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JF Wealth Holdings Ltd

九方财富控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9636)

CONTINUING CONNECTED TRANSACTION 2023 PROPERTY LEASING FRAMEWORK AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated June 30, 2023, in relation to, among others, the Original Leasing Agreements, pursuant to which the Group agreed to lease certain properties from Shanghai Xieyu. In view of the increasing leasing demands and in order to better administer the Group's leasing arrangements with Shanghai Xieyu, the Board is pleased to announce that on December 20, 2023, JF Information entered into the 2023 Property Leasing Framework Agreement with Shanghai Xieyu, pursuant to which the Group shall lease properties from Shanghai Xieyu and/or its associates for office or office-related use.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Xieyu is an associate of Mr. CHEN Wenbin, a Director and one of the controlling shareholders of the Company. Accordingly, Shanghai Xieyu is a connected person of the Company and the transactions contemplated under the 2023 Property Leasing Framework Agreement constitute continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps for the 2023 Property Leasing Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirements of circular (including independent financial advice) and independent Shareholders' approval under Chapter 14A of the Listing Rules.

THE 2023 PROPERTY LEASING FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated June 30, 2023, in relation to, among others, the Original Leasing Agreements, pursuant to which the Group agreed to lease certain properties from Shanghai Xieyu. In view of the increasing leasing demands and in order to better administer the Group's leasing arrangements with Shanghai Xieyu, the Board is pleased to announce that on December 20, 2023, JF Information entered into the 2023 Property Leasing Framework Agreement with Shanghai Xieyu, pursuant to which the Group shall lease properties from Shanghai Xieyu and/or its associates for office or office-related use.

As the parties will enter into separate agreements under the 2023 Property Leasing Framework Agreement, covering the scope of the Original Leasing Agreements, after the 2023 Property Leasing Framework Agreement takes effect, the Original Leasing Agreements will be automatically terminated and no longer effective.

Principal terms

Date	:	December 20, 2023
Parties	:	(1) JF Information, and (2) Shanghai Xieyu
Terms	:	From January 1, 2024 to December 31, 2026
Subject matter	:	The Group will lease properties from Shanghai Xieyu and/or its associates among the available properties owned by them.
Payment and settlement terms	:	The parties will enter into separate agreements setting out the specific terms and conditions (including rental conditions, property rents, payment methods and other usage fees) in respect of the relevant leased properties based on the principles, and within the parameters provided, under the 2023 Property Leasing Framework Agreement.

Reasons and benefits for the transaction

The Group has historically leased certain properties from Shanghai Xieyu and/or its associates for office or office-related use. According to the announcement of the Company dated June 30, 2023, various subsidiaries of the Company has entered into ten property leasing agreements with Shanghai Xieyu, pursuant to which each of such subsidiaries agreed to lease certain property from Shanghai Xieyu, respectively. The earliest expiry date of the property leasing agreements was in June 2023 and the latest one will be in June 2024. The monthly rental ranges from approximately RMB4,200 to approximately RMB515,000 (excluding management fees and charges) and the size of properties ranges from 30.60 square meters to 3,779.02 square meters. Compared with Independent Third Parties, Shanghai Xieyu and/or its associates have a better understanding of the Group's property requirements in relation to office and office-related premises, and leasing properties from Shanghai Xieyu and/or its associates also facilitates the Group's business cooperation with Shanghai Xieyu and/or its associates geographically. In addition, relocating offices to other premises will cause unnecessary disruptions to the Group's normal business operation and incur unnecessary costs. The terms of the 2023 Property Leasing Framework Agreement are consistent with normal commercial terms which can safeguard the Group's entitlement to long-term property rights, therefore enabling the Group to achieve long-term development and continuity of the Group's business operations.

Pricing policies

The rents payable by the Group during the leasing term are determined on normal commercial terms after arm's length negotiations between the relevant parties, with reference to the prevailing market rates available from Independent Third Parties of comparable properties, considering various commercial factors including the location, quality and size of the actual properties, and shall be no less favorable than the prevailing market rates of comparable properties of the same location, quality and size provided by Independent Third Parties, which are in the best interests of the Company and the Shareholders as a whole.

Historical amounts

The total amounts of rents paid by the Group to Shanghai Xieyu and/or its associates for the two years ended December 31, 2022 and the eleven months ended November 30, 2023 were approximately RMB29.8 million, RMB33.6 million, and RMB65.4 million, respectively.

The total value of right-of-use assets relating to the existing leases as at December 31, 2021, December 31, 2022 and November 30, 2023 was RMB46.9 million, RMB46.1 million and RMB21.4 million, respectively.

Annual caps and basis of determination

The aggregate amounts of the rents payable by the Group to Shanghai Xieyu and/or its associates under the 2023 Property Leasing Framework Agreement for the three years ending December 31, 2026 are not expected to exceed RMB85 million, RMB93 million and RMB100 million, respectively.

Pursuant to HKFRS 16, the Group, as the lessee, shall recognise lease as a right-of-use asset in the consolidated statement of financial position of the Group. The lease of properties by the Group as lessee under the 2023 Property Leasing Framework Agreement will be recognised as right-of-use assets. In respect of the 2023 Property Leasing Framework Agreement, annual caps for the three years ending December 31, 2026 for the value of right-of-use assets in relation to the lease of properties are set out in the table below:

	Annual caps for the year ending December 31,		
	2024	2025	2026
Value of right-of-use asset relating to the leases	77	84	91

(RMB in millions)

The Board determines the above annual caps based on the following factors:

- (i) the historical transaction amounts and growth trend for the two years ended December 31, 2022 and the eleven months ended November 30, 2023 under the existing properties leasing arrangements;
- (ii) the estimated increase in the demand of the properties to be leased from Shanghai Xieyu and/or its associates for the three years ending December 31, 2026 due to (a) the diversified development and expansion of the Group's business scale; and (b) the potential increase in the number of employees;
- (iii) the estimated increase in the monthly rent per square meters for the properties leased from Shanghai Xieyu and/or its associates considering the trend of increase in the historical rental expenses, which is in line with market rates; and
- (iv) the estimated monthly rent payable by the Group, which is in line with the market rates available from Independent Third Parties of comparable properties, considering various commercial factors including the location, quality and size of the actual properties.

OPINION FROM THE BOARD

The Directors (including all the independent non-executive Directors) are of the view that the terms of the 2023 Property Leasing Framework Agreement were determined after arm's length negotiations, and the transactions contemplated thereunder (including the annual caps for the three years ending December 31, 2026) are conducted in the ordinary and usual course of business of the Group and are on normal commercial terms and, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. CHEN Wenbin, being a Director, is the spouse of a limited partner holding over 30% interest in the controlling shareholder of Shanghai Xieyu, and has therefore abstained from voting on the relevant Board resolutions approving the 2023 Property Leasing Framework Agreement. Due to the act-in-concert arrangement among Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN Ningfeng, Mr. YAN Ming and Ms. CHEN Ningfeng have also abstained from voting on the relevant Board resolutions approving the 2023 Property Leasing Framework Agreement. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save as disclosed above, no other Director has material interest in the 2023 Property Leasing Framework Agreement and will be required to abstain from voting on the relevant Board resolutions approving the 2023 Property Leasing Framework Agreement.

INTERNAL CONTROL MEASURES

The Company has established various internal control measures in order to ensure that the transactions contemplated under the 2023 Property Leasing Framework Agreement will be conducted in accordance with the pricing policies of the Group and that the terms of the 2023 Property Leasing Framework Agreement are on normal commercial terms or on terms no less favourable than those terms offered by Independent Third Parties for similar products or services (as the case may be) in the ordinary and usual course of business. Such internal control measures mainly include the following:

- (1) The Company has established a management system for continuing connected transactions and will implement it accordingly.

- (2) When entering into separate lease agreements (i) the administrative department of the Company will be responsible for collecting market data, referring to the prevailing market rates of comparable properties offered by Independent Third Parties, and considering various commercial factors such as the location, quality, and size of the actual leased properties, to ensure that the rents payable by the Group are not higher than the prevailing market rates provided by Independent Third Parties in relation to comparable properties of similar locations, quality, and size; (ii) the legal department of the Company will review the specific terms of the separate lease agreements under the 2023 Property Leasing Framework Agreement, to ensure that they are determined in accordance with general commercial terms after arm's length negotiations between the parties thereto, and to ensure that the relevant transactions under the 2023 Property Leasing Framework Agreement will not exceed the annual caps; and (iii) upon the execution of each separate agreement, the administrative and finance departments of the Company will regularly report relevant data, including but not limited to the historical and actual transaction amounts, to the Board on a quarterly basis to ensure that relevant transactions are conducted in accordance with the terms of the 2023 Property Leasing Framework Agreement and do not exceed the approved annual caps.
- (3) The management of the Company will also inspect from time to time to ensure that the relevant transactions comply with the Company's continuing connected transaction management system and that the annual caps under the 2023 Property Leasing Framework Agreement will not be exceeded.
- (4) The independent non-executive Directors of the Company will conduct annual reviews with respect to the continuing connected transactions (including the transactions contemplated under the 2023 Property Leasing Framework Agreement) of the Company, confirm on the transactional amounts and terms of the continuing connected transactions in the annual reports of the Company pursuant to the requirements under the Listing Rules, and as well as ensure that the transactions are entered into on normal commercial terms, are fair and reasonable, and in accordance with the terms of the relevant agreements governing the continuing connected transactions.
- (5) The external auditors of the Company will also report to the Board annually on the continuing connected transactions of the Company in relation to the pricing policies and annual caps of the continuing connected transactions (including the transactions contemplated under the 2023 Property Leasing Framework Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanghai Xieyu is an associate of Mr. CHEN Wenbin, a Director and one of the controlling shareholders of the Company. Accordingly, Shanghai Xieyu is a connected person of the Company and the transactions contemplated under the 2023 Property Leasing Framework Agreement constitute continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual caps for the 2023 Property Leasing Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirements of circular (including independent financial advice) and independent Shareholders' approval under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

The Group is a leading online investment decision-making solution provider in the PRC with a focus on the online investor content service market. The Group offers various softwares to help individual investors better understand the financial market and make investment plans or decisions.

JF Information is a company incorporated in the PRC on July 23, 2021, and an indirect wholly owned subsidiary of the Company, which is principally engaged in technology services, development, sales and consulting.

Shanghai Xieyu is a company established in the PRC on September 22, 2015, and an associate of Mr. CHEN Wenbin. Shanghai Xieyu is principally engaged in commercial real estate leasing.

As at the date of this announcement, Shanghai Xieyu is held by Shanghai Xieyu Chuanzhang Investment Management Partnership (Limited Partnership) (上海蟹嶼船長投資管理合夥企業(有限合夥)) (“**Xieyu Investment**”), Shanghai Xieyu Sanma Investment Management Partnership (Limited Partnership) (上海蟹嶼船長叁碼投資管理合夥企業(有限合夥)) (“**Xieyu Sanma**”) and Shanghai Xieyu Chuanzhang Asset Management Co., Ltd. (上海蟹嶼船長資產管理有限公司) (“**Xieyu Asset**”) as to 50%, 49% and 1%, respectively.

The general partner of both Xieyu Investment and Xieyu Sanma is Xieyu Asset. Xieyu Asset is a company established in the PRC on February 13, 2015 and is held by two Independent Third Parties, namely Mr. ZHANG Haifeng (張海峰) and Mr. LIU Haifeng (劉海峰) as to 73% and 27%, respectively.

Xieyu Investment is held by its general partner, Xieyu Asset, and two limited partners, namely Shanghai Xieyu Yima Investment Management Partnership (Limited Partnership) (上海蟹嶼船長壹碼投資管理合夥企業(有限合夥)) (“**Xieyu Yima**”) and Shanghai Xieyu Erma Investment Management Partnership (Limited Partnership) (上海蟹嶼船長貳碼投資管理合夥企業(有限合夥)) (“**Xieyu Erma**”), as to 1%, 69% and 30%, respectively. Xieyu Yima is held by its general partner, Xieyu Asset, one limited partner namely Ms. XU Ting (徐婷, the spouse of Mr. CHEN Wenbin, a Director and one of the controlling shareholders of the Company) and two other limited partners who are Independent Third Parties as to 1%, 39.6%, 29.7% and 29.7%, respectively. Xieyu Erma is held by Xieyu Yima and Xieyu Asset as to 99% and 1%. Xieyu Sanma is held by Xieyu Yima and Xieyu Asset as to 99% and 1%. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Xieyu Yima is a connected person of the Company and the ultimate beneficial owners of Xieyu Asset are third parties independent of the Company and connected persons of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Company”	JF Wealth Holdings Ltd (九方财富控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on May 3, 2021, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9636)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases”, effective on January 1, 2019
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any entity or person who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“JF Information”	JF (Shanghai) Information Technology Co., Ltd. (極芾(上海)信息技術有限公司), a company incorporated in the PRC on July 23, 2021 and an indirect wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Leasing Agreements”	a series of property leasing agreements entered into between various subsidiaries of the Company and Shanghai Xieyu, pursuant to which each of such subsidiaries agreed to lease certain property from Shanghai Xieyu, respectively, as detailed in the announcement of the Company dated June 30, 2023, including: (i) the property leasing agreement entered into between Shanghai Fudong and Shanghai Xieyu on June 30, 2023 for a term from August 8, 2023 to June 30, 2024; and (ii) the property leasing agreement entered into between Shanghai Shangjie and Shanghai Xieyu on June 30, 2023 for a term from August 8, 2023 to June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)

“Shanghai Xieyu”	Shanghai Xieyu Chuanzhang Property Co., Ltd. (上海蟹嶼船長置業有限公司), a company incorporated in the PRC on September 22, 2015, and an associate of Mr. CHEN Wenbin
“Shanghai Xieyu Group”	Shanghai Xieyu and its associates
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“2023 Property Leasing Framework Agreement”	a leasing service framework agreement entered into between JF Information and Shanghai Xieyu on December 20, 2023, pursuant to which the Group agreed to lease properties from Shanghai Xieyu and/or its associates for office or office-related use for a term of three years commencing from January 1, 2024
%	per cent

By order of the Board
JF Wealth Holdings Ltd
CHEN Wenbin
Chairman of the Board

Shanghai, China, December 20, 2023

As of the date of this announcement, the executive directors are Mr. CHEN Wenbin, Mr. CHEN Jigeng and Mr. CAI Zi, the non-executive directors are Mr. YAN Ming and Ms. CHEN Ningfeng and the independent non-executive directors are Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu.