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 2019

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 2019, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019
(Expressed in United States dollars)

	Note	**2019** **$'000**	2018 *$'000*
Revenue	*3*	**198,348**	198,669
Cost of sales		**(197,079)**	(198,274)
Gross profit		**1,269**	395
Other income	*4*	**34**	14
Selling expenses		**(162)**	(130)
Administrative expenses		**(1,761)**	(2,077)
Loss from operations		**(620)**	(1,798)
Finance costs	*5(a)*	**(856)**	(680)
Loss before taxation	*5*	**(1,476)**	(2,478)
Income tax	*6*	**—**	—
Loss and total comprehensive income for the year		**(1,476)**	(2,478)
Loss per share	*7*		
Basic and diluted		**(0.43 cent)**	(0.72 cent)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

(Expressed in United States dollars)

	Note	2019 $'000	2018 $'000
Non-current assets			
Property, plant and equipment		**3**	10
		3	10
Current assets			
Trade and other receivables	*8*	**22,276**	59,030
Cash and bank balances		**3,848**	8,443
		26,124	67,473
Current liabilities			
Trade and other payables	*9*	**15,867**	9,195
Discounted bills with recourse	*10*	**2,956**	49,508
		18,823	58,703
Net current assets		**7,301**	8,770
NET ASSETS		**7,304**	8,780
CAPITAL AND RESERVES			
Share capital		**441**	441
Reserves		**6,863**	8,339
TOTAL EQUITY		**7,304**	8,780

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 2019, but is derived from those financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies 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") (the "Listing Rules").

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. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9, *Financial instruments*

(ii) HKFRS 15, *Revenue from contracts with customers*

(iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

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

(i) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. There is no significant impact on the Group's financial position and financial result upon initial application at 1 April 2018.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Under HKFRS 9, the classification for all of the Group's financial assets and financial liabilities measured at amortised cost remain the same. The carrying amounts for all financial assets and financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

b. *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and bank balances and trade and other receivables).

(ii) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption of HKFRS 15 does not have any material impact on the financial position and the financial result of the Group.

(iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the coal trading business. All of the revenue for the year ended 31 March 2019 is recognised in accordance with HKFRS 15. Revenue from contracts with customers, which is also the Group's turnover, mainly represents the sales value of coal in the ordinary course of businesses which are recognised at a point in time.

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

	Coal and other trading *$'000*
2019	
Customer D	103,890
Customer B	47,567
Customer C	23,884
2018	
Customer B	67,798
Customer C	64,027
Customer A	44,317

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

(b) Segment reporting

The Group has a single reportable segment which is "coal and other trading". Accordingly, the business segment information for this sole reportable segment is equivalent to the consolidated figures.

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. The geographical location of customers is based on the location at which the goods delivered. The geographical location of the property, plant and equipment is based on the physical location of the asset.

	Revenue from external customers		**Property, plant and equipment**	
	2019	2018	**2019**	2018
	$'000	*$'000*	***$'000***	*$'000*
Mainland China	**198,182**	198,669	**—**	—
Hong Kong	**72**	—	**3**	10
Others	**94**	—	**—**	—
	198,348	198,669	**3**	10

4 OTHER INCOME

	2019	2018
	$'000	*$'000*
Bank interest income	**1**	3
Gain on sale of property, plant and equipment	**19**	—
Net foreign exchange gain	**14**	11
	34	14

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2019	2018
	$'000	*$'000*
(a) Finance costs		
Interest on discounted bills	**856**	680
(b) Staff costs		
Salaries, wages and other benefits	**717**	932
Contributions to defined contribution retirement plan	**19**	17
	736	949
(c) Other items		
Cost of inventories	**183,305**	183,132
Operating lease charges in respect of properties	**259**	356
Depreciation	**7**	17
Auditors' remuneration	**94**	94

6 INCOME TAX

Income tax in the consolidated statement of comprehensive income represents:

No provision for Hong Kong Profits Tax had been made for the years ended 31 March 2019 and 2018 as the Group's operations in Hong Kong sustained a loss for Hong Kong Profits Tax purpose.

7 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 $1,476,000 (2018: $2,478,000) and the weighted average of 342,116,934 ordinary shares (2018: 342,116,934 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 2019 and 2018 as there were no dilutive potential ordinary shares during that year.

8 TRADE AND OTHER RECEIVABLES

	2019	2018
	$'000	*$'000*
Trade debtors and bills receivable	**20,501**	58,474
Prepayments and other receivables	**12,839**	11,620
Less: impairment on prepayments and other receivables	**(11,064)**	(11,064)
	22,276	59,030

During the year ended 31 March 2014, the Group (through its subsidiary, Ares Repco Limited) entered into coal sale and purchase agreements ("the Original Agreements") with a marketing agent ("the Original Supplier") of two coal miners in Indonesia. Under the Original Agreements, the Group made prepayments in the aggregate amount of $13,000,000 to the Original Supplier to secure long-term supply of thermal coal from the relevant coal miners. The prepayments were recoverable by deducting a pre-agreed amount from the unit cost of coal purchased by the Group.

On 22 July 2015, the Group, the Original Supplier and another agent of the two coal miners in Indonesia ("the New Supplier") entered into a deed of transfer and amendment ("the Deed"), pursuant to which the Original Supplier transferred certain of its rights, titles and interest in and to the Original Agreements to the New Supplier, and amended certain terms of the Original Agreements, details of which were disclosed in the announcement of the Company dated 22 July 2015. Under the Original Agreements as amended by the Deed, the New Supplier agreed to deliver up to approximately 11.6 million metric tonnes of thermal coal to the Group by the end of 2017, at prices to be agreed between the parties in purchase contracts. The Original Supplier was also entitled to half of the profit margin ("the Original Seller's Entitlement") earned by the Group on the sale of the thermal coal in consideration of its facilitating the entering into the Deed among the parties and referral of potential end customers to the Group. As at the date of the Deed, the unutilised balance of prepayments made to the Original Supplier was approximately $11.6 million and the Original Seller's Entitlements would be deducted from such balance of prepayments. Save for the amendments made to the Original Agreements, the other terms of the Original Agreements remained in full force and effect.

As at 31 March 2016, the unutilised prepayments amounted to $11,565,000. The directors reassessed the recoverability of the unutilised prepayments based on all relevant information available to the Group. Due to the continuing downturn of coal market, the low demand of coal and minimal utilisation of the prepayments, and the Group's efforts in negotiation with the Original Supplier and New Supplier to secure the delivery of thermal coal under the terms of the Original Agreements as amended by the Deed, as well as demand for repayment which were in vain, the directors considered that there was significant uncertainty as to the ability of the Group to recover the balance of the prepayments through either utilisation from future purchases or repayment of the prepayments. Accordingly, a full impairment loss was recognised in the consolidated statement of comprehensive income during the year ended 31 March 2016.

In December 2016, the Group restructured the rights and obligations under the Original Agreements amended by the Deed, through a series of contracts signed and exchanged with the relevant parties ("the New Agreements"), details of which were disclosed in the announcement of the Company dated 12 December 2016. Under the New Agreements, the remainder of the unutilised prepayments are to be utilised on an agreed basis against each purchase, either through an application of the prepayment towards purchases or by cash payment to the Group from the Original Supplier, in each case with an annual minimum repayment of $2,000,000. During the year ended 31 March 2017, unutilised prepayments and other receivables in total of $640,000 were recovered from the Original Supplier. Accordingly, the impairment loss recognised in prior year was reversed and credited in the consolidated statement of comprehensive income for the year ended 31 March 2017 to the extent of the actual amount recovered.

No further prepayments and other receivables have been utilised or recovered from the Original Supplier during the years ended 31 March 2019 and 2018, with the result that the Original Supplier is in breach of its minimum annual repayment obligations of $2,000,000 under the New Agreements. As at 31 March 2019, approximately $11.1 million of the prepayments remains outstanding which was fully impaired. The Directors will continue to negotiate with the Original Supplier to seek and consider all of their options to recover the prepayments, whether through supply of coal or otherwise, including potential legal action.

Included in "Trade and other receivables" are trade debtors and bills receivable 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:

	2019	2018
	$'000	*$'000*
Within 1 month	**12,676**	8,966
More than 1 month but within 3 months	**4,045**	49,508
More than 3 months but within 6 months	**3,780**	—
	20,501	58,474

The credit terms offered to customers of coal and other trading business are negotiated on a case-by-case basis. Irrevocable letters of credit, up to a tenor of 150 days (2018: 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.

9 TRADE AND OTHER PAYABLES

	2019	2018
	$'000	*$'000*
Trade creditors	**15,111**	8,458
Other payables and accrued expenses	**756**	737
	15,867	9,195

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:

	2019	2018
	$'000	*$'000*
Within 1 month	**15,111**	8,458

10 DISCOUNTED BILLS WITH RECOURSE

Bills discounted with banks at an effective interest rate ranging from 3.41% to 4.12% (2018: 2.41% to 3.03%) per annum as at 31 March 2019 have maturity profiles of no more than 90 days.

11 EVENT AFTER THE REPORTING PERIOD

There has been no material event after the end of the reporting period which requires disclosure in this announcement.

12 CONTINGENT LIABILITIES

At 31 March 2019, the Group is involved in a legal claim relating to the disposal of certain former subsidiaries the operation of which were discontinued.

The Group ceased the operation of its footwear business in January 2013. 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 approximately $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 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 was considered that there was no breach of any of the representations and warranties.

On 23 March 2016, Landway filed a claim against the Company, which alleged that a former director of the Company made certain misrepresentations in the Disposal and filed a claim of $700,000 plus interest against the Company in the High Court of Hong Kong. The Company filed its defence on 24 May 2016 which denied the allegations made by Landway. On 7 September 2016, the Company issued a summons applying to strike out Landway's claim. The strike out application was unsuccessful as Landway amended its statement of claim on 13 March 2017 in response to the strike out application. The Company filed an amended defence on 28 April 2017 accordingly. Landway and the Company filed and exchanged factual witness statements on 20 March 2018. Landway further amended its statement of claim on 8 November 2018.

The trial of the action is due to commence on 7 December 2020. Based on the available evidence and the advice received from the Company's legal advisor as to the merits of Landway's claim, the directors of the Company are of the opinion that no provision in respect of the said claim is required to be made.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 March 2019 (2018: Nil).

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "AGM") of the Company will be held on Monday, 9 September 2019. 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 Wednesday, 4 September 2019 to Monday, 9 September 2019 (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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 3 September 2019.

BUSINESS AND FINANCIAL HIGHLIGHTS

The Group continued to mainly operate its coal trading business during the year ended 31 March 2019. The customers of the Group are primarily State-owned and privately owned Chinese companies (or their offshore subsidiaries) whose businesses include trading or sales of commodities, including coal, and import and export operations. As a result of the Group supplying trading customers, the ultimate consumer of the supplies is commonly unknown to the Group.

The Group's revenue for the year ended 31 March 2019, which was generated from its coal and other trading business, amounted to US$198.3 million which was very close as compared with US$198.7 million for the year ended 31 March 2018.

The Company's policy is not to carry 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.

Loss before taxation for the year ended 31 March 2019 was US$1.5 million, representing US$0.7 million of loss from the coal and other trading business, and US$0.8 million of corporate overhead expenses. In comparison, loss before taxation for the year ended 31 March 2018 was US$2.5 million, representing US$1.5 million of loss from the coal and other trading business, and US$1.0 million of corporate overhead expenses.

REVIEW OF OPERATIONS

During the year ended 31 March 2019, the performance of the coal and other trading business has been maintained with revenue of US$198.3 million, only representing a year-on-year slight decrease of 0.20% or US$0.4 million. The Group sold coals originated from various countries to Mainland China, with a total volume of approximately 2.81 million metric tonnes ("MT") as compared to approximately 2.82 million MT in previous year.

Selling and administrative expenses primarily consisted of employee benefits costs as well as rental and corporate expenses which amounted to approximately US$1.9 million for the current year (2018: US$2.2 million).

Finance costs of US$0.9 million incurred during the year ended 31 March 2019 (2018: US$0.7 million) arose from the bills discounted in trade. Increase in finance costs by approximately US$0.2 million was mainly attributable to increase in transactions that utilized maximum tenor of 150 days the Group provided to its customers.

The Group reduced its loss to record loss before taxation of US$1.5 million for the year ended 31 March 2019 as compared to loss before taxation of US$2.5 million for the year ended 31 March 2018 mainly due to net effect of (i) increase in gross profit by approximately US$0.9 million; (ii) decrease in salaries cost by approximately US$0.2 million; (iii) increase in finance cost by approximately US$0.2 million; and (iv) decrease in office rental expense by approximately US$0.1 million, as compared with the previous year.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2019, cash and bank balances for the Group amounted to approximately US$3.8 million as compared to US$8.4 million as at 31 March 2018. The decrease in cash was primarily as the result of the payment for daily operations and trade activities during the year ended 31 March 2019.

As at 31 March 2019, the Group had no other borrowings except for the discounted bills with recourse amounting to US$3.0 million as compared to US$49.5 million as at 31 March 2018. The decrease was due to that trading activities conducted in March 2019 were not yet discounted. 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 2019, the Group's debt to equity ratio, being total debt to total equity was approximately 258% (31 March 2018: 669%).

The Group implements tight control on its credit and collection policies. As stipulated in the sale and purchase agreements for the coal and other trading business, irrevocable letters of credit, up to a tenor of 150 days (2018: 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 vessels' arrival at loading port. So far, the Group has not experienced any bad debts from its coal and other 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

The Group did not have any material acquisition, disposal and significant investment during the year ended 31 March 2019.

RISK OF CURRENCY FLUCTUATIONS

The Group's assets and liabilities as well as the income and expenses derived from the 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 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2019	2018
	$'000	*$'000*
Within 1 year	**210**	109
After 1 year but within 5 years	**215**	—
	425	109

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

During the year ended 31 March 2019, the China's economy faced a confluence of risks, the trade war between China and the United States, which were severely disrupt economic activities and inflicted significant damage on longer-term development prospects. These risks included an escalation of trade disputes and a gradual tightening of global financial conditions. Faced the unstable economic environment, the Group had still made stable revenue for the year ended 31 March 2019 as compared with the previous financial year.

Looking ahead, the market will become more challenging during trade wars and the China's economic activities may slow down. However, the Group has noted that cost advantages of imported coal and an increased demand for coal from coastal power plants in Guangdong-Hong Kong-Macao Greater Bay Area, which may lead to recovery on the coal market. The Group will actively work to reduce any potential impacts in the long run, such as strengthening our marketing efforts. We will closely monitor the impact of the macro issues and trade dispute on our performance, and will minimize the impact of trade wars.

The Group will carefully plan and develop strategies to manage these factors to provide the best possible results to Shareholders in the medium to longer term.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had a total of 9 full-time (31 March 2018: 9) 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 bonuses 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 under review.

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 the members of the Board have confirmed that, following specific enquiries made by the Company, they have complied with the required standards as set out in the Model Code throughout the year ended 31 March 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles of, and complied with the applicable code provisions (the "Code Provision(s)") of the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2019 save for the deviation from the Code Provision A.2.1, details of which will be explained below.

For Code Provision A.2.1, it stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. RUAYRUNGRUANG Woraphanit ("Ms. RUAYRUNGRUANG") has been appointed as the chairlady of the Company (the "Chairlady") and the chief executive officer of the Company (the "Chief Executive Officer"). 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 Ms. RUAYRUNGRUANG and believes that her holding of the positions of the Chairlady and Chief Executive Officer 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 of the Company (the "Audit Committee") under the Board comprises all the three independent non-executive directors of the Company, namely Mr. NGAN Hing Hon (Committee Chairman), Mr. YEUNG Kin Bond, Sydney and Mr. CHANG Jesse.

The Audit Committee has reviewed with the management of the Company and KPMG, the auditor of the Company, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31 March 2019.

SCOPE OF WORK OF KPMG

The financial figures in respect of the announcement of the Group's results for the year ended 31 March 2019 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 2019 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
RUAYRUNGRUANG Woraphanit
Chairlady

Hong Kong, 26 June 2019

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