

Independent Auditors' Report

To The Members of Renewable Energy Asia Group Limited (Incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Renewable Energy Asia Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out on pages 31 to 79, which comprise the consolidated and the Company's statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as the management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

However, because of the matter described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

We draw attention to note 2 to the financial statements which mentions that the Group incurred a net loss of RMB45,858,000 during the financial year ended 31 March 2015 and, as of that date, the Group's current liabilities exceeded its current assets by RMB281,262,000. As at 31 March 2015 a loan amount of RMB24,208,473 (inclusive of accrued interest of RMB3,956,780 and overdue charges of RMB1,924,584), has been overdue since September 2014. On 29 May 2015, the Group has obtained an undertaking from a related party, Renewable Energy Asia (China) Co., Ltd., for not to demand repayment of its advances due by the Group amounting to RMB209,593,673 within the next 12 months from 1 April 2015.

Against this background, together with the management of the Group's belief that sufficient additional bank loan can be obtained, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the related party failed to fulfil its undertaking for not demand repayment of the aforementioned advances within next 12 months from 1 April 2015 or failure to obtain sufficient additional bank loan.

There is a significant uncertainty relating to the ability of the related party to fulfil its undertaking for not demand repayment of the aforementioned advances within next 12 months from 1 April 2015 as well as sufficient additional bank loan can be obtained by the Group. As a result of these matters, in view of the extent of the uncertainty relating to the ability of the Group to meet its financial obligations as they fall due, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

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Opinion

Because of the significance of the material uncertainty relating to the going concern basis as described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the financial statements.

Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, PRC

13 July 2015

Notes to the Consolidated Financial Statements

Year ended 31 March 2015

1. GENERAL INFORMATION

Renewable Energy Asia Group Limited (the “Company”) was incorporated in Bermuda on 12 March 2003 as an exempted company with limited liability and its shares are listed on the Singapore Exchange Securities Trading Limited (“SGX”). The immediate holding company of the Company is Renewable Energy Asia Corporation Limited (“REA”, formerly named as Jiaolong Heavy Industries Corporation Limited), a private limited liability company incorporated in the Cayman Islands. The ultimate holding company of the Company is Blue Ocean Holdings Limited, a private limited liability company incorporated in Hong Kong. Mr Xu Jian is the ultimate controlling shareholder and Chairman of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company acts as an investment holding company and provides corporate management services to group companies. During last year, the Company has disposed of certain subsidiaries which are principally engaged in the manufacturing and production of wind turbine components and systems, and engineering, procurement, construction and maintenance of wind farm (“Manufacturing and EPC Business”) and these operations are presented as discontinued operations. Details of the disposal of subsidiaries and discontinued operations are set out in note 14. After the Company completed the transaction, the Group is mainly engaged in solar power generation business and operation (including through investment in an associate).

The principal activities of the subsidiaries of the Company are set out in note 18.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the management has given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of RMB45,858,000 during the financial year ended 31 March 2015 and, as of that date, the Group’s current liabilities exceeded its current assets by RMB281,262,000. As at 31 March 2015, a loan amount of RMB24,208,473 (inclusive of accrued interest of RMB3,956,780 and overdue charges of RMB1,924,584), has been overdue for payment since September 2014, and as such the total borrowings of RMB187,409,000 were accounted for current liability as at 31 March, 2015.

In order to improve the Group’s financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the management has taken the following measures:

On 29 May 2015, the Group has obtained an undertaking from a related party, Renewable Energy Asia (China) Co., Ltd., for not to demand repayment of the amounts due by the Group amounting to RMB209,593,673 within the next 12 months.

In May 2015, the Group obtained a cooperation agreement with Industrial and Commercial Bank of China. In the cooperation agreement, the bank agreed to provide financial support to the Group, for building construction, operating the new energy projects and replacing the Group’s finance projects from a third party if such kind of support meets the requirement of national policies, laws, regulations and regulatory requirement.

The management is of the opinion that, taking into account the above measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.