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Zijing International Financial Holdings Limited

紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

POSSIBLE DISCLOSEABLE TRANSACTION RELATING TO THE SURRENDER OF A LEASE

THE SURRENDER OF LEASE

Reference is made to the announcement of the Company dated 17 March 2022 in relation to the Lease Agreement entered into between the Tenant, being an indirect wholly-owned subsidiary of the Company, and the Landlord for leasing the Leased Premises for office use for a term of two years commencing on 1 May 2022 and ending on 30 April 2024.

On 23 November 2023 (after trading hours), the Tenant entered into the Lease Surrender Agreement with the Landlord. Pursuant to the Lease Surrender Agreement, subject to the satisfaction of the conditions precedent set forth therein, on the Surrender Date, the Tenant shall surrender to the Landlord and the Landlord shall accept the surrender of all the Tenant's estate, interest, right and title in, under and arising from the Lease Agreement.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to the Lease Surrender Agreement, the Tenant shall, on or before the Surrender Date, pay to the Landlord the sum of S\$45,290.86 (the "**Agreed Compensation**"), being the agreed compensation payable by the Tenant to the Landlord, for the Landlord's acceptance of the surrender of, all the Tenant's estate, interest, right and title in, under and arising from the Lease Agreement.

Further, pursuant to HKFRS 16, the proposed surrender of the Leased Premises by the Tenant to the Landlord will result in a decrease in the amount of right-of-use assets recognised by the Company. Accordingly, the transaction under the Lease Surrender Agreement will be regarded as a disposal of asset by the Group within the meaning of Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the transaction under the Lease Surrender Agreement are more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The proposed surrender of the Leased Premises by the Tenant to the Landlord is subject to the satisfaction of a number of conditions precedent as set out in the Lease Surrender Agreement, the surrender of the Leased Premises may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 23 November 2023 (after trading hours), the Tenant, being an indirect wholly-owned subsidiary of the Company, entered into the Lease Surrender Agreement with the Landlord. Pursuant to the Lease Surrender Agreement, subject to the satisfaction of the conditions precedent set forth therein, on the Surrender Date, the Tenant shall surrender to the Landlord and the Landlord shall accept the surrender of all the Tenant's estate, interest, right and title in, under and arising from the Lease Agreement. The Leased Premises is currently used by the Group for office purposes.

THE LEASE SURRENDER AGREEMENT

The principal terms of the Lease Surrender Agreement are set out as follows:

Date : 23 November 2023 (after trading hours)

Parties : (a) Zijing International Pte. Limited, an indirect wholly-owned subsidiary of the Company (the "Tenant"); and

(b) Asia Square Tower 1 Pte. Ltd. (the "Landlord")

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Premises : Unit no. #15-03, Asia Square Tower 1, 8 Marina View, Singapore (the “**Leased Premises**”)

Surrender Date : 30 November 2023

Agreed Compensation : The Tenant shall, on or before the Surrender Date, pay to the Landlord the sum of S\$45,290.86 (the “**Agreed Compensation**”), being the agreed compensation payable by the Tenant to the Landlord, for the Landlord’s acceptance of the surrender of, all the Tenant’s estate, interest, right and title in, under and arising from the Lease Agreement.

Conditions precedent : The Lease Surrender Agreement is conditional upon each of the following conditions being met (unless waived by the Landlord in writing) on or before the Surrender Date:

- (a) the unconditional and irrevocable acceptance by the new tenant of the Landlord’s offer of a lease of the Leased Premises (on terms acceptable to the Landlord); and
- (b) the compliance by the Tenant of all terms of the Lease Agreement.

If any of the conditions precedent set out above is not fulfilled (or waived by the Landlord) on or before the Surrender Date, the Lease Surrender Agreement shall automatically terminate and neither party shall have any claim of any nature whatsoever against the other party under the Lease Surrender Agreement (save in respect of any antecedent breach or any other rights and liabilities which have accrued prior to termination).

Refund of Deposit : Subject to the Tenant’s compliance with the provisions of the Lease Surrender Agreement, the Landlord shall, within one (1) month of the Surrender Date, repay to the Tenant the Deposit in the amount of S\$62,423.79 without interest and after proper deductions, if any, by the Landlord. Without prejudice to the Tenant’s obligation to pay any shortfall in the Agreed Compensation after application of the Deposit, the Tenant authorises and directs the Landlord to apply the Deposit to be repaid to the Tenant towards the payment of the Agreed Compensation.

EFFECT OF THE LEASE SURRENDER AGREEMENT

Pursuant to HKFRS 16, the proposed surrender of the Leased Premises by the Tenant to the Landlord will result in a decrease in the amount of right-of-use assets recognised by the Company. Accordingly, the transaction under the Lease Surrender Agreement will be regarded as a disposal of asset by the Group within the meaning of Rule 19.04(1)(a) of the GEM Listing Rules. With reference to the aggregated monthly rental payments for the remaining term of the Lease Agreement and discounted by a discount rate, the amount of right-of-use assets to be disposed by the Company is approximately S\$577,000 (equivalent to approximately HK\$3,358,000). The actual amount of disposal of right-of-use assets arising from the execution of the Lease Surrender Agreement to be recognised by the Group for the year ending 31 December 2023 will be subject to final audit by the Company's auditors. Upon completion of the Lease Surrender Agreement, the Group expects to recognize a loss of approximately HK\$108,000, which includes the difference between the estimated net book value of the right-of-use assets and the estimated lease liabilities as at the Surrender Date; the Agreed Compensation and other expenses incurred.

REASONS FOR AND BENEFITS OF THE LEASE SURRENDER AGREEMENT

Back in early 2022, amid the global outbreak of the COVID-19 pandemic and the border restrictions implemented by different countries around the world, the Directors then considered that it was in the interests of the Group to lease the Leased Premises by entering in to the Lease Agreement and establish a representative office in Singapore so as to cope with the travel restrictions implemented by the Hong Kong government during the COVID-19 pandemic. It was then contemplated that the staff in the representative office in Singapore could assist the Group to handle partial of the coordination works in South East Asia and maintain communication with the Group's existing customers and potential new customers in a more efficient and effective manner.

Given the COVID-19 pandemic has continued to subside and the travel restrictions around the world have mostly been lifted, the Group's employees in Hong Kong have resumed their business trips, where necessary, thereby facilitating their communication with and access to the Group's existing customers and potential new customers in various countries.

Taking into consideration the Group's scale of operations in Singapore and the easing of travel restrictions around the world, the Directors considered that it may not be cost efficient for the Group to maintain the Leased Premises in Singapore. As a result, the Directors decided that it is in the interest of the Group to surrender the Leased Premises by entering into the Lease Surrender Agreement.

The Directors also considered that the Agreed Compensation is fair and reasonable taking into consideration that, it is fairly common for landlords of Singapore commercial properties to request a compensation of two-months rental in case of early surrender of the leased properties. Besides, even after taking into account the Agreed Compensation, the Group would still be able to achieve cost-saving in respect of the rentals for the Leased Premises for the remaining term of the lease.

Going forward, the Directors will continue to review the operational needs of the Group in Singapore. Where necessary, the Group may consider entering into short-term leases or engaging third parties service providers for handling the corporate and administration works of the Group in Singapore so as to facilitate cost efficiency and operational flexibility.

The terms of the Lease Surrender Agreement were agreed between the Tenant and the Landlord after arm's length negotiation. The Directors consider that the terms of the Lease Surrender Agreement are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to the Lease Surrender Agreement, the Tenant shall, on or before the Surrender Date, pay to the Landlord the sum of S\$45,290.86 (the “**Agreed Compensation**”), being the agreed compensation payable by the Tenant to the Landlord, for the Landlord's acceptance of the surrender of, all the Tenant's estate, interest, right and title in, under and arising from the Lease Agreement.

Further, pursuant to HKFRS 16, the proposed surrender of the Leased Premises by the Tenant to the Landlord will result in a decrease in the amount of right-of-use assets recognised by the Company. Accordingly, the transaction under the Lease Surrender Agreement will be regarded as a disposal of asset by the Group within the meaning of Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the transaction under the Lease Surrender Agreement are more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

INFORMATION OF THE GROUP

The Company is an investment holding company and the Group is principally engaged in the provision of financial services in Hong Kong and Singapore.

INFORMATION OF THE LANDLORD

The Landlord is a wholly owned subsidiary of Qatar Investment Authority and is principally engaged in letting of self-owned or leased real estate property.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Landlord and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The proposed surrender of the Leased Premises by the Tenant to the Landlord is subject to the satisfaction of a number of conditions precedent as set out in the Lease Surrender Agreement, the surrender of the Leased Premises may or may not proceed. Shareholders and potential investors 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:

“Board”	the board of directors of the Company
“Company”	Zijing International Financial Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8340)
“COVID-19”	the coronavirus pandemic, a global pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
“Deposit”	deposit in the amount of S\$62,423.79 paid by the Tenant to the Landlord under the Lease Agreement
“Director(s)”	the directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Asia Square Tower 1 Pte. Ltd.
“Lease Agreement”	the lease agreement entered into between the Tenant and the Landlord for leasing the Leased Premises for a term of two (2) years from 1 May 2022 to 30 April 2024, at a monthly rental of S\$18,727.14 (exclusive of goods and services tax, service charges and other outgoings) on 17 March 2022
“Lease Surrender Agreement”	the lease surrender agreement dated 23 November 2023 entered into between the Tenant and the Landlord in relation to the surrender of the Leased Premises by the Tenant to the Landlord
“Leased Premises”	Unit no. #15–03, Asia Square Tower 1, 8 Marina View, Singapore
“S\$”	Singapore dollars, the lawful currency of Singapore
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender Date”	30 November 2023, or such other date as may be stipulated by the Landlord (at its sole and absolute discretion) in writing to the Tenant
“Tenant”	Zijing International Pte. Limited, a limited liability company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, conversion of S\$ into HK\$ is calculated at the approximate exchange rate of S\$1.00 to HK\$5.82. 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
Zijing International Financial Holdings Limited
Lee Chun Wai
Chairman and Executive Director

Hong Kong, 23 November 2023

As at the date hereof, the Board comprises Mr. Lee Chun Wai and Ms. Ji Yi being the executive Directors; Dr. Leung Kin Cheong Laurent being the non-executive Director; and Mr. Choi Tak Fai, Ms. Lau Mei Suet and Mr. Tsang Ho Yin being the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <https://www.hkexnews.hk> for at least 7 days from the date of its posting and on the website of the Company at <http://www.hklistco.com/8340>.