



## RENEWABLE ENERGY ASIA GROUP LIMITED

(Incorporated in Bermuda)  
(Company Registration No. 33437)

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### DEVELOPMENT OF CONCESSION FOR THE 100MW WIND POWER PROJECT IN GUAZHOU

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#### 1. INTRODUCTION

- 1.1 The Board of Directors (“**Board**”) of Renewable Energy Asia Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Renewable Energy Asia Nantong Co., Ltd. (亚洲新能源南通有限公司) (“**REA Nantong**”), a subsidiary of the Company, has, on 10 May 2016, entered into a collaboration agreement (“**Agreement**”) with Beijing Guoshun Investment Holding Co, Ltd. (“**Beijing Guoshun**”) (北京国顺投资股份有限公司) to develop a concession for the 100MW wind power project in Guazhou, China (“**Wind Power Project**”). The concession is owned by Renewable Energy Asia Power (Guazhou) Co., Ltd. (“**REA Guazhou**”), a wholly owned subsidiary of Renewable Energy Asia Solar Power (Jiuquan) Co., Ltd. (亚洲新能源太阳能发电(酒泉)) (“**REA Jiuquan**”). REA Jiuquan is a wholly owned subsidiary of REA Nantong.
- 1.2 Pursuant to the Agreement, the entire share capital of REA Jiuquan shall be transferred to Beijing Guoshun (“**Proposed Disposal**”).

#### 2. INFORMATION ON BEIJING GUOSHUN

Beijing Guoshun is a limited company incorporated in China with a registered capital of RMB35 million. Beijing Guoshun is involved in project investments, investment consulting, development of renewable energy technology, technical consulting, development of environmental technology and trading of environmental equipment.

#### 3. INFORMATION ON REA JIUQUAN

REA Jiuquan was incorporated on 29 April 2016, and is a subsidiary of the Company and REA Nantong. It owns 100% of the share capital of REA Guazhou which owns the concession to construct and operate the Wind Power Project which is located in Gansu Province, China.

As at 31 March 2015, the audited net asset value of REA Guazhou<sup>1</sup> is RMB5,445,000. The net loss (before income tax, minority interests and extraordinary items) attributable to REA Guazhou<sup>1</sup> is RMB103,000 for the financial year ended 31 March 2015.

#### 4. RATIONALE FOR THE PROPOSED DISPOSAL

Pursuant to the Agreement, Beijing Guoshun will assist REA Nantong to finance and develop the Wind Power Project. In this regard, the Proposed Disposal will enable the Company to fully maximise the value of the concession owned by REA Guazhou. The Proposed Disposal is also in line with the plans of the Company to restructure its financial position to address its going concern issue.

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<sup>1</sup> The audited net asset value of REA Jiuquan as at 31 March 2015 and the net loss (before income tax, minority interests and extraordinary items) attributable to REA Jiuquan for the financial year ended 31 March 2015 are not available as REA Jiuquan was only incorporated on 29 April 2016.

## 5. PRINCIPAL TERMS OF THE AGREEMENT

### 5.1 Warranties and Undertakings

REA Nantong has provided an undertaking to indemnify Beijing Guoshun against all liabilities arising out of any disputes with and/or claims by third parties caused by the actions of any of the shareholders of REA Jiuquan and/or REA Guazhou, or any breach of any agreements entered into by REA Jiuquan and/or REA Guazhou with the PRC government in connection with investment by Beijing Guoshun in the Wind Power Project, prior to the transfer of the entire issued share capital of REA Jiuquan to Beijing Guoshun.

REA Nantong has also provided an undertaking to cooperate with Beijing Guoshun to handle all administrative matters pertaining to local regulatory requirements arising from the construction of, and in connection with, the Wind Power Project.

### 5.2 Management of REA Jiuquan and REA Guazhou

Upon completion of the transfer of the entire issued share capital of REA Jiuquan to Beijing Guoshun, Beijing Guoshun, or such other third party as Beijing Guoshun may appoint, shall have control over the management of REA Jiuquan and REA Guazhou. REA Nantong shall not be entitled to be involved in the management of REA Jiuquan and REA Guazhou.

## 6. CONSIDERATION AND USE OF PROCEEDS

### 6.1 Consideration

Beijing Guoshun shall pay REA Nantong an aggregate consideration of RMB20 million pursuant to the Agreement ("**Aggregate Consideration**"). The Aggregate Consideration was arrived at by multiplying the estimated revenue of generating one watt of energy at the Wind Power Project and the capacity of the Wind Power Project, being 10MW.

RMB12 million of the Aggregate Consideration shall be payable for the transfer of the entire share capital of REA Jiuquan to Beijing Guoshun ("**Consideration**"), while RMB8 million of the Aggregate Consideration shall be used for the construction of the Wind Power Project.

The Consideration represents an excess of RMB6,555,000 over the audited net asset value of REA Guazhou<sup>2</sup> as at 31 March 2015. The gain on disposal of REA Guazhou<sup>2</sup> is approximately RMB6,550,000.

### 6.2 Terms of Payment

The Aggregate Consideration shall be payable as follows:-

- (a) RMB2 million no later than 5 business days from the date of the Agreement;
- (b) RMB6.5 million no later than 3 business days after the entire share capital of REA Jiuquan is transferred to Beijing Guoshun;
- (c) RMB7.5 million no later than 5 business days after REA Jiuquan obtains the requisite approvals from the local government authorities; and
- (d) RMB4 million no later than 5 business days after the completion of the construction of the wind power plants and connection to the state grid.

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<sup>2</sup> The audited net asset value of REA Jiuquan as at 31 March 2015 is not available as REA Jiuquan was only incorporated on 29 April 2016.

### 6.3 Use of Proceeds

The Company intends to use the Consideration for operating expenses of the Group's solar energy business and working capital purposes.

## 7. FINANCIAL EFFECTS

### 7.1 Assumptions

The pro forma financial effects of the Proposed Disposal on the earnings and net tangible assets ("NTA") of the Group have been prepared based on the latest announced audited financial statements of the Group for the financial year ended 31 March 2015 ("FY2015").

The pro forma financial effects of the Proposed Disposal are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following completion of the Proposed Disposal.

For illustration purposes only, the financial effects of the Proposed Disposal have been computed based on the following assumptions:-

- (a) the financial effects on the Group's NTA attributable to shareholders of the Company ("Shareholders") and the NTA per ordinary share in the capital of the Company ("Share") have been computed assuming that the Proposed Disposal was completed on 31 March 2015; and
- (b) the financial effects on the Group's earnings attributable to the Shareholders and earnings per Share have been computed assuming that the Proposed Disposal was completed on 1 April 2014.

### 7.2 NTA per Share

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
NTA attributable to Shareholders (RMB)	45,131,000	39,686,000
Number of Shares	745,570,452	745,570,452
NTA per Share attributable to Shareholders (RMB cents)	6.05	5.32

### 7.3 Loss per Share ("LPS")

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Net loss attributable to Shareholders (RMB)	45,858,000	45,755,000
Weighted average number of Shares	745,570,452	745,570,452
LPS (RMB cents)	6.15	6.14

## 8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

8.1 Based on the latest announced unaudited financial statements of the Group for the nine months ended 31 December 2015, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:-

Catalist Rule	Base	REA Guazhou <sup>3</sup> (RMB)	Group (RMB)	Percentage (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	5,340,000	38,497,000	13.87
1006(b)	The net profits attributable to the assets disposed of, compared with the group's net profits. <sup>(1)</sup>	(105,000)	(6,637,000)	1.58
1006(c)	The aggregate value of the consideration received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	12,000,000	75,236,175 <sup>(2)</sup>	15.95
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable		
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable		

### Notes:-

- (1) For the purpose of computation of these figures, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) The Company's market capitalisation of approximately RMB75,236,175 is based on the total number of Shares (745,579,952) and the volume weighted average price of S\$0.022 per Share on 27 July 2015 which was the last trading day prior to the suspension of trading of the Shares and the date of the Agreement. The exchange rate of RMB4.5868 : S\$1.00 was used in the computation.

8.2 As the relative figures pursuant to Rules 1006(a) and (c) of the Catalist Rules exceed 5% but do not exceed 50%, the Proposed Disposal constitutes a "discloseable transaction" pursuant to Chapter 10 of the Catalist Rules and is not conditional upon approval of Shareholders.

<sup>3</sup> The net asset value of, and the net profits attributable to, REA Jiuquan as at 31 December 2015 is not available as REA Jiuquan was only incorporated on 29 April 2016.

## **9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the Proposed Disposal or the Agreement, other than arising from their shareholdings in the Company.

## **10. FURTHER ANNOUNCEMENTS**

The Company will release further announcement(s) to keep Shareholders informed as and when there are material updates or developments in due course.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Agreement will be available for inspection by Shareholders during normal business hours at the Company's registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Road, #32-01 Singapore Land Tower, Singapore 048623, for a period of 3 months from the date of this announcement.

### **BY ORDER OF THE BOARD**

Dr Zheng Lei  
Chief Executive Officer and Executive Director  
24 May 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*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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