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ARES ASIA LIMITED

安域亞洲有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

**DISCLOSEABLE AND CONNECTED TRANSACTION
LEASE AGREEMENT AND
CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

LEASE AGREEMENT

Reference is made to the announcement of the Company dated 15 July 2021 relating to the 2021 Lease Agreement in respect of the lease of head office of the Group in Hong Kong. Upon the expiry of the 2021 Lease Agreement, the Parties had been in discussion regarding the terms of leases. To deploy its resources more effectively and minimise the costs of relocation and any administrative disruption, the Directors consider it would be beneficial to the Group to relocate to the Premises which is located adjacent to the previous head office of the Group. The Premises form part of a larger space leased by the Lessor from an independent third party. As the Lessor required more time to reach consensus on the head lease with the independent third party landlord, the Parties could only finalise the terms of the Lease Agreement on 15 October 2024 and entered into the Lease Agreement in respect of the lease of the Premises for a term of 1 year and 364 days from 16 July 2024 to 14 July 2026 (both days inclusive) on the same date.

LISTING RULES IMPLICATIONS

As the highest percentage ratio, on the basis of the value of the right-of-use asset to be recognised by the Company in connection with the Lease Agreement, is higher than 5% but less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Lessor is a direct wholly-owned subsidiary of Reignwood International Holdings Company Limited which is the controlling shareholder of the Company holding 337,465,038 Shares, representing approximately 65.76% of the total issued share capital of the Company as at the date of the Lease Agreement. The Lease Agreement therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio, on the basis of the value of the right-of-use asset to be recognised by the Company in connection with the Lease Agreement, is higher than 5% but the total consideration is less than HK\$10,000,000, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board announces that, upon the entering into of the Lease Agreement, the principal place of business of the Company in Hong Kong will be changed to Unit No. 9602, Level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong with effect from 15 October 2024.

LEASE AGREEMENT

On 15 October 2024, the Lessee, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with the Lessor in respect of the lease of the Premises for a term of 1 year and 364 days from 16 July 2024 to 14 July 2026 (both days inclusive).

The principal terms of the Lease Agreement are set out below:

Date:	15 October 2024
Lessor:	Reignwood International Investment (Group) Company Limited, an investment holding company wholly owned by the Controlling Shareholder of the Company
Lessee:	Ares Repco Limited
Premises:	Portion of Unit No. 9602, Level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Area:	Approximately 1,269 square feet

Lease term:	1 year and 364 days from 16 July 2024 to 14 July 2026 (both days inclusive)
Monthly rent:	HK\$96,427.09 payable in advance monthly
Rates:	The Lessee shall bear the portion of the rates being assessed and calculated proportionate to the area of the Premises
Monthly air-conditioning charges and property management fee:	Approximately HK\$13,575.92, subject to any further change imposed by the building management during the lease term
Utility charges:	The Lessee shall bear the portion of the utility charges incurred by the users at the Premises and calculated proportionate to the area of the Premises
Deposit:	HK\$337,375.61

The Premises form part of a larger space leased by the Lessor from an independent third party. The original acquisition cost borne by the Lessor in relation to the Premises, based on the estimated right of use asset under the Lessor's lease from the independent third party attributable to the Premises, is approximately HK\$2,503,750. The monthly rent of the Lease Agreement is determined after arm's length negotiations with reference to the various lease offers quoted and recent transactions reported by property agents in respect of premises within the same building. The sharing of other rates, fees and charges as mentioned above is generally calculated based on the area of the Premises.

HKFRS 16 requires that the Group accounts for its rights to the use of the Premises under the Lease Agreement as a right-of-use asset while its obligations to make lease payments (i.e. the rental) as lease liability. The asset and the liability arising from the Lease Agreement are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the Lease Agreement using the incremental borrowing rate as the discount rate. Under HKFRS 16 and in the consolidated statement of comprehensive income of the Group, the Group is required to recognise (i) depreciation charge over the life of the right-of-use asset; and (ii) interest expenses amortised from the lease liability over the lease term.

The Company estimates, based on the terms of the Lease Agreement, that the right-of-use of assets as at the commencement of the term of the Lease Agreement to be approximately HK\$2,503,750. This estimated figure is unaudited and is subject to adjustment.

REASONS FOR AND BENEFITS OF THE LEASE OF THE PREMISES

Reference is made to the announcement of the Company dated 15 July 2021 relating to the 2021 Lease Agreement in respect of the lease of head office of the Group in Hong Kong. Upon the expiry of the 2021 Lease Agreement, the Group did not renew the 2021 Lease Agreement. To deploy its resources more effectively and minimise the costs of relocation and any administrative disruption, the Directors consider it would be beneficial to the Group to relocate to the Premises which is located adjacent to the previous head office of the Group and enter into the Lease Agreement. The Directors also consider that it is in the commercial interests of the Company if the Group rents the Premises as the Premises is located within a well-equipped and well managed office building which is also a landmark building in Hong Kong.

The terms of the Lease Agreement were arrived at after arm's length negotiations between the Lessee and the Lessor with reference to the market terms of similar office properties in Hong Kong.

The Directors, including the independent non-executive Directors, consider that the transaction contemplated under the Lease Agreement to be in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE LESSOR

The Group is principally engaged in the coal and other commodities trading business and mainly sells coal originated from Indonesia and Philippines to Mainland China and Vietnam.

The principal activity of the Lessor is investment holding. The Lessor is a member of Reignwood Group. Reignwood Group is a multinational conglomerate with significant presence in the PRC and its major business investments and operations include energy drinks, Beijing Pine Valley Golf Club & Resort and Beijing Reignwood Centre, etc..

LISTING RULES IMPLICATIONS

As the highest percentage ratio, on the basis of the value of the right-of-use asset to be recognised by the Company in connection with the Lease Agreement, is higher than 5% but less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Dr. Chanchai RUAYRUNGRUANG owns the entire share capital of Reignwood International Holdings Company Limited, which holds 337,465,038 Shares representing approximately 65.76% of the total issued share capital of the Company, and is the controlling shareholder of the Company. The Lessor is a direct wholly-owned subsidiary of Reignwood International Holdings Company Limited and, therefore, an associate of Dr. Chanchai RUAYRUNGRUANG and a connected person of the Company. The Lease Agreement therefore constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio, on the basis of the value of the right-of-use asset to be recognised by the Company in connection with the Lease Agreement, is higher than 5% but the total consideration is less than HK\$10,000,000, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Ms. RUAYRUNGRUANG Woraphanit, a non-executive Director, is the daughter of Dr. Chanchai RUAYRUNGRUANG and holds positions in the Reignwood Group. In view of this, she has abstained from voting on the Board resolution to approve the Lease Agreement.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board announces that, upon the entering into of the Lease Agreement, the principal place of business of the Company in Hong Kong will be changed to Unit No. 9602, Level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong with effect from 15 October 2024.

DEFINITION

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

“2021 Lease Agreement”	the agreement dated 15 July 2021 entered into between the Lessor and the Lessee in relation to the lease of the head office of the Group in Hong Kong at Unit No. 9608, Level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong for a term of 3 years from 16 July 2021 to 15 July 2024
“Board”	the board of Directors

“associate(s)”, “connected person(s)”, “controlling shareholder” and “percentage ratios”	have the meanings ascribed to them in the Listing Rules
“Company”	Ares Asia Limited, a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Lease Agreement”	the agreement dated 15 October 2024 entered into between the Lessor and the Lessee governing the sub-lease of the Premises for a term of 1 year and 364 days from 16 July 2024 to 14 July 2026
“Lessee”	Ares Repco Limited, an indirect wholly-owned subsidiary of the Company
“Lessor”	Reignwood International Investment (Group) Company Limited, a direct wholly-owned subsidiary of Reignwood International Holdings Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Lessee and the Lessor
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	Portion of Unit No. 9602, Level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

“Reignwood Group”	a multinational conglomerate controlled by Dr. Chanchai RUAYRUNGRUANG with significant presence in the PRC and the major business investments and operations of which include energy drinks, Beijing Pine Valley Golf Club & Resort and Beijing Reignwood Centre, etc.
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholders”	the holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
ARES ASIA LIMITED
LAI Yi-Chun
(also known as Robert LAI)
Chairman

Hong Kong, 15 October 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. LAI Yi-Chun (also known as Mr. Robert LAI) (Chairman and Chief Executive Officer) and Mr. LUO Xiao; one non-executive Director, namely Ms. RUAYRUNGRUANG Woraphanit; and three independent non-executive Directors, namely Mr. YEUNG Kin Bond, Sydney, Mr. LIU Ji and Mr. Quan Ruixue.