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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022
AND CONTINUED SUSPENSION OF TRADING**

The board (the “Board”) of directors (the “Directors”) of Ares Asia Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2022 (the “Period”) together with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Unaudited	
		Six months ended	
		30 September	
		2022	2021
	Note	US\$'000	US\$'000
Revenue	3	17,086	73,740
Cost of sales		<u>(16,575)</u>	<u>(73,428)</u>
Gross profit		511	312
Other income	4	25	2
Selling expenses		(37)	(57)
Impairment loss on right-of-use assets		–	(545)
Administrative expenses		<u>(703)</u>	<u>(877)</u>
Loss from operations		(204)	(1,165)
Finance costs		<u>(10)</u>	<u>(164)</u>
Loss before taxation	5	(214)	(1,329)
Income tax	6	<u>–</u>	<u>–</u>
Loss and total comprehensive loss for the period		<u>(214)</u>	<u>(1,329)</u>
Loss per share			
Basic and diluted	8	<u>(0.04) cent</u>	<u>(0.26) cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

		Unaudited At 30 September 2022 US\$'000	Audited At 31 March 2022 US\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		<u>20</u>	<u>1</u>
Current assets			
Trade and other receivables	9	3,833	14,938
Pledged bank deposits		–	900
Cash and bank balances		<u>10,120</u>	<u>8,781</u>
		<u>13,953</u>	<u>24,619</u>
Current liabilities			
Trade and other payables	10	4,696	14,035
Contract liabilities	11	–	1,000
Lease liabilities		<u>284</u>	<u>277</u>
		<u>4,980</u>	<u>15,312</u>
Net current assets		<u>8,973</u>	<u>9,307</u>
Non-current liabilities			
Lease liabilities		<u>155</u>	<u>256</u>
		<u>155</u>	<u>256</u>
Net assets		<u><u>8,838</u></u>	<u><u>9,052</u></u>
Capital and reserves			
Share capital		662	662
Reserves		<u>8,176</u>	<u>8,390</u>
Total equity		<u><u>8,838</u></u>	<u><u>9,052</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Unaudited				
	Share capital	Share premium account	Contributed surplus	Accumulated losses	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Balance at 1 April 2022	662	6,777	15,088	(13,475)	9,052
Loss and total comprehensive loss for the period	—	—	—	(214)	(214)
Balance at 30 September 2022	662	6,777	15,088	(13,689)	8,838
Balance at 1 April 2021	662	6,777	15,088	(11,347)	11,180
Loss and total comprehensive loss for the period	—	—	—	(1,329)	(1,329)
Balance at 30 September 2021	662	6,777	15,088	(12,676)	9,851

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Operating activities		
Decrease in trade and other receivables (<i>note</i>)	11,106	36,770
Decrease in trade and other payables (<i>note</i>)	(10,338)	(4,718)
Other cash flows used in operating activities	(204)	(688)
	<hr/>	<hr/>
Net cash generated from operating activities	564	31,364
	<hr/>	<hr/>
Investing activities		
Other cash flows from (used in) investing activities	880	(508)
	<hr/>	<hr/>
Net cash generated from (used in) investing activities	880	(508)
	<hr/>	<hr/>
Financing activities		
Decrease in discounted bills with recourse	–	(31,124)
Other cash flows used in financing activities	(105)	(98)
	<hr/>	<hr/>
Net cash used in financing activities	(105)	(31,222)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	1,339	(366)
Cash and cash equivalents at 1 April	8,781	9,170
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	10,120	8,804
	<hr/> <hr/>	<hr/> <hr/>

Note: Included decrease in trade and other receivables of US\$4,450,000 and decrease in trade and other payables of US\$4,450,000 were non-cash transactions which have been novated during the six months ended 30 September 2021.

NOTES TO THE CONDENSED 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”). The address of the registered office and principal place of business of the Company is located at Unit No. 9608 level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The trading in the Shares of the Company on the Main Board of the Stock Exchange has been suspended with effect from 2 July 2021.

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 (the “Interim Financial Statements”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 — “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The financial information relating to the financial year ended 31 March 2022 that is included in the Interim Financial Statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements.

The Interim Financial Statements have been prepared on the historical cost basis.

(b) Changes in accounting policies

The accounting policies adopted and methods of computation used in the preparation of the Interim Financial Statements are consistent with those applied in preparing those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2022. In the current interim period, the Group has applied the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on or after 1 April 2022:

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

None of these news/revised standards has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the Interim Financial Statements.

The HKICPA has issued several news/revised HKFRSs that are not yet effective for the current accounting period of the Group, which the Group has not early adopted. The Group does not anticipate that the adoption of the news/revised HKFRSs in the future periods will have any material impact on the consolidated financial statements of the Group.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the coal and other trading business. All of the revenue for the six months ended 30 September 2022 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.

(b) Segment reporting

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

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment 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	
	Unaudited		Unaudited	Audited
	Six months ended		At	At
	30 September		30 September	31 March
	2022	2021	2022	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Mainland China	3,673	73,740	–	–
Hong Kong	–	–	19	–
Singapore	–	–	1	1
Pakistan	12,504	–	–	–
India	909	–	–	–
	<u>17,086</u>	<u>73,740</u>	<u>20</u>	<u>1</u>

4 OTHER INCOME

	Unaudited Six months ended 30 September	
	2022	2021
	US\$'000	US\$'000
Government subsidies	19	–
Net foreign exchange gain	<u>6</u>	<u>2</u>
	<u>25</u>	<u>2</u>

Note: The government subsidies were granted by the Government of Singapore under the Employment Support Scheme during the six months ended 30 September 2022.

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Unaudited Six months ended 30 September	
	2022	2021
	US\$'000	US\$'000
Depreciation of property, plant and equipment	1	1
Depreciation of right-of-use assets	–	97
Staff costs	348	399
Cost of inventories	16,575	69,286
Finance costs	<u>10</u>	<u>164</u>

6 INCOME TAX

No provision for Hong Kong and Singapore Profits Tax had been made for the six months ended 30 September 2022 and 2021 as the Group's operations in Hong Kong and Singapore sustained a loss for Hong Kong and Singapore Profits Tax purpose.

7 DIVIDEND

The Directors did not recommend the payment of any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

8 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 US\$214,000 (six months ended 30 September 2021: US\$1,329,000) and the weighted average of 513,175,401 ordinary shares (six months ended 30 September 2021: 513,175,401 ordinary shares) in issue during the period.

(b) Diluted loss per share

The calculation of diluted loss per share is the same as that basic loss per share for the six months ended 30 September 2022 and 2021 as there were no dilutive potential ordinary shares during the period.

9 TRADE AND OTHER RECEIVABLES

		Unaudited	Audited
		At	At
		30 September	31 March
		2022	2022
	<i>Note</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month		3,673	9,585
More than 1 month but within 3 months		<u>–</u>	<u>5,043</u>
Trade debtors and bills receivable		3,673	14,628
Other receivables and deposits		160	107
Prepayments			
Prepayments for supply contracts (“Prepayment A”)	<i>(b)</i>	11,064	11,064
Other prepayments		<u>–</u>	<u>203</u>
		11,064	11,267
Less: Impairment of Prepayment A	<i>(b)</i>	<u>(11,064)</u>	<u>(11,064)</u>
		<u>–</u>	<u>203</u>
Total trade and other receivables		<u>3,833</u>	<u>14,938</u>

- (a) As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables) is presented, based on the invoice date (or date of revenue recognition, if earlier).

The credit terms offered to customers of coal and other commodities trading business are negotiated on a case-by-case basis. Irrevocable letters of credit, up to a tenor of 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 vessel's arrival at loading port as stipulated in the sales agreements.

(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 which 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 30 September 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.

10 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	Unaudited	Audited
	At	At
	30 September	31 March
	2022	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	<u>3,467</u>	<u>9,549</u>
Trade creditors	3,373	13,585
Other payables and accrued expenses	<u>1,323</u>	<u>450</u>
	<u>4,696</u>	<u>14,035</u>

11 CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same period/year) of contract liabilities from contracts with customers within HKFRS 15 during the period/year are as follows:

	Unaudited	Audited
	For the six	For the year
	months ended	ended
	30 September	31 March
	2022	2022
	<i>US\$'000</i>	<i>US\$'000</i>
At the beginning of the reporting period	1,000	2,500
Receipt of advances	–	1,000
Revenue recognised during the period	(1,000)	(250)
Novation arrangement	<u>–</u>	<u>(2,250)</u>
At the end of the reporting period	<u>–</u>	<u>1,000</u>

12 LITIGATION

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 US\$1,579,000 owed by China Compass to the Company, at a consideration of US\$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 relation to the Disposal and filed a claim of US\$700,000 plus interest against the Company in the High Court of Hong Kong. The amount was disclosed as "Contingent Liabilities" in the consolidated financial statements since the year ended 31 March 2016.

The trial of the action took place before the Court of First Instance of the High Court of Hong Kong in December 2020. On 25 February 2021, the Court of First Instance handed down a judgment in favour of Landway and awarded damages in the sum of US\$700,000 (the "Claimed Amounts") at the time of payment to Landway (the "Judgment"). The Company was also ordered to pay Landway's costs of the action (the "Landway's Costs") of approximately US\$484,000 (equivalent to HK\$3,750,000).

After seeking legal advice and considering the costs and benefits of pursuing an appeal, the directors of the Company have determined that the Company will not appeal against the Judgment in favour of Landway. The Group recognized aggregate approximately US\$1,390,000, representing the Claimed Amounts, the Landway's Costs and the related legal expenses incurred, as litigation expenses in the consolidated statement of comprehensive income for the year ended 31 March 2021. The Claimed Amounts has been paid to Landway during the year ended 31 March 2021 and the Landway's Costs was yet to be settled and included in "Trade and Other Payables" in the consolidated financial statements for the year ended 31 March 2021. The Landway's Costs was subsequently settled during the six months ended 30 September 2021.

13 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors disclosed in the unaudited condensed consolidated financial statement is as follows:

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Salaries and other short-term employee benefits	129	143
Retirement scheme contributions	1	1
	<u>130</u>	<u>144</u>

(b) Transaction with a fellow subsidiary

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Repayment of lease liabilities and interest on lease liabilities	105	106
Building management fee and utility charges	14	15
	<u>119</u>	<u>121</u>

During the six months ended 30 September 2022, the Group was committed to repay lease liabilities and interest on lease liabilities of US\$193,000 (2021: US\$232,000), of which US\$88,000 (2021: US\$127,000) have not been paid.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: Nil).

REVIEW OF OPERATIONS

The Group continued to operate its coal and other trading business during the Period. 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 to trading customers, the ultimate consumer of the supplies is generally unknown to the Group.

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 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.

During the Period, the revenue generated from the coal and other trading business was approximately US\$17.10 million, representing a decrease of 76.81% or US\$56.64 million, as compared to the revenue of approximately US\$73.74 million in the corresponding period of last year. The Group sold thermal coal originated from Indonesia, Russia and Australia to Mainland China, India and Pakistan with a total volume of approximately 0.24 million metric tonnes ("MT") as compared to approximately 0.92 million MT in the corresponding period of last year. The decrease in revenue was mainly a result of poor market conditions due to COVID-19 pandemic.

The gross profit of the Group amounted to approximately US\$0.51 million for the Period (for the six months ended 30 September 2021: US\$0.31 million). The higher gross profit margin percentage for the Period as compared to the corresponding period of last year was mainly a result of increase in price index of coal.

The selling and administrative expenses primarily consisted of employee benefits costs as well as rental and corporate expenses which amounted to approximately US\$0.74 million for the Period, which decreased by US\$0.19 million as compared to US\$0.93 million in the corresponding period of last year. No finance costs arose from the bills discounted for the Period, as compared to US\$0.16 million in the corresponding period of last year. The decrease in selling and administrative expenses for the Period were mainly attributable to the decrease in salaries cost due to reduction of one headcount and decrease in depreciation expenses of right-of-use assets. A provision for impairment loss on right-of-use assets of US\$0.55 million was recorded in the corresponding period of last year.

The Group recorded a decrease in net losses attributable to the shareholders for the Period by about 83.89% as compared to that for the corresponding period in 2021 mainly due to the increase in gross profit, the decrease in selling and administrative expenses and an one-off provision for impairment loss on right-of-use assets which was recorded in the corresponding period of last year.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2022, cash on hand and at banks together with pledged bank deposit for the Group amounted to approximately US\$10.12 million as compared to US\$8.78 million as at 31 March 2022. No material fluctuations was noted.

As at 30 September 2022, the debt to equity ratio, being total debt to total equity was approximately 58.10% (31 March 2022: approximately 171.98%).

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 180 days after the receipts 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 the Directors believe that the Group has adequate liquidity to meet its current and future working capital requirements.

RISK OF CURRENCY FLUCTUATIONS

The Group's assets and liabilities as well as the income and expenses derived from 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.

PROSPECT

During the Period, the decrease in the Group's revenue was mainly attributable to poor market conditions due to COVID-19 pandemic. The outbreak of the Covid-19 and the global trade disputes still adversely affect the Group's business. Any further deterioration in the global economy will also increase uncertainties for the Group and adversely affect the Group's short term performance, despite its efforts to manage such risks. The Group will review its current business strategies and assets structure continuously to minimize various risks and cope with uncertainties arising from the Covid-19 interruptions and the global challenging environment. The Group will implement strict cost control and strengthen its competitiveness by enhancing existing segments.

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 six months ended 30 September 2022.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 September 2022, the Group had a total of 8 full time (31 March 2022: 7) employees. The Group's emolument policy is to pay wages and salaries that are competitive in the industry in a way that will be motivational, fair and equitable, and that are dependent on individual's performance 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.

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 six months ended 30 September 2022 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 on the Stock Exchange since 2 July 2021, the Company is unable to extend the insurance cover which was expired in February 2022 and will source a new insurance cover in future.

- 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 (the “AGM”) 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 the AGM. However, the AGM 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.

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 its 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 fully complied with the Model Code and its code of conduct regarding the Directors’ securities transactions during the six months ended 30 September 2022.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has reviewed with the management of the Company on the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including the review of the Interim Financial Statements with no disagreement by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published at the websites of the Company at www.aresiasia.com and www.irasia.com/listco/hk/aresasia and the Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended 30 September 2022 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

CONTINUED SUSPENSION OF TRADING

In accordance with Rule 13.50 of the Listing Rules, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 November 2022

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.