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MAJOR TRANSACTION IN RELATION TO DISPOSAL OF PROPERTIES

THE DISPOSAL

The Disposal Properties were offered by way of listing for auction sale in the PRC in mid-November 2023 in which the Purchaser was the successful bidder for the sale of the Disposal Properties. In furtherance of the Purchaser's successful bid for the Disposal Properties, on 8 December 2023 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Disposal Properties, comprising the Commercial Properties and the Parking Lots located at Jiangxi Province, the PRC, for the total Consideration of approximately RMB116,323,000 (equivalent to approximately HK\$129,677,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Disposal and the transactions contemplated thereunder exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, confirm and ratify the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder. The voting in respect of the Disposal at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder; and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve, confirm and ratify the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposal and the transactions contemplated thereunder; (ii) valuation reports of the Disposal Properties; (iii) other information as required under the Listing Rules; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders on or before 23 February 2024 as more time is required to prepare the information for inclusion in the circular.

As completion of the Disposal is subject to and conditional upon fulfilment of the conditions precedent set out in the Sale and Purchase Agreement and the completion of the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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THE SALE AND PURCHASE AGREEMENT

Date: 8 December 2023 (after trading hours)

Parties: (1) the Vendor, an indirect wholly-owned subsidiary of the Company; and
(2) the Purchaser, an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Disposal Properties, comprising the Commercial Properties and the Parking Lots located at Jiangxi Province, the PRC. The Disposal Properties will be delivered to the Purchaser on an "as is" basis (subject to the existing tenancies) upon Completion.

The Commercial Properties

The Commercial Properties comprise the hotel, restaurants and offices located on the fifth (5th) to twenty-third (23rd) floor of Baoneng Taigu Plaza, East Jiangyuan Avenue, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市東江源大道寶能太古城), with a gross floor area of approximately 29,553.53 sq.m. The Commercial Properties are currently leased to Independent Third Parties with varying terms of tenancies.

The Parking Lots

The Parking Lots comprise 134 parking lots located at the Baoneng Taigu Plaza, East Jiangyuan Avenue, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市東江源大道寶能太古城), with a gross floor area of approximately 4,329.84 sq.m.. The Parking Lots are currently leased to Independent Third Parties with varying terms of tenancies.

The financial information of the Disposal Properties for the two years ended 31 December 2022 and 2021 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,487	1,020

The net asset value of the Disposal Properties as at 30 June 2023 was approximately RMB151,964,000 (equivalent to approximately HK\$169,409,000).

Consideration

The total Consideration for the Disposal Properties is approximately RMB116,323,000 (equivalent to approximately HK\$129,677,000), comprising (a) approximately RMB112,303,000 (equivalent to approximately HK\$125,196,000) for the Commercial Properties; and (b) approximately RMB4,020,000 (equivalent to approximately HK\$4,481,000) for the Parking Lots.

Consideration for the Commercial Properties

The consideration for the Commercial Properties is approximately RMB112,303,000 (equivalent to approximately HK\$125,196,000) which shall be settled by instalments in the following manner:

- (i) the first instalment in the sum of approximately RMB56,152,000 (equivalent to approximately HK\$62,598,000) shall be settled as follows:
 - (a) upon entering into the Sale and Purchase Agreement, an amount equivalent to the sum of approximately RMB5,785,000 (equivalent to approximately HK\$6,449,000) shall be deemed to be paid by off-setting against the Deposit; and
 - (b) the remaining balance in the sum of approximately RMB50,367,000 (equivalent to approximately HK\$56,149,000) shall be paid by electronic funds transfer to the bank account designated by the Vendor within ten (10) Business Days upon the completion of the requisite filing and registration procedures in relation to the Disposal; and

- (ii) the second instalment in the sum of approximately RMB56,151,000 (equivalent to approximately HK\$62,597,000) shall be paid by electronic funds transfer to the bank account designated by the Vendor within six (6) months from the completion of the transfer of titles of the Disposal Properties to the Purchaser.

Consideration for the Parking Lots

Upon entering into the Sale and Purchase Agreement, the consideration for the Parking Lots in the sum of approximately RMB4,020,000 (equivalent to approximately HK\$4,481,000) shall be deemed to be fully-paid by off-setting against the Deposit.

The Consideration for the Disposal Properties were arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the results of the listing for auction sale of the Disposal Properties where the Purchaser is the highest bidder; (ii) the valuation of the Disposal Properties of approximately RMB177,600,000 (equivalent to approximately HK\$197,988,000) as at 31 December 2022 according to the valuation by an independent professional valuer appointed by the Company; (iii) the carrying amount of the Disposal Properties as at 30 June 2023 which was approximately RMB151,964,000 (equivalent to approximately HK\$169,409,000); (iv) the prevailing market value of properties comparable and in proximity to the Disposal Properties; and (v) the prevailing market conditions of the PRC real estate industry.

Land Charge

Pursuant to the Sale and Purchase Agreement, the Vendor shall complete (i) the requisite filing and registration procedures in relation to the Disposal; and (ii) the transfer of titles of the Disposal Properties to the Vendor within thirty (30) days from the date of the Sale and Purchase Agreement. To secure the Purchaser's payment obligations of the Consideration under the Sale and Purchase Agreement, the Purchaser shall, upon the transfer of titles of the Disposal Properties to the Purchaser, enter into the Land Charge Agreement with the Vendor, pursuant to which, the Purchaser (as chargor) shall execute a charge over the Disposal Properties in favour of the Vendor (as chargee) (the "**Land Charge**").

In the event the Purchaser intends to use the Disposal Properties as securities for external financing subsequent to the execution of the Land Charge, the Vendor shall, conditional upon having obtained the relevant approval documents or confirmations from the relevant financial institutions for the provision of such external financing, agrees to cooperate with the Purchaser for releasing the Land Charge. The Purchaser undertakes that any proceeds obtained from such external financing shall be, as first priority, used to settle any outstanding balance of Consideration under the Sale and Purchase Agreement.

Conditions precedent

Completion is conditional upon the satisfaction of the followings:

- (1) the passing of necessary resolution(s) by the Shareholders at the EGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (2) the parties to the Sale and Purchase Agreement having obtained all consents, approvals and clearances necessary from the government, official authorities and/or other persons;
- (3) the warranties provided by the parties under the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respect; and
- (4) no statute, regulation or decision which would reasonably be expected to prohibit, restrict or materially delay the execution, delivery, performance or consummation of the transactions contemplated under the Sale and Purchase Agreement having been proposed, enacted or taken by any government or official authority whether in Hong Kong, the PRC or elsewhere.

As at the date of this announcement, none of the conditions has been fulfilled.

If any of the conditions precedent cannot be fulfilled after the transfer of titles of the Disposal Properties to the Purchaser (the “**Title Transfer**”), delivery of possession of the Disposal Properties shall be postponed until all the conditions precedent under the Sale and Purchase Agreement have been fulfilled.

If any of the conditions precedent cannot be fulfilled after six (6) months from the date of Title Transfer, either party to the Sale and Purchase Agreement shall have the right to terminate the Sale and Purchase Agreement. In such event, the Vendor shall forthwith return to the Purchaser all payments received as Consideration under the Sale and Purchase Agreement, and the Purchaser shall forthwith transfer the titles of the Disposal Properties back to the Vendor.

Completion

Subject to the fulfilment of the conditions precedent set forth in the Sale and Purchase Agreement, Completion shall take place upon the full and final settlement of the Consideration by the Purchaser. Upon Completion, the Vendor shall deliver possession of the Disposal Properties to the Purchaser on an “as is” basis. All the rights to generate income (including but not limited to rental income) and any management and decision making power in relation to the Disposal Properties shall be transferred to the Purchaser the day after the Purchaser makes the full and final settlement of the Consideration.

INFORMATION OF THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Purchaser

The Purchaser is a company established in the PRC with limited liability which is beneficially owned as to Xie Tingui. The Purchaser is principally engaged in property management and operation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

The Vendor

The Vendor is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in property development in the PRC.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that the Company will record a preliminary net loss on the Disposal of approximately RMB34,767,000 (equivalent to approximately HK\$38,759,000), representing the difference between (i) the Consideration being converted into HK\$ and net of the estimated expenses and tax expenses in relation to the Disposal of approximately RMB6,634,000 (equivalent to approximately HK\$7,396,000); and (ii) the net assets value of the Disposal Properties of approximately RMB144,456,000 (equivalent to approximately HK\$161,040,000) as per the unaudited management accounts of the Disposal Properties as at 30 November 2023. The actual figures will be subject to audit by the auditors of the Company and therefore may be different from the aforementioned amount.

INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The Directors expect that after deducting the estimated taxes and expenses of approximately RMB6,634,000 (equivalent to approximately HK\$7,396,000), the net proceeds to be received from the Disposal is estimated to be approximately RMB109,689,000 (equivalent to approximately HK\$122,281,000). The Directors currently intend to apply such net proceeds for repayment of the principal and interest accrued under the outstanding corporate bonds issued by the Company and short-term loans of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the businesses of automation, property investment and development, financial services and securities investment. The Group's revenue derived from the property investment and development business decreased significantly by approximately 85.3% from approximately HK\$1,767.7 million for the year ended 31 December 2021 (“FY2021”) to approximately HK\$259.3 million for the year ended 31 December 2022 (“FY2022”), which was mainly attributable to the decrease in scale of properties handover to customers during FY2022. Further, the Group recorded an operating loss of approximately HK\$82.4 million from its property investment and development business for FY2022 as compared to an operating profit of approximately HK\$98.0 million for FY2021, which was mainly attributable to the decrease in fair value gain on investment properties of approximately HK\$135.9 million.

During the past few years, the business environment in the PRC real estate industry has been particularly challenging due to the outbreak of the novel coronavirus disease (“COVID-19”), the geopolitical turmoil, the regulatory policies implemented by the PRC government in relation to the real estate industry and the economic downturn in the PRC. The risks of high-leverage operations of real estate companies had gradually surfaced and the industry's financing channels were experiencing overall shrinkages. The continued simmering of liquidity crisis has aggravated the wait-and-see attitude of property buyers, capital market participants and other market participants, resulting in a lack of willingness to purchase property and thereby lowering the sales of real estate properties in the PRC. Constrained by factors such as the tightening of credit environment and financing channels, the depressed sales market, and the intensification of debt repayment pressure, the real estate industry has experienced an outbreak of credit risks and debt defaults, which severely affected market confidence.

The Disposal Properties are located at Ganzhou City, Jiangxi Province, in the PRC. During 2022, Ganzhou City recorded a decrease in trading volume of real estate property, which was mainly attributable to the series of regulation and control policies implemented by the PRC government in relation to the real estate industry, the wait-and-see attitude of property buyers and the overall economic sentiment in the PRC. As a result of the decrease in trading volume of real estate property, a significant volume of real estate inventory has remained in Ganzhou City and it is therefore expected that the real estate industry in Ganzhou City will continue to face fierce competition in the forthcoming years.

Besides, the Group relies heavily on debt financing for its property investment and development projects, which imposes substantial interest burden on the Group. As at 30 June 2023, the Group had (i) borrowings of approximately HK\$1.3 billion which would fall due within one year; and (ii) corporate bonds of approximately HK\$318.0 million with coupon rates ranging from 7.0% to 8.0% per annum and repayable within one to two years.

Taking into consideration the prevailing property market conditions in the PRC, the increasing competition and gloomy future outlook in the real estate industry of Ganzhou City, the current financial, indebtedness and liquidity position of the Group, the Board believes that the Disposal will allow the Group to realise its investment in the Disposal Properties and to repay the principal and

interest accrued under the outstanding corporate bonds issued by the Company and short-term loans, thereby reducing the indebtedness and finance costs of the Group and mitigating its liquidity pressure. In light of the aforementioned, the Directors (including the independent non-executive Directors) consider that the Disposal and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and that the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Disposal and the transactions contemplated thereunder exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, confirm and ratify the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder. The voting in respect of the Disposal at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder; and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve, confirm and ratify the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposal and the transactions contemplated thereunder; (ii) valuation reports of the Disposal Properties; (iii) other information as required under the Listing Rules; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders on or before 23 February 2024 as more time is required to prepare the information for inclusion in the circular.

As completion of the Disposal is subject to and conditional upon fulfilment of the conditions precedent set out in the Sale and Purchase Agreement and the completion of the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Commercial Properties”	the hotel, restaurants and offices located on the fifth (5th) to twenty- third (23rd) floor of Baoneng Taigu Plaza, East Jiangyuan Avenue, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市東江源大道寶能太古城), with a gross floor area of approximately 29,553.53 sq.m.
“Company”	Renze Harvest International Limited (中澤豐國際有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01282)
“Completion”	completion of the Disposal
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of approximately RMB116,323,000 (equivalent to approximately HK\$129,677,000) for the Disposal Properties payable by the Purchaser to the Vendor under the Sale and Purchase Agreement
“Deposit”	the deposit in the sum of RMB10,000,000 (equivalent to approximately HK\$11,148,000) paid by the Purchaser, as successful bidder for the Disposal Properties, to the person designated by the Vendor pursuant to the auction requirement, which forms part payment of the Consideration
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposal Properties by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement

“Disposal Properties”	the Commercial Properties and the Parking Lots
“EGM”	the extraordinary general meeting of the Company to be held to consider, and if thought fit, approve, confirm and ratify the Sale and Purchase Agreement, the Disposal and the transactions contemplated therein
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
“Land Charge Agreement”	the land charge agreement to be entered into between the Vendor and the Purchaser upon the transfer of titles of the Disposal Properties to the Purchaser, pursuant to which the Purchaser (as chargor) shall execute a charge over the Disposal Properties in favour of the Vendor (as chargee)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parking Lots”	the 134 parking lots located at the Baoneng Taigu Plaza, East Jiangyuan Avenue, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市東江源大道寶能太古城), with a gross floor area of approximately 4,329.84 sq.m.
“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
“Purchaser”	Ganzhou Tongtai Cultural Tourism Industry Co., Ltd.* (贛州通泰文旅產業有限公司), a company established in the PRC and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 8 December 2023 (as supplemented on 8 December 2023) entered into between the Purchaser and the Vendor in relation to the Disposal
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Laihua TaiFeng Limited* (萊華泰豐有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.1148. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

By order of the Board
Renze Harvest International Limited
Huang Wansheng
Chairman and Chief Executive Officer

Hong Kong, 8 December 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Huang Wansheng and Mr. Li Minbin; one non-executive Director, namely Mr. Zhang Chi; and three independent non-executive Directors, namely Ms. Zhao Yizi, Ms. Zhang Juan and Mr. Chan Manwell.

* *For identification only*