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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)

**VERY SUBSTANTIAL DISPOSAL AND
CONNECTED TRANSACTION
DEEMED DISPOSAL OF APPROXIMATELY 9.7%
EQUITY INTEREST IN THE TARGET COMPANY**

THE CAPITALISATION AGREEMENT

On 8 February 2024, 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 RMB81.9 million (equivalent to approximately US\$11.4 million) by way of a debt-to-equity swap with RMB81.9 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 approximately US\$36.9 million to approximately US\$48.3 million.

Immediately after the Completion, the Target Company will be owned as to approximately 31.3% by Westralian Resources (a wholly-owned subsidiary of the Company), approximately 23.6% by the Investor, approximately 17.8% by Mr. Cai Shuo, approximately 15.0% by Mr. Wu and approximately 12.3% by Mr. Cai. Accordingly, the Group's equity interest in the Target Company will be diluted from approximately 41.0% to approximately 31.3% as a result of the Capitalisation.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Target Company is owned as to (i) 41.0% by Westralian Resources, a wholly-owned subsidiary of the Company; (ii) 19.6% by Mr. Wu; and (iii) 16.1% by Mr. Cai, thus Mr. Wu and Mr. Cai are the substantial shareholders of the subsidiary of the Company under the Listing Rules and accordingly, connected persons of the Company at the subsidiary level. As at the date of this announcement, the Investor is owned as to 57.32% by Mr. Wu, thus Mr. Wu is a substantial shareholder of the Investor. Accordingly, the Capitalisation Agreement constitutes a connected transaction of the Company. The Board of the Company (including the independent non-executive Directors) has approved the Capitalisation Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the Capitalisation Agreement has been made on normal commercial terms, its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Capitalisation Agreement will constitute a connected transaction only subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Immediately following the Completion, the equity interest of the Group in the Target Company will be diluted from approximately 41.0% to approximately 31.3%, representing a decrease of approximately 9.7% 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. Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the classification of the transactions, as the dilution of the Group's equity interest from the announcement dated 18 July 2023 and the current dilution involve the deemed disposal within a 12-month period, all transactions respectively contemplated thereunder are considered and are aggregated as one transaction.

As one or more of the applicable percentage ratios (as set out in the Listing Rules) in relation to the Deemed Disposal I and Deemed Disposal II on an aggregated basis exceed 75%, the Deemed Disposal I and Deemed Disposal II constitute a very substantial disposal of the Company and is therefore subject to the reporting, announcement, circular and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Deemed Disposal II is expected to be despatched to the Shareholders on or before 8 March 2024.

THE CAPITALISATION AGREEMENT

Date

8 February 2024

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 RMB81.9 million (equivalent to approximately US\$11.4 million) to the Target Company by way of a debt-to-equity swap with RMB81.9 million of the Investor's creditor's right over the Target Company, representing approximately 23.6% of the enlarged registered capital of the Target Company. Upon the Completion, the registered capital of the Target Company will increase from US\$36.9 million to approximately US\$48.3 million.

Immediately after the Completion, the Target Company will be owned as to approximately 31.3% by Westralian Resources (a wholly-owned subsidiary of the Company), approximately 23.6% by the Investor, approximately 17.8% by Mr. Cai Shuo, approximately 15.0% by Mr. Wu and approximately 12.3% by Mr. Cai. Accordingly, the Group's equity interest in the Target Company will be diluted from 41.0% to approximately 31.3% 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 RMB134.9 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.

Prior to Completion, (i) Westralian Resources has the right to nominate not more than two directors of the board of directors of the Target Company; and (ii) Mr. Cai Shuo has the right to nominate not more than one director of the Target Company. Immediately upon the Completion, the voting rights arrangement will remain effective. Prior to Completion, Westralian Resources and Mr. Cai Shuo are the two largest shareholders of the Target Company and have control over the voting rights. Considering (i) Westralian Resources had been managing the Target Company for more than five years; and (ii) Westralian Resources and Mr. Cai Shuo are experienced in management of corporate governance, therefore, 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 TARGET 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	41.0	15,147	31.3
Mr. Cai Shuo	8,613	23.3	8,613	17.8
Mr. Wu	7,234	19.6	7,234	15.0
Mr. Cai	5,940	16.1	5,940	12.3
The Investor	–	–	11,407	23.6
Total	36,934	100.0	48,341	100.0

INFORMATION OF THE INVESTOR

The Investor is a Partnership established in the form of limited partnership in the PRC and is principally engaged in investment holdings. 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. As at the date of this announcement, to the best of the Director's knowledge, the Investor is owned as to (i) 57.32% by Mr. Wu; (ii) 20.61% by Mr. Liu Bing; (iii) 14.63% by Mr. Long Yongbin; (iv) 7.32% by Mr. Cai; and (v) 0.12% by Hunan Juji Enterprise Management Company Limited* (湖南鉅基企業管理有限公司), thus Mr. Wu is a substantial shareholder of the Investor.

Mr. Wu, Mr. LongYongbin, Mr. Cai, Mr. Liu Bing and Hunan Juji Enterprise Management Company Limited are the Partners to the Partnership, who are creditors of the Target Company. Considering the Partners were creditors of the Company for more than three years, representing they are existing creditors of the Company, setting up the Partnership was the intention of the Partners. The investment objective, investment strategy and focus and the investment profile of the Investor are to bind everyone's debt together and provide centralized support for the Target Company's business development.

INFORMATION OF THE TARGET COMPANY

The Target Company is a foreign owned enterprise established in the PRC with limited liability and a 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 set out below:

	For the year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	119,474	85,882
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. The unaudited total assets value of the Target Company as at 31 December 2022 was approximately HK\$407.5 million. The major assets of the Target Company were intangible asset and property, plant and equipment. Intangible asset, mainly included mining right, of which the total carrying amount was approximately HK\$223.8 million as at 31 December 2022, and the total carrying amount of the property, plant and equipment was approximately HK\$151.6 million as at 31 December 2022.

FINANCIAL EFFECT OF THE DEEMED DISPOSAL II

Upon Completion, the Target Company will be owned as to approximately 31.3% by Westralian Resources (a wholly-owned subsidiary of the Company), approximately 23.6% by the Investor, approximately 17.8% by Mr. Cai Shuo, approximately 15.0% by Mr. Wu and approximately 12.3% by Mr. Cai. Accordingly, the Group's equity interest in the Target Company will be diluted from 41.0% to approximately 31.3% as a result of the Capitalisation.

Following the Deemed Disposal II, 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.

Although the Company will only hold 31.3% after the Deemed Disposal II, the Company determined it still have the control of the Target Company through the entrustment of 23.6% voting rights by the Investor.

Pursuant to the Voting Rights Entrustment Agreement* (表決權委託協議), the Investor irrevocably appointed the subsidiary of the Company to act as its attorney on its behalf to exercise all rights in connection with matters concerning its right as shareholder of the Target Company, including but not limited to: (i) attending the shareholders' meeting of the as representative of Investor; (ii) exercising shareholders' voting rights on issues in respect of appointment of directors and senior management; (iii) proposing to shareholders' meetings; (iv) initiating shareholders' meetings; (v) making suggestions and inquiries about the company's business matters; (vi) exercising the right to apply for judicial confirmation of the invalidity, revocability, or non-establishment of shareholders' meeting resolutions and board of directors resolutions; and (vii) other rights of shareholders of the Target Company as stipulated in the articles of association of the Target Company and relevant laws and regulations of the PRC.

The Voting Rights Entrustment Agreement shall remain effective until the Company no longer have any shareholdings in the Target Company.

As a result of the voting entrustments, the Company shall control 54.9% voting right even the Company only holds 31.3% shareholdings in the Target Company.

The Company considered it has retained the control of the Target Company as the Company has (i) retained the controlling power over the Target Company to direct its operations; (ii) exposure, or rights, to variable returns from the Company's involvement with the Target Company; and (iii) the ability to use the Company's power over the Target Company to affect the amount of the shareholders' returns.

The above accounting treatment has been agreed with the auditor of the Company.

The Company does not expect to record any significant gain or loss on the Deemed Disposal II. In any event, the actual gain or loss as a result of the Deemed Disposal II 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 II.

With reference to the above, as the Company does not loss control of the Target Company and continue to consolidate the financial results into the Group's account, with reference to HKFRS10 paragraph 23, the deemed disposal of 10% ownership interest in the Target Company that do not result in the Group losing control are equity transactions. The difference between the fair value of the deemed capital injections from non-controlling shareholders and the carrying amount of the Target Company attributable to the non-controlling interests would recognise in the capital reserve account. Thus, the Company does not expect to record any gain or loss on the deemed disposal that would recognise in the consolidated profit or loss account.

Therefore, the deemed disposal should be considered as an equity transaction and hence there will have no material gain or loss arising 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 at the date of this announcement, the Company does not have any intention to dispose of/downsize its business in gold mining, exploration and trading of gold products in the PRC and other existing business of the Group, nor are there any agreement, arrangement, understanding, undertaking or negotiation for the disposal or termination of the Group's business in gold mining, exploration and trading of gold products in the PRC and other existing business of the Group. The Company entered into the Share Transfer Agreement to acquire a company which is a high-quality enterprise established for more than ten years focusing on finance leasing, transfers or acquisitions of subject assets of finance leases, please refer to the announcement of the Company dated 5 January 2024 for further details. Except from the above, the Company does not have any intention to acquire any other new business as at the date of this announcement.

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; (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; (iv) the Deemed Disposal I, details of which were disclosed in the announcement of the Company dated 18 July 2023; and (v) entered into supplemental loan agreement to extend the maturity date of the 2019 Loan, details of which were disclosed in the announcement of the Company dated 6 December 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

As at the date of this announcement, the Target Company is owned as to (i) 41.0% by Westralian Resources, a wholly-owned subsidiary of the Company; (ii) 19.6% by Mr. Wu; and (iii) 16.1% by Mr. Cai, thus Mr. Wu and Mr. Cai are the substantial shareholders of the subsidiary of the Company under the Listing Rules and accordingly, connected persons of the Company at the subsidiary level. As at the date of this announcement, the Investor is owned as to 57.32% by Mr. Wu, thus Mr. Wu is a substantial shareholder of the Investor. Accordingly, the Capitalisation Agreement constitutes a connected transaction of the Company. The Board of the Company (including the independent non-executive Directors) has approved the Capitalisation Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the Capitalisation Agreement has been made on normal commercial terms, its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Pursuant to Rule 14A.101 of the Listing Rules, the Capitalisation Agreement will constitute a connected transaction only subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Immediately following the Completion, the equity interest of the Group in the Target Company will be diluted from approximately 41.0% to approximately 31.3%, representing a decrease of approximately 9.7% 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. Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the classification of the transactions, as the dilution of the Group's equity interest from the announcement dated 18 July 2023 and the current dilution involve the deemed disposal within a 12-month period, all transactions respectively contemplated thereunder are considered and are aggregated as one transaction.

As one or more of the applicable percentage ratios (as set out in the Listing Rules) in relation to the Deemed Disposal I and Deemed Disposal II on an aggregated basis exceed 75%, the Deemed Disposal I and Deemed Disposal II constitute a very substantial disposal of the Company and is therefore subject to the reporting, announcement, circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Deemed Disposal II is expected to be despatched to the Shareholders on or before 8 March 2024.

DEFINITIONS

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

“2019 Loan”	the loan in the principal amount of up to RMB80,000,000 granted by Mr. Cai Shuo to the Company and Westralian Resources pursuant to the loan agreement dated 6 August 2019, entered into among the Company as borrower, Westralian Resources as co-borrower and Mr. Cai Shuo as the lender;
“Board”	the board of directors of the Company;
“Capitalisation”	the capital contribution of RMB81.9 million (equivalent to approximately US\$11.4 million) to the Target Company by way of a debt-to-equity swap with RMB81.9 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 8 February 2024;
“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 I”	reference is made from the announcement dated 18 July 2023, 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;
“Deemed Disposal II”	the deemed disposal of 9.7% 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;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	third party independent from the Company and its connected persons;
“Investor”	Hunan Juji Win-Win Enterprise Consulting Partnership (limited partnership)* (湖南鉅基共贏企業諮詢合夥企業(有限合夥)), partnership established in the form of limited partnership in the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange;
“Mr. Cai”	Mr. Cai Pu;
“Mr. Wu”	Mr. Wu Qingchao;
“Partners”	the partners to the Partnership, including Mr. Wu, Mr. Long Yongbin, Mr. Cai, Mr. Liu Bing and Hunan Juji Enterprise Management Company Limited* (湖南鉅基企業管理有限公司);

“Partnership”	Hunan Juji Win-Win Enterprise Consulting Partnership (limited partnership)* (湖南鉅基共贏企業諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC;
“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;
“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 a non wholly-owned subsidiary of the Company;
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction;
“Westralian Resources”	Westralian Resources Pty Ltd, a wholly-owned subsidiary of the Company incorporated in Australia;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“US”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

Note: for illustrative purpose of this announcement only, conversion of US\$ in to RMB is at the rate of US\$1.0 = RMB7.1798

* *For identification purpose only*

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

Hong Kong, 8 February 2024

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	Dr. Liu Ka Ying Rebecca
Mr. Pan Feng	Mr. Xu Huiqiang	Mr. Tse Sze Pan
Mr. Xie Qiangming		Mr. Yang Jingang
		Mr. Zhang Zhen