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ARES ASIA
安 域 亞 洲

ARES ASIA LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The board of directors (the "Board") of Ares Asia Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014
(Expressed in United States dollars)

	Note	**2014** **$'000**	2013 *$'000*
Continuing operation			
Turnover	*3*	**109,024**	44,639
Cost of sales		**(107,262)**	(43,801)
Gross profit		**1,762**	838
Other revenue	*4*	**17**	122
Other net (loss)/income	*4*	**(8)**	111
Selling and distribution expenses		**(358)**	(186)
Administrative expenses		**(3,034)**	(2,446)
Loss from operations		**(1,621)**	(1,561)
Net unrealised (loss)/gain on financial asset designated at fair value through profit or loss	*10*	**(6,014)**	1,014
Loss before taxation	*5*	**(7,635)**	(547)
Income tax	*6*	**—**	—
Loss from continuing operation		**(7,635)**	(547)
Discontinued operation			
Loss from discontinued operation	*7*	**(529)**	(3,709)
Loss and total comprehensive income for the year		**(8,164)**	(4,256)
Loss per share	*9*		
Basic and diluted			
— Continuing operation		**(2.24) cents**	(0.16) cent
— Discontinued operation		**(0.16) cent**	(1.09) cent
		(2.40) cents	(1.25) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

(Expressed in United States dollars)

	Note	2014	2013
		$'000	$'000
Non-current assets			
Property, plant and equipment		**188**	296
Intangible asset		**357**	—
Prepayments	11	**8,740**	—
		9,285	296
Current assets			
Financial asset designated at fair value through profit or loss	10	—	6,014
Trade and other receivables	11	**10,730**	693
Cash and cash equivalents		**9,363**	25,047
		20,093	31,754
Current liabilities			
Trade and other payables	12	**6,581**	1,041
Current taxation		—	48
		6,581	1,089
Net current assets		**13,512**	30,665
NET ASSETS		**22,797**	30,961
CAPITAL AND RESERVES			
Share capital		**440**	440
Reserves		**22,357**	30,521
TOTAL EQUITY		**22,797**	30,961

NOTES

(Expressed in United States dollars unless otherwise indicated)

1 BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2014, but is derived from those financial statements.

The measurement basis used in the preparation of the financial statements is the historical costs basis except for financial assets designated at fair value through profit or loss which are stated at fair value.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2 CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

— HKFRS 10, *Consolidated financial statements*

— HKFRS 12, *Disclosure of interests in other entities*

— HKFRS 13, *Fair value measurement*

— Amendments to HKFRS 7 — *Disclosures — Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have any impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The Group is principally engaged in the coal trading business. The Group was also engaged in the manufacture and sale of footwear products, which have been classified as discontinued operation (see note 7).

Turnover represents the sales value of goods sold less returns, discounts and value added taxes and other sales taxes. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	$'000	*$'000*
Continuing operation		
Sale of coal	**109,024**	44,639
Discontinued operation		
Sale of footwear products	**—**	13,112
	109,024	57,751

Revenue from customers contributing over 10% of the Group's revenue are as follows:

	Coal trading	**Footwear business**
	$'000	*$'000*
2014		
Customer A	53,414	—
Customer B	42,209	—
2013		
Customer A	44,639	—
Customer C	—	7,096

Further details regarding the Group's principal activities are disclosed below.

(b) Segment reporting

The Group commenced the coal trading business in October 2012 and discontinued the footwear business in January 2013.

Since the commencement of the Group's coal trading business, the Group manages its business by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group had two reportable business segments — coal trading and footwear business, which are classified as continuing operation and discontinued operation (see note 7) respectively. No operating segments have been aggregated to form the reporting segments.

Continuing operation:

— Coal trading : Sale of coal

Discontinued operation:

— Footwear business : Manufacturing and sale of footwear products

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investment in financial asset, intercompany receivables and other corporate assets. Segment liabilities include current taxation, creditors, other payables and accrued expenses attributable to the activities of the individual segments, with the exception of intercompany payables.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "EBIT" i.e. "adjusted earnings before interest and taxes" of individual segment. To arrive at EBIT the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue, depreciation and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2014 and 2013 is set out below.

	2014			2013		
	Continuing operation	**Discontinued operation**	**Total**	Continuing operation	Discontinued operation	Total
	Coal trading	**Footwear business**		Coal trading	Footwear business	
	\$'000	***\$'000***	***\$'000***	*\$'000*	*\$'000*	*\$'000*
Revenue						
Reportable segment revenue	**109,024**	**—**	**109,024**	44,639	13,112	57,751
Results						
Reportable segment results (EBIT)	**328**	**(577)**	**(249)**	(26)	(3,709)	(3,735)
Net unrealised (loss)/gain on financial asset designated at fair value through profit or loss			**(6,014)**			1,014
Unallocated head office and corporate expenses			**(1,949)**			(1,535)
Consolidated loss before taxation			**(8,212)**			(4,256)
Additions to non-current segment assets during the year	**9,114**	**—**	**9,114**	160	—	160
Depreciation for the year	**125**	**—**	**125**	95	63	158
Assets						
Segment assets	**29,304**	**8**	**29,312**	25,462	533	25,995
Financial asset designated at fair value through profit or loss			**—**			6,014
Unallocated head office and corporate assets			**66**			41
Consolidated total assets			**29,378**			32,050
Liabilities						
Segment liabilities	**6,097**	**187**	**6,284**	794	176	970
Unallocated head office and corporate liabilities			**297**			119
Consolidated total liabilities			**6,581**			1,089

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible asset and non-current portion of prepayment ("specified non-current assets"). The geographical location of customers is based on the location at which the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible asset and prepayment.

	Revenue from external customers		**Specified non-current assets**	
	2014	2013	**2014**	2013
	$'000	*$'000*	***$'000***	*$'000*
Continuing operation				
The People's Republic of China ("PRC")	**109,024**	44,639	**9,285**	296
Discontinued operation				
The PRC	**—**	12,901	**—**	—
Asia (other than the PRC)	**—**	211	**—**	—
	—	13,112	**—**	—
	109,024	57,751	**9,285**	296

4 OTHER REVENUE AND NET (LOSS)/INCOME

	2014	2013
	$'000	*$'000*
Other revenue		
Continuing operation		
— Bank interest income	**17**	13
— Others	**—**	109
	17	122
Discontinued operation		
— Bank interest income	**—**	1
— Others	**1**	39
	1	40
	18	162
Other net (loss)/income		
Continuing operation		
— Net foreign exchange (loss)/gain	**(8)**	111
Discontinued operation		
— Net foreign exchange gain/(loss)	**1**	(68)
— Scrap sales	**—**	399
— Gain on disposal of property, plant and equipment	**—**	464
	1	795
	(7)	906

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2014	2013
	$'000	*$'000*
(a) Staff costs		
Continuing operation		
Salaries, wages and other benefits	**2,125**	1,586
Contributions to defined contribution retirement plans	**21**	14
Equity settled share-based payment expenses	**—**	51
	2,146	1,651
Discontinued operation		
Salaries, wages and other benefits	**37**	3,536
Contributions to defined contribution retirement plans	**—**	66
Termination benefits	**—**	2,135
	37	5,737
	2,183	7,388
(b) Other items		
Continuing operation		
Cost of inventories	**107,262**	43,801
Operating lease charges in respect of properties	**288**	288
Depreciation	**125**	95
Auditors' remuneration — audit services	**128**	91
Finance costs	**10**	—
Discontinued operation		
Cost of inventories*	**—**	14,468
Depreciation	**—**	63
Auditors' remuneration		
— audit services	**10**	32
— non-audit services	**—**	45

* Cost of inventories for the year ended 31 March 2013 included $2,965,000 relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately above or in note 5(a) for each of these types of expenses.

6 INCOME TAX

	2014	2013
	$'000	*$'000*
Discontinued operation		
Hong Kong Profits Tax		
— Over-provision in respect of prior years	**(48)**	—

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2014 as the Group's operations in Hong Kong had tax losses brought forward which exceeded the estimated assessable profits for the year.

No provision for Hong Kong Profits Tax had been made for the year ended 31 March 2013 as the Group's operations in Hong Kong sustained a loss for Hong Kong Profits Tax purpose.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

7 DISCONTINUED OPERATION

During the year ended 31 March 2013, the Group ceased the operation of its footwear business. Accordingly, the operating results of the footwear business for the years ended 31 March 2014 and 2013 are presented as discontinued operation in the financial statements.

Since the total assets and liabilities directly associated with the discontinued operation are insignificant to the Group, there is no separate presentation of assets or liabilities classified as held for sale in the consolidated statement of financial position.

(a) Results of the discontinued operation:

	2014	2013
	$'000	*$'000*
Turnover	**—**	13,112
Cost of sales	**—**	(14,468)
Other revenue	**1**	40
Other net income	**1**	795
Selling and distribution expenses	**—**	(109)
Administrative expenses	**(129)**	(829)
Restructuring costs	**(450)**	(2,250)
Loss before taxation	**(577)**	(3,709)
Income tax credit	**48**	—
Loss for the year	**(529)**	(3,709)

8 DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 March 2014 (2013: Nil).

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of $8,164,000 (2013: $4,256,000) and the weighted average of 340,616,934 ordinary shares (2013: 340,616,934 ordinary shares) in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share is the same as basic loss per share for the years ended 31 March 2014 and 2013 as there were no dilutive potential ordinary shares during that year.

10 FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	$'000	*$'000*
At fair value:		
Overseas unlisted exchangeable bond	—	6,014

As disclosed in the Company's announcements dated 30 May 2012 and 22 March 2013, Able Point Corporation Limited ("Able Point"), an indirectly wholly-owned subsidiary of the Company, entered into a subscription agreement ("Subscription Agreement") and a supplemental agreement ("Supplemental Agreement") on 30 May 2012 and 22 March 2013 respectively with PT Langit Timur Energy ("LTE"), PT Mandiri Arya Persada ("MAP", a non-wholly owned subsidiary of LTE which holds certain coal concessions in Indonesia) and PT Lintas Sanjaya, the non-controlling shareholder of LTE, to subscribe for a one year zero coupon secured exchangeable bond in a principal amount of $5,000,000 issued by LTE ("Exchangeable Bond"). The Exchangeable Bond could be extended for one year if mutually agreed by LTE and Able Point.

Subject to certain conditions as stipulated in the Subscription Agreement (as amended and supplemented by the Supplemental Agreement), Able Point can exercise the right to exchange the Exchangeable Bond into shares of MAP (the "Underlying Shares"). The equity interests of the Underlying Shares in MAP have been increased from 5% to 70% of the total issued and paid up capital of MAP on a fully diluted basis as agreed in the Supplemental Agreement.

LTE can redeem the Exchangeable Bond at any time prior to the maturity and the redemption price is fixed at approximately $6,084,000, representing a redemption premium of 21.6888% throughout the one-year period. In the case of the maturity date being extended for one year, the redemption price will be calculated based on a redemption premium of 41% on an accrual basis on the total outstanding principal amount of the Exchangeable Bond, starting from the first anniversary of the date of the issue of the Exchangeable Bond. Unless previously redeemed or converted, LTE shall redeem the Exchangeable Bond at 100% principal amount plus the redemption premium at maturity.

On 29 May 2013, LTE and Able Point agreed to extend the maturity date of the Exchangeable Bond to 29 May 2014 pursuant to the Subscription Agreement (as amended and supplemented by the Supplemental Agreement).

Subsequent to the last reporting period, it was reported that the exploration results of MAP's coal concessions were not satisfactory. As a consequence, LTE and MAP faced significant financial difficulties and all the exploration activities of the underlying coal concessions were suspended. Given there is no further funding made available to MAP to support further exploration and evaluation activities, it is the intention of MAP to return the coal concessions to the relevant government authorities. As a result, it casts significant doubt on the going concern of LTE and MAP, and the ability of LTE to redeem the Exchangeable Bond when it reaches the maturity date, the Group recognised net unrealised loss on financial asset designated at fair value through profit or loss of $6,014,000 during the year ended 31 March 2014 and the Exchangeable Bond was stated at nil at 31 March 2014.

On 29 April 2014, LTE has issued a notice to the Group informing its financial inability to redeem the Exchangeable Bond and asking for the Group's consent to exchange the Exchangeable Bond into the Underlying Shares in MAP. The Group has decided it would not exercise its aforesaid right to exchange and is currently assessing other options to recover the Group's investment in the Exchangeable Bond.

11 TRADE AND OTHER RECEIVABLES

	2014	2013
	$'000	*$'000*
Trade debtors	**6,316**	—
Prepayments and other receivables	**13,154**	693
	19,470	693
Less: Non-current portion of prepayments	**(8,740)**	—
	10,730	693

During the year ended 31 March 2014, the Group entered into coal sale and purchase agreements with a marketing agent of certain top coal miners in Indonesia. Under the agreements, the Group made prepayments of $13,000,000 to the marketing agent to secure long-term supply of thermal coal from the relevant coal miners. The prepayment would be recovered by deducting a pre-agreed amount per metric tonne of coal purchased by the Group.

At 31 March 2014, the unutilised prepayment of $12,923,000 was included in "Prepayments and other receivables". The directors estimated that the prepayment expected to be recovered or recognised as expense after more than one year is $8,740,000 which is recognised as non-current asset accordingly. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

Included in "Trade and other receivables" are trade debtors with the following ageing analysis, based on the invoice date (or date of revenue recognition, if earlier), as of the end of the reporting period:

	2014	2013
	$'000	$'000
Within 1 month	6,316	—

The credit terms offered to customers of coal trading business are negotiated on a case-by-case basis. Deposits are usually required and the remaining balance is payable within 2 days after the customers receive all the documents as stipulated in the sales agreements. The Group's trade debtors will also be settled by way of sight letter of credit or usance letter of credit up to a tenor of 90 days.

The ageing analysis of trade debtors based on the past due status as of the end of the reporting period is as follows:

	2014	2013
	$'000	$'000
Neither past due nor impaired	6,316	—

Based on past experience, management believes that no impairment allowance is necessary in respect of trade debtors as at 31 March 2014 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The outstanding trade debtors as at 31 March 2014 were covered by letter of credit which has been accepted by the nominated bank subsequent to the end of the reporting period. No impairment loss was recognised by the Group at 31 March 2014.

12 TRADE AND OTHER PAYABLES

	2014	2013
	$'000	$'000
Trade creditors	5,935	—
Other payables and accrued expenses	646	1,041
	6,581	1,041

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	2014	2013
	$'000	$'000
Within 1 month	5,935	—

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2014.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Monday, 8 September 2014. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 2 September 2014 to Monday, 8 September 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East Hong Kong for registration no later than 4:30 p.m. on Monday, 1 September 2014.

BUSINESS AND FINANCIAL HIGHLIGHTS

The Group continued to focus on its coal trading business during the year ended 31 March 2014 and its results is presented as Continuing Operation in the consolidated financial statements.

During the year ended 31 March 2014, the footwear manufacturing business, the operation of which was discontinued during the year ended 31 March 2013, incurred various miscellaneous office overheads and legal and professional fees relating to the disposal of the Company's wholly-owned subsidiaries, China Compass Investments Limited ("CCIL") and Brave Win Industries Limited ("BWIL"). Further details on this disposal are set out in the section "Review of operations – Discontinued operation" below. The results for the discontinued footwear manufacturing business is continued to be reported separately as Discontinued Operation in the consolidated financial statements.

Overall, the Group's turnover for the year ended 31 March 2014, which was solely generated from its coal trading business, increased to US$109.02 million as compared with US$57.75 million for the year ended 31 March 2013, which comprised of US$44.64 million contributed from the Continuing Operation and US$13.11 million pertaining to the Discontinued Operation.

Loss for the year ended 31 March 2014 was US$8.16 million, which was made up of US$0.33 million of profit from the coal trading business, US$0.53 million of loss from the Discontinued Operation, US$1.95 million of corporate overhead expenses and US$6.01 million of fair value loss on the Exchangeable Bond. In comparison, the loss for the year ended 31 March 2013 was US$4.26 million, representing US$0.03 million of loss from the coal trading business, US$3.71 million of loss from the Discontinued Operation, US$1.53 million of corporate overhead expenses and US$1.01 million of fair value gain on the Exchangeable Bond.

REVIEW OF OPERATIONS

Continuing operation

The performance of our coal trading business continued to grow with turnover of US$109.02 million. This represented a 144% increase comparing with turnover of US$44.64 million for the year ended 31 March 2013 (i.e. six months of operation as the coal trading business was launched in October 2012).

The increase in gross profit of US$1.76 million for the year under review as compared with prior year of US$0.84 million is primarily the result of the full year effect of the coal trading business.

During the year ended 31 March 2014, the Group continued to sell thermal coals originated from Indonesia and Australia to China with a total volume of approximately 1.64 million metric tonnes ("MT") as compared with approximately 0.94 million MT in prior year. The Group sold a larger proportion of higher calorific value coal, which commanded a higher unit price per metric ton, during the year under review as compared with prior year.

Selling, distribution and administrative expenses consisted primarily of employee benefits costs, rental and corporate expenses which amounted to US$3.39 million for the current year as compared with US$2.63 million in last year. The increase was a reflection of the launch of our coal trading business in October 2012, which was the beginning of the second half of the previous financial year, and the full year effect of the coal trading business for the current year.

Loss from Continuing Operation was approximately US$7.64 million for the year ended 31 March 2014 as compared with US$0.55 million in prior year. If excluding the fair value loss of US$6.01 million in the Exchangeable Bond (which is further discussed in the section "Exchangeable Bond" below), loss from Continuing Operation for the year would be US$1.62 million, comparing with US$1.56 million for prior year, after excluding the fair value gain of US$1.01 million on the Exchangeable Bond recorded in prior year.

Discontinued operation

The Group's footwear manufacturing business was discontinued in January 2013. The loss from Discontinued Operation of US$0.53 million comprised of miscellaneous office overheads and legal and professional fees relating to the disposal of the Company's wholly-owned subsidiaries, CCIL and BWIL.

Pursuant to a sale and purchase agreement dated 26 February 2014, the Company disposed of its entire interests in its wholly-owned subsidiaries, CCIL and BWIL, and the shareholder's loan in the principal amount of approximately US$1.58 million owing by CCIL to the Company, for a consideration of US$3.20 million. The disposal was completed on 10 April 2014 and signified the conclusion of the Company's cessation of its legacy business.

PROSPECT

Moving forward, coal will continue to be the most economical source of energy in Asia, in particular in China. In 2003, more than 70% of power plants in China used coals as their source of energy and these power plants consumed approximately 3.6 billion MT of coals of which more than 320 million MT were imported. In the same year, Indonesia exported more than 100 million MT of coals to China.

The year of 2013 is a challenging year for the coal industry globally due to China's slower economic growth which contributed to the slump in the coal price. We expect in 2014 the sluggishness of the coal price will persist fuelled mainly by the oversupply of coal globally and higher than expected water level in China's hydro power plants. Despite the negative headlines on coal prices, we believe that these will not significantly curtail demand and consumption of coal in China as there is lack of alternative energy supply to replace coals as the main source of energy for the power plants.

We will further expand our overseas supplier network and develop both our customer base and geographic business coverage to include Southeast Asia and North Asia.

And as part of the ongoing strategy to expand and grow the scale of our coal trading business, the Group entered into long term coal sale and purchase agreements in November 2013 and supplemental agreements in February 2014 (the "Agreements") with a marketing agent of certain top coal miners in Indonesia to secure the supply of quality thermal coal for the period from March 2014 to December 2016 at competitive pricing.

As stipulated in the Agreements, the Group paid prepayments of US$13.00 million to the marketing agent during the year ended 31 March 2014. The prepayments will be utilized through deducting a pre-agreed amount per metric ton of coal to be delivered to the Group. As such, the Group has an increase in prepayments and a corresponding decrease in cash and cash equivalents as at 31 March 2014 as compared with 31 March 2013.

The entering into of the Agreements will enable the Group to secure stable supply of thermal coal originated from Indonesia's top coal mines and the competitive pricing will enhance the profitability of the Group's coal trading business.

EXCHANGEABLE BOND

On 30 May 2012, Able Point Corporation Limited ("Able Point"), an indirectly wholly-owned subsidiary of the Company, subscribed a one-year zero coupon secured exchangeable bond ("Exchangeable Bond") with a principal amount of US$5,000,000 issued by PT Langit Timur Energy ("LTE"). The Exchangeable Bond could be converted to 5%, which has been increased to 70% pursuant to the supplemental agreement entered into between Able Point and LTE in March 2013, of the shares of the total issued and paid up capital of PT Mandiri Arya Persada ("MAP", a non-wholly owned subsidiary of LTE who holds certain coal concessions in Indonesia) on a fully diluted basis. The maturity date of the Exchangeable Bond was extended to 29 May 2014.

As disclosed in the Company's interim report for the six months ended 30 September 2013, based on the development on the project, the proven reserves of MAP's coal concessions are not commercially justifiable to sustain the continuing coal operations in Indonesia. In addition, subsequent to the year ended 31 March 2014, LTE has notified Able Point that it was unable to redeem the Exchangeable Bond on its maturity and instead proposed to Able Point that it would repay the principal amount of the Exchangeable Bond and the accrued interest by way of Able Point converting the Exchangeable Bond into the shares in MAP. The Group has decided not to exercise the conversion rights under the Exchangeable Bond after due and careful consideration.

To reflect the uncertainty surrounding the recovery of the Group's investment in the Exchangeable Bond, the directors of the Company considered that the fair value of the Exchangeable Bond was nil and a fair value loss of US$6,014,000 was recorded during the year ended 31 March 2014.

The Group is continuing with its assessment on various options in order to recover the Group's investment loss in the Exchangeable Bond.

LIQUIDITY AND FINANCIAL RESOURCES

We continue our conservative positioning in managing the Group's working capital.

The Group remained debt-free as at 31 March 2014 and has net current assets of US$13.51 million as at 31 March 2014 with cash on hand and at banks amounting to approximately US$9.36 million as compared to US$25.05 million as at 31 March 2013. The reduction in cash is primarily the result of the prepayments relating to the long term coal sale and purchase agreements discussed in the above section "Prospect". Upon the completion of the disposal of CCIL and BWIL subsequent to the year ended 31 March 2014, the Group received US$3.20 million, being the consideration for the disposal.

The Group implements tight control on its credit and collection policies. As stipulated in the sale and purchase agreements for the coal trading business, the trade receivables from customers are usually covered by letters of credit which are arranged by reputable banks 2 days after the date of the sale and purchase agreements. The outstanding trade receivables and trade payables as at 31 March 2014 will be settled by way of letters of credit and be converted to bills receivable and discounted bills with recourse, respectively, upon clearing of underlying documentation by the banks concerned. The Group has not experienced any bad debts from its coal trading business in the past.

The Group generally relied on its internally generated cash flows and the existing trade facilities to finance its day to day operations. There are no present plans for material capital expenditures and we believe that the Group has adequate liquidity to meet its current and future working capital requirements.

RISK OF CURRENCY FLUCTUATIONS

The Group's assets and liabilities as well as the income and expenses derived from both the Continuing Operation and Discontinued Operation are mainly denominated in Hong Kong Dollars, United States Dollars (i.e. functional currency of the Company and its subsidiaries) and Renminbi.

There is no significant exposure to the fluctuation of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. Currently, the Group has no hedging arrangement for foreign currencies and has not entered into any financial derivatives arrangement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group had a total of 13 (2013: 15) full time employees in Hong Kong. The Group's emolument policy is to pay salaries and wages that are competitive in the industry in a way that will be motivational, fair and equitable, and that are dependent on individual and the Group's performance. Apart from salaries, the Group also provides other fringe benefits to employees, which include share option scheme, provident fund schemes, discretionary bonus on performance basis and medical insurance.

The remuneration committee under the Board reviews the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regards to the Group's operating results, individual performance and comparable market standards.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All the members of the Board have confirmed that, following specific enquiries made by the Company, they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2014.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions (the "Code Provision(s)") of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2014, except for the following deviations:

Pursuant to the Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The term of the Company's independent non-executive directors is not fixed but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

Pursuant to the Code Provision C.1.2, management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects. In view of the simplicity of the Company's business, consolidated financial statements prepared at half year intervals to Board members for annual and interim results give sufficient measures at this stage. However, management shall continue to review the need for providing such monthly updates to the Board.

AUDIT COMMITTEE

The audit committee under the Board has reviewed with management and KPMG, the Company's auditors, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the final results of the Group for the year ended 31 March 2014.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published at the websites of the Company at www.aresasialtd.com / www.irasia.com/listco/hk/aresasia and the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the year ended 31 March 2014 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the same websites in due course.

By Order of the Board
Ares Asia Limited
Junaidi YAP
Chief Executive Officer

Hong Kong, 30 June 2014

As at the date of this announcement, the executive directors of the Company are Mr. Junaidi YAP (Chief Executive Officer), Mr. RAN Dong and Mr. CHAN Tsang Mo, and the independent non-executive directors are Mr. NGAN Hing Hon, Mr. YEUNG Kin Bond, Sydney and Mr. CHANG Tseng Hsi, Jesse (Acting Chairman).