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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)

CONNECTED TRANSACTION COMPLETION OF ACQUISITION

CONNECTED TRANSACTION – COMPLETION OF THE ACQUISITION OF OWNERSHIP

Reference is made to the announcement (the “**Acquisition Announcement**”) of the Company dated December 22, 2023 in respect of the connected transaction of the Acquisition of the entire Ownership in Shanghai Beixun by JF Information, an indirect wholly owned subsidiary of the Company. Unless otherwise defined herein, capitalized terms used herein shall have the same meanings as those defined in the Acquisition Announcement. For details of the Acquisition, please refer to the Acquisition Announcement.

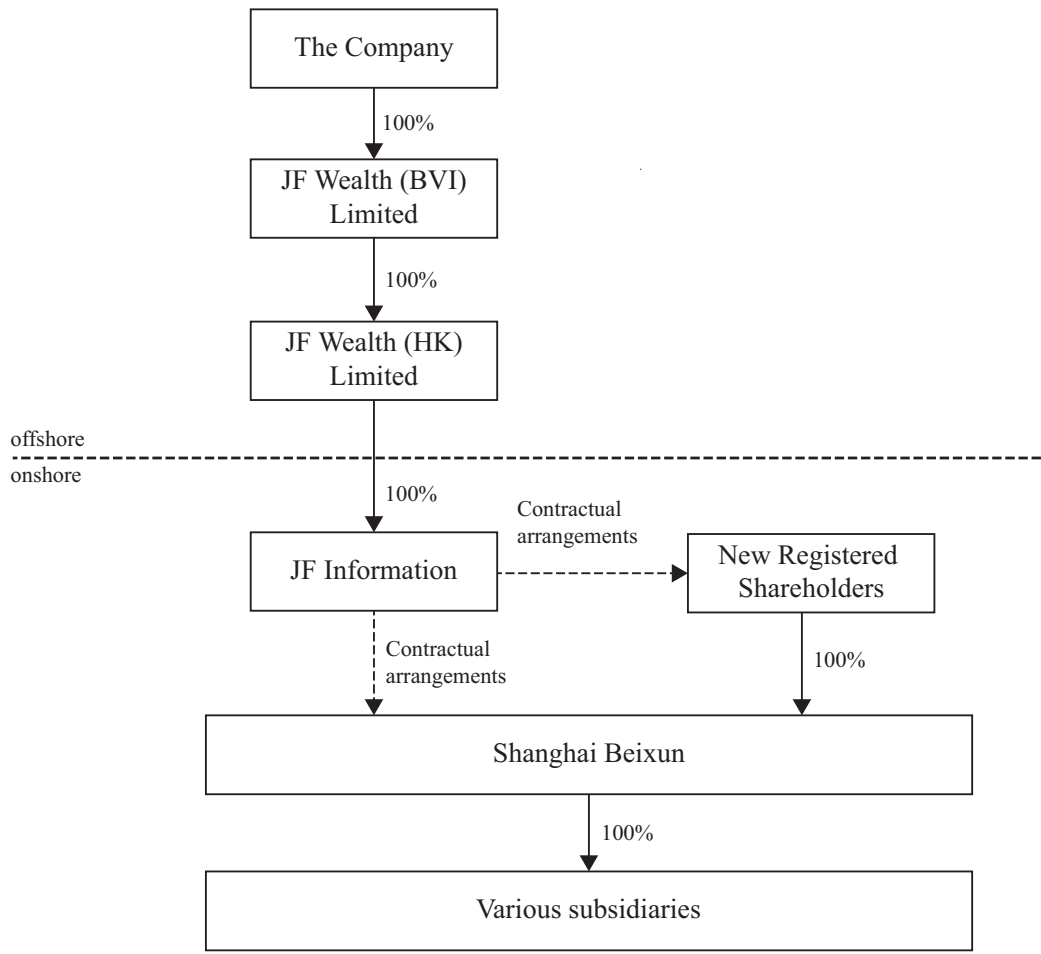
The Board is pleased to announce that, as at the date of this announcement, all conditions precedent of the Closing and the Completion have been fulfilled. The Completion has taken place on the date of this announcement.

NEW CONTRACTUAL ARRANGEMENTS

According to the Exclusive Option Transfer Agreement, on April 10, 2024, JF Information, Shanghai Beixun and the New Registered Shareholders entered into the New Contractual Arrangements.

The Structure of the New Contractual Arrangements

The following diagram illustrates the structure of the New Contractual Arrangements immediately upon Completion:



Note:

“——→” denotes direct legal and beneficial ownership in the equity interest.

“- - →” denotes contractual relationship.

Principal Terms

The principal terms of the New Contractual Arrangements are summarized as follows.

Exclusive Service Agreement

On April 10, 2024, JF Information and Shanghai Beixun entered into the Exclusive Service Agreement, pursuant to which Shanghai Beixun agreed to engage JF Information as its exclusive provider of technical support, consultation and other services, including:

- developing, maintaining and upgrading the websites, APPs, specialized network management platforms and enterprise management systems of Shanghai Beixun Group;
- providing application software technologies;
- providing solution plans corresponding with application software upon periodic request by Shanghai Beixun;

- designing system solution plans;
- providing daily management and maintenance for the website and mobile applications of Shanghai Beixun;
- providing installation and maintenance of the system used by Shanghai Beixun;
- providing periodical upgrades of the system used by Shanghai Beixun;
- providing technical development services and support for internet information-related business;
- providing consultation plan in relation to market research, planning and development;
- providing consultation plan in relation to operation plan and business strategies;
- providing consultation plan in relation to client management and development;
- providing planning, management and market development of Shanghai Beixun's products and services upon its request;
- assisting Shanghai Beixun in enterprise promotion and public relations activities;
- managing the accounting and financial activities of Shanghai Beixun upon its request;
- providing consultation plan in relation to human resources and labour relationship management;
- being responsible for the planning, development, implementation and management of the enterprise management system of Shanghai Beixun upon its request;
- providing periodic technical training for the technical staff of Shanghai Beixun upon its request; and
- authorizing the use of the intellectual properties owned by JF Information to Shanghai Beixun, in accordance with the Exclusive Service Agreement or written agreements as otherwise entered into by JF Information and Shanghai Beixun.

Under the Exclusive Service Agreement, the service fee shall be equivalent to the total consolidated profit before tax of Shanghai Beixun Group, after offsetting the prior-year loss (if any), necessary operating costs, expenses, taxes and other statutory contributions for the financial year (including any accumulative income of Shanghai Beixun Group from preceding financial years and excluding the service fee under the Exclusive Service Agreement). JF Information shall calculate the service fee on a quarterly basis and issue a corresponding invoice to Shanghai Beixun Group. Notwithstanding the foregoing, JF Information shall have the right to adjust the amount of the service fee in writing based on the actual consultations and services provided to Shanghai Beixun Group and with reference to the operating conditions and expansion needs of Shanghai Beixun. JF Information may also in writing unilaterally adjust the calculation basis of the service fee, or, where it finds necessary, agree to a delay in payment of service fee by Shanghai Beixun Group.

In addition, absent the prior written consent of JF Information, during the term of the Exclusive Service Agreement, with respect to the services subject to the Exclusive Service Agreement and other matters, Shanghai Beixun shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Service Agreement with any third party. JF Information may appoint other parties, who may enter into certain agreements with Shanghai Beixun, to provide Shanghai Beixun with the services under the Exclusive Service Agreement.

The Exclusive Service Agreement also provided that, (i) all proprietary rights and other rights and interests of all intellectual property rights generated, developed or created during the performance of the Exclusive Service Agreement are solely and exclusively owned by JF Information, and (ii) where such ownership by JF information in the rights of certain types of intellectual property is prohibited by PRC laws or regulations, such intellectual property shall be owned by Shanghai Beixun until later transferred to JF Information at a minimum price permitted by the then PRC laws and regulations upon permission by the PRC laws and regulations of such ownership.

The Exclusive Service Agreement shall take effect upon execution and shall remain effective unless terminated (i) in accordance with the provisions of the PRC law; or (ii) by giving prior written notice of termination for at least thirty (30) days in advance by JF Information.

Exclusive Option Agreement

On April 10, 2024, JF Information, Shanghai Beixun and the New Registered Shareholders entered into the Exclusive Option Agreement, pursuant to which the New Registered Shareholders and Shanghai Beixun jointly and severally irrevocably granted to JF Information the rights to require the New Registered Shareholders to transfer any or all their equity interests and/or assets in Shanghai Beixun to JF Information and/or its designee(s), in whole or in part at any time and from time to time, at a minimum purchase price permitted under PRC laws and regulations. The New Registered Shareholders also undertook that, (i) they shall repay the loan provided by JF Information under the Loan Agreement immediately upon receipt of the consideration and, (ii) subject to relevant PRC laws and regulations, the New Registered Shareholders shall return to JF Information and/or its designee(s) any consideration they receive in the event that JF Information exercises the options under the Exclusive Option Agreement. The New Registered Shareholders and Shanghai Beixun shall not grant option to any third party.

Shanghai Beixun, among other things, covenanted that:

- Shanghai Beixun shall not in any manner supplement, change or alter the constitutional documents of, increase or decrease the registered capital of, or change in other manner the structure of the registered capital of, Shanghai Beixun Group, without the prior written consent of JF Information;
- Shanghai Beixun shall prudently and effectively operate the business and transactions of Shanghai Beixun Group in accordance with the good financial and business standards and practices as a going concern;
- Shanghai Beixun shall not sell, transfer, gift, create encumbrances or otherwise dispose of any of the assets, business, legal or beneficial interest of income of Shanghai Beixun Group or allow any security interest to be created thereon without the prior written consent of JF Information;

- Shanghai Beixun Group shall not incur any indebtedness other than those in the ordinary course of business, or having been disclosed to and consented by JF Information in writing;
- Shanghai Beixun Group shall maintain its normal operation within its principal business scope and shall not conduct or withhold from conducting any acts which adversely affects Shanghai Beixun Group's business or assets value;
- Shanghai Beixun Group shall not enter into any material contracts with a value above RMB100,000 without the prior written consent of JF Information, except the contracts executed in the ordinary course of business;
- Shanghai Beixun Group shall not provide loan or guarantee to any person without the prior written consent of JF Information, except the loan or guarantee contracts executed in the ordinary course of business and with a value not above RMB100,000;
- Shanghai Beixun Group shall provide its labor, operational, technical and financial information to JF Information upon JF Information's request;
- any member of Shanghai Beixun Group shall not merge with or enter into joint operation agreements with other entities, acquire or be acquired by other entities; or invest in any entities without the prior written consent of JF Information;
- Shanghai Beixun Group shall immediately inform JF Information if its assets, business or income may be subject to any litigations, arbitrations or administrative proceedings and shall take all necessary actions as reasonably requested by JF Information;
- Shanghai Beixun shall sign all necessary and appropriate documents, take all necessary and proper acts, bring up all necessary and proper requests, or take necessary and proper defenses against claims to maintain Shanghai Beixun Group' ownership of all their assets;
- if the New Registered Shareholders or Shanghai Beixun fail(s) to perform the tax obligations under applicable laws and results in obstacles for JF Information to exercise its exclusive option right, JF Information may request Shanghai Beixun or the New Registered Shareholders to perform the tax obligations or pay the amount equivalent thereto to JF Information, which will perform the tax obligations on behalf of Shanghai Beixun;
- Shanghai Beixun shall not distribute any bonus, dividend, distributable profits and/or assets and other income derived from the equity interests held by the New Registered Shareholders to the New Registered Shareholders without the prior written consent of JF Information. However, upon request by JF Information, Shanghai Beixun shall immediately distribute part or all of its distributable profits the New Registered Shareholders, who, upon receipt of such distribution, shall at no cost, transfer such distribution to JF Information or its designee(s) within three (3) business days. Such transfer will be subject to refund under no circumstances; and
- at the request of JF Information, Shanghai Beixun shall appoint any persons designated by JF Information as the directors and/or executive directors, general manager, deputy general manager, financial director or other senior management members of Shanghai Beixun;

In addition, the New Registered Shareholders, among other things, covenanted that:

- without the prior written consent of JF Information, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in Shanghai Beixun, or allow the encumbrance thereon of any security interest, except for under the Equity Pledge Agreement to be entered into by the parties thereto, and shall not at the shareholders' meeting and the board of directors of Shanghai Beixun vote for or approve such matters, except for to JF Information or any of its designees;
- without the prior written consent of JF Information, they shall not at the shareholder's meeting and the board of directors of Shanghai Beixun vote for, approve or execute any shareholder's resolutions to approve that Shanghai Beixun merges with or enters into joint operation agreements with other entities, acquires or be acquired by other entities, invests in any entities, spins off, or changes its registered share capital or its form;
- for each exercise of the exclusive equity purchase option, to cause the shareholders' meeting of Shanghai Beixun to be held in due course and to vote on the approval of the transfer of equity interests and any other action requested by JF Information;
- they shall immediately inform JF Information if their equity interests may be subject to any litigations, arbitrations or administrative proceedings;
- prior to the transfer of their equity interests to JF Information, they shall sign all necessary and appropriate documents, take all necessary and proper acts, bring up all necessary and proper requests, or take necessary and proper defences against claims to maintain their ownership of their equity interests;
- at the request of JF Information, they shall nominate, appoint or engage any persons designated by JF Information as the directors, supervisors or senior management of Shanghai Beixun;
- at the request of JF Information at any time, transfer to JF Information or any of its designee(s) their equity interest in Shanghai Beixun and relinquish the right of first refusal they are entitled to in relation to the transfer of such equity interest; and
- they shall strictly abide by the Exclusive Option Agreement and other agreements as otherwise executed by the parties under the Exclusive Option Agreement, and shall not conduct or withhold from conducting any act that might adversely influence the efficacy and enforceability of such agreements.

The Exclusive Option Agreement shall take effect upon execution and shall remain valid until (i) it is terminated in writing by all parties, or (ii) upon the transfer of the entire equity interests held by the New Registered Shareholders to JF Information and/or its designee(s). Nonetheless, JF Information shall always have the rights to terminate the Exclusive Option Agreement by giving written notice of termination to the New Registered Shareholders and Shanghai Beixun thirty (30) days in advance.

Equity Pledge Agreement

On April 10, 2024, JF Information, Shanghai Beixun and the New Registered Shareholders entered into the Equity Pledge Agreement, pursuant to which the New Registered Shareholders agreed to pledge all their respective equity interests in Shanghai Beixun that they own to JF Information as a security interest to guarantee (i) the payment of service fee and interest under the New Contractual Arrangements; (ii) the performance of all other obligations under the New Contractual Arrangements; and (iii) other payment obligations arising from or in connection with the New Contractual Arrangements, including but not limited to liquidated damages, compensations and each expense for the realization of the pledge.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreement), JF Information shall have the right to exercise all such rights as a secured party under any applicable PRC law and the Equity Pledge Agreement, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the New Registered Shareholders.

The pledge under the Equity Pledge Agreement shall take effect upon the completion of registration with the relevant administration bureau for industry and commerce under the laws of the PRC and the Equity Pledge Agreement shall remain valid until (i) all the agreements underlying the New Contractual Arrangements (other than the Equity Pledge Agreement) have been terminated or all the obligations thereunder have been fulfilled; or (ii) each of the New Registered Shareholders has transferred his/her equity interests in Shanghai Beixun in accordance with the Exclusive Option Agreement.

Shareholders' Rights Proxy Agreement

On April 10, 2024, JF Information, Shanghai Beixun and the New Registered Shareholders entered into the Shareholders' Rights Proxy Agreement, pursuant to which each New Registered Shareholders irrevocably appointed JF Information and/or its designee(s) to exercise such shareholders' rights in Shanghai Beixun, including without limitation to, the rights to:

- propose to convene, participate in and attend the general meetings of Shanghai Beixun on behalf of the New Registered Shareholders;
- exercise voting rights on all matters that require discussion and resolution of the general meetings (including but not limited to the designation, appointment or replacement of directors, supervisors, senior management, key finance staff and other individuals deemed necessary by JF Information to designate, appoint or replace), and resolve on the dissolution and liquidation of Shanghai Beixun on behalf of the New Registered Shareholders;
- sign any documents that the New Registered Shareholders are entitled to sign as shareholders (including any necessary documents to effect the equity transfer or other disposal means pursuant to the Exclusive Option Agreement and the Equity Pledge Agreement, as amended, supplemented and restated from time to time) and conduct any procedures with government authorities for registration, filing or application for approval purposes on behalf of the New Registered Shareholders;
- decide to transfer or otherwise dispose of the equity interests of Shanghai Beixun held by the New Registered Shareholders;

- exercise other shareholders' rights as specified in other applicable PRC laws and regulations and the articles of association of Shanghai Beixun (and its amendments from time to time);
- when the New Registered Shareholders transferred their equity interests in, resolve on transfer of assets of, reduce their capital contribution to, or accept the capital increase by JF Information to, Shanghai Beixun pursuant to the Exclusive Option Agreement, execute relevant documents including the equity transfer agreement, asset transfer agreement (if applicable), capital decrease/increase agreement and general meeting's resolutions, and conduct necessary procedures including application for approval, registration and filing with government authorities for the purpose of the foregoing; and
- give directions to the directors and senior management of Shanghai Beixun in accordance with the requirement of JF Information of its designee(s), subject to PRC laws and regulations and the articles of association of Shanghai Beixun.

The New Registered Shareholders undertook that they should ensure that the Shareholders' Rights Proxy Agreement does not give rise to any potential conflicts of interest. Where the New Registered Shareholders have any conflicts of interest with Shanghai Beixun, the Company or any member of the Group, the rights under the Shareholders' Rights Proxy Agreement should be granted in favour of the Company and actions in relation to the New Contractual Arrangements must be decided by senior management or Directors of the Company who are not the New Registered Shareholders.

The Shareholders' Rights Proxy Agreement shall remain effective for so long as each New Registered Shareholder holds equity interest in Shanghai Beixun.

Loan Agreement

On April 10, 2024, JF Information, Shanghai Beixun and the New Registered Shareholders entered into the Loan Agreement, pursuant to which JF Information agreed to extend a loan at the amount of no more than RMB200,000,000 to Shanghai Beixun and the New Registered Shareholders for the purposes of: (i) payment of the acquisition cost of Shanghai Beixun; (ii) payment of the capitalization of Shanghai Beixun; (iii) financing the operation of Shanghai Beixun for its business development; (iv) conducting external investments; and (v) other legal purposes as otherwise agreed by JF Information in writing.

Pursuant to the Loan Agreement, JF Information shall have the right to require partial or full repayment of the loan upon delivery of thirty (30) days' prior notice to Shanghai Beixun and the New Registered Shareholders. JF Information shall also have the right to require immediate repayment of the loan upon, among other things: (i) any claim raised by a third party for repayment of debt of above RMB200,000; or (ii) the permission by PRC laws and regulations for foreign investors to invest in Shanghai Beixun as a controlling or sole shareholder and the commencement of competent authorities to approve such investments.

The New Registered Shareholders shall repay the loan by sale of their equity interests in Shanghai Beixun to JF Information or its designee(s) and transfer the full proceeds therefrom to JF Information. Shanghai Beixun shall repay the loan in methods as otherwise agreed by JF Information and Shanghai Beixun in writing prior to the foregoing sale and transfer.

Spouse Undertakings

On April 10, 2024, the spouse of each of the New Registered Shareholders executed an undertaking to the effect that (i) he/she has unconditionally and irrevocably waived the rights to the respective New Registered Shareholders' rights or interests in the equity interests in Shanghai Beixun and will not have any claim on such interests; (ii) the respective New Registered Shareholders has exclusive right to enjoy and perform the rights and obligations under the New Contractual Arrangements and does not require the consent of the spouse; and (iii) should the spouse acquire the respective New Registered Shareholders' equity interests in Shanghai Beixun, he/she shall be bound by the New Contractual Arrangements, and at the request of JF Information, he/she shall sign documents in the form and substance consistent with the New Contractual Arrangements.

The PRC Legal Advisor is of the view that (i) the above arrangements provide protection to the Group even in the event of death, bankruptcy (if applicable) or divorce of any ultimate individual shareholder(s) of Shanghai Beixun and (ii) the death, bankruptcy (if applicable) or divorce of such shareholder(s) would not affect the validity of the New Contractual Arrangements, and JF Information or the Company can still enforce their rights under the New Contractual Arrangements against the New Registered Shareholders.

Dispute Resolution

Each of the agreements under the New Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the New Contractual Arrangements, any party shall have the right to submit the relevant dispute to the Shanghai Arbitration Commission for arbitration, in accordance with then effective arbitration rules. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that the arbitral tribunal may award any temporary or permanent remedies against the equity interests or assets (including land assets) of Shanghai Beixun or injunctive relief (e.g. the conduct of business or to compel the transfer of assets) or order the winding up of Shanghai Beixun. Any party may apply to the courts of the PRC, Hong Kong, the Cayman Islands and other places (including the places of incorporation of the affiliated companies of JF Information or Shanghai Beixun, and the places where the principal assets of the affiliated companies of JF Information or Shanghai Beixun are located) for interim remedies or injunctive relief.

However, the PRC Legal Advisor has advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of the entities within Shanghai Beixun Group pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that Shanghai Beixun or the New Registered Shareholders breach any of the New Contractual Arrangements, the Company may not be able to obtain sufficient remedies in a timely manner, and the ability of the Company to exert effective control over the entities within Shanghai Beixun Group and conduct their business could be materially and adversely affected. See the section headed "Risks and Limitations in Relation to the New Contractual Arrangements" in this announcement for further details.

Loss Sharing

Under the relevant PRC laws and regulations, neither the Company nor JF Information is legally required to share the losses of, or provide financial support to, Shanghai Beixun Group. Further, the entities within Shanghai Beixun Group are limited liability companies and shall be solely liable for their own debts and losses with assets and properties owned by them. JF Information intends to continuously provide to or assist the entities within Shanghai Beixun Group in obtaining financial support when deemed necessary. In addition, given that the Group conducts part of its business operations in the PRC through Shanghai Beixun Group, which holds the requisite PRC operational licenses and approvals, the Company's business, financial position and results of operations would be adversely affected if Shanghai Beixun Group suffers losses.

However, as provided in the Exclusive Option Agreement, without the prior written consent of JF Information, any entities within the Shanghai Beixun Group shall not, among others, (i) sell, transfer, gift, create encumbrances or otherwise dispose of any of the assets, business, legal or beneficial interest of income of Shanghai Beixun Group or allow any security interest to be created thereon; (ii) execute any material contract with a value above RMB100,000, except those entered into in the ordinary course of business; (iii) provide any loan or guarantees in any form to any third party, except those entered into in the ordinary course of business and with a value not above RMB100,000; (iv) incur any indebtedness that is not incurred in the ordinary course of business or not disclosed to and consented by JF Information; (v) merge with or enter into any joint operation agreements with any entities, acquire or be acquired by any entities, or invest in any entities; and (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. Therefore, due to the relevant restrictive provisions in the Exclusive Option Agreement, the potential adverse effect on JF Information and the Company in the event of any loss suffered from the Shanghai Beixun Group can be limited to a certain extent.

Conflicts of Interests

The New Registered Shareholders gave their respective undertaking in the Shareholders' Rights Proxy Agreement which addresses potential conflicts of interests that may arise in connection with the Shareholders' Rights Proxy Agreement. For further details, see the sub-paragraph headed "— Shareholders' Rights Proxy Agreement" above.

Liquidation

Pursuant to the Exclusive Option Agreement entered into, the New Registered Shareholders irrevocably undertook that, in the event of a mandatory liquidation required by the PRC laws, in compliance with the PRC laws, JF Information shall be entitled to appoint the liquidation committee upon the winding up of Shanghai Beixun to manage its assets, and Shanghai Beixun Group shall transfer all remaining assets to JF Information or its designee(s), at the lowest price as permitted by the PRC laws. JF Information or its designee(s) does not have any payment obligation arising thereon to the extent permitted by the applicable laws of the PRC in force. The New Registered Shareholders shall return to JF Information or its designee(s) any income (if any) received by them arising from such transaction as part of the service fee under the Exclusive Service Agreement to the extent permitted by then applicable laws of the PRC in force.

However, as advised by the PRC Legal Advisor, in the event of a mandatory liquidation required by the PRC laws or bankruptcy liquidation, the above provisions may not be enforceable under PRC laws.

Insurance

The Company does not maintain an insurance policy to cover the risks relating to the New Contractual Arrangements.

REASONS FOR THE NEW CONTRACTUAL ARRANGEMENTS

The current business of Shanghai Beixun and its subsidiaries involve provision of internet information services, audiovisual network services, production of radio and television program services in the PRC. According to the applicable PRC laws and regulations and as advised by the PRC Legal Advisor, (i) internet information services provided constitute provision of, value-added telecommunications business (增值電信業務), which are subject to foreign ownership restriction, and (ii) provision of audiovisual network services and production of radio and television program services falls within the scope of “dissemination of audiovisual programs on information networks” (信息網絡視聽節目傳播) and “radio and television program production and operation business” (廣播電視節目製作經營業務) which prohibit foreign investment.

As advised by the PRC Legal Advisor, as a result of the restrictions imposed by the PRC laws or their implementation by relevant government authorities, the Company is unable to own or hold the entire direct equity interest in Shanghai Beixun. Accordingly, the term ‘Ownership’ or the relevant concept, as applied to the Company in this announcement, refers to an economic interest in the assets or businesses through the New Contractual Arrangements without holding any equity interest in Shanghai Beixun. The New Contractual Arrangements, through which JF Information will be able to exercise control over Shanghai Beixun and consolidate all the economic benefits generated by Shanghai Beixun and its subsidiaries, have been narrowly tailored to achieve the Company’s business purpose and minimize the potential for conflict with relevant PRC laws.

LEGALITY OF THE NEW CONTRACTUAL ARRANGEMENTS

Based on the above, the PRC Legal Advisor, having taken all possible actions and steps to enable it to reach its legal conclusions, is of the opinion that the New Contractual Arrangements are narrowly tailored to minimize potential conflict with relevant PRC laws and regulations and that:

- (i) the use of the New Contractual Arrangements does not constitute a breach of applicable laws and regulations of the PRC;
- (ii) the parties to each of the New Contractual Arrangements have obtained all necessary internal approvals to execute and perform the New Contractual Arrangements, save and except for (i) the registration of the Equity Pledge Agreements with the competent administration authority for market regulation to be completed; and (ii) the exercise of the option by JF Information under the Exclusive Option Agreement which may be required to be approved by the relevant regulatory authorities;
- (iii) the New Contractual Arrangements do not contravene the current articles of association of JF Information or Shanghai Beixun;
- (iv) each of the New Contractual Agreements is binding on the parties thereto and none of them would be void under the Civil Code of the PRC (《中華人民共和國民法典》); and

- (v) except for (a) the clauses providing that an arbitral body may award injunctive relief or winding up orders and that courts in Hong Kong and the Cayman Islands may grant interim remedies, which may not be enforceable under PRC laws; (b) the equity interest pledge contemplated under the New Contractual Arrangements, which will not become effective until registration with competent governmental authorities; and (c) the clauses providing that the New Registered Shareholders undertake to appoint a committee designated by JF Information as the liquidation committee upon winding up of Shanghai Beixun to manage its assets, which may not be enforceable under PRC laws in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation (collectively, the “**Exceptions**”), the New Contractual Arrangements are enforceable under the laws of the PRC; and
- (vi) notwithstanding paragraph (v) above, as such Exceptions will not affect the effectiveness of the agreements under the New Contractual Arrangements conferring significant control and economic benefits from Shanghai Beixun to the Company, each of the agreements under the New Contractual Arrangements will become effective, valid, legally binding on the parties thereto, and enforceable under the PRC laws and regulations once it has been duly executed.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》, the “**Foreign Investment Law**”), which took effect on January 1, 2020, replaced the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》) and became the legal foundation for foreign investment in the PRC.

Conducting operations through contractual arrangements has been and will be further adopted by many PRC-based companies, including us, to obtain and maintain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in China. The Foreign Investment Law does not explicitly stipulate contractual arrangements as a form of foreign investment. As advised by the PRC Legal Advisor, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, regulations and rules do not incorporate contractual arrangements as a form of foreign investment, the New Contractual Arrangements as a whole and each of the agreements comprising the New Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

Notwithstanding the above, there are possibilities that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, and then whether the New Contractual Arrangements will be recognized as foreign investment, whether the New Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the New Contractual Arrangements will be handled are uncertain.

If the operation of the provision of internet information services (“**Restricted Business**”), and the provision of audiovisual network services and production of radio and television program services (“**Prohibited Businesses**”) are no longer restricted or prohibited according to the applicable PRC laws and regulations and the Group can legally operate the Restricted Business and the Prohibited Businesses under the PRC laws, JF Information will exercise the options under the Exclusive Option Agreement to acquire the equity interest in Shanghai Beixun and unwind the New Contractual Arrangements subject to re-approval by the relevant authorities.

If the operation of the Restricted Business or Prohibited Businesses in the PRC is restricted or prohibited according to the applicable PRC laws and regulations, the New Contractual Arrangements may be viewed as restricted and/or prohibited foreign investment. Although New Contractual Arrangements are not specified as foreign investment under the Foreign Investment Law, the New Contractual Arrangements may be regarded as invalid and illegal if the future laws, administrative regulations or provisions prescribed by the State Council define New Contractual Arrangements as a form of foreign investment and the operation of the Restricted Business and Prohibited Businesses is still restricted or prohibited. As a result, the Group would not be able to operate Shanghai Beixun through the New Contractual Arrangements and the Group would lose the Company's rights to receive the economic benefits of Shanghai Beixun. As a result, the financial results of Shanghai Beixun would no longer be consolidated into the Group's financial results and the Group would have to derecognize their assets and liabilities according to the relevant accounting standards. An investment loss would be recognized as a result of such derecognition.

Nevertheless, considering that a number of existing conglomerates are operating under contractual arrangements and some of which have obtained listing status abroad and contractual arrangements are not specified as foreign investment under the Foreign Investment Law, the Directors are of the view that it is unlikely that the relevant regulations will take retrospective effect to require the relevant enterprises to remove the contractual arrangements.

CONSOLIDATED FINANCIAL RESULTS OF THE SHANGHAI BEIXUN GROUP

Under the Exclusive Service Agreement, it was agreed that, in consideration of the services provided by JF Information, Shanghai Beixun shall pay services fees to JF Information. The services fees, subject to JF Information's adjustment, are equal to the entirety of the total consolidated profit of the Shanghai Beixun (net of accumulated deficit of the Shanghai Beixun Group in the previous financial years (if any), costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld). JF Information may adjust the services scopes and fees at their respective. JF Information also has the right to periodically receive or inspect the accounts of Shanghai Beixun Group. Accordingly, JF Information has the ability, at their respective sole discretion, to extract all of the economic benefit of Shanghai Beixun through the Exclusive Service Agreement.

As a result of the New Contractual Arrangements, the Company has obtained control of Shanghai Beixun Group through the JF Information and, at the Company's sole discretion, can receive all of the economic interest returns generated by Shanghai Beixun Group. Accordingly, Shanghai Beixun Group's results of operations, assets and liabilities, and cash flows are consolidated into the Company's financial statements.

In this regard, the Directors consider that the Company can consolidate the financial results of Shanghai Beixun Group into the Group's financial information as if they were the Company's subsidiaries.

DIRECTORS' VIEWS ON THE NEW CONTRACTUAL ARRANGEMENTS

Based on the above analysis and advice from the PRC Legal Advisor, the Company is of the view that (i) the likelihood that the adoption of the New Contractual Arrangement is deemed ineffective or invalid under the applicable PRC laws and regulations is remote and the use of the New Contractual Arrangements does not constitute a breach of the relevant PRC laws and regulations in any material respect; and (ii) it was not viable for the Company to hold Shanghai Beixun and its subsidiaries directly through equity ownership. Instead, the Board decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions and prohibitions, the Company would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by Shanghai Beixun and its subsidiaries through the New Contractual Arrangements.

The Directors are also of the view that the New Contractual Arrangements conferring significant control and economic benefits from Shanghai Beixun are enforceable under the PRC laws and regulations. The Directors believe that the New Contractual Arrangements are narrowly tailored because the New Contractual Arrangements are only used to enable the Group to conduct businesses in industries that are subject to foreign investment restrictions and prohibitions in the PRC, and minimize the potential conflict with relevant PRC laws and regulations.

RISKS AND LIMITATIONS IN RELATION TO THE NEW CONTRACTUAL ARRANGEMENTS

Loss sharing and economic risks of the Company

Under PRC laws and regulations, the Company or JF Information are not expressly required to share the losses of Shanghai Beixun Group or provide financial support to Shanghai Beixun Group. None of the agreements constituting the New Contractual Arrangements provide that the Company or JF Information, are obligated to share the losses of Shanghai Beixun Group or provide financial support to Shanghai Beixun Group. Further, Shanghai Beixun Group shall be solely liable for their own debts and losses with assets and properties owned by it.

Despite the foregoing, given that Shanghai Beixun Group's financial condition and results of operations are consolidated into the Group's financial condition and results of operations under the applicable accounting principles, the Company's business, financial condition and results of operations would be adversely affected if Shanghai Beixun Group suffered losses. However, due to the relevant restrictive provisions contained in the New Contractual Arrangements as disclosed in this announcement, the potential adverse effect on the JF Information and the Company in the event of any loss suffered from the Shanghai Beixun Group can be limited to a certain extent.

The PRC government may find that the New Contractual Arrangements do not comply with applicable PRC laws and regulations.

If the PRC government finds that the contractual arrangements of the Group do not comply with its restrictions and/or prohibitions on foreign investment in businesses, or if the PRC government otherwise finds that the Company, Shanghai Beixun or any of their respective subsidiaries are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate the business of the Group, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations or failures, including, without limitation: revoking the Group's business and operating licenses; discontinuing or restricting the Group's operations; imposing fines or confiscating any of the Group's income that they deem to have been obtained through illegal operations; imposing conditions or requirements with which the Company or the Group's PRC subsidiaries and Shanghai Beixun Group may not be able to comply; requiring the Group or the Group's PRC subsidiaries and Shanghai Beixun Group to restructure the relevant ownership structure or operations; restricting or prohibiting the Group's use of the proceeds from the initial public offering or other of the Group's financing activities to finance the business and operations of Shanghai Beixun Group; or taking other regulatory or enforcement actions that could be harmful to the Group's business.

Any of these actions could cause significant disruption to the Group's business operations, and may materially and adversely affect the Group's business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on the Group and on the Group's ability to consolidate the financial results of any of Shanghai Beixun Group in the Group's consolidated financial statements, if the PRC governmental authorities find the Group's legal structure and contractual arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in the Group's inability to direct the activities of Shanghai Beixun that most significantly impact their economic performance and/or the Group's failure to receive the economic benefits from Shanghai Beixun, the Company may not be able to consolidate Shanghai Beixun into the Group's consolidated financial statements in accordance with HKFRS.

The New Contractual Arrangements may not be as effective in providing control over and entitlement to the economic interests in Shanghai Beixun as direct ownership.

The New Contractual Arrangements may not be as effective in providing JF Information with control over and entitlement to the economic interests in Shanghai Beixun as direct ownership. If JF Information had direct ownership of Shanghai Beixun, JF Information would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of Shanghai Beixun. However, under the New Contractual Arrangements, JF Information can only look to and rely on Shanghai Beixun to perform its contractual obligations under the New Contractual Arrangements such that JF Information can exercise effective control over Shanghai Beixun. Shanghai Beixun may not act in the best interests of JF Information or may not perform its obligations under the New Contractual Arrangements. However, if any dispute relating to the New Contractual Arrangements remains unresolved, JF Information will have to enforce its rights under the New Contractual Arrangements and seek to interpret the terms of the New Contractual Arrangements in accordance with the PRC laws and will be subject to uncertainties in the PRC legal system. The New Contractual Arrangements are governed by the PRC laws. When a dispute arises under any of the New Contractual Arrangements, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the parties to the dispute may have to rely on legal remedies under the PRC laws. The New Contractual Arrangements provide that dispute will be submitted to the Shanghai Arbitration Commission for arbitration to be conducted in Shanghai. The decision of such arbitration is final and binding on the parties to the dispute.

Since the legal environment in the PRC is different from that in Hong Kong and other jurisdictions, the uncertainties in the PRC legal system could limit the ability of JF Information to enforce the New Contractual Arrangements. There is no assurance that such arbitration result will be in favour of JF Information and/or that there will not be any difficulties in enforcing any arbitral awards granted, including specific performance or injunctive relief and claiming damages by JF Information. As JF Information may not be able to obtain sufficient remedies in a timely manner, its ability to exert effective control over Shanghai Beixun and the conduct of the value-added telecommunication services, audiovisual network services and production of radio and television program services could be materially and adversely affected, and may disrupt the business of JF Information and have a material adverse impact on JF Information's business, prospects and results of operation.

Limitation of the usage of the assets held by Shanghai Beixun during its bankruptcy, dissolution or liquidation proceeding.

The Company does not have priority pledges and liens against the assets of Shanghai Beixun Group. If Shanghai Beixun undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and the Company may not have priority against such third-party creditors on the assets of the Shanghai Beixun Group. If the Shanghai Beixun Group liquidates, the Company may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law (中華人民共和國企業破產法) and recover any outstanding liabilities owed by JF Information or by Shanghai Beixun under the applicable service agreement.

If the New Registered Shareholders were to attempt to voluntarily liquidate the Shanghai Beixun Group without obtaining the Company's prior consent, the Company could effectively prevent such unauthorized voluntary liquidation by exercising the Company's right to request the New Registered Shareholders to transfer all of their respective equity ownership interests to a PRC entity or individual designated by the Company in accordance with the Exclusive Option Agreement. In addition, under the New Contractual Arrangements signed by Shanghai Beixun and the New Registered Shareholders, the New Registered Shareholders do not have the right to issue dividends to themselves or otherwise distribute the retained earnings or other assets of Shanghai Beixun without the Company's consent. In the event that the New Registered Shareholders initiate a voluntary liquidation proceeding without the Company's authorization or attempt to distribute the retained earnings or assets of Shanghai Beixun without the Company's prior consent, the Company may need to resort to legal proceedings to enforce the terms of the New Contractual Arrangements. Any such legal proceeding may be costly and may divert the Company's management's time and attention away from the operation of the Group's business, and the outcome of such legal proceeding will be uncertain.

Potential conflicts of interest among JF Information, the New Registered Shareholders and Shanghai Beixun may exist.

JF Information shall rely on the New Contractual Arrangements to exercise control over and to draw the economic benefits from Shanghai Beixun. The New Registered Shareholders and Shanghai Beixun may breach the New Contractual Arrangements in the event of conflicts of interest or deterioration of their relationship with JF Information, the results of which may have a material adverse impact on JF Information's business, prospects and results of operation. It is not assured that if conflicts arise, the New Registered Shareholders or Shanghai Beixun will act in the best interests of JF Information or that the conflicts will be resolved in favour of JF Information. If the New Registered Shareholders or Shanghai Beixun fails to perform its obligations under the New Contractual Arrangements, JF Information may have to rely on legal remedies under the PRC laws through legal proceedings, which may be expensive, time-consuming and disruptive to JF Information's operations and will be subject to uncertainties as discussed above.

The New Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed.

The New Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on JF Information. JF Information may face adverse tax consequences if the PRC tax authorities determine that the New Contractual Arrangements were not entered into based on arm's length negotiations. If the PRC tax authorities determined that the New Contractual Arrangements were not entered into on an arm's length basis, they may adjust the income and expenses of JF Information for the PRC tax purposes, which could result in higher tax liabilities on JF Information. The operation results of JF Information may be materially and adversely affected if the tax liabilities of Shanghai Beixun or those of JF Information increase significantly or if they are required to pay interest on late payments.

The Board will closely monitor any laws, regulations or rules changes in the PRC in relation to tax imposed on the New Contractual Arrangements and upon receiving any such information, it shall discuss with the PRC Legal Advisor to evaluate the impact on the business and operation of Shanghai Beixun Group and potential resolutions. As at the date of this announcement, Shanghai Beixun Group is only subject to normal tax liabilities in the PRC such as the enterprise income tax and the value added tax.

JF Information's ability to acquire the entire equity interests in Shanghai Beixun may be subject to various limitations and substantial costs.

In case JF Information exercises its options to acquire all or part of the equity interests of Shanghai Beixun under the Exclusive Option Agreement, the acquisition of the entire equity interest in Shanghai Beixun may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the entire equity interest in Shanghai Beixun Group) or other limitations as imposed by applicable PRC laws. Further, a substantial amount of other costs (if any), expenses and time may be involved in transferring the ownership of Shanghai Beixun, which may have a material adverse impact on JF Information's businesses, prospects and results of operation.

The Company does not have any insurance which covers the risks relating to the New Contractual Arrangements and the transactions contemplated thereunder.

The insurance of the Group does not cover the risks relating to the New Contractual Arrangements and the transactions contemplated thereunder, and the Group has no intention to purchase any new insurance in this regard. If any risk arises from the New Contractual Arrangements in the future, such as those affecting the enforceability of the New Contractual Arrangements and the relevant agreements for the transactions contemplated thereunder and the operation of the Group, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, there are relevant internal control measures to reduce the operational risk.

CONFIRMATION

As of the date of this announcement, the Company has not encountered any interference or encumbrance from any governing bodies in operating its businesses through Shanghai Beixun Group under the New Contractual Arrangements.

INTERNAL CONTROL MEASURES IMPLEMENTED BY THE GROUP

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the New Contractual Arrangements and the Group's compliance with the New Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the New Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (ii) the finance department of the Company will regularly review management accounts, bank statements, cash situation and major operational data of Shanghai Beixun, and will report to the Board if any suspicious events arise. Shanghai Beixun will be obliged to assist and cooperate with the Company in conducting on-site internal audits;
- (iii) the Company will appoint representatives to serve as directors of Shanghai Beixun and its subsidiaries. The representatives will regularly review the operation of Shanghai Beixun and check the authenticity of its monthly management accounts. All registration documents, legal documents, and seals and certificates of Shanghai Beixun will be managed and controlled by the Company;
- (iv) the Board will review the overall performance of and compliance with the New Contractual Arrangements at least once a year;
- (v) the Company will disclose the overall performance and compliance with the New Contractual Arrangements in the annual reports of the Company; and
- (vi) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the New Contractual Arrangements, review the legal compliance of JF Information, Shanghai Beixun and its subsidiaries to deal with specific issues or matters arising from the New Contractual Arrangements.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire Ownership of Shanghai Beixun in accordance with the Exclusive Option Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“business day(s)”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“Closing”	the closing of the Acquisition in accordance with the Exclusive Option Transfer Agreement

“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, with the Shares listed on the Main Board of the Stock Exchange (stock code: 9636)
“Completion”	the completion of the Acquisition in accordance with the Exclusive Option Transfer Agreement
“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
“Equity Pledge Agreement”	an equity pledge agreement entered into among JF Information, Shanghai Beixun and the New Registered Shareholders on April 10, 2024 in relation to the granting of equity pledge as part of the New Contractual Arrangements
“Exclusive Option Agreement”	an exclusive option agreement entered into among JF Information, Shanghai Beixun and the New Registered Shareholders on April 10, 2024 in relation to the granting of exclusive share purchase rights as part of the New Contractual Arrangements
“Exclusive Option Transfer Agreement”	an exclusive option transfer framework agreement entered into among JF Information, Shanghai Xieluo, Shanghai Beixun, Existing Registered Shareholders and New Registered Shareholders on December 22, 2023 in relation to the Acquisition
“Exclusive Service Agreement”	an exclusive service agreement entered into among JF Information and Shanghai Beixun on April 10, 2024 in relation to the provision of service as part of the New Contractual Arrangements
“Existing Registered Shareholders”	Mr. CAI Zi (才子), a Director, and Mr. CHENG Wei (程偉), a former director of Shanghai Fudong Culture Media Co., Ltd. (上海富動文化傳媒有限公司), a company incorporated in the PRC on October 10, 2009, and an indirect wholly owned subsidiary of the Company, who ceased to be its director on August 8, 2023, both being former shareholders of Shanghai Beixun
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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. (極帶(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
“Loan Agreement”	a loan agreement entered into among JF Information and the New Registered Shareholders on April 10, 2024 in relation to the provision of loan as part of the New Contractual Arrangements
“New Contractual Arrangements”	a series of contractual arrangements entered into among JF Information, Shanghai Beixun and New Registered Shareholders on April 10, 2024, including the Exclusive Service Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement, the Loan Agreement, the Shareholders’ Rights Proxy Agreement, and the spouse undertakings given by the respective spouse of the New Registered Shareholders, which enable JF Information to be able to exercise control over Shanghai Beixun and consolidate all the economic benefits generated by Shanghai Beixun and its subsidiaries
“New Registered Shareholders”	Mr. YAN Gangxun (閔綱勳) and Ms. LYU Ya (呂亞), individuals who are employees of the Group and independent third parties of the Company
“Ownership”	an economic interest in the assets or businesses through the New Contractual Arrangements without holding any equity interest in Shanghai Beixun
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Legal Advisor”	Wintell & Co Law Firm, the legal advisor of the Company as to the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Beixun”	Shanghai Beixun Industrial Co., Ltd. (上海鉅勳實業有限公司), a company established in the PRC on November 28, 2011, which was held as to 65% and 35% by Mr. YAN Gangxun and Ms. LYU Ya, respectively
“Shanghai Beixun Group”	Shanghai Beixun and its affiliated entities, whether controlled directly or indirectly

“Shanghai Xieluo”	Shanghai Xieluo Information Technology Co., Ltd. (上海攜洛信息技術有限公司), a company established in the PRC on July 26, 2016, an indirect wholly owned subsidiary of Yintech Holdings
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Rights Proxy Agreement”	a shareholders’ rights proxy agreement entered into among JF Information, Shanghai Beixun and the New Registered Shareholders on April 10, 2024 in relation to the granting of power of attorney as part of the New Contractual Arrangements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yintech Holdings”	Yintech Investment Holdings Limited, an exempted company established in the Cayman Islands on November 4, 2015 with limited liability, whose American depositary receipts were previously listed on the NASDAQ (ticker symbol: YIN) and were delisted from the NASDAQ on November 18, 2020. It was ultimately controlled by Mr. CHEN Wenbin, Mr. YAN Ming and Ms. CHEN NINGFENG, all being Directors and controlling shareholders of the Company, as to 36.14%, 23.72% and 21.10%, respectively, as at the date of this announcement

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

Shanghai, China, April 10, 2024

As at 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.