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ARES ASIA LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

CONTINUING CONNECTED TRANSACTION RENEWAL OF LEASE AGREEMENT

RENEWAL OF LEASE AGREEMENT

The Board announces that on 19 September 2018, the Lessee, an indirect wholly-owned subsidiary of the Company, entered into the Lease Renewal Agreement with the Lessor in respect of the renewal of lease of the Premises for a term of 3 years commencing from 16 July 2018 and expiring on 15 July 2021.

LISTING RULES IMPLICATIONS

Dr. Chanchai RUAYRUNGRUANG owns the entire share capital of Reignwood International Holdings Company Limited, which holds 182,459,527 Shares, representing approximately 53.33% of the total issued share capital of the Company, and is the controlling shareholder of the Company. The Lessor is a direct wholly-owned subsidiary of Reignwood International Holdings Company Limited and, therefore, an associate of Dr. Chanchai RUAYRUNGRUANG and a connected person of the Company. The transactions contemplated under the Lease Renewal Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios calculated pursuant to the Listing Rules for the renewal of lease of the Premises are less than 5%, the transactions contemplated under the Lease Renewal Agreement are subject to the announcement, annual reporting and annual review requirements, but exempt from the independent Shareholders' approval requirement under the Listing Rules.

Ms. RUAYRUNGRUANG Woraphanit, chairlady of the Board, chief executive officer and executive Director who is the daughter of Dr. Chanchai RUAYRUNGRUANG and she also hold positions in the Reignwood Group, is deemed to have material interests in the transactions contemplated under the Lease Renewal Agreement and she has abstained from voting on the Board resolution in respect of the renewal of lease of the Premises. Save as disclosed above, none of the other Directors has a material interest in such transactions and has abstained from voting on the relevant Board resolution.

RENEWAL OF LEASE AGREEMENT

After arm's length negotiations, the Board announces that on 19 September 2018, the Lessee, an indirect wholly-owned subsidiary of the Company, entered into the Lease Renewal Agreement with the Lessor in respect of the lease of the Premises for a term of 3 years commencing from 16 July 2018 and expiring on 15 July 2021.

LEASE RENEWAL AGREEMENT

The principal terms of the Lease Renewal Agreement are set out below:

Date:	19 September 2018
Lessor:	Reignwood International Investment (Group) Company Limited
Lessee:	Ares Repco Limited
Premises:	A segregated portion of the Whole Floor
Whole Floor:	Level 96, International Commerce Centre, 1 Austin Road West, Hong Kong
Area:	Approximately 1,450 square feet
Lease term:	3 years from 16 July 2018 and expiring on 15 July 2021. (both dates inclusive)
Monthly rent:	HK\$135,720 (or HK\$93.6 per square feet) payable in advance monthly
Rates:	The Lessee shall bear the portion of the rates being assessed on the Whole Floor to be calculated proportionate to the area of the Premises
Monthly air-conditioning charges and property management fee:	HK\$15,950 (or HK\$11.0 per square feet), subject to any further change imposed by the building management during the lease term
Utility charges:	The Lessee shall bear the portion of the utility charges incurred by the users on the Whole Floor to be calculated proportionate to the area of the Premises
Deposit:	HK\$530,720

The Lessor obtains the use rights of the Whole Floor from an independent third party for several years. The monthly rent is determined after arm's length negotiations with reference to the various lease offers quoted and recent transactions reported by property agents in respect of premises within the same building. The sharing of other rates, fees and charges as mentioned above is generally based on the area of the Premises as compared to the total area of the Whole Floor.

REASONS FOR AND BENEFITS OF THE RENEWAL OF LEASE OF THE PREMISES

The Company has been renting the Premises since 20 October 2014, the details were disclosed in the announcement of the Company dated 17 October 2014.

The Directors consider that it is in the commercial interests of the Company if the Company continues to rent the Premises as its principal place of business in Hong Kong as the Premises is located within a well-equipped and well managed office building and the office building is being a landmark building in Hong Kong. In addition, it is not easy to identify other appropriate premises and the Company will bear unnecessary relocation costs and expenses if the Company has to move to other premises.

The terms of the Lease Renewal Agreement were arrived at after arm's length negotiations between the Lessee and the Lessor with reference to the market terms of similar office properties in Hong Kong.

The Directors, including the independent non-executive Directors, consider that the transaction contemplated under the Lease Renewal Agreement is in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of the Lease Renewal Agreement as well as the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

HISTORICAL CAPS AND TRANSACTION AMOUNTS

The historical caps and the related historical transaction amounts for the total amounts paid under the Existing Lease Renewal Agreement by the Company for a period from 20 October 2017 to 31 March 2018 and a period from 1 April 2018 to 15 July 2018 are summarized in the following tables:

	From 20 October 2017 to 31 March 2018 HK\$	From 1 April 2018 to 15 July 2018 HK\$
Historical caps	1,610,000	1,010,000
Historical transaction amounts	1,505,714	987,080

ANNUAL CAPS

The annual caps set by the Board for different periods within the lease term are as follows:

Period	Annual Cap amount HK\$
16 July 2018 to 31 March 2019	1,380,000
1 April 2019 to 31 March 2020	1,980,000
1 April 2020 to 31 March 2021	2,000,000
1 April 2021 to 15 July 2021	600,000

Each of the caps represents approximately the aggregate amount of estimated rents, rates, fees and charges payable under the Lease Renewal Agreement for each period. The estimated rents, fees and charges payable are calculated with reference to the terms set out in the Lease Renewal Agreement, the latest rates assessment and the utility charges currently incurred by the Group. It is also assumed that the various rates, fees and charges will be subject to an annual inflation rate of 5%.

INFORMATION ON THE GROUP AND THE LESSOR

The principal activity of the Company is investment holding. The Group is principally engaged in the business of coal trading, entailing the selling of coal purchased from Indonesia, Russia and Australia to the PRC.

The principal activity of the Lessor is investment holding. The Lessor is a member of Reignwood Group. Reignwood Group is a multinational conglomerate with significant presence in the PRC and its major business investments and operations include energy drinks, Beijing Pine Valley Golf Club & Resort and Beijing Reignwood Centre, etc.

LISTING RULES IMPLICATIONS

Dr. Chanchai RUAYRUNGRUANG owns the entire share capital of Reignwood International Holdings Company Limited, which holds 182,459,527 Shares representing approximately 53.33% of the total issued share capital of the Company, and is the controlling shareholder of the Company.

The Lessor is a direct wholly-owned subsidiary of Reignwood International Holdings Company Limited and, therefore, an associate of Dr. Chanchai RUAYRUNGRUANG and a connected person of the Company. The transactions contemplated under the Lease Renewal Agreement constitute continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios calculated pursuant to the Listing Rules for the renewal of lease of the Premises are less than 5%, the transactions contemplated under the Lease Renewal Agreement are subject to the announcement, annual reporting and annual review requirements, but exempt from the independent Shareholders' approval requirement under the Listing Rules.

Ms. RUAYRUNGRUANG Woraphanit, chairlady of the Board, chief executive officer and executive Director who is the daughter of Dr. Chanchai RUAYRUNGRUANG and she also hold positions in the Reignwood Group, is deemed to have material interests in the transactions contemplated under the Lease Renewal Agreement and she has abstained from voting on the Board resolution in respect of the renewal of lease of the Premises. Save as disclosed above, none of the other Directors has a material interest in such transactions and has abstained from voting on the relevant Board resolution.

DEFINITION

In this announcement, the following terms shall have the meanings set out below, unless the context requires the otherwise:

“Board”	the board of Directors
“associate(s)”, “cap(s)”, “connected person(s)”, “controlling shareholder” and “percentage ratios”	have the meanings ascribed to them in the Listing Rules
“Company”	Ares Asia Limited, a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Lease Renewal Agreement”	the agreement dated 19 September 2018 entered into between the Lessor and the Lessee governing the lease of the Premises for a term of 3 years from 16 July 2018 and expiring on 15 July 2021
“Lessee”	Ares Repco Limited, an indirect wholly-owned subsidiary of the Company
“Lessor”	Reignwood International Investment (Group) Company Limited, a direct wholly-owned subsidiary of Reignwood International Holdings Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	a segregated portion of Whole Floor
“Existing Lease Renewal Agreement”	the agreement dated 20 October 2017 entered into between the Lessor and the Lessee governing the lease of the Premises for a term of 8 months and 26 days commencing from 20 October 2017 to 15 July 2018
“Reignwood Group”	A multinational conglomerate controlled by Dr. Chanchai RUAYRUNGRUANG with significant presence in the PRC and the major business investments and operations of which include energy drinks, Beijing Pine Valley Golf Club & Resort and Beijing Reignwood Centre, etc.
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholders”	the holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Whole Floor”	Level 96, International Commerce Centre, 1 Austin Road West, Hong Kong

By Order of the Board
ARES ASIA LIMITED
RUAYRUNGRUANG Woraphanit
Chairlady

Hong Kong, 19 September 2018

As at the date of this announcement, the executive Director is Ms. RUAYRUNGRUANG Woraphanit (Chairlady), and the independent non-executive Directors are Mr. CHANG Jesse, Mr. NGAN Hing Hon and Mr. YEUNG Kin Bond, Sydney.