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(Incorporated in Bermuda with limited liability)
(Stock Code: 645)

**(I) ANNOUNCEMENT MADE PURSUANT TO RULE 13.45(5) OF
THE LISTING RULES — CHANGE OF PRINCIPAL BUSINESS ACTIVITIES
AND
(II) TERMINATION OF THE MAJOR TRANSACTION RELATING TO THE
PROPOSED ACQUISITION OF A MINING SERVICES COMPANY**

INTRODUCTION

This announcement is made in relation to (i) the change of principal business activities of Ares Asia Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) pursuant to Rule 13.45(5) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”); and (ii) the termination of the Acquisition (as defined in the circular of the Company dated 30 October 2012).

(I) CHANGE OF PRINCIPAL BUSINESS ACTIVITIES

We refer to the following: (i) the Company’s interim report for the six months ended 30 September 2012 dated 30 November 2012 (the “**2012 Interim Report**”); and (ii) the Company’s announcement relating to the commencement of new coal trading business dated 31 October 2012 (the “**Business Update Announcement**”).

The Group is principally engaged in: (i) the manufacturing of athletic and sports leisure footwear products (the “**Manufacturing Business**”) in the People’s Republic of China (the “**PRC**”); and (ii) the coal trading business.

CESSATION OF THE MANUFACTURING BUSINESS

As stated in the 2012 Interim Report, the Manufacturing Business has been operating under a challenging business environment with increasing cost pressures and declining margins as a result of weak global consumer demand over the past few years.

In the first half of the financial year 2012/2013, the Group underwent significant restructuring on the operations of the Manufacturing Business in order to improve and enhance its competitiveness. Steps taken include the closure of underperforming divisions, change of product mix and various other measures. A restructuring cost of approximately US\$2.3 million was incurred and an unaudited loss after taxation of approximately US\$4.7 million was reported for the six months ended 30 September 2012 as compared to profit after taxation of approximately US\$0.2 million for the same period in 2011. Notwithstanding of these changes, continued challenging market conditions and difficulty in establishing a profitable pricing model have frustrated the Group's attempts to secure a profitable turnaround for the Manufacturing Business.

After a careful business assessment, the board of directors of the Company (the "**Board**") has decided to cease the Manufacturing Business and close the manufacturing plant in Dongguan, the PRC by the end of January 2013. The Company will use its best efforts to realise the remaining interests in the Manufacturing Business.

DEVELOPMENT OF COAL TRADING BUSINESS

The coal trading business has become one of the principal business activities of the Group since its commencement in October 2012.

As stated in the Business Update Announcement, the Group launched its coal trading business with a monthly trading volume in the range of 50,000 to 180,000 metric tonnes. As of 31 December 2012, the Group recorded a total trading volume and turnover of approximately 400,000 metric tonnes and approximately US\$19 million, respectively. Revenue contributed by this segment represented a majority of the Group's total revenue and the Group is targeting to increase its monthly coal trading volume to approximately 200,000 metric tonnes in the first quarter of 2013.

The Group currently purchases thermal coal directly from well-established producers in Indonesia and distributes to anchored buyers in the PRC on a contract basis. Following the establishment of business relationships with its core customers and suppliers, the Group endeavours to expand its customer base and is currently discussing with several potential customers from Japan and Korea. The Group will also source additional coal supply to meet the demands of potential customers.

Given the positive outlook for thermal coal demand, particularly in the PRC, the Group anticipates that its coal trading business will continue to grow in 2013, which will become the Group's main source of revenue.

(II) TERMINATION OF THE MAJOR TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF A MINING SERVICES COMPANY

We refer to the circular of the Company dated 30 October 2012 (the “**Circular**”) and the announcement of the Company dated 21 December 2012 (the “**Announcement**”) in relation to the Acquisition. Capitalized terms used in this section of this announcement shall have the same meaning as in the Circular and the Announcement unless otherwise defined.

Pursuant to the Agreement, it is one of the Conditions Precedent to the Closing that the Vendor should have obtained all necessary approvals for the consummation of the Acquisition on or before 23 January 2013, being the Long Stop Date of the Agreement (as amended and supplemented by the Supplemental Agreement). On the Long Stop Date, such condition precedent had not yet been fulfilled. In view of the uncertainties to obtain all the necessary approvals by the Vendor, the Board has decided not to further extend the Long Stop Date.

On the same date as the Long Stop Date, the Purchaser has given to the Vendor a written notice to terminate the Agreement (as supplemented by the Supplemental Agreement), and demand for the immediate repayment of the Refundable Deposit in the sum of US\$5,000,000 (equivalent to approximately HK\$39,000,000) in full without any deduction whatsoever pursuant to the Agreement (as supplemented by the Supplemental Agreement). Since the Agreement is terminated pursuant to the termination provision of the Agreement, neither the Vendor and the Purchaser will have any further obligations nor liability to the other party under the Agreement except for any antecedent breach which occurs prior to the termination of the Agreement.

The Board is of the view that the termination of the Agreement (as supplemented by the Supplemental Agreement) will not create any material adverse effect on the operations and financial position of the Group and will not have any impact on the long term development of the Group.

By Order of the Board

Ares Asia Limited

Junaidi YAP

Executive Director and Chief Executive Officer

Hong Kong, 23 January 2013

As at the date of this announcement, the executive directors of the Company are Mr. Adwin Haryanto SURYOHADIPROJO (Chairman), Mr. CHUA Chun Kay, Mr. Junaidi YAP (Chief Executive Officer) and the independent non-executive directors of the Company are Mr. LAM Pun Yuen, Frank, Mr. NGAN Hing Hon and Mr. YEUNG Kin Bond, Sydney.