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**中澤豐國際有限公司**

**RENZE HARVEST INTERNATIONAL LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01282)**

## **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-April 2024 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 29 April 2024 (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 RMB103.0 million (equivalent to approximately HK\$113.6 million).

### **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 28 June 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.**

## **THE DISPOSAL**

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## **THE SALE AND PURCHASE AGREEMENT**

Date: 29 April 2024 (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 located on the second (2nd) to fourth (4th) and sixth (6th) to sixteenth (16th) floor of Baoneng Century Plaza, No. 10 Ganjiangyuan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC\* (中國江西省贛州市章貢區贛江源大道10號寶能世紀城); and (ii) the function rooms no. 11, 12, 13, 15, 16 and 17 located at East Baoneng Century Plaza, No. 9 Anyuan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC\* (中國江西省贛州市章貢區安遠路9號寶能世紀城東區), with total gross floor area of approximately 27,529.81 sq.m. The Commercial Properties are currently leased to Independent Third Parties with varying terms of tenancies.

### ***The Parking Lots***

The Parking Lots comprise 170 parking lots located at East Baoneng Century Plaza, No. 9 Anyuan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC\* (中國江西省贛州市章貢區安遠路9號寶能世紀城東區), with total gross floor area of approximately 2,129.19 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 2023 and 2022 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	53.3	-
Net loss before taxation	3,707.5	1,193.4
Net loss after taxation	3,707.5	1,193.4

The net asset value of the Disposal Properties as at 31 December 2023 was approximately RMB187.3 million (equivalent to approximately HK\$206.6 million).

### **Consideration**

The total consideration for the Disposal Properties is RMB103.0 million (equivalent to approximately HK\$113.6 million) which shall be settled by instalments in the following manner:

- (i) the first instalment in the sum of RMB51.5 million (equivalent to approximately HK\$56.8 million) had been settled by the time of entering into the Sale and Purchase Agreement;

- (ii) the second instalment in the sum of RMB51.5 million (equivalent to approximately HK\$56.8 million) shall be paid by electronic funds transfer to the bank account designated by the Vendor within six (6) months from the transfer of titles of the Disposal Properties to the Purchaser and completion of the requisite filing and registration procedures in relation to the Disposal.

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 RMB184 million (equivalent to approximately HK\$203.0 million) as at 31 March 2024 according to the valuation by an independent professional valuer appointed by the Company; (iii) the carrying amount of the Disposal Properties as at 31 December 2023 which was approximately RMB187.3 million (equivalent to approximately HK\$206.6 million); (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.

### **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.

### **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 and all the rights to generate income (including but not limited to rental income) in relation to the Disposal Properties shall be transferred to the Purchaser.

## **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 ultimately owned as to 99% and 1% by Liao Nangang (廖南鋼) and Huang Lijie (黄莉杰), respectively. The Purchaser is principally engaged in the provision of commercial complex management and rental services.

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 RMB81.4 million (equivalent to approximately HK\$89.8 million), 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 RMB0.4 million (equivalent to approximately HK\$0.4 million); and (ii) the net assets value of the Disposal Properties of approximately RMB184.0 million (equivalent to approximately HK\$203.0 million) as per the unaudited management accounts of the Disposal Properties as at 31 March 2024. 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 RMB0.4 million (equivalent to approximately HK\$0.4 million), the net proceeds to be received from the Disposal is estimated to be approximately RMB102.6 million (equivalent to approximately HK\$113.2 million). 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. For the year ended 31 December 2023 (“FY2023”), the Group derived revenue of approximately HK\$354.7 million from its property investment and development segment, accounting for approximately 47.9% of this total revenue. The Group recorded operating loss of approximately HK\$249.5 million from its property investment and

development segment for FY2023 as compared to an operating loss of approximately HK\$82.4 million for the year ended 31 December 2022 (“FY2022”). The increase in operating loss was primarily attributable to the recognition of the write down of inventory properties amounting to approximately HK\$170 million during FY2023.

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 Group relies heavily on debt financing for its property investment and development projects, which imposes substantial interest burden on the Group. As at 31 December 2023, the Group had total borrowings of approximately HK\$1.7 billion, of which approximately HK\$1.1 billion, representing approximately 63.3% would fall due within one year.

Taking into consideration the prevailing property market conditions in the PRC, 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 borrowings of the Group, 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 28 June 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 meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commercial Properties”	(i) the hotel located on the second (2nd) to fourth (4th) and sixth (6th) to sixteenth (16th) floor of Baoneng Century Plaza, No. 10 Ganjiangyuan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市章貢區贛江源大道10號寶能世紀城); and (ii) the function rooms no. 11, 12, 13, 15, 16 and 17 located at East Baoneng Century Plaza, No. 9 Anyuan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市章貢區安遠路9號寶能世紀城東區), with total gross floor area of approximately 27,529.81 sq.m.

“Company”	Renze Harvest International (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 RMB103.0 million (equivalent to approximately HK\$113.6 million) for the Disposal Properties payable by the Purchaser to the Vendor under the Sale and Purchase Agreement
“Deposit”	the deposit in the sum of RMB5.0 million (equivalent to approximately HK\$5.5 million) paid by the Purchaser, as successful bidder for the Disposal Properties, to the bank account 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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parking Lots”	the 170 parking lots located at East Baoneng Century Plaza, No. 9 Anyuan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC* (中國江西省贛州市章貢區安遠路9號寶能世紀城東區), with total gross floor area of approximately 2,129.19 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”	Shenzhen Huifeng Huachuang Commercial Co., Limited* (深圳匯豐華創商業有限公司), 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 29 April 2024 (as supplemented on 29 April 2024) 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

