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復興亞洲絲路集團有限公司 RENAISSANCE ASIA SILK ROAD GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 274)

DISCLOSEABLE TRANSACTION DEEMED DISPOSAL OF APPROXIMATELY 10.0% EQUITY INTEREST IN THE TARGET COMPANY

Financial Adviser



英皇企業融資有限公司
Emperor Corporate Finance Limited

THE CAPITALISATION AGREEMENT

On 18 July 2023, the Target Company (a non-wholly owned subsidiary of the Company) entered into the Capitalisation Agreement with the Investor, pursuant to which the Investor agreed to make a capital contribution of RMB52.0 million (equivalent to approximately US\$7.2 million) by way of a debt-to-equity swap with RMB52.0 million of the Investor's creditor's rights over the Target Company. Upon the Completion, the registered capital of the Target Company will increase from US\$29.7 million to approximately US\$36.9 million.

Immediately after the Completion, the Target Company will be owned as to approximately 41.0% by Westralian Resources (a wholly-owned subsidiary of the Company), approximately 23.3% by Mr. Cai Shuo, approximately 16.1% by Mr. Cai Pu and approximately 19.6% by the Investor. Accordingly, the Group's equity interest in the Target Company will be diluted from 51.0% to approximately 41.0% as a result of the Capitalisation.

IMPLICATIONS UNDER THE LISTING RULES

Immediately following the Completion, the equity interest of the Group in the Target Company will be diluted from 51.0% to approximately 41.0%, representing a decrease of approximately 10.0% of the Group's equity interest in the Target Company. Accordingly, such dilution of the Group's equity interest in the Target Company immediately after Completion is regarded as a deemed disposal by the Group (through Westralian Resources) of its equity interest in the Target Company pursuant to Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as set out in the Listing Rules) in relation to the Deemed Disposal are more than 5% but all of the applicable percentage ratios are less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

THE CAPITALISATION AGREEMENT

Date

18 July 2023

Parties

- (1) the Target Company; and
- (2) The Investor.

Subject matter

Pursuant to the Capitalisation Agreement, the Investor agreed to make a capital contribution of RMB52.0 million (equivalent to approximately US\$7.2 million) to the Target Company by way of a debt-to-equity swap with RMB52.0 million of the Investor's creditor's right over the Target Company, representing approximately 19.6% of the enlarged registered capital of the Target Company. Upon the Completion, the registered capital of the Target Company will increase from US\$29.7 million to approximately US\$36.9 million.

Immediately after the Completion, the Target Company will be owned as to approximately 41.0% by Westralian Resources (a wholly-owned subsidiary of the Company), approximately 23.3% by Mr. Cai Shuo, approximately 16.1% by Mr. Cai Pu and approximately 19.6% by the Investor. Accordingly, the Group's equity interest in the Target Company will be diluted from 51.0% to approximately 41.0% as a result of the Capitalisation. The Target Company will continue to be a non-wholly owned subsidiary of the Company taking into account, among others, the corporate governance procedures implemented and the entrustment of voting rights as set out in the paragraph headed "Corporate governance and entrustment of voting rights" in this announcement.

Basis for determination of the amount of the Capitalisation

The amount of the capital contribution and the basis of the consideration of the Capitalisation, representing that the consideration payable by the Investor for each additional US\$1.0 of the registered capital of the Target Company is US\$1.0, were determined after arm's length negotiations between the parties after taking into account, among others, (i) the financial position of the Target Company, in particular the net liabilities position as at 31 December 2022; and (ii) the loan owing by the Target Company to the Investor in an outstanding principal amount of approximately RMB78.5 million as at the date of this announcement.

Conditions Precedent

The completion of the Capitalisation by the Investor is conditional upon the fulfilment of the following Conditions Precedent:

- (1) all necessary approvals in respect of the Capitalisation Agreement and the transactions contemplated thereunder have been obtained;
- (2) all necessary shareholders' approval of the Target Company in respect of the Capital Contribution has been obtained;

- (3) all documentation in relation to the Capital Contribution have been duly executed; and
- (4) the financial results of the Target Company continue to be consolidated in the Company's accounts upon Completion.

Completion

Completion of the Capitalisation will take place at 4:00 p.m. on the third business day (or any other date and time as agreed mutually by the Target Company and the Investor pursuant to the terms of the Capitalisation Agreement) after the fulfilment of the Conditions Precedent. the Target Company shall complete the change of business registration procedures for the Capitalisation within thirty (30) days from the date of the Completion.

Corporate governance and entrustment of voting rights

The Investor has entered into (i) a shareholders' agreement with the Target Company and existing shareholders of the Target Company pursuant to which the board of directors of the Target Company shall comprise not more than three directors upon Completion, among which not more than two directors shall be nominated by Westralian Resources, providing that Westralian Resources shall be interested in not less than 30% of the equity interest in the Target Company at all times, and not more than one director shall be nominated by Mr. Cai Shuo; and (ii) a voting rights entrustment agreement with Westralian Resources pursuant to which the Investor irrevocably agrees to entrust all of its voting rights in the Target Company to Westralian Resources upon Completion.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Target Company (i) as at the date of this announcement; and (ii) immediately upon Completion is set out below:

| | As at the date of this announcement | | Immediately upon Completion | |
|----------------------|--|---|--|---|
| | Registered capital <i>US\$'000</i> | As a percentage of registered capital % | Registered capital <i>US\$'000</i> | As a percentage of registered capital % |
| Westralian Resources | 15,147 | 51.0 | 15,147 | 41.0 |
| Mr. Cai Shuo | 8,613 | 29.0 | 8,613 | 23.3 |
| Mr. Cai Pu | 5,940 | 20.0 | 5,940 | 16.1 |
| The Investor | — | — | 7,234 | 19.6 |
| Total | 29,700 | 100.0 | 36,934 | 100.0 |

INFORMATION OF THE INVESTOR

The Investor is a merchant. To the best of the Directors' knowledge, information and belief (having made all reasonable enquiries) and based on the information provided, the Investor is an Independent Third Party.

INFORMATION OF THE COMPANY AND THE TARGET COMPANY

The Target Company is a foreign owned enterprise established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company principally engaged in gold mining, exploration and trading of gold products in the PRC.

The unaudited financial information of the Target Company for the two years ended 31 December 2022 is as below:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|----------------------|--|--|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Loss before taxation | 58,512 | 114,481 |
| Loss for the year | 58,512 | 114,481 |

The unaudited net liabilities of the Target Company as at 31 December 2022 was approximately HK\$426.7 million.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL

Upon Completion, the Target Company will be owned as to approximately 41.0% by Westralian Resources (a wholly-owned subsidiary of the Company), approximately 23.3% by Mr. Cai Shuo, approximately 16.1% by Mr. Cai Pu and approximately 19.6% by the Investor. Accordingly, the Group's equity interest in the Target Company will be diluted from 51.0% to approximately 41.0% as a result of the Capitalisation.

Following the Deemed Disposal, the Target Company will continue to be a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated in the Group's accounts taking into account, among others, the corporate governance procedures implemented and the entrustment of voting rights as set out in the paragraph headed "Corporate governance and entrustment of voting rights" in this announcement.

The Company does not expect to record any significant gain or loss on the Deemed Disposal. In any event, the actual gain or loss as a result of the Deemed Disposal to be recorded by the Group is to be determined as at Completion and subject to audit. The Group will not receive any proceeds from the Deemed Disposal.

REASONS AND BENEFITS FOR THE CAPITALISATION

The Company is an investment holding company. The Group is principally engaged in (i) gold mining, exploration and trading of gold products in the PRC; and (ii) trading of non-ferrous metal and wholesale and trading of frozen meat in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2022, the Target Company started a mine enhancement project in 2017 to improve the output quality of its gold mine. Notwithstanding the fact that (i) the eastern mining area and the new ore processing plant (both with 100,000 tons/year capacity) have completed rectification or construction, and have obtained relevant environment impact assessment approvals and are in trial operation; and (ii) the management of the Company believes that the performance of mining product segment will gradually improve along with the rise of gold prices, as at 31 December 2022, the Company had a net current liabilities and net liabilities of approximately HK\$323.5 million and HK\$125.1 million, respectively.

In view of the net liabilities position of the Group, the management of the Company has implemented certain measures to improve the Group's working capital and cash flow position and mitigate the liquidity pressure, including but not limited to (i) negotiating with the Group's creditors with a view to extend the repayment terms of the Group's current liabilities as they fall due or by other methods to repay the debts; (ii) the issue of new shares under general mandate to raise approximately HK\$24.9 million, the details of which were disclosed in the announcement of the Company dated 1 June 2023; and (iii) the disposal of 10.8915% equity interest in Dexing Yifeng for an aggregate consideration of HK\$42.0 million, details of which were disclosed in the announcement of the Company dated 12 June 2023. The Capitalisation is an indication of the Directors' continuous effort to improve the Group's liquidity and financial position by capitalising a portion of the Group's indebtedness owed by the Group to the Investor.

The terms of the Capitalisation were arrived at after arm's length negotiations between the Target Company and the Investor. The Board is of the view that the terms of the Capitalisation Agreement and the transaction contemplated thereunder were negotiated on an arm's length basis between the parties to the Capitalisation Agreement and are on normal commercial terms. The Directors believe that the terms of the Capitalisation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Immediately following the Completion, the equity interest of the Group in the Target Company will be diluted from 51.0% to approximately 41.0%, representing a decrease of approximately 10.0% of the Group's equity interest in the Target Company. Accordingly, such dilution of the Group's equity interest in the Target Company immediately after Completion is regarded as a deemed disposal by the Group (through Westralian Resources) of its equity interest in the Target Company pursuant to Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as set out in the Listing Rules) in relation to the Deemed Disposal are more than 5% but all of the applicable percentage ratios are less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

| | |
|----------------------------|---|
| “Board” | the board of Directors |
| “Capitalisation” | the capital contribution of RMB52.0 million (equivalent to approximately US\$7.2 million) to the Target Company by way of a debt-to-equity swap with RMB52.0 million of the Investor’s creditor’s right over the Target Company |
| “Capitalisation Agreement” | the capitalisation agreement entered into by the Target Company and the Investor on 18 July 2023 |
| “Company” | Renaissance Asia Silk Road Group Limited (formerly known as “China Billion Resources Limited”), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 274) |
| “Completion” | completion of the Capitalisation pursuant to the terms set out in the Capitalisation Agreement |
| “Conditions Precedent” | the conditions precedent to the completion of the Capitalisation set out in the Capitalisation Agreement |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Deemed Disposal” | the deemed disposal of 10.0% equity interest in the Target Company held by Westralian Resources resulting from the dilution of its equity interest in the Target Company as a result of the Capitalisation |
| “Dexing Yifeng” | Dexing Yifeng Regeneration Non-Ferrous Metal Co., Ltd.* (德興市益豐再生有色金屬有限責任公司), a limited liability company established in the PRC |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party” | third party independent of the Company and its connected persons |

| | |
|------------------------|---|
| “Investor” | Mr. Wu Qingchao (伍慶朝) |
| “Listing Rules” | the Rules Governing the Listing of Securities of the Stock Exchange |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | holder(s) of the issued shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Hunan Westralian Mining Co., Limited, a foreign owned enterprise established in the PRC and is a subsidiary of the Company |
| “United States” | The United States of America, its territories and possessions and all areas subject to its jurisdiction |
| “US\$” | United States dollars, the lawful currency of the United States |
| “Westralian Resources” | Westralian Resources Pty Ltd, a wholly-owned subsidiary of the Company incorporated in Australia |
| “%” | per cent |

Note: for illustrative purpose of this announcement only, conversion of HK\$ into RMB is made at the rate of HK\$1.0 = RMB0.91803 and the conversion of US\$ into RMB is at the rate of US\$1.0 = RMB7.1886

By order of the Board
Renaissance Asia Silk Road Group Limited
Qiu Zhenyi
Chairman of the Board

Hong Kong, 18 July 2023

As at the date of this announcement, the Board comprises following Directors, namely,

| | | |
|--|---------------------------------|---|
| <i>Executive Directors:</i> | <i>Non-executive Directors:</i> | <i>Independent non-executive Directors:</i> |
| Mr. Qiu Zhenyi (<i>Chairman of the Board</i>) | Ms. Ng Ching Mr. Xu Huiqiang | Dr. Liu Ka Ying Rebecca Mr. Chen Jian Mr. Tse Sze Pan |
| Mr. Pan Feng Mr. Xie Qiangming | | |