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 2015

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 2015 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015
(Expressed in United States dollars)

	Note	**2015** **$'000**	2014 $'000
Continuing operation			
Turnover	3	**125,065**	109,024
Cost of sales		**(122,916)**	(107,262)
Gross profit		**2,149**	1,762
Other revenue	4	**34**	17
Other net loss	4	**(26)**	(8)
Selling expenses		**(473)**	(358)
Administrative expenses		**(3,173)**	(3,034)
Loss from operations		**(1,489)**	(1,621)
Net unrealised loss on financial asset designated at fair value through profit or loss	10	**—**	(6,014)
Loss before taxation	5	**(1,489)**	(7,635)
Income tax	6	**(114)**	—
Loss from continuing operation		**(1,603)**	(7,635)
Discontinued operation			
Profit/(loss) from discontinued operation	7	**3,181**	(529)
Profit/(loss) and total comprehensive income for the year		**1,578**	(8,164)
Earnings/(loss) per share	9		
Basic and diluted			
— Continuing operation		**(0.47) cent**	(2.24) cents
— Discontinued operation		**0.93 cent**	(0.16) cent
		0.46 cent	(2.40) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

(Expressed in United States dollars)

	Note	2015 $'000	2014 $'000
Non-current assets			
Property, plant and equipment		**116**	188
Intangible asset		**330**	357
Prepayments	*11*	**11,013**	8,740
		11,459	9,285
Current assets			
Financial asset designated at fair value through profit or loss	*10*	—	—
Trade and other receivables	*11*	**28,161**	10,730
Cash and cash equivalents		**12,531**	9,363
		40,692	20,093
Current liabilities			
Trade and other payables	*12*	**621**	6,581
Discounted bills with recourse	*13*	**26,919**	—
Current taxation		**114**	—
		27,654	6,581
Net current assets		**13,038**	13,512
NET ASSETS		**24,497**	22,797
CAPITAL AND RESERVES			
Share capital		**441**	440
Reserves		**24,056**	22,357
TOTAL EQUITY		**24,497**	22,797

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 2015, 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. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), continue to be those of the predecessor Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the Listing Rules.

2 CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation 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:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impact of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, ***Recoverable amount disclosures for non-financial assets***

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. These amendments do not have an impact on these financial statements as the Group has no significant impaired asset.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The Group is principally engaged in the coal trading business. Turnover represents the sales value of goods sold less returns, discounts and value added taxes and other sales taxes.

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

	Coal trading *$'000*
2015	
Customer A	47,764
Customer B	40,081
Customer C	16,799
2014	
Customer A	42,209
Customer C	53,414

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 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 2015 and 2014 is set out below.

	2015			2014		
	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	**125,065**	**—**	**125,065**	109,024	—	109,024
Results						
Reportable segment results (EBIT)	**350**	**3,181**	**3,531**	328	(577)	(249)
Net unrealised loss on financial asset designated at fair value through profit or loss			**—**			(6,014)
Unallocated head office and corporate expenses			**(1,839)**			(1,949)
Consolidated profit/(loss) before taxation			**1,692**			(8,212)
Additions to non-current segment assets during the year	**58**	**—**	**58**	9,114	—	9,114
Depreciation for the year	**105**	**—**	**105**	125	—	125
Assets						
Segment assets	**52,113**	**—**	**52,113**	29,304	8	29,312
Unallocated head office and corporate assets			**38**			66
Consolidated total assets			**52,151**			29,378
Liabilities						
Segment liabilities	**27,543**	**—**	**27,543**	6,097	187	6,284
Unallocated head office and corporate liabilities			**111**			297
Consolidated total liabilities			**27,654**			6,581

(ii) Geographic information

For the years ended 31 March 2015 and 2014, all of the Group's revenue from external customers was derived from customers from the People's Republic of China ("PRC") (excluding Hong Kong). The geographic location of customers is based on the location at which the goods are delivered.

As at 31 March 2015 and 2014, all of the Group's property, plant and equipment, intangible asset and non-current portion of prepayments are located in Hong Kong. The geographic 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 prepayments.

4 OTHER REVENUE AND NET LOSS

	2015	2014
	$'000	*$'000*
Other revenue		
Continuing operation		
— Bank interest income	**34**	17
Discontinued operation		
— Others	**—**	1
	34	18
Other net loss		
Continuing operation		
— Net foreign exchange loss	**(1)**	(8)
— Net loss on disposal of property, plant and equipment	**(25)**	—
	(26)	(8)
Discontinued operation		
— Net foreign exchange gain	**—**	1
	(26)	(7)

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2015	2014
	$'000	*$'000*
(a) Staff costs		
Continuing operation		
Salaries, wages and other benefits	**1,710**	2,125
Termination benefits	**465**	—
Contributions to defined contribution retirement plans	**22**	21
	2,197	2,146
Discontinued operation		
Salaries, wages and other benefits	**—**	37
	2,197	2,183
(b) Other items		
Continuing operation		
Cost of inventories	**114,059**	107,262
Operating lease charges in respect of properties	**313**	288
Depreciation	**105**	125
Auditors' remuneration		
— audit services	**135**	128
— other services	**13**	—
Impairment loss of intangible asset	**27**	—
Finance costs	**68**	10
Discontinued operation		
Auditors' remuneration — audit services	**—**	10

6 INCOME TAX

	2015	2014
	$'000	*$'000*
Continuing operation		
Hong Kong Profits Tax		
— Provision for the year	**114**	—
Discontinued operation		
Hong Kong Profits Tax		
— Over-provision in respect of prior years	—	(48)
	114	(48)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% to the profit before taxation for the year ended 31 March 2015.

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.

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

7 DISCONTINUED OPERATION

The Group ceased the operation of its footwear business in January 2013. Accordingly, the operating results of the footwear business for the years ended 31 March 2015 and 2014 are presented as discontinued operation in the financial statements. Further, as disclosed in the Company's announcement dated 26 February 2014, the Company entered into a sale and purchase agreement ("the agreement") with Landway Investments Limited ("Landway"), a company wholly-owned by a director of Brave Win Industries Limited ("Brave Win") to dispose of (i) 1 share of Brave Win, representing 0.0000033% of the total issued share capital of Brave Win; (ii) the 1,000 shares of China Compass Investments Limited ("China Compass"), representing the entire issued share capital of China Compass; and (iii) the unsecured and interest free shareholder's loan in the principal amount of $1,579,000 owed by China Compass to the Company, at a consideration of $3,200,000 (the "Disposal"). The Disposal was completed on 10 April 2014. The directors have reviewed the representations and warranties provided by the Company to Landway as set out in the agreement and based on the review and professional advice obtained, it is considered that there was no breach of any of the representations and warranties and therefore a gain on disposal of $3,181,000 was recognised during the current year.

Results of the discontinued operation:

	Period from 1 April 2014 to 10 April 2014	2014
	$'000	*$'000*
Other revenue	—	1
Other net income	—	1
Administrative expenses	—	(129)
Restructuring costs	—	(450)
Loss before taxation	—	(577)
Income tax credit	—	48
Loss from operation	—	(529)
Gain on disposal of discontinued operation	3,181	—
Profit/(loss) for the year	3,181	(529)

8 DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of $1,578,000 (2014: loss of $8,164,000) and the weighted average of 341,212,824 ordinary shares (2014: 340,616,934 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at beginning of the year	**340,616,934**	340,616,934
Effect of share options exercised	**595,890**	—
Weighted average number of ordinary shares at end of the year	**341,212,824**	340,616,934

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of $1,578,000 (2014: loss of $8,164,000) and the weighted average number of 341,669,531 ordinary shares (2014: 340,616,934 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2015	2014
Weighted average number of ordinary shares at end of the year	**341,212,824**	340,616,934
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**456,707**	—
Weighted average number of ordinary shares (diluted) at end of the year	**341,669,531**	340,616,934

10 FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2015	2014
	$'000	*$'000*
At fair value:		
Overseas unlisted exchangeable bond	—	—

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).

During the year ended 31 March 2014, 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 was no further funding made available to MAP to support further exploration and evaluation activities, it was the intention of MAP to return the coal concessions to the relevant government authorities. As a result, it casted significant doubt on the going concern of LTE and MAP, and the ability of LTE to redeem the Exchangeable Bond when it reached 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 since then.

During the year ended 31 March 2015, the Exchangeable Bond matured and LTE issued a notice to the Group informing its financial inability to redeem the Exchangeable Bond and seeking for the Group's consent to exchange the Exchangeable Bond into the equity interest in MAP. The Group has decided it would not exercise its aforesaid right to exchange given the significant doubt on the going concern of LTE and MAP. As a result, the directors considered the recovery of the Exchangeable Bond to be remote and the Exchangeable Bond was written off as at 31 March 2015.

11 TRADE AND OTHER RECEIVABLES

	2015	2014
	$'000	*$'000*
Trade debtors and bills receivable	**26,919**	6,316
Prepayments and other receivables	**12,255**	13,154
	39,174	19,470
Less: Non-current portion of prepayments	**(11,013)**	(8,740)
	28,161	10,730

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 prepayments are recoverable by deducting a pre-agreed amount per metric tonne of coal purchased by the Group.

At 31 March 2015, the unutilised prepayment of $11,576,000 (2014: $12,923,000) was included in "Prepayments and other receivables". During the year ended 31 March 2015, $1,347,000 of the prepayments was utilised which was less than the amount previously estimated by the directors. This was due to the oversupply of coal in the PRC where the Group's customers are based which drove domestic coal prices down. This has impacted on the Group's sales revenue as Indonesian coal became less price competitive.

In assessing the recoverability of the remaining prepayments of $11,576,000 as at 31 March 2015, the directors have reviewed all relevant information, including trading history pursuant to these long-term coal supply agreements with the marketing agent, expected recovery of the PRC coal price in the second half of 2015, expected future demand of coal in the PRC market and the Group's business plan of developing new markets other than the PRC. Based on the review, the directors consider that the prepayments will be recoverable in full and hence no impairment loss has been made in the financial statements.

The directors also estimate the prepayments are expected to be fully utilised through deductions from cost of future coal purchases. The prepayments expected to be utilised within one year amounted to $563,000 (2014: $4,183,000) while the balance of the prepayments expected to be utilised after more than one year amounted to $11,013,000 (2014: $8,740,000).

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:

	2015	2014
	$'000	*$'000*
Within 1 month	**—**	6,316
More than 1 month but within 3 months	**8,741**	—
More than 3 months but within 6 months	**18,178**	—
	26,919	6,316

The credit terms offered to customers of coal trading business are negotiated on a case-by-case basis. Irrevocable letters of credit, up to a tenor of 90 days after the receipt of required documents by nominated banks, are usually required not later than 14 days prior to the expected date of vessel's arrival at loading port as stipulated in the sales agreements.

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

	2015	2014
	$'000	*$'000*
Neither past due nor impaired	**26,919**	6,316

Based on past experience, management believes that no impairment allowance is necessary in respect of trade debtors and bills receivable as at 31 March 2015 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 2015 and 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 2015 and 31 March 2014.

12 TRADE AND OTHER PAYABLES

	2015	2014
	$'000	*$'000*
Trade creditors	**—**	5,935
Other payables and accrued expenses	**621**	646
	621	6,581

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:

	2015	2014
	$'000	*$'000*
Within 1 month	**—**	5,935

13 DISCOUNTED BILLS WITH RECOURSE

Bills discounted with banks at an effective interest rate ranging from 1.48% to 1.76% per annum have maturity profiles of no more than 90 days.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2015.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Friday, 18 September 2015. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules 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 Monday, 14 September 2015 to Friday, 18 September 2015, 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 11 September 2015.

BUSINESS AND FINANCIAL HIGHLIGHTS

The Group continued to operate its coal trading business during the year ended 31 March 2015 and the results of the coal trading business is presented as Continuing Operation in the consolidated financial statements.

The Group's turnover for the year ended 31 March 2015, which was solely generated from its coal trading business, increased to US$125.07 million as compared with US$109.02 million for the year ended 31 March 2014.

The footwear manufacturing business, the operation of which was discontinued during the year ended 31 March 2013, was disposed during the year ended 31 March 2015. Further details on this disposal are set out in the section headed "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.

Profit before taxation for the year ended 31 March 2015 was US$1.69 million, representing US$0.35 million of profit from the coal trading business, US$3.18 million of gain from the Discontinued Operation and US$1.84 million of corporate overhead expenses. In comparison, the loss for the year ended 31 March 2014 was US$8.21 million, which was made up of US$0.33 million of profit from the coal trading business, US$0.58 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.

REVIEW OF OPERATIONS

Continuing Operation

During the year ended 31 March 2015, the performance of our coal trading business has continued to grow with a turnover of US$125.07 million, representing a year on year increase of 14.7% or US$16.05 million.

During the year ended 31 March 2015, the Group continued to sell thermal coals, with majority of the coal originated from Indonesia and Australia, to China, with a total volume of approximately 1.89 million metric tonnes ("MT") as compared with approximately 1.64 million MT in prior year.

Selling and administrative expenses primarily consisted of employee benefits costs, rental and corporate expenses which amounted to approximately US$3.65 million for the current year, the increase is the reflection of the growing of the operation.

Loss before taxation from Continuing Operation was approximately US$1.49 million for the year ended 31 March 2015 as compared with US$7.64 million in last year. When excluding the fair value loss of approximately US$6.01 million in last reporting period, loss before taxation from the continuing operation of this reporting period would be slightly narrowed by 8% or US$0.13 million, as compared to US$1.62 million of prior year.

DISCONTINUED OPERATION

The discontinued operation represents the footwear manufacturing business and as disclosed in the announcement dated 26 February 2014, the Company entered into a sale and purchase agreement with Landway Investments Limited, a company which is wholly-owned by a director of Brave Win Industries Limited ("Brave Win"), to dispose of (i) 1 share of Brave Win, representing 0.0000033% of the then total issued share capital of Brave Win; (ii) the entire issue shares of China Compass Investments Limited ("China Compass"); and (iii) the unsecured and interest free shareholder's loan in the principal amount of US$1.58 million owed by China Compass to the Company, at a consideration of US$3.20 million (the "Disposal"). The Disposal was completed in April 2014 and the Group recorded a gain on disposal of discontinued operation of US$3.18 million.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2015, cash on hand and at banks for the Group amounted to approximately US$12.53 million as compared to US$9.36 million as at 31 March 2014. The increase in cash was primarily the result of the consideration received from the disposal of China Compass and Brave Win during the year ended 31 March 2015.

As at 31 March 2015, the Group had no other borrowings except for the discounted bills with recourse amounting to US$26.92 million while the Group was debt-free as at 31 March 2014. The increase was due to bills receivable being discounted, with recourse, for matching the working capital requirement arising from the Group's trading activities. The discounting of bills receivable was a short term trade facility and the underlying bills receivable had maturity periods of 90 days after the receipt of required documents by nominated banks, or less and were covered by corresponding letters of credit.

As at 31 March 2015, the gearing ratio, being net debt (total borrowings less cash on hand and at banks) to net assets attributable to owners of the Group was approximately 58.7% (31 March 2014: nil).

The Group implements tight control on its credit and collection policies. As stipulated in the sale and purchase agreements for the coal trading business, irrevocable letters of credit, up to a tenor of 90 days after the receipt of required documents by nominated banks, by reputable banks are usually required not later than 14 days prior to the expected date of vessels' arrival at loading port. So far, the Group has not experienced any bad debts from its coal trading business.

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

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

Save for the Disposal, the Group did not have any material acquisition, disposal and significant investment during the year ended 31 March 2015.

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 and United States Dollars (i.e. functional currency of the Company and its subsidiaries).

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.

COMMITMENTS

At 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2015	2014
	$'000	*$'000*
Within 1 year	**374**	181
After 1 year but within 5 years	**582**	—
	956	181

The Group is the lessee in respect of its office premise held under operating lease from a fellow subsidiary. The lease runs for an initial period of three years with options to renew the lease when all terms are renegotiated. The lease does not include contingent rentals.

PROSPECT

Owing to the adverse effect of the backdrop of global economic growth downturn, declining coal demand and the enhanced intensity in air pollution control, China's coal industry remained in a profound correction scenario. The lingering high coal inventories and declining coal prices led to larger scale of deficit of the coal industry.

Looking ahead into next year, following the decelerated rate of growth in the Chinese economy, energy restructuring and reinforced treatment of air pollution, and the rate of growth in nationwide coal consumption is expected to slow down substantially. Together with the gradually released coal production in recent years and the slackened demand for coal consumption, it will be a long process to digest the existing coal inventory and the excessive coal capacity.

However, the volume of coal import yet amounted to 227 million MT in 2014. Considering the above factors, the coal market in China is expected to stay on the weak side. The thermal coal price will continue to be under pressure and remain at its lows in the coming year, given the tremendous drop in the volume of coal import of China in the first half of 2015.

The Group will continue its business through the secured long-term supply of quality thermal coal originated from Indonesia's top coal mines at market pricing. This enables the Group to maintain the marginal contribution and minimize the adverse impact of market price fluctuations on the Group's profitability. Adhering to the market-oriented pricing mechanism, the Company will further explore new customers by allocating marketable types of coal according to the differentiated requirements of the customers, which to some extent mitigate the impact from insufficient coal demand and thus enhance the market risk resilience of the Company.

The Group will continue to review the strategic directions of the Group with a view to enhance its future development.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group had a total of 10 (2014: 13) 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 of the Directors 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 BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct governing deals by all directors of the Company in the securities transactions of the Company. All 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 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all 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 2015, except for the following deviation:

Pursuant to the Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. ZHENG Yong Sheng ("Mr. ZHENG") is the Chairman of the Board and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. ZHENG and believes that his holding of the positions of the Chairman of the Board and Chief Executive Officer of the Company is beneficial to the business development of the Group. The Board will nevertheless regularly review the effectiveness of this structure to ensure that such structure is appropriate in view of the Group's prevailing circumstances.

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 2015.

SCOPE OF WORK OF KPMG

The financial figures in respect of the announcement of the Group's results for the year ended 31 March 2015 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on 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 2015 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

By Order of the Board
Ares Asia Limited
ZHENG Yong Sheng
Chairman

Hong Kong, 29 June 2015

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