September 2013	109,707	191,882	5,923	840	(218,877)	89,475
Changes of equity for the period						
Total comprehensive loss for the period	-	-	-	-	(18,251)	(18,251)
Lapsed and waived of share options	-	-	-	(840)	840	-
Balance as at 31 December 2013	109,707	191,882	5,923	-	(236,288)	71,224

Note:

The Company issued and allotted 500 new ordinary shares on 2 August 2013 pursuant to the exercise of 500 warrants at the exercise price of S\$0.05 per warrant for a total consideration of RMB67.93. However, the amount is immaterial to reflect in the statement of changes in equity of the Company.

1(d)(i) Statement of changes in equity for the financial period ended 31 December 2013 (cont'd).

The Company (RMB '000)	Share capital	Share premium	Share options reserve	Warrant reserve	Accumulated losses	Total
Balance as at 1 April 2013	106,268	189,283	840	5,923	(177,324)	124,990
Changes of equity for the period						
Total comprehensive loss for the period	-	-	-	-	(5,713)	(5,713)
Issuance of subscription shares	3,439	2,603	-	-	-	6,042
Exercise of warrants	-	(4)	-	-	-	(4)
Balance as at 30 September 2013	109,707	191,882	840	5,923	(183,037)	125,315
Changes of equity for the period						
Total comprehensive income for the period	-	-	-	-	(3,071)	(3,071)
Lapsed and waived of share options	-	-	(840)	-	840	-
Balance as at 31 December 2013	109,707	191,882	-	5,923	(185,268)	122,244

Note:

The Company issued and allotted 500 new ordinary shares on 2 August 2013 pursuant to the exercise of 500 warrants at the exercise price of S\$0.05 per warrant for a total consideration of RMB67.93. However, the amount is immaterial to reflect in the statement of changes in equity of the Company.

1(d)(i) Consolidated statement of changes in equity for the financial period ended 31 December 2012 (cont'd).

The Group (RMB '000)	Attributable to owners of the Company						Total equity
	Share capital	Share premium	Warrant reserve	Share options reserve	Accumulated losses	Total	
Balance as at 1 April 2012	92,561	184,984	-	985	(140,500)	138,030	138,030
Changes of equity for the period							
Total comprehensive loss for the period	-	-	-	-	(14,287)	(14,287)	(14,287)
Issuance of rights shares and warrants	13,707	4,299	5,923	-	-	23,929	23,929
Lapsed and waived of share options	-	-	-	(53)	53	-	-
Recognition of equity-settled share-based payments	-	-	-	105	-	105	105
Balance as at 30 September 2012	106,268	189,283	5,923	1,037	(154,734)	147,777	147,777
Changes of equity for the period							
Total comprehensive loss for the period	-	-	-	-	(16,235)	(16,235)	(16,235)
Balance as at 31 December 2012	106,268	189,283	5,923	1,037	(170,969)	131,542	131,542

1(d)(i) Statement of changes in equity for the financial period ended 31 December 2012 (cont'd).

The Company (RMB '000)	Share capital	Share premium	Warrant reserve	Share options reserve	Accumulated losses	Total
Balance as at 1 April 2012	92,561	184,984	-	985	(89,453)	189,077
Changes of equity for the period						
Total comprehensive income for the period	-	-	-	-	8,650	8,650
Issuance of rights shares and warrants	13,707	4,299	5,923	-	-	23,929
Lapsed and waived of share options	-	-	-	(53)	53	-
Recognition of equity-settled share-based payments	-	-	-	105	-	105
Balance as at 30 September 2012	106,268	189,283	5,923	1,037	(80,750)	221,761
Changes of equity for the period						
Total comprehensive income for the period	-	-	-	-	8,468	8,468
Balance as at 31 December 2012	106,268	189,283	5,923	1,037	(72,282)	230,229



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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Company			
	As at 31/12/2013		As at 31/12/2012	
	No of share	Share capital RMB	No of share	Share capital RMB
Balance as at the beginning of the period	720,169,952	106,268,200	620,115,400	92,561,315
Issue of rights shares at S\$0.05 each	-	-	100,054,552	13,706,885
Issue of subscription shares at S\$0.05 each	25,400,000	3,438,597	-	-
Exercise of warrant at S\$0.05 each	500	68	-	-
Balance as at the end of the period	745,570,452	109,706,865	720,169,952	106,268,200

As at 31 December 2013, the Company has outstanding warrants, the conversion of which would result in the issue of 100,054,052 new ordinary shares representing 13.4% of the enlarged capital of the Company.

As at 31 December 2012, the Company has outstanding share options and warrants, the conversion of which would result in the issue of 101,554,552 new ordinary shares representing 14.1% of the enlarged capital of the Company.

The details of the share options and warrants are set out below.

Rights issue and warrants

On 3 July 2012, the Company allotted and issued 100,054,552 new ordinary shares ("Rights Shares") at an issue price of S\$0.05 for each Rights Share and 100,054,552 free detachable warrants ("Warrants") pursuant to a renounceable non-underwritten rights issue ("Rights Issue").

Each Warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.05 for each new ordinary share and is exercisable during a three year period from the date of issue. As at 31 December 2013, 500 Warrants have been converted into 500 new ordinary shares. As at 31 December 2012, there were 100,054,052 Warrants that remained outstanding (31 December 2012: 100,054,552).



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Subscription shares

The Company has on 15 July 2013 issued and allotted 25,400,000 new ordinary shares ("Subscription Shares") at a subscription price of S\$0.05 for each Subscription Share to Grand Sea International Limited ("Subscriber") pursuant to a subscription agreement dated 29 April 2013 entered into by the Company with the Subscriber.

Treasury shares

No treasury shares are held by the Company as at ended 31 December 2012 and 31 December 2013.

Share options

The Company has an employee share option scheme for eligible employees of the Group. On 9 July 2010, the Company granted to eligible participants an aggregate 7,500,000 share options (the "Options") to subscribe for ordinary shares of HK\$0.17 each in the share capital of the Company, at an exercise price of S\$0.26 per share.

The exercise period shall commence on the first anniversary of the date of grant for the 50% of the options granted, and commence on the second anniversary of the date of grant or the remaining 50% of the options granted. As at 31 December 2012, there were 1,500,000 share options that remained outstanding. Both sets of options have expired on 27 October 2013. All unexercised options have been lapsed upon the expiry of the exercise period. As at 31 December 2013, there are no share options that remain outstanding.



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- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company	
	Year to date 31-Dec-13 No. of share	Year ended 31-Mar-13 No. of share
Balance as at the beginning of the period/year	720,169,952	620,115,400
Issue of Rights Shares	-	100,054,552
Issue of Subscription Shares	25,400,000	-
Exercise of Warrants	500	-
Balance as at the end of the period/year	745,570,452	720,169,952

No treasury shares were held by the Company as at 31 March 2013 and 31 December 2013.

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no treasury shares were sold, transferred, disposal, cancelled or use during the period ended 31 December 2013.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

These figures have not been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.



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4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those applied in the financial statements for the year ended 31 March 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There are no changes in the accounting policies and methods of computation.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

- (a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Quarter ended 31-Dec-13 RMB Cents	Quarter ended 31-Dec-12 RMB Cents	Year to date 31-Dec-13 RMB Cents	Year to date 31-Dec-12 RMB Cents
Loss per share				
Based on the weighted average number of ordinary shares in issue	(2.45)	(2.25)	(5.44)	(4.42)

Loss per share

The computation of the basic loss per share for 3Q2014 and 9M2014 were based on the loss for the three months and the nine months financial period ended 31 December 2013 of RMB18,251,000 and RMB40,004,000 respectively (3Q2013 and 9M2013: RMB16,235,000 and RMB30,522,000) and the weighted average number of ordinary shares outstanding of 745,570,452 and 735,779,681 shares respectively (3Q2013 and 9M2013: 720,169,952 and 690,527,557 shares respectively) during the period.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the Subscription Shares issued and Warrants pursuant to the subscription by the Subscriber and exercise of Warrants in July and August 2013 respectively.



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Diluted loss per share has not been presented for both periods as the ordinary shares to be issued from the exercise of the Company's outstanding Options and Rights Issue would have an anti-dilutive effect in the loss per share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31-Dec-13 RMB cents	As at 31-Mar-13 RMB cents	As at 31-Dec-13 RMB cents	As at 31-Mar-13 RMB cents
Net asset value per share	9.55	14.61	16.40	17.36

The net asset value per share is calculated based on 745,570,452 and 720,169,952 ordinary shares as at 31 December 2013 and 31 March 2013 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of comprehensive income

(i) Current Quarter (3Q2014)

Group revenue decreased 21% to RMB60.0 million for the quarter ended 31 December 2013 ("3Q2014"), from RMB76.4 million in the same period last year ("3Q2013"). This was mainly due to lower business activity in the manufacturing segment arising from a decline in demand for steel structures.

In line with the lower business activity, manufacturing cost fell 17% to RMB61.9 million in 3Q2014. However, due to an impairment loss on inventions amounting to RMB2.6 million in 3Q2014, the Group recorded a negative gross profit margin for the quarter, compared to a gross profit margin of 2% in 3Q2013.



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(i) Current Quarter (3Q2014) (cont'd)

Distribution and selling expenses increased significantly by 989% to RMB0.3 million in 3Q2014, from RMB0.03 million in 3Q2013, mainly due to an increase in staff costs as compared to 3Q2013. The increase in staff cost is a result of a formation of a sales department in the current financial year.

Administration expenses increased by 15% to RMB10.8 million in 3Q2014, from RMB9.3 million in 3Q2013. The higher administrative expenses reflects increases in legal and professional, entertainment, travelling and staff costs, which were partially offset by a decline in directors' emolument, rental and upkeep of motor vehicles.

Other gains of RMB0.5 million in 3Q2014 as compared to RMB0.6 million in 3Q2013, was mainly derived from interest income for the period under review.

Finance costs decreased 9% to RMB7.5 million, from RMB8.3 million in 3Q2013, due to a higher proportion of loans being drawn down in the later part of 3Q2014.

The Company's associated company, Datang Baotou Asia Electricity Co. Ltd ("Datang Baotou"), contributed share of loss of RMB0.5 million in 3Q2014 as compared to a share of loss of RMB1.8 million in 3Q2013. The improvements comes from the increase in power generated during the quarter compared 3Q2013.

The Group's share of profit from a jointly-controlled entity, Renewable Energy Asia Technology and Engineering Co. Ltd ("REATE"), increased to RMB2.1 million in 3Q2014, compared to a profit of RMB0.8 million in 3Q2013, in view of lower expenses incurred during the period under review.

(ii) Year-to-Date (3Q2014)

Group revenue fell 31% to RMB170.3 million for the nine months ended 31 December 2013 ("9M2014"), from RMB246.6 million in the previous corresponding period ("9M2013"). This was mainly due to a decrease in the sale of wind turbine structures from the manufacturing segment. Nevertheless, the lower level of manufacturing activity was partially offset by higher revenue from solar power generation, which contributed 6% of the total revenue generated in 9M2014.

Manufacturing cost declined 34% to RMB160.4 million in 9M2014, from RMB243 million in 9M2013, in line with lower sales activity for wind turbine structures. Nevertheless, gross profit margin increased by 4% in 9M2013 to 6% in 9M2014, due to higher revenue contribution from the higher-margin solar power generation segment. Overall, the gross profit for 9M2014 increased to RMB9.9 million, from RMB3.6 million in 9M2013.



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(ii) Year-to-Date (3Q2014) (cont'd)

Distribution and selling expenses increased significantly by 431% to RMB0.9 million in 9M2014, from RMB0.2 million in 9M2013, mainly due to an increase in staff cost and travelling expenses during the period. The increase in staff cost is a result of a formation of a sales department during the year.

Administration expenses increased by 26% to RMB30.8 million in 9M2014, from RMB24.3 million in 9M2013. This was mainly due to increases in legal and professional, entertainment, travelling and salaries, partially offset by a decline in directors' emolument, rental and upkeep of motor vehicles.

The Group registered other gains of RMB0.8 million in 9M2014, as compared to RMB3.2 million in 9M2013, as the increase in interest income was eroded by a loss on disposal and write-off of property, plant and equipment, property, plant as well as appreciation of RMB.

Finance costs increased by 57% to RMB22.2 million in 9M2014, from RMB14.1 million in 9M2013, mainly due to higher trade financing and borrowing costs, in line with the increase in borrowings during the period.

The Group's associated company, Datang Baotou, contributed share of profit of RMB3.2 million in 9M2014 as compared to RMB1.0 million in 9M2013. This was mainly due to higher revenue generated from the wind power business as compared to the corresponding period in 9M2013.

The Group's share of loss from a jointly-controlled entity, REATE, was RMB0.06 million in 3Q2014, compared to a profit of RMB0.3 million in 3Q2013 as a result of lower expenses incurred.

Taking the above into account, the Group recorded a loss of RMB40.0 million for 9M2014, compared to a loss of RMB30.5 million in 9M2013.

Statement of financial position

The Group's property, plant and equipment increased from RMB196.9 million to RMB215.8 million, mainly due to progressive asset recognition on the construction of its solar farm projects during the period.

Investments in an associate rose from RMB47.4 million for the financial year ended 31 March 2013 ("FY2013") to RMB49.5 million in 3Q2014, mainly due to the profit contribution from its associate company, Datang Baotou.

Other receivables in non-current assets increased from RMB4.5 million in FY2013 to RMB19.0 in 3Q2014, mainly due to an increase in pledged deposit to secure for other borrowings granted to the Group during the period.



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Statement of financial position (cont'd)

Inventories increased to RMB54.8 million in 3Q2014 from RMB51.0 million in FY2013, mainly due to the Group's recognition of the work-in-progress of the 9MW joint-venture solar farm project during the period.

Trade receivables increased from RMB45.6 million in FY2013 to RMB106.7 million in 3Q2014; mainly due to longer credit terms extended to a major customer during the period under review.

Other receivables increased to RMB242.1 million in 3Q2014, from RMB153.6 in FY2013, mainly due to an increase in advances for staff working on projects, approval and advances to suppliers.

Cash and bank balances increased to RMB134.2 million in 3Q2014, from RMB130.7 million in FY2013 due to loans obtained through an increase in pledged bank deposits of RMB3.5 million during the period and new loans amounting to RMB117.9 million obtained as at 31 December 2013.

The Group allotted and issued 25,400,000 Subscription Shares in July 2013 and 500 new shares from the exercise of 500 Warrants in August 2013. Following the allotment of the Subscription Shares and new shares, the total number of issued shares of the Company increased from 720,169,952 shares to 745,570,452 shares which resulted in an increase in share premium reserves by RMB2.6 million.

Non-current borrowing increased significantly to RMB113.3 million in 3Q2014, from RMB19.6 million in FY2013, as the Group procured another long term borrowings to finance its investments in solar power plant investments during the period.

Trade payables rose to RMB126.5 million in 3Q2014 from RMB61.0 million in FY2013, mainly due to longer credit terms obtained during the period.

The shareholder's loan increased substantially to RMB31.7 million in 3Q2014, from RMB1.05 million in FY2013, due to an RMB30.0 million interest-free advance extended to the Group by its major shareholder. The cash advance has been earmarked for working capital and does not have a fixed term of repayment.

Statement of cash flows

(i) Current Quarter (3Q2014)

The Group recorded negative operating cash flow of RMB52.4 million in 3Q2014 as compared to the positive operating cash flows of RMB29.2 million in 3Q2013. This was attributable to an increase in trade and other receivables arising from the increase in staff advances, longer credit terms extended to customers and advances to suppliers.



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It was partially offset by a decrease in inventories and increase in trade and other payables as a result of longer credit terms extended by our suppliers.

The Group recorded a positive cash flow from investing activities of RMB4.8 million in 3Q2014 as compared to negative cash flow of RMB47.7 million in 3Q2013. This was mainly due to increase in pledged bank deposits on bank borrowings and the acquisition of new equipment.

During the period, as a result of net proceeds from borrowings of RMB99.8 million, the Group recorded positive cash flow from financing activities of RMB52.2 million, as compared to the negative cash flow of RMB15.0 million in 3Q2013.

Taking into account of the above, there was a net increase of RMB4.7 million in the cash and cash equivalents recorded in 3Q2014 versus a net decrease of RMB33.5 million in 3Q2013.

(ii) Year-to-date 3Q2014

The Group recorded negative operating cash flow of RMB89.9 million for 3Q2014 as compared to positive operating cash flows of RMB18.7 million for 3Q2013. This was mainly due to increase in inventories and advances to suppliers and non-trade receivables, which was partially offset by an increase in trade and other payables from longer credit terms extended by supplier.

The Group registered negative cash flow from investing activities of RMB23.3 million in 3Q2014 as compared to negative cash flow of RMB159.3 million in 3Q2013, mainly due to acquisition of new assets and placement of pledged bank deposits during the period.

The Group recorded positive cash flow from financing activities of RMB120.2 million in 3Q2014, as compared to the positive cash flow of RMB135.5 million in 3Q2013, mainly due to net proceeds from borrowings of RMB114.9 million during the period.

Overall, there was a net increase of RMB7.0 million in the cash and cash equivalents recorded in 3Q2014, versus a net decrease of RMB5.1 million in 3Q2013.

Going concern status

The Group incurred a net loss of RMB40.0 million for 3Q2014 (FY2013: RMB56.6 million), and as at 31 December 2013, the Group's current liabilities exceeded its current assets by RMB 191.7 million (31 March 2013: RMB216.5 million).

On 3 May 2013, the Company had, in connection with the Company's announcement on the proposed placement of 108,000,000 new ordinary shares in the share capital of the Company to Grand Sea International Limited, opined that, after taking into consideration:



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- (a) the present bank facilities, the working capital available to the Group is not sufficient to meet its present requirements; and
- (b) the present bank facilities and net proceeds of the Placement, the working capital available to the Group is not sufficient to meet its present requirements.

In view of the above, the Company had clarified in its announcement on 14 June 2013 that the Board of Directors is of the opinion that the Company can continue to operate as a going concern and retain its listing status for the following reasons:

(a) Support from Mr Xu Jian

Mr Xu Jian, the Executive Chairman and Director and controlling shareholder of the Company, had, on 3 May 2013, undertaken in favour of the Company, that he would continue to provide or procure financial support and, if so requested by the Company and/or the Group, to meet all the Company's and/or the Group's short term obligations to the extent that the Company and/or the Group is/are unable to meet those obligations by itself/themselves (in the form of capital injection, personal guarantee to banks or loans or a combination of both) the Company and/or the Group commencing 3 May 2013 and until 30 June 2014 ("**Financial Support**").

(b) Placement and other fund raising alternatives

The Company had on 29 April 2013, signed a conditional subscription agreement with the Subscriber for the subscription of 108,000,000 Subscription Shares at the price of S\$0.050 for each Subscription Share ("Proposed Placement").

The Subscription Shares, if successfully issued to Grand Sea International Limited, will enable the Company to raise a gross proceed of S\$5,400,000 (equivalent to approximately RMB26.19 million), which will result in an injection of funds into the Company and enable to Company to increase its working capital.

The Board is also evaluating various fund raising alternatives (including but not limited to rights issue) to supplement the Group's working capital requirements.

(c) Disposal of unproductive assets

The Company has entered into a non-binding term sheet with Mr Xu Jian pursuant to which the Group is contemplating the disposal of its business in (a) manufacturing and production of wind turbine components and systems, and (b) engineering, procurement, construction and maintenance of wind farms (collectively, "Manufacturing and EPC Business") to Mr Xu Jian and/or its nominee ("Proposed Disposal").



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As at the date of this announcement, the Company has partially completed the Proposed Placement by issuing and allotting 25,400,000 Subscription Shares to the Subscriber at the subscription price of S\$0.050 for each Subscription Share, against the Company's receipt of S\$1,270,000 from the Subscriber.

As at 31 December 2013, the Company has not received the outstanding subscription consideration of S\$4,130,000 for the proposed issue and allotment of 82,600,000 remaining Subscription Shares from the Subscriber.

Separately, the Company had announced on 14 July 2013 that the Company has entered into a definitive sale and purchase agreement to dispose of the entire issued and paid-up share capital of REA Power Pte. Ltd., with businesses engaging in the Manufacturing & EPC Business, to Mr Xu Jian and/or its nominee at cash consideration of RMB4.95 million and that the Company will in due course despatch to Shareholders a circular containing information relating to the Proposed Disposal and seeking the approval of the Shareholders for the same at an special general meeting to be convened.

In view of the Financial Support from Mr Xu Jian, the Board is of the opinion that notwithstanding that the Proposed Placement is partially completed and that the completion of the Proposed Disposal is still in progress, the Company and the Group are still able to continue to operate as a going concern.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Please refer to paragraph 8 of this announcement

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The outlook for the last quarter of the financial year ending 31 March 2014 remains tough, as the Group continues to face low margins rising manufacturing and financing costs.

The Group remains committed to completing the disposal of the manufacturing and EPC business. This will reduce its reliance on short term financing facilities and operating losses.

The Group expects to see a continued development of solar and wind energy projects and infrastructure in China as the country actively pursues the development of its renewable energy resources. The Group continues to explore longer term bank



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financing and/or fund-raising activities to put in place the necessary financing for the development of its solar and wind farm projects.

On the solar farm development front, the Group is making progress, with the commencement of operations of a 9MW solar farm and a 20MW solar farm in the Dongdongtan Photovoltaic Industrial District in Jiuquan, China. The Group is currently constructing a 13.8 MW solar power plant in Jinhua, Jiangsu, and is making steady progress.

The Group will actively seek to complete the disposal of the manufacturing and EPC businesses. At the same time, it will also continue to focus on growing its solar and wind farm businesses in China. The Group continues to be cautiously optimistic about its prospects in the industry as the policies governing the industry evolve.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share in cents

Not applicable.

(b)(ii) Previous corresponding period in cents

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Register able Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.



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12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of Such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has obtained, a statement to that effect.

Name of Interested Person	Nature of Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		RMB'000	RMB'000
(1) Oceantec Industries Company Ltd	Rental	7,501	Nil
	Advances	108,111	Nil
(2) Nantong Jiaolong Industrial Development Co., Ltd	Sales	Nil	2,248
	Advances	32,000	Nil
	Non-trade financing	30,000	Nil
(3) Jiangsu Maritime Engineering Services Co., Ltd	Sub-contracting	6,351	Nil
(4) Nantong Zhongneng International Trading Co., Ltd	Non-trade financing	25,000	Nil

As disclosed in the table above, the Group had entered into several interested person transactions (the "Past Recurrent IPTs") with Oceantec Industries Company Ltd, Nantong Jiaolong Industrial Development Co., Ltd., Jiangsu Maritime Engineering Services Co., Ltd. and Nantong Zhongneng International Co., Ltd.

On an aggregated basis, such transactions had exceeded 5% of the Group's latest audited net tangible assets ("NTA") for financial year ended 31 March 2013.

Under the requirements of Chapter 9 of the Listing Manual Section B: Rules of Catalyst, the Company is required to make an immediate announcement of any IPT of a value equal to or exceeding 3% of the Group's latest audited NTA and to seek shareholders' approval for all IPTs of a value equal to or exceeding 5% of the Group's latest audited NTA.



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The Company had not sought Shareholders' approval for the Past Recurrent IPTs and will be seeking to ratify such transactions at special general meeting to be convened in due course.

14. Use of Proceeds

The Company has on 15 July 2013 issued and allotted 25,400,000 Subscription Shares to the Subscriber at a subscription price of S\$0.05 for each Subscription Share for an aggregate of S\$1,270,000.

The Company has disbursed approximately S\$1,234,000 (being the net proceeds from the allotment of the 25,400,000 Subscription Shares after deducting expenses incurred of approximately S\$36,000 instead of S\$50,000 announced on 23 July 2013) to meet its general working capital requirement.

The use of net proceeds as at the date of this announcement is as follows:-

Use of Proceeds	Proposed usage		Actual	Balance
	SGD	RMB	usage	RMB
	('000)	('000)	RMB ('000)	RMB ('000)
General working capital	1,234	6,125	6,125	0

As at 31 December 2013, the Company has not received the outstanding subscription consideration of S\$4,130,000 for the proposed issue and allotment of 82,600,000 remaining Subscription Shares from the Subscriber.



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15. Negative Assurance Confirmation on Interim Financial Results under Listing Manual of Catalist Rule 705(5)

We, Xu Jian and Zheng Lei, being two directors of Renewable Energy Asia Group Limited (the "Company") do hereby confirm on behalf of the directors of the company that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Company (comprising the consolidated statements of financial positions, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows(together with their accompanying notes) for the second quarter ended 31 December 2013 and results of the business, changes in equity and cash flows of the Group for the 9 months ended on that date, to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Xu Jian
Executive Chairman

Zheng Lei
Deputy Chairman and Chief
Executive Officer

BY ORDER OF THE BOARD

Dr Zheng Lei
Chief Executive Officer and Executive Director

14 February 2014