



Stock Code : 1745



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



CONTENTS

INTRODUCTION AND ENVIRONMENT, SOCIAL AND GOVERNANCE POLICIES	2
ABOUT THE REPORT	4
STAKEHOLDER ENGAGEMENT	4
MATERIALITY ASSESSMENT	6
CONTACT US	6
A. ENVIRONMENTAL	
Emissions	7
Use of Resources	10
Environment and Natural Resources	13
B. SOCIAL	
Employment	14
Health and Safety	17
Development and Training	18
Labour Standards	20
Supply Chain Management	20
Product Responsibility	21
Anti-corruption	26
Community Investment	27
Content Index of the ESG Reporting Guide of HKEX	28



INTRODUCTION AND ENVIRONMENT, SOCIAL AND GOVERNANCE POLICIES

Lvji Technology Holdings Inc. (the “Company”), together with its subsidiaries (the “Group” or “we”) is a leading online tour guide provider and market leader focusing on the research and development (“R&D”) of online tour guide software and all-for-one navigation systems, as well as the development of tourism-related ancillary businesses. Since our establishment in 2013, we have been committed to building a smart tourism industry, which is supported by online tour guide and smart management service system. Our product network covers all over the world, and we are the main supplier providing online tour guide service to three out of the top five online travel platforms in the People’s Republic of China (the “PRC” or “China”), accounting for 86% of the domestic market share. As of December 31, 2019, we have built online tour guide systems for 19,493 tourist attractions around the world, including 258 AAAAA tourist attractions and 2,097 AAAA tourist attractions in China.



Built online tour guide systems for **19,493** tourist attractions around the world

📍 **258** AAAAA tourist attractions

📍 **2,097** AAAA tourist attractions



Online tour guide service provided by us accounting for **86%** of the domestic market share

We are proud to be a leader in the smart tourism industry and were awarded with the following honors during the Reporting Period:

- The only shortlisted company of the tourism industry in the “Application Rating List of Smart City in the Greater Bay Area” launched by the Southern Metropolitan Big Data Research Institute, and awarded with the “Smart City Innovation and Applicable Case Award” at the same time;
- Awarded with the “Internet Industry (Growing Companies) Champion Award” in the 8th China Innovation & Entrepreneurship Competition (Guangdong Area) jointly organized by the Ministry of Science and Technology, the Ministry of Finance, the Ministry of Education, Cyberspace Administration of China and All-China Federation of Industry and Commerce;
- Awarded as the “Most Influential Digital Culture-oriented Travel Agency of 2019” in the 4th Longque Award of 2019 organized by Tripvivid; and
- Awarded as the “Quality Service Provider of Qunar in 2019” by Qunar.



Smart City Innovation and Applicable Case Award



Internet Industry (Growing Companies) Champion Award



The Most Influential Digital Culture-oriented Travel Agency of 2019



Quality Service Provider of Qunar in 2019

The Group believes that sustainable development is a key to our continuous success. We recognize the importance of integrating environmental, social and governance (“ESG”) concepts into our risk management system, and have already implemented responding measures in our daily operation and governance. This ESG report (the “Report”) summarizes the initiatives, plans and performance of the Group in terms of ESG and demonstrates its commitment to sustainable development.

The ESG Management Structure

The Group has established an ESG management structure consisting of the board of directors (the “Board”), senior management and an ESG working group (the “Working Group”). The Board supports the Group’s commitments to fulfilling its ESG responsibilities, sets the overall direction of the Group’s ESG strategies, and ensures the effectiveness of ESG risk control and internal monitoring mechanisms. The Board assumes full responsibility for the Group’s ESG strategies and reporting, reviews relevant matters on a regular basis and considers and approves annual reports.

The senior management is responsible for assessing and determining ESG-related risks, ensuring that the Group has put in place an appropriate and effective ESG risk management and internal control system, reporting the relevant risks and opportunities to the Board, and providing confirmation regarding the effectiveness of the ESG system.

In order to manage ESG work in a comprehensive manner, we have established a Working Group formed by major departments of the Group. The Working Group is responsible for implementing the Group's ESG management policies, managing ESG work and reporting progress to the senior management. The Working Group is also responsible for collecting relevant information on ESG for the preparation of the Report.

ABOUT THE REPORT

Reporting Scope

The scope of the Report covers the Group's efforts and contributions to the environment and society, covering the Group's headquarters in Guangzhou, the PRC, which is also the Group's principal place of business. We will further expand our scope of disclosure along with improved data collection system and deepened sustainability work.

Reporting Framework

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing Securities on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX").

Information relating to the Group's corporate governance practices, please refer to the section headed "Corporate Governance Report" on pages 56 to 72 of the 2019 annual report.

Reporting Period

The Report details the ESG activities, challenges and measures taken by the Group from January 1, 2019 to December 31, 2019 (the "Reporting Period").

STAKEHOLDER ENGAGEMENT

The Group and its stakeholders communicate and support each other through two-way communication mode to achieve mutual growth. Therefore, the Group values opinions from different stakeholders on our operation and ESG matters. To fully understand, respond and address core concerns of different stakeholders, we have been maintaining close communication with various stakeholders. We will continue to strengthen stakeholder engagement through constructive dialogue to draw a blueprint for long-term prosperity.

Through the engagement of different stakeholders and various communication channels, we will integrate their expectations into our operation and ESG strategies. Communication channels between the Group and stakeholders together with their expectations and concerns are as follows:



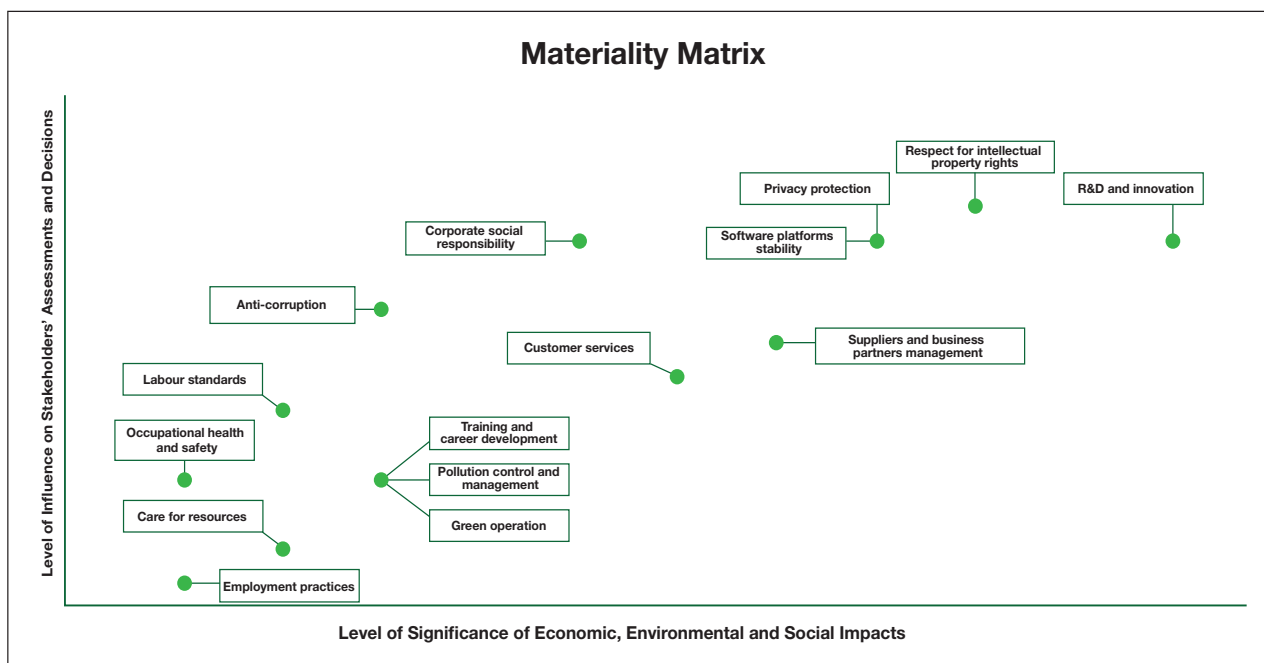
Types of stakeholders	Communication channels	Expectations and concerns
Investors and shareholders	<ul style="list-style-type: none"> • Annual general meeting and other shareholders' meeting • Financial reports • Announcements and circulars • Official website 	<ul style="list-style-type: none"> • Comply with relevant laws and regulations • Timely release of the latest corporate information • Corporate sustainable development • Financial results
Customers	<ul style="list-style-type: none"> • Online customer service • Customer service hotline • Leave messages to Lvji tour guide APP • Social media platform support and interaction 	<ul style="list-style-type: none"> • Fulfill product and service responsibilities • Customer information • Compliance operation • Software platform stability • Customer comment handling
Suppliers and partners	<ul style="list-style-type: none"> • Supplier management meetings and events • Bidding 	<ul style="list-style-type: none"> • Fair competition • Win-win cooperation
Employees	<ul style="list-style-type: none"> • Staff opinion survey • Channels for staff to express their views (forms, suggestion boxes, etc.) • Regular management communication • Regular performance assessment • Staff training courses 	<ul style="list-style-type: none"> • Remuneration and benefits • Career development • Working environment • Work performance
Government and regulatory authorities	<ul style="list-style-type: none"> • Written response to public consultation • Regular reporting of performance 	<ul style="list-style-type: none"> • Compliance operation • Pay tax in accordance with law
Community, non-government organizations and media	<ul style="list-style-type: none"> • Community investment scheme • Official website • ESG reports • Social media platform • News release 	<ul style="list-style-type: none"> • Give back to society • Environmental protection • Corporate social responsibility • Compliance operation

The Group is committed to working with our stakeholders to improve the Group's ESG performance and to continue to create greater value for our country and society.

MATERIALITY ASSESSMENT

The Group inquired the management of each major function through different ways, such as questionnaires in order to assist the Group in reviewing its operations and identifying related ESG issues for the purpose of preparing the Report and assess the importance of related matters to the Group's businesses and stakeholders. Based on the assessed material ESG issues, a questionnaire was prepared to collect information from relevant departments and business units of the Group.

The materiality matrix of the Group's ESG issues as set out in the Report is as follows:



During the Reporting Period, the Group confirms that it has established appropriate and effective management policies and monitoring systems relating to ESG issues, and that contents disclosed in the Report comply with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes comments and suggestions from stakeholders. If you have any opinions on the Report or the Group's performance in sustainable development, please feel free to contact us via the following mediums:

Tel: +86 400-870-0301

E-mail: ir@lvjitec.com

A. ENVIRONMENTAL

EMISSIONS

The Group attaches great importance to good environmental management, and strives to protect the environment to fulfill social responsibilities of the Group. The Group has formulated environmental protection systems and procedures for daily operation to regulate the limited greenhouse gas (“GHG”) and non-hazardous wastes generated during operation, so as to contribute to environmental protection and pursue sustainable development.

The Group strictly abides by the *Law of the People’s Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes*, the *Environmental Protection Law of the People’s Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People’s Republic of China*, the *Water Pollution Prevention and Control Law of the People’s Republic of China* and other laws and regulations concerning environmental protection. During the Reporting Period, the Group did not have any violations of local environmental laws and regulations concerning air and GHG emissions, discharges into water and land as well as the generation of hazardous and non-hazardous wastes that would have a significant impact on the Group.

Pollution Control and Management

Exhaust Gas Emissions

Due to our business nature, the Group does not directly generate significant amount of exhaust gas emissions during its operations. However, the Group attaches great importance to environmental protection and constantly promotes the concept of environmental protection and sustainable development among employees through different channels. The Group strives to save energy and reduce waste as much as possible in its daily work, thereby reducing exhaust gas emissions. Through different environmental protection propaganda, employees’ awareness of reducing exhaust gas emissions has been raised.

GHG Emissions

The Group's major GHG emissions are energy indirect GHG emissions (Scope 2) resulting from purchased electricity. The Group actively adopts power saving and energy saving measures to reduce GHG emissions, including strict control on the use of office appliances. Specific measures will be described in the section headed "Energy Management" in aspect A2. In addition, the Group will also replace long-distance face-to-face meetings with electronic communication means such as telephone or WeChat meetings to reduce carbon emissions from business travel. Through the implementation of the above measures, employees' awareness of carbon reduction has been increased. During the Reporting Period, the Group's GHG emissions performance was as follows:

Indicators ¹	Unit	Emissions
Direct GHG emissions (Scope 1)	tCO ₂ e	–
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	173.75
Total GHG emissions	tCO ₂ e	173.75
Intensity ²	tCO ₂ e/employee	0.87

Notes:

1. GHG emissions data are presented in terms of CO₂ equivalent, with reference to, including but not limited to, the reporting requirements of the "GHG Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare on ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by HKEX, the latest published Baseline Emission Factors for Regional Power Grids in China, "Global Warming Potential Values" from the IPCC Fifth Assessment Report.
2. As at December 31, 2019, the Group had 200 full time employees in total. This data is also used for the calculation of other intensity data.

Sewage Discharge

Since our business activities do not consume significant volume of water during our daily operation, therefore we did not generate material portion of sewage. As the sewage discharged by the Group will be discharged into the municipal sewage pipe network to the regional water purification plant, the water consumed by the Group is considered as sewage discharged. The data on water consumption will be described in the section headed "Water Management" in aspect A2.

Waste Management

The Group adheres to the principles of waste management, and is committed to proper handling and disposing all wastes generated in our business activities. We have identified and sorted out the wastes, stored and disposed them in a centralized and unified manner. The Group has set up unified sorting and collection boxes, and designated responsible persons to dispose wastes in a timely manner, while maintaining the environmental sanitation around collection boxes. All of our waste management practices are in compliance with relevant environmental laws and regulations.

Hazardous Wastes

Due to the nature of business, the Group did not generate hazardous wastes during the operation process. However, we have established guidelines on the regulation and disposal of hazardous wastes. In case any hazardous waste was generated, we must engage qualified chemical waste recyclers to dispose the wastes in accordance with relevant environmental regulations and rules.

Non-hazardous Wastes

The Group maintains high standards in waste reduction, educates employees on the importance of sustainable development, and provides relevant support to enhance their skills and knowledge in sustainable development. In order to minimize the environmental impact of non-hazardous wastes generated by our business operations, we have implemented measures to deal with the relevant wastes and introduced various waste reduction measures. We hope to establish the concept of environmental protection among our employees and share the responsibility of office waste disposal with our employees.

The non-hazardous wastes generated by the Group during operation are mainly general wastes and paper. We have formulated the *Regulations on the Management of Office Supplies Conservation* to regulate the management of paper use and waste paper. In order to effectively control and reduce the amount of paper used, we implemented an office printing and copying registration management system, and statistics are analyzed monthly by the administrative department. In addition, we have also implemented the following measures to minimize the generation of waste paper:

- Put collection boxes clearly marked with “waste paper” and “reusable paper” in office;
- Prioritize the use of single-sided paper collected in the “reusable paper” collection box for printing and copying;

- Reduce unnecessary printing and copying;
- Print and copy on both sides; and
- Promote a paperless working environment and encourage staff to work and communicate through internal email and electronic format documents.

Through the above measures and policies, employees' awareness of waste reduction has been raised. During the Reporting Period, the Group's non-hazardous waste disposal performance was as follows:

Types of non-hazardous wastes	Unit	Disposal
Paper	tonnes	0.79
General wastes	tonnes	36.00
Total non-hazardous wastes	tonnes	36.79
Intensity	tonnes/employee	0.18

USE OF RESOURCES

In order to actively promote effective use of resources, the Group has monitored the potential impact of business operations on the environment. Through the four basic principles of reduce, reuse, recycle and replace, we promote green office and operating environment to minimize the environmental impact resulted from the Group's operations. Employees of the Group all comply with policies to save electricity, paper and water resources in a volunteer and conscious manner. In addition, we have set up related policies and systems, including the *Regulations on the Management of Office Supplies Conservation* to effectively manage the use of resources during operations. In order to achieve sustainable development, the Group will provide employees with environmental education and trainings from time to time and publicize practical suggestions on environmentally friendly lifestyles to enhance employees' environmental protection awareness. We will also promote green travel to increase employees' awareness of emission reduction and carbon reduction.

Care for Resources

Energy Management

The Group actively implements the concept of energy saving and emission reduction. In addition to reducing the use of unnecessary electricity, the Group is also committed to fulfilling its corporate responsibility for energy saving and emission reduction, and building a green and environmentally friendly office environment. The Group actively reduces electricity consumption by managing lighting facilities and office computers to achieve energy saving effects. In order to reduce electricity consumption and energy wastage, the Group has formulated clear management measures for office appliances, including but not limited to:

- Turn off all electrical equipment after work;
- Turn off lights when no one is in office area;
- Do not pull the temporary wiring in the workplace without the permission of the office;
- Turn off the display screen when the employee leaves the seat; and
- Set office computers to power-saving mode at work.

Through the above measures, employees' awareness of energy saving has been improved. During the Reporting Period, the Group's energy consumption performance was as follows:

Types of energy	Unit	Consumption
Total energy consumption	MWh	207.67
Intensity	MWh/employee	1.04
Indirect energy consumption		
Purchased electricity	MWh	207.67

Water Management

The Group's water consumed is mainly domestic water, which includes toilet water and water for washing and cleaning. We encourage all employees and customers to develop the habit of saving water consciously. The Group has been strengthening water-saving promotions, posting water-saving slogans to ensure "turn off the tap when not in use", and guiding employees to use water reasonably. In addition, we have also implemented the following measures to encourage water conservation:

- Repair leaking appliance in time;
- Reduce water use time and turn off water appliances immediately after use;
- When washing dishes, first wipe off the oil stains on the dishes with paper, then wash them with hot water, and rinse them with more warm or cold water;
- Turn off the faucet in time when applying the hand sanitizer.

In addition, the Group also regularly inspects the water supply and drainage systems in bathrooms and the pantry to timely check and repair leaks. Through the above measures, employees' awareness of water saving has been improved. During the Reporting Period, the Group's water consumption performance was as follows:

	Unit	Consumption
Total water consumption	m ³	1,823.00
Intensity	m ³ /employee	9.12

Due to the geographical location of the Group's operation, we do not have any problems in sourcing water that is fit for purpose. The Group's water consumption is mainly tap water supplied by the municipal pipeline network.

Use of Packaging Materials

Due to the nature of the Group's business, the Group has no industrial production and no factory facilities. Therefore, no significant amount of packaging materials is used for packaging products.

ENVIRONMENT AND NATURAL RESOURCES

The Group has been pursuing best practices relating to the environment, and attaches great importance to the impact of the Group's business on the environment and natural resources. In addition to protecting the natural environment by complying with environmental laws and international standards, the Group has also taken a number of measures to reduce its environmental impact. On the other hand, the Group has also conducted environmental education to all employees to enhance their environmental awareness.

Green Operation

As an online tour guide provider, the daily operations of the Group will not have a serious impact on the air quality of the office. In order to provide employees with a comfortable green working environment and improve the overall work efficiency of employees, we are committed to maintaining office order and environmental hygiene, and maintaining a clean and tidy working environment. In addition, the Group regularly monitors and measures the indoor air quality of the workplace. We maintain indoor air quality and filter pollutants and dust by installing air purification equipment in the workplace and regularly cleaning the air-conditioning system.

B. SOCIAL

EMPLOYMENT

The Group firmly believes that talents are important resource for our sustainable development strategy and important support for promoting the innovation and development as well as scale upgrading of enterprises. We respect and protect the legitimate interests of every employee, and are committed to gathering top professional elites. We have formulated policies such as the *Human Resources Management Regulations*, the *Staff Attendance and Remuneration Management System* and the *Performance Management Measures* and other policies to regulate labor employment, protect the occupational health and safety of employees, safeguard the vital interests of employees, fully respect and value employees' enthusiasm, initiative and creativity in order to build a harmonious labour relation.

Except as disclosed in the prospectus, the Group was not aware of any material non-compliance of laws and regulations in respect of human resources during the Reporting Period, including but not limited to the *Labour Contract Law of the People's Republic of China* and the *Labour Law of the People's Republic of China*.

Employment Practices

Employee Remuneration and Benefits

The Group has established a fair, reasonable and competitive remuneration system for salary payments to employees based on competitiveness, incentives, fairness, economy, post value, personal ability and individual performance. The Group's employees' remuneration comprises of basic salary, performance bonus and related subsidies and other various bonuses. The Group has also set up a salary adjustment mechanism and offers a salary adjustment opportunity annually depending on business development and individual performance.

The Group has signed and executed the labour contracts with employees in accordance with the *Labour Contract Law of the People's Republic of China*. The Group pays "five social insurance and one housing fund" for its employees in accordance with the law, namely, endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund, to ensure employees are covered by social insurance.

The Group also earnestly safeguards the legitimate interests of labour in accordance with the requirements in the *Labour Law of the People's Republic of China* and related national and local laws and regulations, respects the rights of employees to rest and leave, and regulates their working hours and their rights for various types of rest times and holidays. Holidays of the Group include paid annual leave, sick leave, marriage leave, maternity leave, paternity leave, breastfeeding leave, prenatal check-up leave, casual leave, birthday leave, traditional holidays, etc. Details of relevant holiday applications and arrangements are set out in the *Employee Handbook*. In addition, in order to promote team communication and collaboration, enhance team cohesion, and enhance communication among team members, the Group has formulated the *Regulations for the Construction of Groups* to regulate positive team activities, including book clubs, sorority clubs, internal competitions and dinners, etc.



Group photo of sport competition

Recruitment, Promotion and Dismissal

The Group actively implements the strategy of building a strong enterprise with talents, and constantly establishes and improves the talent recruitment and selection system. We recruit through internal recruitment, external recruitment or recommendation from relevant personnel of the corporate. Our recruitment process is based on standardized procedure and core principles, regardless of gender, religion, race or other discriminatory factors so as to ensure equal opportunities and diversity. The Group will conduct multiple inspections based on the applicant's work experience, professional skills, ability level, personality characteristics, and occupation to ensure that the applicant fit with the Group's development strategy and business plan.

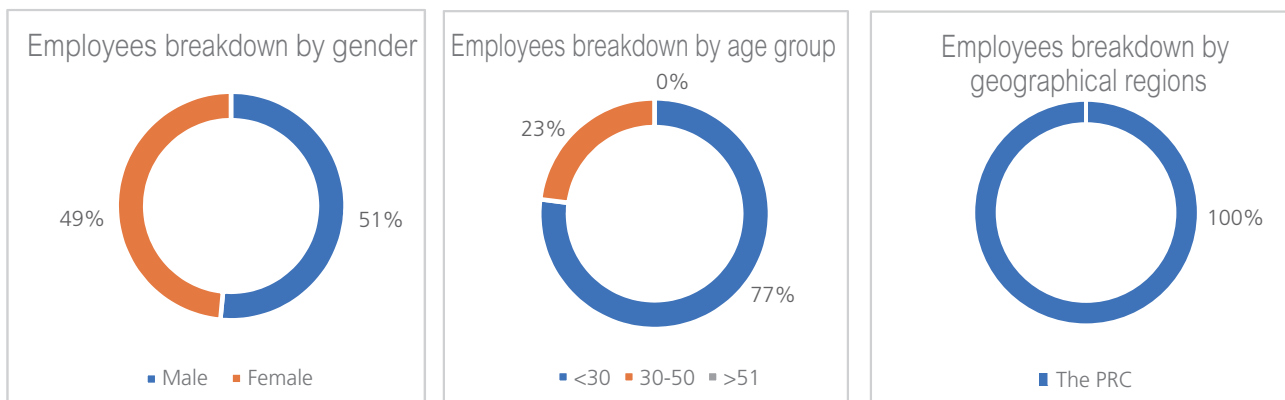
The Group also sets up the *Human Resources Management Regulations*, which clarify the basis and procedures for personnel promotion and transfer management, protect the interests of both employees and the Group, and reduce unnecessary disputes. In order to improve the performance management level of the Group, promote the sustainable development of the corporate and employees, and align the behavior of all employees with the strategic direction of the Group, the Group formulated the *Performance Management Measures* and required employees to participate in annual assessments. The *Performance Management Measures* clearly set out the evaluation principles, indicators and implementations to objectively and fairly evaluate the work performance of employees, and affirm and reflect the value of employees. At the same time, the Group has also implemented a complete set of internal transfer procedures to provide promotion and development opportunities to employees in strict accordance with various standards such as work performance, education, and qualifications so as to explore their work potential.

In order to clearly simplify the turnover process and improve the efficiency of office staff, the chapter headed “Resignation Management” in the *Human Resources Management Regulations* clearly stipulates the application procedures and approval process for termination. When an employee decides to resign, he/she must submit a resignation application 30 days in advance, and the corresponding department or the human resources department will conduct a resignation interview with the resigned employee to seek his/her evaluation and suggestions on the Company. We will work hard to retain high-performing employees by discussing the possibility of improving the working environment, conditions and employee benefits.

Equal Opportunity

The Group strictly complies with national and local government regulations, adopts an open, fair, and person-post matching recruitment process, and has established relevant employment procedures and promotion policies to prevent discrimination against employees on the ground of race, gender, skin color, age, family background, national tradition, religion, physical fitness, nationality and other factors in the recruitment process, so that employees receive fair treatment throughout all stages of recruitment, remuneration, training and promotion, thus attracting professionals with different backgrounds to join the Group, and ensuring equal opportunities and diversity.

During the Reporting Period, the Group had a total of 200 full time employees. Employees breakdown by gender, age group and geographical regions were as follows:



HEALTH AND SAFETY

Occupational Health and Safety

The Group highly values employees' health and safety, and is always committed to providing employees a healthy, safe and comfortable working environment. In regard to the daily operation of the office, we have formulated relevant safety management systems and procedures to regulate potential health and safety hazards in the workplace so as to protect the personal safety and health of employees during working hours.

The Group has formulated a "Safety Code" and incorporated it into the *Employee Handbook*, which clearly instructs the correct use of office appliances, electrical appliances and equipment, as well as the need for timely maintenance, the prohibition of changing any wires, sockets without permission, and the prohibition of employees bringing inflammable, explosive and other dangerous goods and contraband into the work area. To maintain normal work order and employee safety, the Group also installs access control security systems, and requires employees to use access cards to get in and out of the office area. The Group also clearly requires employees to identify and confirm the emergency exit nearest to the work station on the day of employment and memorize the shortest escape route in the chapter headed "Life Safety" under the "Safety Code".

We strictly comply with all relevant laws and regulations, including the *Labor Law of the People's Republic of China*, the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* and the *Fire Protection Law of the People's Republic of China*. During the Reporting Period, the Group did not experience any accident causing death or serious bodily injury, or pay any claim or compensation to employees due to such accident, and was not aware of any violation of laws and regulations in relation to employees' health and safety.

DEVELOPMENT AND TRAINING

Trainings and Career Development

The Group attaches great importance to the professional development of its employees, therefore providing extensive trainings and continuous professional development programs for employees at all levels. For the sake of standardizing management on employee trainings, setting up a sound mechanism for human resources development, propelling the smooth progressing of key work tasks and the achievement of strategic targets, the Group has put in place the *Discipline Regulation on Trainings* for trainings management, which was designed to motivate the trainees to actively participate in trainings while ensuring an objective training environment, thereby effectively carrying out the training work. In addition, the human resources department of the Group will formulate and coordinate effective annual training programs based on the Group's business development goals and personal development needs of employees.

With the aim of encouraging employees to enhance their working competence and self-confidence through education and training, by which they can continuously tap and reach their potentials, the Group offers a diversified range of training courses, including induction training, on-the-job training and external paid training. Moreover, the Group has formulated the *Management System for Internal Trainer* in regards to the Company's internal training resources system, which clearly specifies the internal trainer's qualification requirements, responsibilities, assessment from multiple aspects and seniority rating so as to actively and effectively assists employees to improve comprehensive capabilities and contributes to the Group's training resources system.

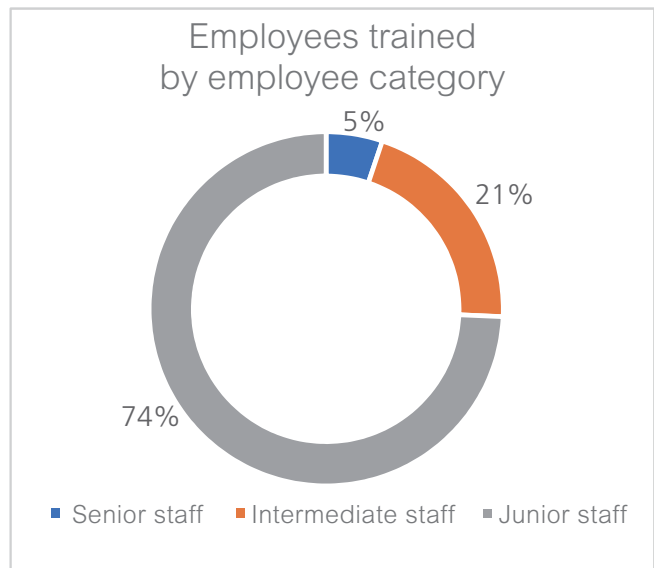
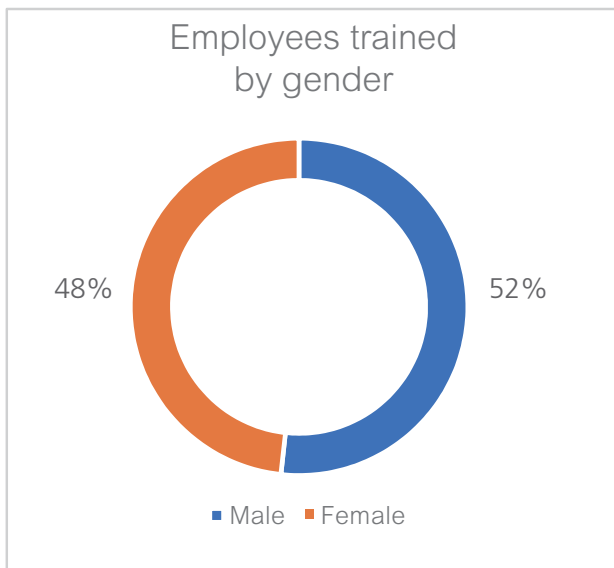


Team building activity

Apart from internal training for general purposes, we also encourage our staffs to attend trainings and advanced studies involving certification, professional knowledge and academic credential in their spare time. Employees are also encouraged to participate in trainings in respect to service skills and cultural qualities related to their jobs as well. Hence, we set up the *Management System for External Training and Learning* to encourage employees of all ranks to further improve their personal working ability on the basis of their previous work experience, working skills and management knowledge. Adhering to the principle of "application before reimbursement", this system is applicable to all external training programs in relation to the business needs, professional needs or comprehensive qualities of the positions held by staffs.

The Group deems its management capacity on staffs to be a key factor to its success. The Group formulated the *Succession Plan*, the *Development Plan for High Potential Talents* and the *Training and Incentive System for Star Performers*, which aim to attract high-quality talents for the long-term development of the Group, motivate staffs to continuously improve their personal management qualities and working skills, promote the formation of talented team, thus creating an atmosphere of benign competition for talent development.

During the Reporting Period, the average training hours per employee of the Group were approximately 56.44 hours. The percentages breakdown of employees trained by gender and employee category together with their average training hours were as follows:



Average training hours	
By gender	
Male	56.01
Female	59.90
By employee category	
Senior staff	22.15
Intermediate staff	46.30
Junior staff	61.91

LABOUR STANDARDS

The Group has complied with all related laws and regulations prohibiting child and forced labour, including but not limited to the *Labour Law of the People's Republic of China*, the *Underage Workers Special Protection Provisions* and the *Provisions on the Prohibition of Using Child Labour of the People's Republic of China*. During the Reporting Period, the Group was not aware of any material non-compliance with related laws and regulations prohibiting child and forced labour.

Labour Standards

The Group strictly prohibits the recruitment of child and forced Labour. In order to standardize the recruitment system and process, and clarify the responsibilities and rights of each department in the recruitment work, the Group has formulated the *Recruitment System and Process* to regulate the recruitment work. The Group requires all new employees to provide true and accurate personal information when they join us. Recruiters strictly review the information provided including medical certificate, academic certificate, identity card, household registration and other information. The Group has a well-established recruitment process to check the background of candidates and a formal reporting procedure to deal with any exceptions. It also conducts regular reviews and inspections to prevent any child labour or forced labour in its operation. If violated is involved, it will be dealt with in the light of specific circumstances.

Furthermore, employees of the Group work overtime on a voluntary basis to prevent any breaches of labour standards and earnestly protect employees' interests. The Group also prohibits any punitive measures, management methods and behaviours involving verbal abuse, physical punishment, violence, mental oppression, sexual harassment (including inappropriate languages, postures and physical contact), etc. against its employees for any reason. At the same time, the Group also refrains from appointing sellers and contractors who are aware of employing child labour or forced labour in their operations to provide administrative supplies and services for the Group.

SUPPLY CHAIN MANAGEMENT

Suppliers and Business Partners Management

As a socially responsible enterprise, the Group highly values the management on potential environmental and social risks arising from the supply chain. The Group strives to establish and maintain a close business relationship with our suppliers and business partners. The Group considers data collection and content providers, server and bandwidth suppliers and other service providers as our business partners. Besides, we also have procurement demand for office supplies during our business operation. The selection of business partners and suppliers in this category also has a significant influence on our business operation.

The Group has established a comprehensive supply chain management system to strictly select suppliers and business partners. We select our suppliers and partners based on a number of factors, including quality, price, product function, product customization capability, response time, flexibility in customer preference changes and customer satisfaction at the later stage. We conduct regular quality assessment on all suppliers and partners and provide performance-based award or penalty to them.

We have also formulated policies and procedures to ensure that the suppliers could compete in a transparent and fair way. The Group shall not differentiate or discriminate on certain suppliers. The procedures include measures to prevent all kinds of business bribery and conflict of interest such as avoiding the use of suppliers which are directly or indirectly owned by employee, or avoiding suppliers to favour employees' personal interest directly or indirectly. The Group also focuses on the integrity of its suppliers and partners. We will only select suppliers and partners who have a good track record in the past and who do not have any serious violations or breaches on business ethics. During the Reporting Period, we have engaged 51 suppliers, all of which were geographically located in the PRC.

PRODUCT RESPONSIBILITY

It is the Group's most important product responsibility to provide users with a quality online tour guide experience, which is also the key to our ability to attract and maintain a loyal customer base. We are committed to providing the best user experience and attached high importance to the quality of our products and services. We also strive to continuously research and develop and innovate to cater for the users' changing demand and industrial trends.

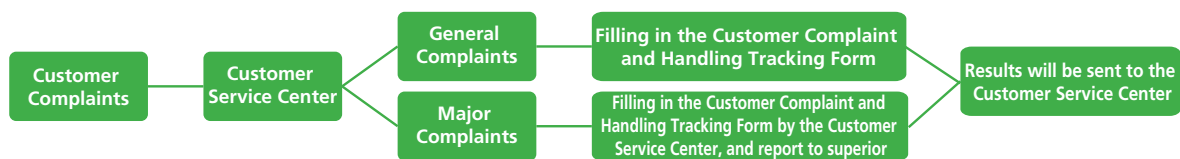
The Group actively complies with the requirements of the laws and regulations, such as the *Advertising Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Law of the People's Republic of China on Product Quality*, the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to product and service quality. In addition, the Group has not received any major complaints about the products and services. Besides, products recall is not applicable to the Group's business nature, therefore we do not have any sold products that have to be recalled for safety and health reasons.

Customer Services

In order to understand customer needs and be able to deal with customer dissatisfaction in a timely manner, we formulated the *Customer Service Process for Lvji Tour Guide* to standardize our customer service standards. We have set up a customer service center to handle the after-sales information, complaints and customer relationship maintenance and management services related to all of the Group's operating projects. Our customer service team is always ready to resolve any enquiries and perform after-sales service to online travel agencies (OTAs) and end users. Users can contact our customer service specialist through customer service hotline, WeChat official account online consultation and leave messages to Lvji tour guide APP, etc.

We classified customer complaints into two categories, namely general complaints and major complaints. The general complaints refer to the complaint made by the customers about the products or the attitude of service personnel by the Group in providing services; while major complaints refer to the complaint made by the customer due to the serious error in the use of the service or the significant loss (including economic and reputation) caused by the service to the customer. In order to effectively deal with major complaints, we have specifically formulated the handling procedures for critical incidents. In addition to requiring the customer service center to fill in the *Customer Complaint and Handling Tracking Form* and report to the superior in a timely manner, we will also arrange relevant personnel to handle. The business supporting division also develops and confirms solutions to complaints. We also provide regular training on service skills and standard service procedures as well as terminology to our customer service specialists.

Customer Complaints Handling Procedure



Respect for Intellectual Property Rights

We regard our intellectual property as critical to our success. We rely primarily on a combination of copyrights, software copyrights, trademarks, trade secrets technology, knowhow and contractual rights, such as confidentiality agreements with our employees and others, to protect our intellectual property rights. In general, our employees are required to enter into confidentiality agreements which transfer any intellectual property rights they may have in relation to their products to the Group. In addition, prior to discussing business and technologies with third parties, we require them to enter into a non-disclosure agreement with us. If these discussions result in a business relationship, we also require them to include provisions protecting our intellectual property rights in definitive agreements. In relation to the infringement on the Group's intellectual property rights, the Group will urge the infringer to cease such infringement behaviors. If the infringement behaviors continue, further actions will be taken in accordance with the *Legal Affairs Management System*.

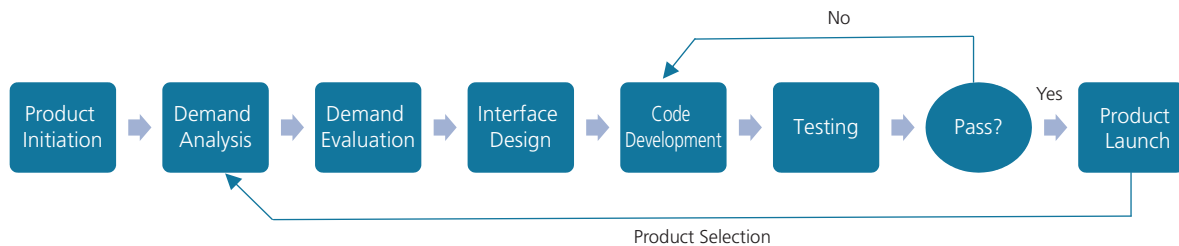
As at December 31, 2019, we registered 226 audio copyrights, 425 editorial content copyrights, 359 graphic copyrights, 11 other art-related copyrights, 28 software copyrights, 2 patents, 15 trademarks in China, 6 trademarks overseas and 6 domains in the PRC.

R&D and Innovation

To retain and attract a larger end user base, we have been continuously making strong efforts to launch online tour guides for new attractions and implement different selling strategies to broaden our end user base. We had a R&D team with rich research and development experience and relevant industry working experience, mainly focusing on software development. Our R&D team is responsible for assisting the formulation of our product development roadmap, exploring and developing new products and services based on the product development roadmap, as well as technological advancement which would support our long-term business plan. In launching online tour guides for new tourist attractions, we must predict and accommodate changes of end user interests and preferences, and the evolving competitive landscape of the online tour guides service industry.

Since the development of APP involves many processes, personnel and work, we have formulated the *Development Process Management System for Lvji Tour Guide Project* in order to improve the efficiency of application development, reduce the R&D cost and effectively cooperate with the R&D business resources. The system specifically describes the main process of development, superintendents of positions and their responsibilities, etc.

Product Development Procedure



In addition to our online travel agencies business, we aim to expand the service offering, namely smart management service system to the tourist attraction administrators. Our smart management service system includes face recognition at the entry point of tourist attraction, analyzing end user's points of interest through algorithms to project dynamic mobile advertisement, and a management system which can oversee unmanned vending machines, shared bicycles, shared cruises and other facilities through location tracking, usage statistics and equipment status management.

We plan to explore opportunities to utilize effectively the user and transaction data generated on our platform and monetize such information to offer enhanced services to end users and our customers. Our platform will collect end user information and conduct data mining in order to derive information on user behavior and preference. In addition, we plan to revamp our current online tour guides by introducing an AI-enabled function that can interact with end users, which in turn will create more values to our customers.

During the Reporting Period, the Group won the "Internet Industry (Growing Companies) Champion Award" in the 8th China Innovation & Entrepreneurship Competition (Guangdong Area) and became the only shortlisted company of the tourism industry in the "Application Rating List of Smart City in the Greater Bay Area", and was awarded with the "Smart City Innovation and Applicable Case Award" at the same time.

Software Platform Stability

The stability of software platforms is especially important to maintain product quality and offer a good user experience. We will ensure a positive user experience by maintaining the quality of the platforms; continue to communicate with users and respond to their feedbacks in real time; and make the platforms more interactive to attract new users.

We understand that after the software is launched, some program bugs may occur when using. Without affecting the normal use, we will resolve these program bugs in the new launch of which the system would be upgraded; if these bugs significantly affect the user experience, relevant staffs are required to repair the system and relaunch such software according to the *Standards on Launch Procedures for Lvji*.

In addition, in order to ensure the Company's orderly operation and maintenance work and standardize the operation and maintenance work and relevant staff's services, we have specially formulated the *Code of Operation and Maintenance Work for Lvji* and require responsible staffs to strictly follow the Code. Such Code covers different systems, including server management systems and broadband line maintenance systems. Such Code also provides the detailed requirements for operation and maintenance work, such as any changes to the network are prohibited from 9 a.m. to 7 p.m., operation and maintenance staffs are required to make backups before modifying the configuration files or performing upgrade work, and nobody can make more than one change once a time, so as to minimize the risks relating to human error. We have also developed documents such as the *Handbook for Common Failures* and the *Emergency Response Plan* for operation and maintenance staff's reference to respond to any emergencies arising.

Privacy Protection

We take the users' personal information and privacy protection very seriously, and understand the importance of personal information to users. In order to avoid any infringement or improper use of personal data, the Group has adopted the *Data Privacy Policy*. According to this Policy, we authorize the operation department to centrally manage our internal network devices, and any disruption to the network devices and any changes to the network settings are prohibited. We implement the Password Protection Manual to assign and protect passwords for the network devices we use, and prohibit employees from using our passwords without authorization.

Also, the Group adopts data backup measures to store and back up end-user data, and ensure that data can be restored in a timely manner after any changes to major system applications and data. We do not allow any activities that disrupt our network users and endangers our network services and network devices. In addition, we adopt virus prevention measures, such as installing and regularly updating our anti-virus softwares. We require all employees to fully comply with the laws and regulations relating to the Internet. Employees are also required to keep personal information they know or have access to being confidential. We also send the *Privacy Policy for Lvji's Guide Software* to users when they sign up for an account which ask them to read and agree with such Policy. The measures published in such Policy include the collection, storage, use and disclosure of privacy and personal information during specific services.

In addition, according to the *Employee Handbook*, the Group requires employees not to communicate with any media or persons associated with the media on matters related to the Group before permission, whether in social or business situation. Employees are also not allowed to disclose information related to the Group on any public forum (including but not limited to the Internet, websites, personal web pages, blogs, Weibo, WeChat and online communication tools).

Advertisement and Labelling

As a leading online tour guide provider, we have been promoting our products and services under the brand of “Lvji”. We will combine online and offline advertising programs to promote our products and services and increase brand recognition. Our online marketing activities include search engine advertising, news feed media advertising and new media matrix advertising; offline marketing activities include regular promotional activities in tourist attractions (such as flash mob stores, holiday events, mobile booths, etc.), immersive marketing activities in tourist attractions (such as temple fairs, beer festivals, lighting festivals, etc.) and traffic advertisements in tourist attractions (such as posters at tourist attraction’s receptions and customer service centers, shuttle buses, and ticket offices).

The Group has developed the *Brand Management System* to regulate brand promotion and publicity matters. We rigorously review the products and services we provide, as well as related sales, marketing and advertising strategies and materials, to ensure that they comply with applicable laws and regulations. We will also remind all employees of their obligations and responsibilities to maintain the Group’s brand image.



Flash mob booth



ANTI-CORRUPTION

The Group has complied with all laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, including but not limited to *the Criminal Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, the *Bid Invitation and Bidding Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and the *Interim Provisions on Banning Commercial Bribery*. During the reporting period, the Group was not aware of any material non-compliance with laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor did it have any concluded corruption cases against the Group or its employees.

Anti-corruption

The Group believes that a clean corporate culture is the key to its continued success. Therefore, we firmly resist the unhealthy practices within the Group, attach great importance to anti-corruption work and relevant system construction, and are committed to building a clean, open and transparent corporate culture. The Group requires all employees to abide by the Code of Business Ethics and undertake that they will not have any corruption or bribery acts, nor will they engage in any fraud, extortion or money laundering activities.

The Group has the *Anti-fraud Management System* in place, which clearly explains the definition of fraud and sets out the internal control mechanisms for anti-fraud, including the establishment of channels for whistle blowing and complaints as well as the implementation of control measures to prevent, detect fraud and take appropriate and effective remedies immediately in order to avoid any worse effects arising from fraud. Such System also clearly sets out the accountability for fraud, including the leadership responsibilities of corresponding managers and the direct responsibilities of employees who violated this Policy.

In addition, the Group provides a confidential and safe whistleblowing mechanism, which requires that the personal information of the whistleblowers shall be kept strictly confidential and that the incentives are granted to the whistleblowers based on the specific circumstances of the incident. When investigating a case to determine its authenticity, the Group will seal all relevant documents and financial flow and suspend relevant personnel to cooperate with relevant departments for review. Once determined, the Group will take necessary disciplinary and legal actions.

COMMUNITY INVESTMENT

Corporate Social Responsibility

The Group believes that taking part in social activities and making a contribution to society are a form of corporate citizenship. Therefore, the Group has actively fulfilled the social responsibilities and been committed to supporting various charitable and community activities. We hope to foster employees' sense of social responsibility, thus encouraging them to participate in social activities for public good during their work and spare time to make greater contributions to the society. We believe that the participation in activities that contribute to communities can improve employees' civic awareness and establish correct values. As part of the Group's strategic development, we continue to assume corporate social responsibility through human capital and social management strategies.

The Group's chairman has always been concerned with the left-behind children in the mainland, and hopes to provide care through different forms of support, while solving life and academic difficulties encountered by them. During the Reporting Period, the Group had initiated a scholarship donation program to the left-behind children in a primary school at Baihe Town in Kaiping, and had participated in the scholarship award ceremony so as to provide a positive learning atmosphere for them.



Scholarship award ceremony



Benefited left-behind child

Content Index of the ESG Reporting Guide of HKEX

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions: Pollution Control and Management – Exhaust Gas Emissions
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions: Pollution Control and Management – GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emissions: Pollution Control and Management – Waste Management (Not applicable – explained)
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions: Pollution Control and Management – Waste Management
KPI A1.5 ("comply or explain")	Description of measures to mitigate emissions and results achieved.	Emissions: Pollution Control and Management
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions: Pollution Control and Management – Waste Management

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources: Better Utilisation of Resources – Energy Management
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources: Better Utilisation of Resources – Water Management
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources: Better Utilisation of Resources – Energy Management
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources: Better Utilisation of Resources – Water Management
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources: Better Utilisation of Resources – Use of Packaging Material (Not applicable – explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources: Green Operation

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1 ("Recommended Disclosure")	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2 ("Recommended Disclosure")	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1 ("Recommended Disclosure")	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2 ("Recommended Disclosure")	Lost days due to work injury.	Health and Safety

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1 ("Recommended Disclosure")	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2 ("Recommended Disclosure")	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1 ("Recommended Disclosure")	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1 ("Recommended Disclosure")	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2 ("Recommended Disclosure")	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1 ("Recommended Disclosure")	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2 ("Recommended Disclosure")	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3 ("Recommended Disclosure")	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4 ("Recommended Disclosure")	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5 ("Recommended Disclosure")	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1 ("Recommended Disclosure")	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
KPI B7.2 ("Recommended Disclosure")	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment



Lvji Technology Holdings Inc.
驢跡科技控股有限公司

