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ARES ASIA LIMITED

安域亞洲有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2023**

The board (the “Board”) of directors (the “Directors”) of the Company announces the audited annual results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 31 March 2023 together with comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

	<i>Note</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Revenue	3	52,594	101,556
Cost of sales		<u>(51,529)</u>	<u>(101,148)</u>
Gross profit		1,065	408
Other income, net	4	45	29
Selling expenses		(136)	(95)
Impairment loss on right-of-use assets		–	(545)
Administrative expenses		<u>(1,731)</u>	<u>(1,725)</u>
Loss from operations		(757)	(1,928)
Finance costs	5(a)	<u>(18)</u>	<u>(200)</u>
Loss before taxation	5	(775)	(2,128)
Income tax	6	<u>(54)</u>	–
Loss and total comprehensive loss for the year attributable to owners of the Company		<u>(829)</u>	<u>(2,128)</u>
		<i>US</i>	<i>US</i>
Loss per share	7		
Basic and diluted		<u>(0.16 cents)</u>	<u>(0.41 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Note</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Non-current assets			
Property, plant and equipment		19	1
Right-of-use assets		<u>–</u>	<u>–</u>
		19	1
Current assets			
Trade and other receivables	8	11,455	14,938
Pledged bank deposits		–	900
Cash and bank balances		7,695	8,781
		<u>19,150</u>	<u>24,619</u>
Current liabilities			
Trade and other payables	9	10,551	14,035
Contract liabilities		–	1,000
Income tax payable		54	–
Lease liabilities		290	277
		<u>10,895</u>	<u>15,312</u>
Net current assets		<u>8,255</u>	<u>9,307</u>
Total assets less current liabilities		<u>8,274</u>	<u>9,308</u>
Non-current liabilities			
Lease liabilities		<u>51</u>	<u>256</u>
Net assets		<u>8,223</u>	<u>9,052</u>
Capital and reserves			
Share capital		662	662
Reserves		7,561	8,390
Total equity		<u>8,223</u>	<u>9,052</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ares Asia Limited (the “Company”, together with its subsidiaries are collectively referred to as the “Group”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors, the ultimate holding company of the Company is Reignwood International Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability. The address of the registered office and principal place of business of the Company is located at level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

These consolidated financial statements are presented in United States dollars (“US\$”) and rounded to the nearest thousand (“000”), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022/23 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRSs. So far the management is of the opinion that the adoption of the new/revised HKFRSs will not have any significant impact on the consolidated financial statements.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the coal and other commodities trading business. All of the revenue for the year ended 31 March 2023 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. The revenue from contracts with customers within HKFRS 15 is based on fixed price.

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

Coal and other commodities trading	Year ended 31 March	
	2023	2022
	Amount US\$’000	Amount US\$’000
Customer 1	16,068	N/A
Customer 2	12,504	N/A
Customer 3	11,627	N/A
Customer 4	N/A	26,270
Customer 5	N/A	9,773
Customer 6	N/A	13,521
Customer 7	N/A	11,449

No revenue was generated from Customers 4 and 7, and Customers 1 to 3 for the year ended 31 March 2023 and 2022 respectively.

(b) Segment reporting

The Group has a single reportable segment which is “coal and other commodities trading”. The information reported to the Group’s management for the purpose of resource allocation and performance assessment presents the operating results of the Group as a whole since the Group’s resources are integrated and no discrete operating segment is available. Accordingly, the operating 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 and right-of-use assets (“Non-current assets”). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the Non-current assets is based on the physical location of the asset.

	Revenue from external customers		Non-current assets	
	2023	2022	2023	2022
	US\$’000	US\$’000	US\$’000	US\$’000
Mainland China	39,181	101,556	–	–
Pakistan	12,504	–	–	–
India	909	–	–	–
Hong Kong	–	–	16	–
Singapore	–	–	3	1
	<u>52,594</u>	<u>101,556</u>	<u>19</u>	<u>1</u>

4. OTHER INCOME, NET

	<i>Note</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Interest received from bank deposit		2	–
Government subsidies	(a)	33	29
Net foreign exchange gain		10	–
		45	29

- (a) Government subsidies were granted from the governments of Singapore and the Hong Kong Special Administrative Region under the employment support scheme for the years ended 31 March 2023 and 2022 respectively.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
(a) Finance costs		
Interest on discounted bills	–	181
Interest on lease liabilities	18	19
	18	200
(b) Staff costs		
Salaries and other benefits	529	782
Contributions to defined contribution retirement plan	27	28
	556	810
(c) Other items		
Cost of inventories	51,529	96,007
Depreciation of property, plant and equipment	4	1
Depreciation of right-of-use assets	–	97
Auditors' remuneration		
— Annual audit	138	151
— Non-annual audit	23	15

6. INCOME TAX

Hong Kong Profits Tax, if any, is calculated at 16.5% (2022: 16.5%) on the assessable profits for the year. No provision for Hong Kong Profits Tax had been made for the years ended 31 March 2023 and 2022 as the Group's operations in Hong Kong incurred a loss for Hong Kong Profits Tax purpose.

The income tax provision in respect of operations in Singapore is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2023 US\$'000	2022 US\$'000
Loss before taxation	<u>(775)</u>	<u>(2,128)</u>
Income tax at domestic tax rates in respective tax jurisdictions	(128)	(351)
Tax effect of non-taxable income	(6)	(5)
Tax effect of non-deductible expenses	175	148
Tax effect of deductible temporary difference not recognised	–	90
Tax effect of tax losses not recognised	66	118
Tax effect of utilisation of tax losses previously not recognised	(55)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>2</u>	<u>–</u>
Income tax	<u>54</u>	<u>–</u>

Deferred tax assets not recognised

The Group has not recognised deferred tax asset in respect of tax losses of US\$16,990,000 (2022: US\$16,924,000) as it is not probable that sufficient taxable profits will be available to allow the tax losses to be utilised in the foreseeable future. The tax losses do not expire under current tax legislation.

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of the Company of US\$829,000 (2022: US\$2,128,000) and the weighted average of 513,175,401 ordinary shares (2022: 513,175,401 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 2023 and 2022 as there were no dilutive potential ordinary shares during these years.

8. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade and bills receivables	<i>8(a)</i>	<u>9,853</u>	<u>14,628</u>
Other receivables and deposits		<u>350</u>	<u>107</u>
Prepayments			
Prepayments for supply contracts			
— Prepayment A	<i>8(b)</i>	11,064	11,064
— Prepayment B	<i>8(c)</i>	1,250	–
Other prepayments		<u>2</u>	<u>203</u>
		12,316	11,267
Less: Impairment of Prepayment A	<i>8(b)</i>	<u>(11,064)</u>	<u>(11,064)</u>
		<u>1,252</u>	<u>203</u>
Total trade and other receivables		<u>11,455</u>	<u>14,938</u>

(a) Trade and bills receivables

Included in “Trade and other receivables” are trade and bills receivables 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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Within 1 month	9,853	9,585
More than 1 month but within 3 months	<u>–</u>	<u>5,043</u>
	<u>9,853</u>	<u>14,628</u>

The credit terms offered to customers of coal and other commodities trading business are negotiated on a case-by-case basis which ranges from 7 to 30 days.

Included in trade and bills receivables are US\$4,133,000 (2022: Nil) of bills receivables which represented irrevocable letters of credit issued by banks where the sales have been completed and presented the required shipping documents to the banks but pending the bank to settle the receivables before the due dates based on the credit terms given to the customers as stated in the sales agreement. No bills receivables have been discounted to bank with full recourse as at 31 March 2023 and 2022.

(b) Prepayment A

During the year ended 31 March 2014, the Group entered into coal sale and purchase agreements with a marketing agent of two coal miners in Indonesia and made prepayments of US\$13,000,000 for the purpose of securing long-term supply of thermal coal from the relevant coal miners. During the year ended 31 March 2015, this original agreement was transformed into a new contract with another agent of the two coal miners in Indonesia. As at 31 March 2016, such prepayments with unutilised amount of US\$11,704,000, 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, demand for repayment which were in vain, the directors made a full impairment loss of US\$11,704,000 was recognised in the consolidated statement of comprehensive income during the year ended 31 March 2016 in considering 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. During the year ended 31 March 2017, unutilised prepayments and other receivables in total of US\$640,000 were recovered and recognised in the consolidated statement of comprehensive income during the year ended 31 March 2017.

As at 31 March 2023 and 2022, the amount of US\$11,064,000 remained as irrecoverable and the impairment loss made in prior years remained as US\$11,064,000. In the opinion of the directors of the Company, the Group will continue to negotiate with these coal miners to seek and consider all of their options to recover the prepayments, whether through supply of coal or otherwise, including potential legal action.

(c) Prepayment B

The amount was paid to a supplier of the Group for procurement of coal. The entire amount has been utilised in April 2023.

During the year ended 31 March 2022, certain prepayments made to a coal supplier in Indonesia were set off by the entering into of novation agreements.

9. TRADE AND OTHER PAYABLES

	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	9,830	13,585
Other payables and accrued expenses	<u>721</u>	<u>450</u>
	<u>10,551</u>	<u>14,035</u>

The trade and other payables are expected to be settled within one year or are repayable on demand.

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

	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	9,830	9,549
More than 1 month but less than 3 months	<u>-</u>	<u>4,036</u>
	<u>9,830</u>	<u>13,585</u>

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL HIGHLIGHTS

The Group continued to mainly operate its coal and other commodities trading business which encompasses supply chain management and risk management services during the year ended 31 March 2023. The customers of the Group are primarily state-owned and privately owned Chinese or Singaporean 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 to trading customers, the ultimate consumer of the supplies is generally unknown to the Group.

The Group's revenue for the year ended 31 March 2023, which was generated from its coal and other commodities trading business, decreased to US\$52.6 million (2022: US\$101.6 million). The Group's gross profit from its coal and other commodities trading business was US\$1.1 million for the year ended 31 March 2023 (2022: US\$0.4 million).

It is the Company's policy not to carry any 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 of 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.

Loss before taxation for the year ended 31 March 2023 was US\$0.8 million, representing US\$0.6 million of profit from the coal trading business and US\$1.4 million of corporate overhead expenses. In comparison, loss before taxation for the year ended 31 March 2022 was US\$2.1 million, representing US\$0.9 million of loss from the coal trading business, US\$0.6 million of impairment loss on right-of-use assets and US\$0.6 million of corporate overhead expenses.

REVIEW OF OPERATIONS

During the year ended 31 March 2023, the performance of the coal and other commodities trading business has recorded with revenue of approximately US\$52.6 million, representing a decrease of 48.2% or approximately US\$49.0 million, as compared with approximately US\$101.6 million for the year ended 31 March 2022. The decrease in revenue was mainly a result of poor market conditions due to COVID-19 pandemic. The Group mainly sold coals originated from Indonesia, to Mainland China, Pakistan and India with a total volume of approximately 0.67 million metric tonnes (“MT”) as compared to approximately 1.25 million MT in previous year.

The gross profit of the Group amounted to approximately US\$1.1 million for the year ended 31 March 2023. The higher gross profit as compared to approximately US\$0.4 million in the previous year was mainly a result of increase in price index of coal.

Selling and administrative expenses primarily consisted of employee benefits costs as well as corporate expenses which amounted to approximately US\$1.8 million for the year ended 31 March 2023 (2022: US\$1.8 million). The fluctuation in balance as compared to 31 March 2023 was offset by: i) the increase of legal and professional fees by approximately US\$0.5 million that was mainly attributable to the increase in lawyer and consultation fees for resumption of trading of the shares of the Company on the Stock Exchange during the year ended 31 March 2023 and ii) the decrease of staff costs by approximately US\$0.3 million due to reduction of a headcount.

Finance costs of US\$0.02 million incurred during the year ended 31 March 2023 (2022: US\$0.2 million) arose from the bills discounted in trade and the lease liabilities. The decrease in finance costs by approximately US\$0.2 million was mainly attributable to the decrease in discounted bills during the year ended 31 March 2023.

The Group recorded loss before taxation of US\$0.8 million for the year ended 31 March 2023 which has decreased as compared to loss before taxation of US\$2.1 million for the year ended 31 March 2022. This was mainly because of the increase in gross profit and no provision for impairment loss on right-of-use assets during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Directors continue their conservative positioning in managing the Group's working capital.

As at 31 March 2023, cash and bank balances together with pledged bank deposit for the Group amounted to approximately US\$7.7 million as compared to US\$9.7 million as at 31 March 2022. The balances slightly decreased during the year.

As at 31 March 2023, the Group's debt to equity ratio, being total debt to total equity, was approximately 132% (31 March 2022: 172%).

The Group implements tight control on its credit and collection policies. As stipulated in the sale and purchase agreements for the coal and other commodities trading business, irrevocable letters of credit, up to a tenor of 180 days (2022: 180 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 commodities trading business.

During the year ended 31 March 2023, the Group's banking facilities were temporarily suspended mainly due to the previous suspension of trading of the shares of the Company on the Stock Exchange and 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 the Directors 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 and disposal of subsidiaries, associates and joint ventures, or any significant investment during the year ended 31 March 2023.

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, Singapore 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.

CHARGE OVER THE GROUP'S ASSETS

As at 31 March 2023, there was no charge over the assets of the Group.

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no significant contingent liabilities (2022: Nil).

CAPITAL COMMITMENTS

As at 31 March 2023, the Group had no capital commitments (2022: Nil).

PROSPECT

Going forward, the Group expects to continue to face challenges in the future business environment with many uncertainties in the global and local business environment, including China's management of coal imports in the wake of the impact of the COVID-19 pandemic as well as the uncertainties and/or possible escalation of the Sino Australian trade tensions resulting in restrictions on coal imports from Australia. Any further deterioration in the global economy will also increase uncertainties for the Group and adversely affect the Group's business and its short term performance, despite its efforts to manage such risks. These factors may lead to reduced orders, put pressure on its profit margin and payment terms and its performance. The Group will closely monitor the impact of the macro issues on its performance, and will carefully plan and develop strategies to manage these factors to provide the best possible results to shareholders in the medium to long-term.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had a total of 7 full-time (31 March 2022: 7) employees in Hong Kong and Singapore. 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 commensurate to individual's performance and the Group's overall performance. Apart from salaries, the Group also provides other fringe benefits to employees, which include provident fund schemes, discretionary bonuses on performance basis and medical insurance.

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company (the “AGM”), the register of members of the Company will be closed from Tuesday, 12 September 2023 to Friday, 15 September 2023 (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, unregistered holders of the shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office 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 Monday, 11 September 2023.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2023.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 the code of conduct regarding securities transactions by Directors and by relevant employees of the Group. All Directors confirmed, following specific enquiries made by the Company, that they complied with the Model Code and its code of conduct regarding the Directors’ securities transactions during the year ended 31 March 2023.

CORPORATE GOVERNANCE

The Company complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules during the year ended 31 March 2023 except for the following deviation:

- a) Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period from 1 April 2022 to 7 July 2022, Ms. RUAYRUNGRUANG Woraphanit acted as the chairman of the Board (the “Chairman”) and the chief executive officer of the Company (the “CEO”). The Board considers that the 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 the 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 Woraphanit and believes that her holding of the positions of the Chairman and the CEO is beneficial to the business development of the Group.

With effect from 8 July 2022, Ms. RUAYRUNGRUANG Woraphanit, the executive Director, was re-designated as a non-executive Director and resigned as the Chairman and the CEO due to change of work arrangement; and Mr. LAI Yi-Chun (also known as Robert LAI) was appointed as the Chairman and the CEO. The Board considers that the 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 the 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. LAI Yi-Chun (also known as Robert LAI) and believes that his holding of the positions of the Chairman and the CEO is beneficial to the business development of the Group. The Board will nevertheless regularly review the effectiveness of the structure to ensure that the structure is appropriate in view of the Group's prevailing circumstances.

- b) Under the code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. Due to the suspension of trading of the shares of the Company (the "Shares") on the Stock Exchange since 2 July 2021, the Company is unable to extend the insurance cover which was expired in February 2022. The Company subsequently procured directors & officers insurance in respect of potential legal actions against its directors and officers effective from 6 April 2023 after resumption of trading in the Shares.
- c) Under the code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings. Under the code provision F.2.2 of the CG Code, the chairman of the board, the chairmen of the audit, remuneration, nomination committees and the external auditor should attend the annual general meeting.

As the annual general meeting of the Company was not been held during the six months ended 30 September 2022 due to delay in completion of the audit of the annual results of the Group for the year ended 31 March 2021 following the resignation of the former auditor of the Company, Mazars CPA Limited, on 11 August 2021, the chairman of the Board and the Board committees, and the auditor of the Company did not attend any annual general meeting. However, the annual general meeting for the year of 2021 and for the year of 2022 (the "2021 and 2022 AGM") was held on 10 November 2022. Mr. CHANG Jesse, the chairman of the remuneration committee of the Company did not attend the 2021 and 2022 AGM due to his other business commitment.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has reviewed with the management and the external auditor of the Company on the accounting principles and practices adopted by the Group and discussed the internal control of the Group with an engaged external professional consultant and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 31 March 2023 with no disagreement by the Audit Committee.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2023 as set out in the results announcement have been agreed by the Company’s auditor, Moore Stephens CPA Limited (“Moore Stephens”), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2023. The work performed by Moore Stephens in this respect did not constitute an 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 Moore Stephens on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company at www.aresasia.com and 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 2023 containing all the information required by the Listing Rules will be despatched to the 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
LAI Yi-Chun
(also known as Robert LAI)
Chairman

Hong Kong, 26 June 2023

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