

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*



## **ARES ASIA LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 645)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE AT THE SUBSCRIPTION PRICE OF HK\$0.335 PER RIGHTS SHARE**

#### **Financial Adviser to the Company**



A CITIC Securities  
Company

**CLSA Capital Markets Limited**

#### **PROPOSED RIGHTS ISSUE**

The Company proposes to raise approximately HK\$57.3 million (before deducting professional fees and other related expenses) by way of the Rights Issue, whereby 171,058,467 Rights Shares will be allotted and issued on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The Subscription Price of HK\$0.335 per Rights Share, is payable in full upon application for the Rights Shares under the Rights Issue by Qualifying Shareholders.

Assuming no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Shares, a total of 171,058,467 Rights Shares will, upon the completion of the Rights Issue, be allotted and issued, representing:

- (i) approximately 50.0% of the Company's existing issued share capital as at the date of this announcement; and

- (ii) approximately 33.3% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares.

The aggregate nominal value of the Rights Shares, of nominal value of HK\$0.01 each, will be approximately HK\$1.7 million.

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$52.7 million (assuming no change in the number of Shares in issue on or before the Record Date).

**Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.**

### **THE IRREVOCABLE UNDERTAKING**

As at the date of this announcement, Reignwood, being a Controlling Shareholder of the Company, directly holds 182,459,527 Shares (representing 53.33% of the issued share capital of the Company as at the date of this announcement).

On 11 February 2020, the Company received from Reignwood the Irrevocable Undertaking, pursuant to which Reignwood has irrevocably undertaken to the Company, among other things, to:

- (i) subscribe for 91,229,763 Rights Shares which will be provisionally allotted to it nil-paid in respect of the 182,459,527 Shares legally and beneficially owned by it, pursuant to the terms of the Prospectus Documents;
- (ii) ensure that the 182,459,527 Shares currently legally and beneficially owned by it will remain legally and beneficially owned by it on the Record Date; and
- (iii) to apply, by way of excess application, for an additional 79,828,704 Rights Shares.

The Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any other substantial shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

### **QUALIFYING SHAREHOLDERS**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Monday, 24 February 2020.

The last day of dealing in the Shares on a cum-rights basis is Thursday, 20 February 2020. The Shares will be dealt with on an ex-rights basis from Friday, 21 February 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 25 February 2020 to Monday, 2 March 2020 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **LISTING RULES IMPLICATIONS**

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50% and any issue of the Rights Shares pursuant to the Irrevocable Undertaking is fully exempted from the requirements of Chapter 14A of the Listing Rules, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

## **GENERAL**

It is expected that the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Tuesday, 3 March 2020. The Prospectus and the Overseas Letter will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this announcement. Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied and/or waived (where applicable), the Rights Issue will not proceed.**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**

**Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.**

## PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$57.3 million (before deducting professional fees and other related expenses) by way of a rights issue of 171,058,467 Rights Shares at the Subscription Price of HK\$0.335 each and on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date.

The Rights Issue will not be extended to the Non-Qualifying Shareholder(s) (if any). The terms of the Rights Issue are summarised below:

### Issue statistics

Basis of Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price	:	HK\$0.335 per Rights Share
Number of Shares in issue as at the date of this announcement	:	342,116,934 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 171,058,467 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$1,710,584.67 (assuming no change in the number of Shares in issue on or before the Record Date)
Enlarged issued share capital upon completion of the Rights Issue	:	Up to 513,175,401 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Number of Rights Shares undertaken to be taken up	:	Reignwood has undertaken to take up an aggregate of 91,229,763 Rights Shares under its assured entitlement (representing approximately 53.33% of the total Rights Shares proposed to be provisionally allotted by the Company) and to apply, by way of excess application, for an additional 79,828,704 Rights Shares pursuant to the Irrevocable Undertaking
Maximum funds raised before expenses	:	Up to approximately HK\$57.3 million (assuming all the Rights Shares will be taken up)

Assuming no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Shares, a total of 171,058,467 Rights Shares will, upon completion of the Rights Issue, be allotted and issued, representing: (i) approximately 50.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

### **Subscription Price**

The Subscription Price of HK\$0.335 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 20.24% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.24% to the average of the closing prices of Shares for the five consecutive trading days ended on the Last Trading Day of approximately HK\$0.420 per Share;
- (iii) a discount of approximately 20.14% to the average of the closing prices of Shares for the ten consecutive trading days ended on the Last Trading Day of approximately HK\$0.420 per Share;
- (iv) a discount of approximately 14.47% to the theoretical ex-rights price of approximately HK\$0.392 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately 105.02% to the unaudited consolidated net asset value per Share of approximately US\$0.02 (equivalent to approximately HK\$0.16) (based on the latest unaudited consolidated net asset value of the Group of US\$7,213,000 (equivalent to approximately HK\$55,900,750) as at 30 September 2019 as disclosed in the interim report of the Company for the six-months ended 30 September 2019 and 342,116,934 Shares in issue as at the date of this announcement).

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions, and the amount of funds the Company intends to raise under the Rights Issue.

The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ms. RUAYRUNGRUANG Woraphanit, being a director of both the Company and Reignwood, has voluntarily abstained from voting on the relevant Board resolutions approving the Rights Issue (including the Subscription Price).

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the full amount payable for the Rights Shares being applied for with the Registrar by 4:00 p.m. on the Final Acceptance Date.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder as at the close of business on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificate(s)) with the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 24 February 2020.

The last day of dealings in the Shares on a cum-rights basis is Thursday, 20 February 2020. The Shares will be dealt with on an ex-rights basis from Friday, 21 February 2020.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

### **Non-Qualifying Shareholder(s) (if any)**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient

on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholder(s). The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus and the Overseas Letter to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars provided that the amount so payable is not less than HK\$100. The Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

As at the date of this announcement, there are 10 Overseas Shareholder.

**The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expenses) can be obtained, and the Company will keep the net proceeds for its own benefit. Any unsold fractions of the Rights Shares will be aggregated and made available for excess application by the Qualifying Shareholders. No odd-lot matching services will be provided.

## Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

(i) to (iii) are collectively referred to as “**Untaken Rights**”.

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

It is noted that Reignwood has, pursuant to the Irrevocable Undertaking, irrevocably undertaken to the Company to apply, by way of excess application for an additional 79,828,704 Rights Shares.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Monday, 24 February 2020.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

The board lot size of the nil-paid Rights Shares will be the same as that of the fully-paid Rights Shares, i.e. 2,000 Shares in one board lot.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

## **Share certificates and refund cheques for Rights Issues**

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Thursday, 26 March 2020.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 26 March 2020 by ordinary post to the applicants' registered address, at their own risk.

## **The Rights Issue on a non-underwritten basis**

Subject to the fulfilment and/or waiver (where applicable) for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue as a result of Untaken Rights and such are not taken up by the Qualifying Shareholders (excluding Reignwood), Reignwood has, pursuant to the Irrevocable Undertaking, irrevocably undertaken to the Company to apply, by way of excess application, for an additional 79,828,704 Rights Shares. For further details, please refer to the section headed "The Irrevocable Undertaking" in this announcement. No general offer obligation will be triggered by the Irrevocable Undertaking and the issue of Rights Shares to Reignwood pursuant to the Irrevocable Undertaking in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. There is no minimum amount to be raised under the Rights Issue. The legal advisers of the Company have confirmed that there are no statutory requirements under the laws of Bermuda and the laws of Hong Kong regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, a Shareholder who applies to take up all or part of its entitlement under PAL or apply for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained. Accordingly, the Rights Issue will be made on the term that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for its entitlement under the PAL or for excess Rights Shares under the EAF can be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

## Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment or waiver (as appropriate) of each of the following conditions:

- (a) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, not later than one Business Day prior to the Posting Date, each of the Prospectus Documents is duly certified in compliance with section 342C of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholder(s), if any, and for information purposes only, on or before the Posting Date;
- (c) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked;
- (d) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (e) compliance with and performance of all undertakings and obligations of Reignwood under the Irrevocable Undertaking in all material respects; and
- (f) there shall not have occurred and be continuing any of the following:
  - (i) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or

- (ii) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole or the Rights Issue; or
- (iii) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole occurs, whether or not of the same kind with any of the foregoing; or
- (iv) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

Save for condition (e) and (f) which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived. If any of the conditions referred to above are not fulfilled, and/or not waived (where applicable) at or before 4:30 p.m. on Wednesday, 18 March 2020 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

## **THE IRREVOCABLE UNDERTAKING**

As at the date of this announcement, Reignwood, being a Controlling Shareholder of the Company, directly holds 182,459,527 Shares (representing 53.33% of the issued share capital of the Company as at the date of this announcement).

On 11 February 2020, the Company received from Reignwood the Irrevocable Undertaking, pursuant to which Reignwood has irrevocably undertaken to the Company, among other things, to:

- (i) subscribe for 91,229,763 Rights Shares which will be provisionally allotted to it nil-paid in respect of the 182,459,527 Shares legally and beneficially owned by it, pursuant to the terms of the Prospectus Documents;
- (ii) ensure that the 182,459,527 Shares currently legally and beneficially owned by it will remain legally and beneficially owned by it on the Record Date; and
- (iii) to apply, by way of excess application, for an additional 79,828,704 Rights Shares.

The Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any other substantial shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied and/or waived (where applicable), the Rights Issue will not proceed.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 25 February 2020 to Monday, 2 March 2020 (both dates inclusive) for the purpose of determining the Shareholders’ entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **EXPECTED TIMETABLE**

Date of Rights Issue announcement . . . . .	Tuesday, 11 February 2020
Last day of dealing in the Shares on a cum-rights basis . . . . .	Thursday, 20 February 2020
First day of dealing in the Shares on an ex-rights basis . . . . .	Friday, 21 February 2020
Latest time for lodging transfers of Shares to qualify for the Rights Issue . . . . .	4:30 p.m. on Monday, 24 February 2020

Closure of the register of members (both dates inclusive) . . . . .	Tuesday, 25 February 2020 to Monday, 2 March 2020
Record Date . . . . .	Monday, 2 March 2020
Register of members re-opens. . . . .	Tuesday, 3 March 2020
Despatch of Prospectus Documents . . . . .	Tuesday, 3 March 2020
First day of dealing in nil-paid Rights Shares. . . . .	Thursday, 5 March 2020
Latest time for splitting nil-paid Rights Shares. . . . .	4:30 p.m. on Monday, 9 March 2020
Last day of dealing in nil-paid Rights Shares . . . . .	Thursday, 12 March 2020
Latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares. . . . .	4:00 p.m. on Tuesday, 17 March 2020
Latest time for the Rights Issue to become unconditional . . . . .	4:30 p.m. on Wednesday, 18 March 2020
Announcement of the allotment results of the Rights Issue to be published . . . . .	Wednesday, 25 March 2020
Despatch of refund cheques for wholly and partially unsuccessful excess applications . . . . .	Thursday, 26 March 2020
Despatch of share certificates of fully-paid Rights Shares . . . . .	Thursday, 26 March 2020
Dealings in fully-paid Rights Shares commence . . . . .	Friday, 27 March 2020

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

## **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 17 March 2020. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 17 March 2020. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on or before 4:00 p.m. on Tuesday, 17 March 2020, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders and there is no change in the number of Shares in issue on or before the Record Date and (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than Reignwood which will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and there is no change in the number of Shares in issue on or before the Record Date:

Shareholders	At the date of this announcement		Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Reignwood which will take up the Rights Shares in accordance with the Irrevocable Undertaking (Note 2))	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Reignwood (Note 1)	182,459,527	53.33	273,689,290	53.33	353,517,994	68.89
Public Shareholders	159,657,407	46.67	239,486,111	46.67	159,657,407	31.11
	<u>342,116,934</u>	<u>100</u>	<u>513,175,401</u>	<u>100</u>	<u>513,175,401</u>	<u>100</u>

### Notes:

1. Dr. RUAYRUNGRUANG Chanchai holds 100% interest in Reignwood. According to the SFO, Dr. RUAYRUNGRUANG Chanchai is deemed to be interested in the Shares held by Reignwood.
2. Assuming no excess applications are made by Qualifying Shareholders other than Reignwood.

## REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

### Reasons for the Rights Issue

The Group is principally engaged in the coal trading business and mainly sells thermal coal originated from Indonesia, Russia and Australia to China. The Company focuses on developing businesses and clients that do not require the Group to commit its balance sheet to coal inventory. Accordingly, the Group utilises its knowledge of the specifications and quality of the commodity, its contacts both on the demand and supply sides of the market and its assessment of price/price trends to seek to meet its customers' needs by sourcing the supplies at the required quantity, specification

and delivery period at the best available price from the Group's suppliers, which include coal mine owners, operators or their agents and offering the same to the Group's customers at an appropriate mark up in price and other settlement terms.

As disclosed in the annual report of the Company for the year ended 31 March 2019 and the interim report of the Company for the six months ended 30 September 2019, the Group has gradually been improving its gross profit margin and narrowing its net loss (compared with the corresponding prior year/period). However, the cash and cash equivalents held by the Group as at 30 September 2019 were approximately US\$2.67 million compared to US\$3.85 million as at 31 March 2019, which constrains the Group's ability to grow its trading volume.

In the ordinary course of coal trading, the Group utilizes its banking facilities and available cash to make purchases (including paying deposits) to suppliers of coal that are sold to customers on a "back to back" contract basis which are settled through letter of credits issued by the customers' bank or telegraphic transfer. A typical contract for coal would range anywhere from US\$1.5 million to US\$10 million in value or involve 50,000 MT to 150,000 MT in volume. The Group's financial resources attributable to the contract value and ancillary expenses will accordingly be tied up for the period between the commitment of the Group's letter of credit facilities or cash for payment to its suppliers and the Group's receipt of payments from client or through discount of bills, limiting the Group's ability to make further purchases from its suppliers.

In view of the above, the cash resources available to the Group is a key factor to the Group's ability to increase both its revenue and profit margins. The prevailing unstable economic environment can limit the available trade facilities from banks, which in any event involve finance costs, and these trade facilities typically do not fund certain trade arrangements such as payment of cash deposits to mine owner suppliers that would enable the Group to source and secure coal supply at a lower price. Over the past few months, the Group has had to decline purchase orders from customers due to constraints on cash resources.

In view of above, the Directors consider that a strong cash position is required for the quick replenishment of liquidity. With the additional cash of approximately HK\$52.7 million from the net proceeds of the Rights Issue, the Group will be in a better position to finance the working capital requirement of trading of coal and possibly other commodities and thus enhancing the overall trading capacity of the Group and to further improve its revenue and profits.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole.

### **The intended use of net proceeds**

Assuming there is no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Shares, the expected gross proceeds, net proceeds and net price per Rights Share from the Rights Issue are set out below:

	<i>HK\$</i> <i>(approximately)</i>
Gross proceeds	57.3 million
Net proceeds	52.7 million
Net price per Rights Share	0.308

The Company intends to apply all the net proceeds from the Rights Issue (the “**Net Proceeds**”) to support and finance the ongoing working capital requirements for developing and enhancing the overall trading capacity of the Group.

The use of Net Proceeds may be adjusted based upon the development of the Group’s business and its needs.

As at the date of this announcement, save for the Rights Issue, the Board has no intention or plan to conduct other equity fund raising activities in the next 12 months. However, if there shall arise any other potential investment opportunities or any change of the Group’s current circumstances and existing business plans and that Net Proceeds may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising exercises to support such future developments of the Group.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s) should note that their shareholdings will be diluted.**

## FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the 12 months immediately prior to the date of this announcement.

## LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50% and any issue of the Rights Shares pursuant to the Irrevocable Undertaking is fully exempted from the requirements of Chapter 14A of the Listing Rules, the Rights Issue is not subject to Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

## GENERAL

It is expected that Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Tuesday, 3 March 2020 and the Prospectus and the Overseas Letter will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	Ares Asia Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 645);
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
“Controlling Shareholder(s)”	having the meaning ascribed thereto under the Listing Rules;

“Director(s)”	director(s) of the Company;
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their pro-rata entitlements under the Rights Issue;
“Final Acceptance Date”	Tuesday, 17 March 2020, being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares or such other time or date as the Company may determine;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Irrevocable Undertaking”	a letter of irrevocable undertaking executed by Reignwood in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertaking” in this announcement;
“Last Trading Day”	Tuesday, 11 February 2020, being the last full trading day before the release of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MT”	metric tonnes;
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue (if any);
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholder(s) (if any) explaining the circumstances in which the Non-Qualifying Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue;
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong;

“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue;
“Posting Date”	Tuesday, 3 March 2020 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders;
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issues;
“Prospectus Documents”	the Prospectus, the PAL and the EAF;
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date;
“Record Date”	Monday, 2 March 2020 or on such other date as the Company may determine, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined;
“Registrar”	Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company;
“Reignwood”	Reignwood International Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability and the Controlling Shareholder of the Company;
“Rights Issue”	the issue by way of rights of one (1) Rights Share for every two (2) Shares in issue on the Record Date at the Subscription Price;
“Rights Share(s)”	up to 171,058,467 new Shares (assuming no change in the number of Shares in issue on or before the Record Date) proposed to be allotted and issued under the Rights Issue;
“SFC”	the Securities and Futures Commission of Hong Kong;

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$0.335 per Rights Share under the Rights Issue;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“US\$”	the United States dollars, being the lawful currency of the United States; and
“%”	per cent.

By Order of the Board  
**ARES ASIA LIMITED**  
**RUAYRUNGRUANG Woraphanit**  
*Chairlady*

Hong Kong, 11 February 2020

*As at the date of this announcement, the executive Directors are Ms. RUAYRUNGRUANG Woraphanit (Chairlady) and Mr. LAI Yi-Chun (or Mr. Robert LAI), and the independent non-executive Directors are Mr. CHANG Jesse, Mr. NGAN Hing Hon and Mr. YEUNG Kin Bond, Sydney.*