



驴迹科技  
LVJI TECHNOLOGY

**Lvji Technology Holdings Inc.**  
**驴迹科技控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1745

 **2023** Annual Report



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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Zang Weizhong (*Chairman*)

Mr. Wang Lei (*Vice Chairman*)

Mr. Liu Hui

#### Non-executive Director

Mr. Cheung King Him Edmund  
(resigned on September 8, 2023)

#### Independent Non-executive Directors

Ms. Gu Jianlu

Ms. Gao Yuanyuan

Ms. Gu Ruizhen

### AUDIT COMMITTEE

Ms. Gu Jianlu (*Chairlady*)

Ms. Gao Yuanyuan

Ms. Gu Ruizhen

### REMUNERATION COMMITTEE

Ms. Gu Jianlu (*Chairlady*)

Mr. Zang Weizhong

Ms. Gu Ruizhen

### NOMINATION COMMITTEE

Ms. Gao Yuanyuan (*Chairlady*)

Ms. Gu Ruizhen

Ms. Gu Jianlu

### JOINT COMPANY SECRETARIES

Mr. Chu Wing Tim Benedict, *ACG, HKACG*  
(appointed on January 5, 2023)

Ms. Lam Yin Ling, *ACG, HKACG*  
(appointed on January 5, 2023)

Ms. Lam Shi Ping, *ACG, HKACG*  
(resigned on January 5, 2023)

### AUTHORIZED REPRESENTATIVES

Mr. Zang Weizhong

Ms. Lam Yin Ling, *ACG, HKACG*  
(appointed on January 5, 2023)

Ms. Lam Shi Ping, *ACG, HKACG*  
(resigned on January 5, 2023)

### REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 501, 238 Gaotang Road  
Tianhe District  
Guangzhou City  
The PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., 148 Electric Road  
North Point  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited  
2103B, 21/F., 148 Electric Road  
North Point  
Hong Kong

## LEGAL ADVISOR

*As to Hong Kong Law*  
Jingtian & Gongcheng LLP  
Suites 3203-3207  
Edinburgh Tower, The Landmark  
15 Queen's Road  
Central  
Hong Kong

## INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited  
Registered Public Interest Entity Auditor  
11th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

## PRINCIPAL BANKS

China Construction Bank Corporation  
(Guangzhou Gaoxin District Tianhe Science and  
Technology Park Sub-branch)  
No.101, 1/F, 1021 Gaopu Road  
Tianhe District, Guangzhou  
The PRC

Bank of China  
(Guangzhou Zhihuicheng Sub-branch)  
No.1933 Huaguan Road  
Tianhe District, Guangzhou  
The PRC

China Merchants Bank  
(Science and Technology Park Sub-branch)  
1/F, Block A, Guangzhou Information Port  
No.33-49 Keyun Road  
Tianhe District, Guangzhou  
The PRC

China Construction Bank Corporation  
(Huoerguosi Ya Ou Bei Lu Sub-branch)  
No.1 Ya Ou Bei Lu  
Huoerguosi Port  
Ili, Xinjiang  
The PRC

## STOCK CODE

1745

## COMPANY'S WEBSITE

[www.lvji.cn](http://www.lvji.cn)



## Key Highlights

For the Reporting Period:

- Revenue increased by approximately 70.0% year-to-year to approximately RMB585.4 million in 2023 from approximately RMB344.3 million in 2022. The increase in revenue was mainly due to the year-to-year increase in revenue from online tour guides comparing to 2022 as a result of the rapid growth of China's domestic and outbound travel activities.
- Profit for 2023 amounted to approximately RMB145.2 million compared to the profit of approximately RMB37.5 million for 2022.
- Excluding share-based compensation expenses and the non-recurring non-cash impairment loss of intangible assets, our adjusted profit for the year (by using non-GAAP measure) amounted to approximately RMB145.2 million for 2023 compared to adjusted profit of approximately RMB89.4 million recorded for 2022.
- Number of coverage for online tour guides increased from 46,917 for the Corresponding Period to 60,147 for the Reporting Period, among of which the number of tourist attractions covered in China increased from 33,660 for the Corresponding Period to 41,435 for the Reporting Period.

## 1. FINANCIAL SUMMARY

	For the year ended December 31,		Year-to-year change
	2023 (RMB'000)	2022 (RMB'000)	
Revenue	<b>585,395</b>	344,328	70.0%
Gross profit	<b>223,312</b>	136,792	63.2%
Profit before tax	<b>181,387</b>	47,102	285.8%
Profit for the year	<b>145,167</b>	37,537	286.7%
Net profit margin	<b>24.8%</b>	10.9%	13.9%
Adjusted profit for the year excluding share-based compensation expenses <sup>*(1)</sup>	<b>145,167</b>	89,375	62.4%
Adjusted net profit margin excluding share-based compensation expenses <sup>*(1)</sup>	<b>24.8%</b>	26.0%	(1.2)%

\* Non-GAAP measure

Note:

<sup>(1)</sup> Share-based compensation expenses for the years ended December 31, 2023 and 2022 were nil and RMB51.8 million, respectively.

## 2. OPERATING METRICS

	For the year ended December 31,		Change (number)
	2023	2022	
Tourist attractions covered in China	<b>41,435</b>	33,660	7,775
Online tour guides developed	<b>60,147</b>	46,917	13,230





## Chairman's Statement

### BUSINESS REVIEW AND OUTLOOK

We are a market leader in China's and the world's online tour guide industry. We deploy software on the cloud system to provide online tour guides with proprietary contents, which include illustrated maps, editorial content and voice-over commentaries of the tourist attractions, and are implemented to include functions such as real-time navigation. In addition, taking advantage of AR, MR and AI technologies, and relying on our more than 60,000 electronic tour maps for tourist attractions around the world, we are committed to bringing a new sensory experience in the real world and the virtual world by introducing nationally known IP virtual characters with emotional appeal, so as to provide a wonderful dream journey for users. We believe that such business strategies will generate long-term value for the Shareholders.

During the Reporting Period, China's domestic and outbound travel activities witnessed a rapid recovery. Attributed to our leading market position in online tour guides, outstanding product and service experience, flexible operation strategies, etc., the Company quickly seized the opportunity for the tourism recovery and demonstrated our strong power in the face of recovery in the industry. During the Reporting Period, the selling and distribution expenses decreased greatly by approximately 26.4% as compared to the Corresponding Period, while a year-on-year decrease of approximately 17.9% was recorded for administrative expenses excluding share-based compensation expenses. We recorded a profit of approximately RMB145.2 million for the Reporting Period, representing a significant increase in revenue as compared to the profit of approximately RMB37.5 million for the Corresponding Period. The Company adheres to the development strategy of continuously improving user experience for tour guides. As of December 31, 2023, we had developed 60,147 online tour guides covering tourist attractions in China and overseas, which domestically covered 285 AAAAA tourist attractions, 2,688 AAAA tourist attractions, and 2,580 AAA tourist attractions.

In relation to our SaaS business for the smart and digital marketing of tourist attractions, we continuously iterated on the product named "Digital View Pass (數景通)" with smart management, smart marketing and smart service as our core, offered digital marketing solutions for tourist attractions. By constructing smart mini-programs, digital marketing system, smart tourist attractions system and private internet traffic system, the digital marketing system and delicacy operation system were constructed in tourist attractions and information-based resources were integrated to meet the digital upgrading demand of various tourist attractions and the culture and tourism bureaus, so as to achieve new business growth in tourist attractions and enhance the operational and management efficiency of tourist attractions. We have made vigorous efforts to promote the "Digital View Pass (數景通)" to various culture and tourism bureaus and successfully launched it in several tourist attractions. In order to better adapt to the national modernisation requirements for all-for-one tourism, we had independently updated several e-commerce operation functions to optimize the user experience, making "Digital View Pass (數景通)" more competitive among similar products.

Meanwhile, with extensive cooperation with content creators (such as uploaders who provided travel content, bloggers, and internet celebrities) on mobile internet platforms, we comprehensively enhanced the popularity and user conversion rates of Lvji online tour guide products through precise interactions with quality content creators. We also launched tailor-made and featured Lvji online tour guide suit products for such content creators. With the help of this program, we will be able to create a private internet traffic model for the long-term cultivation of the user market, thereby helping the Company move towards a good trend with simultaneous growth in two areas: OTAs and mobile internet platforms.



## Chairman's Statement

### Results Highlights

During the Reporting Period, as the revenue from online tour guides recorded a year-on-year increase compared to 2022 due to the rapid growth of China's domestic and outbound travel activities, our total revenue increased significantly by approximately 70.0% from approximately RMB344.3 million for the Corresponding Period to approximately RMB585.4 million for the Reporting Period; gross profit margin slightly decreased from approximately 39.7% as of December 31, 2022 to approximately 38.1% as at December 31, 2023. A net profit during the Reporting Period amounted to approximately RMB145.2 million, while a net profit of RMB37.5 million was recorded for the Corresponding Period.

During the Reporting Period, we further consolidated our market-leading position of online tour guides by continuously investing in research and development resources and increasing the coverage of tourist attractions. The number of online tour guides developed by us and the number of tourist attractions in China covered by our online tour guides increased. The number of online tour guides increased from 46,917 as at December 31, 2022 to 60,147 as at December 31, 2023, while the number of tourist attractions in China covered by our online tour guides increased from 33,660 as at December 31, 2022 to 41,435 as at December 31, 2023.

### Business Review

Benefiting from the rapid recovery of China's domestic and outbound travel activities, we further consolidated our market-leading position in China's online tour guide industry. During the Reporting Period, we continued to increase the number of tourist attractions covered by tour guides, upgraded the contents of our maps and voice-over commentaries, and increased in-depth cooperation with local travel agencies and tourist attractions by focusing on online and offline digital twin schemes of all-rounded tourism and the digital marketing schemes of smart tourist attractions to help the recovery and development of the tourism market. At the same time, we have been using new technologies and investing in research and development resources to enhance the production capacity of online tour guides and customized content, and expand marketing channels, so as to continue to maintain our market leadership.





## Chairman's Statement

### ***The Number of Tourist Attractions Covered Continued to Increase and the Content of Tour Guides was Multi-dimensionally Optimized***

During the Reporting Period, we increased the number of tourist attractions covered in China. The types of tourist attractions for which we provide online tour guides include landscapes, historical sites, cities, theme parks, zoos and botanical gardens, etc. In particular, as of December 31, 2023, our online tour guides covered 285 AAAAA tourist attractions, 2,688 AAAA tourist attractions, and 2,580 AAA tourist attractions.

In addition to the wide coverage of tourist attractions, we have been continuously optimizing the original content of tour guides. Specifically, we carried out multi-dimensional innovation on online tour guides, displaying various topics such as literary classics, local scenery, science fiction, children's education, patriotism education, etc., including creative radio drama, interesting audio production for tour guides, video editing, animation, 3D scene and sticker design; we upgraded the content of articles, strengthened the content of cultural tourism, explored and enhanced the cultural connotation of tourist attractions to display the cultural essence from multiple angles and strengthened the construction of the content of tourist attractions; we expanded the sharing of practical and personalized content from single tourist attraction explanation mode to sharing and recommendation of multiple contents to realize the transformation of creative characters and perspectives; we upgraded the audio-visual module and integrated video animation with the cultural knowledge of tourist attractions to enrich the display form of tourist attractions; we enriched the drawing style and created 3D hand-painted maps to intuitively display the panorama of tourist attractions and provide more interesting content for users to enhance the tourism experience.

With the introduction of nationally known IP virtual characters to tourist attractions, users can realize real-time interaction with the virtual IP characters on smartphones by virtue of the AR technology, which will greatly increase user conversion rates and frequency of utilization of our tour guides. Therefore, we can establish emotional links with users, and comprehensively upgrade and iterate on the electronic tour map products for tourist attractions. By upgrading and iterating on the tour guide contents with innovative and interactive voice-over commentaries, the online electronic tour map business is expected to usher in a multi-fold growth in market capacity, thereby driving the Company to achieve revenue of over HK\$1 billion from its principal business.



## Chairman's Statement

### ***Continuous Development of SaaS Business for the Smart and Digital Marketing of Tourist Attractions***

We established in-depth cooperation with the culture and tourism bureaus, travel agencies and tourist attractions across China, aiming to change the service mode of the tourism industry and consumers' way of travelling. The all-rounded tour guide system we built contains high-definition exquisite hand-painted maps, which combined with LBS with precise positioning and local characteristics, comprehensively presents information on tourist attractions, food recommendations, tourist centers, parking lots and accommodations to provide consumers with all-rounded travel assurance and makes it easy for consumers to realize smart and convenient travel. We are also working with an internet platform to create the "Future Tourist Attractions" project, aiming to satisfy the personalized service needs of consumers through digital transformation and upgrading. Consumers only need a mobile phone to enjoy the whole smart travel service of "before, during and after the tour". We have developed a smart tourist attractions management service system to assist management departments of the government in efficient management and reasonable deployment of local tourism resources in the form of big data centers, command centers, internet portals, etc. For example, in the tourist attractions operation service, the system can perform passenger flow monitoring, heat map analysis, intelligent terminal management and AI learning, which could analyze tourists' consumption habits and provide data reference for the management of tourist attractions resulting in the digital upgrading of tourist attractions. During the Reporting Period, we successfully delivered several key projects of smart tourist attractions digital management service system.

In addition, in order to improve the digital marketing and detailed operation service of tourist attractions, we also developed the SaaS system "Lvji Travel Tool" to help tourist attractions enhance their digital operation ability, diversify the options for consumers' returning purchases, construct private internet traffic pool system in tourist attractions, provide solutions for smart tourist attractions and facilitate the digitized upgrading of tourist attractions, creating an extensive application prospect for China's action plan on "Internet + Tourism".



## Chairman's Statement

### ***Applying AI and MR Innovative Technologies to Create Long-term Value***

As a technology-driven company, we always insist on the application of innovative technology to cooperative tourist attractions, using innovative technologies such as AI large model technology and MR technology combined with online tour guides to provide consumers experience of not only the sensory effect of visual impact but also seamless switching of tour guide contents perfectly. “Lvji MR” has functions such as 720 panoramic MR, MR panoramic live broadcast, MR comic live broadcast and MR video documentary filming. We have core technology for autonomous data collection, panoramic pictures, panoramic video synthesis, MR playback and live broadcast and post-processing synthesis technology capabilities to provide static, dynamic, online comprehensive MR solution capabilities to enable us to provide higher quality services for the tourism market at the stage of strong recovery and growth in China's tourism industry. During the Reporting Period, relying on the Company's rich resources of global tourist attractions, we jointly created the “offline large-space immersive cultural tourism MR product under the Void Realm (虚空之境) series” with leading enterprises in China's MR technology industry, enabling users to walk freely in the space of Lvji Void Realm to visit historic sites around the world in the same way as in real life. The product also supports multi-player teams to move forward in the same scene where they can communicate and interact with each other. The immersive exploration experience supports a large number of users to experience simultaneously and can quickly complete the rotation of entire audience in the shortest rest time. Based on the revolutionary breakthroughs in AI large model technology and our long-term research and development and application in the fields of big data, AI and XR technologies, the commercial operation of “Lvji MR” will become the second growth curve of the Company. We believe that such business strategies will generate long-term value for the Shareholders.

### **Business Outlook and Strategies**

Over the past four years, there have been significant changes in the industrial structure of the domestic and outbound tourism markets in China, and the tourism industry is being developed towards smart and digital tourism. “Virtual reality”, “smart tour guide” and “data monitoring” have become the basic requirements for tourist attractions to promote the construction of smart tourism. In 2023, the Chinese government launched several measures to stimulate domestic consumption, resulting in the accelerated recovery of the tourism market. At the same time, the increasing demand of consumers for contactless tourism, reserved tours and peripheral tours in central cities have been promoting the continuous improvement of digital facilities in tourist attractions and thus continuously improving the tourism experience of consumers. We believe that we are well-positioned to capture the recovery of the tourism industry and the opportunity of popularization of smart tourism to resume growth within a short period with our core competitive advantages on continuous technological innovations and strategic cooperation with OTAs.

We will continue to focus on our core strategy in combination with the enterprise positioning of “China's leading culture and tourism industry chain service platform”, maintain our market-leading position in the online tour guide market, reduce costs and increase efficiency. We are confident to capture the opportunity of recovery, continue to lead the development of the online tour guide industry, and strive to build a service platform for the whole industry chain of culture and tourism.



## Chairman's Statement

In the long run, we believe that tourism will continue to develop rapidly benefiting from the continuous increase in the base number of Chinese middle class and upgrading consumption. With the further increase in the support for “Internet + Tourism” in China and the advocacy of the government to develop high-quality development of tourism with the help of technological innovation, it is expected that the online penetration of online tourism products will increase continuously, and the digital development of China's tourism will accelerate and generate a considerable growth potential. Local governments are expected to make continuous efforts in smart travel, safe travel, contactless services and other aspects to accelerate the return of the tourism economy to the track of rapid development.

We strived to build an industry chain of culture and tourism service platforms to continue to strengthen our leading market position. Specifically, we continuously optimized tour guide products, enriched the content of tour guides and upgraded 3D hand-painted maps combined with MR and AI technologies to make the interactive experience of consumers more interesting; paid close attention to the latest development of outbound tourism, and adjusted our overseas online tour guide business strategy accordingly; and applied the latest AIGC technology to produce MR digital visual contents of tourist attractions, and constructed a set of modern industrialized production processes and management methods for the digital contents of tourist attractions. The Company's team has independently developed a platform for the modern industrialized creation processes and management of digital images of tourist attractions, namely the visual data production and management platform + CG production tool integration system (BPL), which accumulated a lot of high-quality digital assets, forming a mature team for creativity, production, technical research and development, and management. Building our strengths in digital and creative cultural tourism, and against the backdrop of the rapid growth of demand for technology-enabled cultural tourism projects across China, the Company is deeply engaged in expressing Chinese stories in international languages, deeply exploring new ways of integrating online games and offline experience in cultural tourism.

We have optimized the “Lvji Mobile Tour” and built three systems of comprehensive management, comprehensive operation and comprehensive service according to the demand of digital upgrading of the tourist attractions to empower the marketing of tourist attractions and enhance the operations' innovation ability and second sale revenue ability, and thus promote the long-term development of the tourist attractions. We will focus on the establishment of all-rounded tourism demonstration districts and counties and optimize the demonstrative all-rounded labelling system and tourist transport center system with the goal of building a national all-rounded tourism demonstration area to construct a trinity of “provinces and cities, regions and tourist attractions” all-rounded tourism big data comprehensive service platform. We will also continue to upgrade our SaaS business and build a multi-terminal and multi-channel one-stop smart tourism ecological platform, connecting consumers' “dining, accommodation, transportation, entertainment, and shopping” and other supporting consumer service facilities. Our goal is to facilitate the tourist attractions to realize their smart management, smart marketing and smart services.

# Management Discussion and Analysis

Year ended December 31, 2023 compared to Year ended December 31, 2022

	<b>2023</b>	2022
	<b>(RMB'000)</b>	(RMB'000)
<b>REVENUE</b>	<b>585,395</b>	344,328
Cost of sales	<b>(362,083)</b>	(207,536)
<b>Gross profit</b>	<b>223,312</b>	136,792
Other income and gains	<b>8,610</b>	13,845
Selling and distribution expenses	<b>(15,296)</b>	(20,786)
Administrative expenses	<b>(24,594)</b>	(29,943)
Provision for expected credit loss (“ECL”) allowance of trade receivables and prepayments, deposits and other receivables	<b>(10,293)</b>	(199)
Equity-settled share award scheme expenses	-	(51,838)
Other expenses	<b>(34)</b>	(682)
Finance costs	<b>(318)</b>	(177)
<b>PROFIT BEFORE TAX</b>	<b>181,387</b>	47,012
Income tax expense	<b>(36,220)</b>	(9,475)
<b>PROFIT FOR THE YEAR</b>	<b>145,167</b>	37,537
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
<i>Item that will be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements	<b>(1,371)</b>	29,232
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b>(1,371)</b>	29,232
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>143,796</b>	66,769
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>143,796</b>	66,769

## REVENUE

We generate our revenue from sales of online tour guides through OTAs and through Lvji APP, and from sales of customized content to administrators of tourist attractions and cultural sites. The following table sets forth a breakdown of our revenue for the years indicated:

	For the year ended December 31,	
	2023 (RMB'000)	2022 (RMB'000)
Sale of online tour guides through OTAs	579,235	339,498
Sale of online tour guides through Lvji APP	379	86
Sale of customized content	5,781	4,744
<b>Total revenue</b>	<b>585,395</b>	<b>344,328</b>

### Sale of Online Tour Guides

We provide comprehensive online tour guides to end users with respect to the tourist attractions that we cover. Our online tour guides can be purchased by the end users from OTAs, travel agencies and through our Lvji APP.

#### *Sale of online tour guide through OTAs*

We generated a substantial portion of our revenue from sale of online tour guides through OTAs in 2023. We provide our API to embedded portals or mini programs or APPs on the platform of OTAs in order for the end users to purchase our standard online tour guides for different tourist attractions. End users can access to our cloud system through our H5 pages embedded into OTA's stand-alone APPs and mini programs by our open API. Our strategic alliance with major OTAs enables us to broaden our reach by leveraging the vast end user base of these OTAs.

We generated majority of our revenue from the sale of our online tour guides through OTAs, which accounted for approximately 98.9% of our total revenue in 2023. Revenue from the sale of online tour guides through OTAs increased by approximately 70.6% from approximately RMB339.5 million in 2022 to approximately RMB579.2 million in 2023.





## Management Discussion and Analysis

### ***Sale of online tour guides through our Lvji APP***

Tourists may access almost all of our online tour guides directly through our Lvji APP. It is available for download and mobile users can purchase online tour guides directly from us through the APP. The Lvji APP is built to enable access to our full online tour guides offerings with clear and functional interfaces. We offer certain location-based features that are only available on our Lvji APP, such as weather information, push notifications of nearby attractions, businesses or places of interest when the mobile APP detects that the user is arriving at such destinations or places, real time Chinese-to-English and English-to-Chinese translation features and enable sharing to social media platforms.

### **Sale of customized content**

We also sell customized online tour guide products and services to administrators of tourist attractions and to a lesser degree, cultural sites. We typically create bespoke, proprietary online tour guide contents for tourist attractions in a form of an independent APP or mini program or H5 pages commissioned by the administrators of the tourist attractions or cultural sites and charge one-time service fees.

Our comprehensive coverage of tourist attractions, quality online tour guides and advanced technology allow us to have a better understanding of the demand from the tourists. We mainly customize online tour guides for tourist attractions administrators and such guides may include AI commentaries, automatic positioning, and additional functions including big-data analysis, among others. The customized content services that we sell to cultural sites mainly focused on smart tourism and all-for-one tourism products based on the online tour guides for the tourist attractions in the region, including list of all tourist attractions in local cities and rural areas, navigation in the illustrated maps of tourist attractions, surrounding urban commercial services, among others.

During the Reporting Period, most of the orders received were completed. The revenue from sale of customized content recorded an increase from RMB4.7 million in 2022 to RMB5.8 million in 2023, representing a year-on-year increase of approximately 21.9%.

## COST OF SALES

Our cost of sales consists of concession fees retained by OTAs, amortization of intangible assets, tax and expenses and costs of content customization.

The following table sets forth a breakdown of our cost of sales in absolute amount and as a percentage of total revenue for the years indicated:

	For the year ended December 31,			
	2023		2022	
	(RMB'000)	% of revenue	(RMB'000)	% of revenue
<b>Online Tour Guide</b>				
OTA concession fees	289,447	49.4	169,099	49.1
Amortization of intangible assets	68,596	11.7	35,088	10.2
Tax and expenses	181	0.0	498	0.2
<b>Content Customization</b>	<b>3,859</b>	<b>0.7</b>	2,851	0.8
<b>Total</b>	<b>362,083</b>	<b>61.8</b>	207,536	60.3

Cost of sales increased approximately 74.5% from RMB207.5 million in 2022 to RMB362.1 million in 2023. The increase was mainly attributable to the increase in the OTA concession fees.

## GROSS PROFIT

As a result of the foregoing, our gross profit increased by approximately 63.2% from approximately RMB136.8 million in 2022 to approximately RMB223.3 million in 2023 on a year-on-year basis. Our gross profit margin decreased from approximately 39.7% in 2022 to 38.1% in 2023, which was mainly attributable to the increase in the amortization cost of intangible assets.

## OTHER INCOME AND GAINS

Other income and gains decreased by approximately 37.8% from RMB13.8 million in 2022 to RMB8.6 million in 2023. The decrease was mainly due to the decrease in foreign exchange gains and government grants.

## SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by approximately 26.4% from RMB20.8 million in 2022 to RMB15.3 million in 2023. The decrease was mainly due to the decrease in promotion services of offline tourist attractions and online marketing expenses.



## Management Discussion and Analysis

### ADMINISTRATIVE EXPENSES

Administrative expenses decreased by approximately 17.9% from RMB29.9 million in 2022 to RMB24.6 million in 2023. The decrease was mainly due to the decrease in the remuneration of management department.

### OTHER EXPENSES

Other expenses mainly include other miscellaneous expenses. Other expenses decreased from RMB0.7 million in 2022 to RMB0.03 million in 2023.

During the Reporting Period, China's domestic and outbound travel activities witnessed a rapid recovery. Therefore, in accordance with the Group's accounting policies on assets impairment, the Company's management, in view of the significant increase in number of and income from online tour guides sold to end users visiting China's domestic and overseas tourist attractions and no indications of impairment being noted as at balance sheet date, performed impairment testing on certain copyrights (the "Copyrights"), representing 60,147 online tour guides, which comprise illustrated maps, text and audio contents the Group procured from suppliers and were further developed and integrated into the Group's online tour guides. As of December 31, 2023, there was no impairment during the Reporting Period.

The valuation was carried out on a value in use basis in accordance with HKFRSs 36, pursuant to which value in use is defined as "the present value of the future cash flows expected to be derived from an asset or Cash-generating Unit". The independent professional valuer has conducted valuation in accordance with the IAS issued by the International Valuation Standards Council. The value in use basis was developed through the application of the income approach technique known as the discounted cash flow method. This method eliminates the discrepancy in the time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the operation of these overseas online tour guides.



## Management Discussion and Analysis

In the valuation, it is assumed that the forecasted performances of the subject assets and the Company's projected business can be achieved with the effort of management. Regarding the performance forecast of the subject assets for the next five years, the management has made forecasts in terms of sales volume and unit price for two different markets, namely domestic and overseas (including Hong Kong, Macau and Taiwan), taking into account the adjustment of pandemic prevention and control in Mainland China and the latest changes in the market:

1. In the performance forecast for the domestic market, the sales volume forecast for the subject assets in 2024 is mainly based on the sales volume in 2023, with a growth rate of 10%, and the sales volume forecast for 2025 to 2028 is based on a growth rate of 3%, with the growth rates mainly taking into account an expected national economic trend. The unit sales price of the subject asset is projected at a rate of 1.93% per annum based on the actual average unit sales price in 2024, which is derived by calculating the average annual growth rate of the consumer price index for education, culture and entertainment (data sourced from National Bureau of Statistics) for 2016 to 2023.
2. In the performance forecast of the overseas (including Hong Kong, Macau and Taiwan) markets, the sales volume forecast for the subject assets in 2024 and 2025 is mainly based on the sales volume in 2023 with a predicted growth rate of 30% and 20%, respectively. The growth rate of the sales volume for online tour guides from 2026 to 2028 is based on an expected national economic trend of 3%. The unit sales price of the subject assets is based on the unit sales price in 2023, with an annual growth rate of 1.93%.

## Management Discussion and Analysis

The key assumptions are listed as follows:

No.	Item	Key Factors	Value	Reference
1	Cost	Sales Cost		Amortization expenses of corresponding Copyrights
		Operation Cost	17.71%	Average ratio of last 3 years as at the Valuation Date
2	Depreciation and Amortization	Fixed Asset Depreciation Expense	0.70%	Average ratio of last 3 years as at the Valuation Date
		Right of Use Assets Amortization Expense	0.98%	Average ratio of last 3 years as at the Valuation Date
3	Tax	Tax Rate	15.00%/25.00%	
4	Remaining Life	Remaining Life	0.1–10 years	The remaining amortization useful life of Copyrights
5	Working Capital	Working Capital	8.33%	The collection period of revenue relating to online tour guides is estimated to be one month
6	Capital expenditure ("CAPEX")	CAPEX		Assumed the maintenance expenditure, equal to current depreciation and amortization
7	Growth rate	Growth rates over the next 5 to 10 years	3%	Reference forecast of expected economic growth rate in the next 5 years

The after-tax discount rate was 17% (pre-tax rate: 25.27%) for the Copyrights, considering the current market situation, business risk and the expected return from the intangible asset related businesses.

The Copyrights were initially recognised and measured at cost incurred and there were no inputs and assumptions adopted then. The above-mentioned inputs and assumptions were adopted for the first time in the valuation model with reference to the Group's operations and performance.

## INCOME TAX EXPENSE

We recorded an income tax expense of approximately RMB36.2 million in 2023 compared to approximately RMB9.5 million in 2022, which was mainly due to the increase in profit before tax.

### PROFIT FOR THE YEAR

Profit for the year increased year-to-year to profit of RMB145.2 million in 2023 from profit of RMB37.5 million in 2022. Excluding the non-recurring non-cash share-based compensation expenses, our adjusted profit for the year (a non-GAAP measure) increased by approximately 62.4% year-to-year to profit of RMB145.2 million in 2023 from profit of RMB89.4 million in 2022. Our adjusted net profit margin (a non-GAAP measure) decreased from adjusted net profit margin of 26.0% to adjusted net profit margin of 24.8% in 2023. The decrease in our adjusted net profit margin was mainly due to the increase in amortization cost of intangible assets.

### OTHER FINANCIAL INFORMATION

#### Liquidity and Capital Resources

We fund our liquidity needs mainly from net cash generated from our operation and the net proceeds received from the Global Offering (the “Proceeds”). We have adopted a prudent financial management approach towards our treasury management policies and thus maintained a healthy liquidity position throughout 2023. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors our liquidity position to ensure that the liquidity structure of our assets, liabilities and other commitments can meet our funding requirements from time to time.

As of December 31, 2023, we had cash and cash equivalents of approximately RMB125.1 million (2022: RMB320.4 million), net current assets of approximately RMB86.9 million (2022: RMB326.9 million) and total equity of approximately RMB915.2 million (2022: RMB701.9 million). Our current ratio determined by current assets divided by current liabilities was approximately 1.7 times as of December 31, 2023 (2022: 5.2 times). The decrease in our cash and cash equivalents, net current assets and current ratio was mainly due to the increase in intangible assets. We had no bank borrowings as of December 31, 2023 (2022: Nil), and thus gearing ratio determined by bank borrowings divided by total equity was not applicable to us (2022: not applicable). Our cash and cash equivalents are denominated in RMB, HKD and USD.



## Management Discussion and Analysis

The following table sets forth our cash flows for the periods indicated:

	2023 (RMB'000)	2022 (RMB'000)
Net cash flows from operating activities	255,228	164,174
Net cash flows used in investing activities	(517,968)	(200,924)
Net cash flows generated from/(used in) financing activities	67,227	(2,632)
<b>Net decrease in cash and cash equivalents</b>	<b>(195,513)</b>	<b>(39,382)</b>
Cash and cash equivalents at the beginning of the year	320,404	359,665
Effect of foreign exchange rate changes, net	226	121
<b>Cash and cash equivalents at the end of the year</b>	<b>125,117</b>	<b>320,404</b>

### Net Cash from Operating Activities

Our net cash from operating activities in 2023 was approximately RMB255.2 million. The cash inflow was a result of profit before tax of approximately RMB181.4 million mainly adjusted by:

- (i) a positive effect of depreciation and amortization of other intangible assets; and
- (ii) a positive effect of movement in working capital, which mainly includes an decrease in prepayments, deposits and other receivables.

### Net Cash used in Investing Activities

Our net cash used in investing activities in 2023 was approximately RMB518.0 million. The cash outflow was primarily attributable to additions of approximately RMB374.3 million to intangible assets.

### Net Cash generated from Financing Activities

Our net cash generated from financing activities in 2023 was approximately RMB67.2 million. The cash inflow was mainly due to the issue of shares under general mandate which was completed in June 2023.



## Management Discussion and Analysis

### Capital Expenditure

Our capital expenditures consist of acquisition of property, plant and equipment and acquisition of intangible assets.

Property, plant and equipment comprise mainly our furniture and fixtures. Property, plant and equipment decreased by approximately RMB0.5 million or 79.8%, which was mainly due to the depreciation of property, plant and equipment of approximately RMB0.5 million.

Intangible assets comprise copyrights and computer software and are amortized over their expected useful life. Intangible assets increased by approximately RMB305.8 million or 82.1%, which was mainly due to an increase in the number of tourist attractions we covered and the number of online tour guides we developed in 2023.

### Trade Receivables, Prepayment, Deposits and Other Receivables

As at December 31, 2023, trade and other receivables amounted to approximately RMB227.4 million, representing an increase of 182.1% as compared with approximately RMB80.6 million as at December 31, 2022, primarily as a result of the increase of a refundable investment deposit paid to Guangzhou Asset Management Company Limited (“Guangzhou Asset Management”) for the acquisition of the Huangtengxia series loan claims. Trade receivable turnover days for the Reporting Period amounted to 27 days (2022: 40 days). This was mainly due to the faster collection of credit sales.

### Trade and Other Payables

As at December 31, 2023, trade and other payables amounted to approximately RMB32.6 million, representing a decrease of approximately 29.9% as compared with approximately RMB25.1 million as at December 31, 2022. This was mainly due to prepayment to suppliers made by us in 2023.

### Treasury Management Policy

We have adopted a prudent financial management approach towards our treasury management policies and thus maintained a healthy liquidity position throughout 2023. We strive to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of our customers. To manage liquidity risk, the Board closely monitors our liquidity position to ensure that the liquidity structure of our assets, liabilities and other commitments can meet our funding requirements from time to time.

### Material Acquisitions and Disposals

On December 25, 2023, the Company entered into an agreement with Guangzhou Asset Management for the acquisition by Guangzhou Asset Management of the Huangtengxia series loan claims through the public listing and bidding services of the Guangdong Financial Assets Exchange Center at a consideration of RMB370.5 million. The Company agreed to contribute no less than 70% of the actual transaction price, while Guangzhou Asset Management would contribute no more than 30% and not exceeding RMB111.0 million. For details, please refer to the announcement of the Company dated December 27, 2023.

Save as disclosed above, the Company did not have any material acquisitions and disposals in 2023.



## Management Discussion and Analysis

### Significant Investment, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

We did not have any significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures in 2023.

### Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus and the subsection headed “Material Acquisitions and Disposals”, there were no other plans for material investments and capital assets during the Reporting Period and up to the date of this report.

### Employee and Remuneration Policies

As of December 31, 2023, we had a total of 54 full-time employees (2022: 85). The remuneration of the employees is determined based on their performance, experience, competence and market comparable. The Company has adopted the Share Option Scheme as an incentive to the employees, Directors and other eligible participants. Further details of which are described in the subsection headed “Statutory and General Information – D. Other Information – 1. Share Option Scheme” in Appendix IV to the Prospectus. As of December 31, 2023, no share options had been granted or agreed to be granted by us pursuant to the Share Option Scheme. In addition, the Company has adopted the Share Award Scheme to recognize the contributions by certain employees and to provide them with incentives so as to retain them for the continual operation and development of the Group. Further details of the Share Award Scheme are disclosed in the Company’s announcement dated January 21, 2022. As of December 31, 2022, 72,450,675 shares had been awarded to six selected employees pursuant to the Share Award Scheme. Further details of the grant of awarded shares are disclosed in the Company’s announcement dated December 19, 2022.

At its meeting held on March 27, 2024, the Remuneration Committee has reviewed the Share Option Scheme and Share Award Scheme.

During the Reporting Period, the remuneration of the Group’s employees amounted to RMB15.4 million (2022: RMB75.5 million), which comprises of wages and salaries and pension scheme contributions.

As required by the PRC laws, we participate in various statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, a work-related injury insurance plan, maternity insurance, unemployment insurance and a housing provident fund. We are required under the PRC laws to contribute to employee benefit plans at specified percentages of salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local governments from time to time.

We primarily recruit our employees through recruitment agencies and online channels, including our corporate websites and social networking platforms. We have adopted robust internal training policies, pursuant to which management, technology and other training are regularly provided to our employees by in-house trainers or third-party consultants.

We have founded a labor union to provide employees with a wealth of recreational and collective welfare activities. We believe that the foundation of the labor union helps us to maintain a good working relationship with our employees and we did not experience any significant labor disputes or any material difficulties in recruiting employees for our operations in 2023.

## SHARE SCHEMES

### Share Option Scheme

We have adopted the Share Option Scheme on December 20, 2019. The principal terms of the Share Option Scheme are set out as follows:

**(i) Purpose**

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisors, substantial Shareholders, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

**(ii) Eligible participants**

The Board may, at its absolute discretion and on such terms as it may think fit, grant any Employee (full-time or part-time), Director, consultant, advisor, substantial Shareholder, distributor, contractor, supplier, agent, customer, business partner or service provider of any member of our Group and any company wholly-owned by one or more persons belonging to any of the aforesaid clauses, options to subscribe at a price calculated in accordance with paragraph (vi) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the INEDs) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

**(iii) Acceptance and payment on acceptance of option offer**

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

**(iv) Maximum number of Shares to be issued**

The total number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 141,030,000 Shares, being 8.36% of the total number of Shares in issue as at the date of this annual report.

As at January 1, 2023 and December 31, 2023, the maximum number of shares may be granted pursuant to the Share Option Scheme were 141,030,000 shares and 141,030,000 shares, respectively.

**(v) Maximum entitlement of each participant**

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.



## Management Discussion and Analysis

### **(vi) Basis of determining the exercise price**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

### **(vii) Period within which the option must be exercised**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

### **(viii) Life of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of ten years commencing on the date on December 20, 2019 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting. For details, please refer to the sub-section headed "Appendix IV – Statutory and General Information – D. Other Information – 1. Share Option Scheme" of the Prospectus. The vesting date of the option will be set by the Board at the date of grant, which shall be no less than 12 months from the date of acceptance of the option.

Since the date of adoption of the Share Option Scheme, and during the Reporting Period, no share options had been granted or agreed to be granted by us pursuant to the Share Option Scheme. As at the date of this annual report, the remaining life of the Share Option Scheme is approximately five years and eight months.

### Share Award Scheme

We have adopted the Share Award Scheme on January 21, 2022. The principal terms of the Share Award Scheme are set out as follows:

#### **(i) Objectives**

The specific objectives of the Share Award Scheme are: (i) to recognise the contributions by certain Employees and to provide them with incentives in order to retain them for the continual operation and development of the Company; and (ii) to attract suitable personnel for further development of the Company.

#### **(ii) Award of Awarded Shares**

Subject to the rules of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Employee (other than any Excluded Employee) for participation in the Share Award Scheme as a Selected Employee, and grant such number of Awarded Shares to any Selected Employee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

#### **(iii) Vesting of Awarded Shares**

Subject to the terms and condition of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by a trustee on behalf of the Selected Employee pursuant to the provision of the rules of the Share Award Scheme shall vest in such Selected Employee in accordance with the relevant vesting schedule (if any), and the trustee shall cause the Awarded Shares to be transferred to such Selected Employee on the Vesting Date. A Selected Employee shall not have any interest or rights, including the right to receive dividends, in the Awarded Shares prior to the Vesting Date.

#### **(iv) Maximum number of Shares to be issued**

The Board shall not make any further award of Awarded Shares which will result in the aggregate number of the Shares awarded by the Board under the Share Award Scheme exceeding 5% of the total number of the issued Shares from time to time, representing 5% of the issued Shares as at the date of this annual report.

#### **(v) Maximum entitlement of each participant**

The maximum number of shares which may be awarded to a Selected Employee under the Share Award Scheme shall not exceed 1% of the total number of the issued Shares in any 12-month period.



## Management Discussion and Analysis

### (vi) *Alteration and Termination*

The Share Award Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Employee under the Share Award Scheme.

The Share Award Scheme shall terminate on the earlier of:

- (a) the 10th anniversary date of the Adoption Date; and
- (b) such date of early termination as determined by the Board by a resolution of the Board,

provided that such termination shall not affect any subsisting rights of any Selected Employee under the Share Award Scheme.

Details of the Awarded Shares granted pursuant to the Share Award Scheme to the grantees are set out below:

Category of Participant	Date of Award	Number of Awarded Shares	Purchase Price (HKD)	Vesting Date	Unvested as at January 1, 2023	Number of Awarded Shares				
						Granted during 2023	Vested during 2023	Lapsed during 2023	Canceled during 2023	Unvested as at December 31, 2023
Employees	December 19, 2022	72,450,675	Nil	December 19, 2022	Nil	Nil	Nil	Nil	Nil	Nil

As of December 31, 2023 and up to the date of this annual report, no Awarded Shares have been granted to (i) any Directors, chief executive, substantial Shareholders, or their respective associates, (ii) any participant with awards granted and to be granted in excess of the 1% individual limit (as defined under Chapter 17 of the Listing Rules), and (iii) any related entity participant or service provider with awards granted and to be granted in excess of 0.1% of the Company's issued Shares over any 12-month period.

As at January 1, 2023 and December 31, 2023, the number of share awards available for grant under the Share Award Scheme was 4,354,359 and 8,154,359 Shares, respectively. The total number of shares of the Company available for issue under the Share Award Scheme is 8,154,359 Shares, representing approximately 0.5% of the number of issued Shares of the Company as at the date of the 2023 Annual Report. Rule 17.07(3) of the Listing Rules is not applicable to the Share Award Scheme for the year as the Company did not grant any awards in 2023 that require the Company to issue new Shares for the payment of Shares.



## Management Discussion and Analysis

There is no amount payable on acceptance of the grant of share awards, the payment term or the purchase price for the grant of share awards under the Share Award Scheme.

The remaining life of the Share Award Scheme is approximately 7 years and 9 months as at the date of this annual report.

Please refer to the Company's announcement dated January 21, 2022 for details of the Share Award Scheme.

As of December 31, 2023, 72,450,675 shares had been awarded to six selected employees pursuant to the Share Award Scheme. Further details of the grant of awarded shares are disclosed in the Company's announcement dated December 19, 2022.

### **Contingent Liabilities**

The Group did not have any material contingent liabilities as at December 31, 2023.

### **Charge on Assets**

As at December 31, 2023, the Group had pledged bank deposits of RMB0.2 million (2022: RMB0.5 million), which was mainly pledged to the government authorities for conducting tourist related business in the PRC.



## Profiles of Directors and Senior Management

### EXECUTIVE DIRECTORS

**Mr. Zang Weizhong (臧偉仲)**, aged 43, is the chairman of the Board and an executive Director of the Company. He is also currently the director of Zhonghexin Technology Holdings Limited, Zitop Technology Holdings Limited, the executive director and general manager of Huoer Guosi Lvji, Guangzhou Lvji, Huoer Guosi Yuantai Technology Company Limited\* (霍爾果斯元泰科技有限公司) and Guangzhou Lvji Digital Technology Company Limited\* (廣州驢迹數字化科技有限公司). He was appointed as a Director on November 7, 2018 upon the incorporation of our Company, and was re-designated as an executive Director on August 2, 2019. Mr. Zang established our Group in December 2013. He is the founder of our Group. He is primarily responsible for formulating the overall business plan and overseeing the business development and corporate culture of our Group. Mr. Zang is a director of Lu Jia Technology, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Zang graduated from Wuhan Textile University (武漢紡織大學) in the PRC in June 2011 and specialized his studies in international finance. Mr. Zang was recognized as the “Outstanding and faithful entrepreneur in China (中國優秀誠信企業家)” by Chinese Enterprise Guozhixin (Beijing) Credit Evaluation Center\* (中企國質信(北京)信用評估中心) in June 2017.

**Mr. Wang Lei (王磊)**, aged 40, is the vice chairman of the Board appointed on August 15, 2022 and an executive Director appointed on July 7, 2021, and is the head of the Group’s operation and management department for tourist attractions. From June 2018 to May 2019, he served as the senior investment director of Shanghai Joyu Tourism and Investment Co., Ltd. (上海景域旅遊投資有限公司). From May 2015 to May 2018, he served as the general manager of the investment department and the airlines and travel business department of Air Guilin Airlines & Tourism Group (桂林航空旅遊集團). From July 2008 to May 2015, he worked for Guilin Tourism Development Corporation (桂林旅遊發展總公司), successively served as archive secretary, deputy director of the general office and director of the office of the board of directors; he also held positions in various subsidiaries, such as deputy general manager of the project company for Guilin Seven Star Park (桂林七星景區), general manager of the project company for Guilin Reed Flute Cave Attractions (桂林蘆笛景區), chairman of the board of directors and general manager of Guilin Tourism Development and Investment Co., Ltd. (桂林旅遊發展投資有限公司).

Mr. Wang obtained a bachelor’s degree in management from Guilin University of Technology and a master’s degree in hotel and tourism management from the Hong Kong Polytechnic University.

Mr. Wang joined our Group as the senior investment director of the Group’s investment and acquisition department in June 2019. Further detail, please refer to the announcement of the Company dated July 7, 2021.



## Profiles of Directors and Senior Management

**Mr. Liu Hui (劉暉)**, aged 45, is an executive Director appointed on July 7, 2021 and is the Group's general manager for the smart tourist attractions business. From October 2011 to November 2018, he served successively as the senior operation director and deputy general manager at Global Business Intelligence Consulting Co., Ltd. (吉貝克信息技術有限公司). From July 2007 to June 2011, he served successively as the operation manager and senior operation manager at Huawei Technologies Co., Ltd. (華為技術有限公司). From July 2000 to August 2004, he served successively as the operation staff and the operation manager at China United Network Communications Co., Ltd., Anhui Branch (中國聯合網絡通信股份有限公司安徽省分公司).

Mr. Liu obtained a bachelor's degree in landscaping from Anhui Agricultural University in 2000 and a master's degree in business administration from South China University of Technology in 2007.

Mr. Liu joined our Group as the senior operation director in November 2018. Further detail, please refer to the announcement of the Company dated July 7, 2021.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Gu Jianlu (顧劍璐)**, aged 32, was appointed as an INED on November 19, 2019. She is primarily responsible for supervising and providing independent judgment to our Board.

Ms. Gu has over eight years of experience in investment management. Ms. Gu has been a managing director of Shanghai Qingzhitong Investment Management Co., Ltd.\* (上海青之桐投資管理有限公司) since July 2016.

Ms. Gu obtained a bachelor's degree in Human Resources Management (人力資源管理) from University of International Business and Economics (對外經濟貿易大學) in the PRC in June 2013. She subsequently obtained a master's degree in Engineering from Peking University (北京大學) in the PRC in January 2016.



## Profiles of Directors and Senior Management

**Ms. Gao Yuanyuan (高媛媛)**, aged 39, was appointed as an INED on November 25, 2022. She is primarily responsible for supervising and providing independent judgment to our Board.

Ms. Gao has over 13 years of extensive working experience in accounting and finance. From August 2011 to January 2012, Ms. Gao worked as an audit assistant in the Guangdong branch of Asia Pacific (Group) CPAs (Special General Partnership). In addition, Ms. Gao worked as a project manager in BDO China Shu Lun Pan CPAs (Special General Partnership) Guangdong Branch from February 2013 to January 2018. She worked as a salaried partner of the Guangdong branch of Asia Pacific (Group) CPAs (Special General Partnership) from February 2018 to February 2021. Ms. Gao has held the position of business director of Yue Kai Securities Company Limited since March 2021.

Ms. Gao is a certified public accountant in the PRC and holds the title of intermediate accountant. Ms. Gao obtained a bachelor's degree in information and computing science from Xiangtan University in 2007 and a master's degree in accounting from Changsha University of Science and Technology in 2011.

**Ms. Gu Ruizhen (顧瑞珍)**, aged 46, was appointed as an INED on November 4, 2020. She is primarily responsible for supervising and providing independent judgment to the Board.

Ms. Gu has 20 years of experience in government management, news communication and the development of state-owned enterprises. From July 2002 to October 2015, Ms. Gu served as a member of the Standing Committee of the Xinhua News Agency. From October 2015 to September 2019, she served as Deputy Director of the Law Enforcement Department of the Central Network Information Office's Integrated Coordination, Management and Law Enforcement Supervision Bureau (presided over the work) and as spokesman and head of the Office of the Communications Bureau of the Central Network Information Office. In addition, Ms. Gu served as Deputy General Manager of China International Capital Corporation Limited from September 2019 to August 2020. Ms. Gu is now vice president of Inner Mongolia Mengniu Dairy (Group) Co., Ltd, a subsidiary of China Mengniu Dairy Company Limited (stock code: 2319).

Ms. Gu obtained a master's degree in teaching programme from Shanghai Normal University in 2002.

### SENIOR MANAGEMENT

**Mr. Yuan Ting (袁琰)**, aged 39, our chief executive officer. Mr. Yuan joined the Company in April 2018, serving as a vice president of the Company. From June 2014 to January 2018, Mr. Yuan served as a senior project manager at Huawei Technologies Co., Ltd. From April 2009 to April 2014, Mr. Yuan successively served as an account manager and a marketing director at HyalRoute Communication Group.

Mr. Yuan obtained a bachelor's degree in Business English from Nanchang Hangkong University in 2008.

**Mr. Wang Lei (王磊)**, our executive Director and head of the Group's operation and management department for tourist attractions. See "Executive Directors" in this section for his profile.

**Mr. Liu Hui (劉暉)**, our executive Director and general manager for the smart tourist attractions business. See "Executive Directors" in this section for his profile.

**Mr. Wen Lijun (溫利軍)**, aged 31, is the sales director of our Company. He was appointed as the sales director of our Group on November 19, 2019. Mr. Wen has served as the sales director of Lvji Technology since June 23, 2014. Mr. Wen is primarily responsible for implementing annual sales strategy and sales target of our Group.

Prior to joining our Group, Mr. Wen served as the head of training department of Guangzhou Zengcheng Blue Eagle Education and Training Center\* (廣州市增城藍鷹教育培訓中心) from June 2011 to June 2013.

Mr. Wen graduated from Sun Yat-Sen University (中山大學) in June 2015 and he specialized his studies in administration management. He has been recognized as the Project Management Professional by the Project Management Institute since June 2018. Mr. Wen has been a lecturer for Guangzhou Youth Social Work Training (廣州市青少年社會工作培訓講師) from December 2015 to November 2017.

### JOINT COMPANY SECRETARIES

**Mr. Chu Wing Tim Benedict (朱永添)** and **Ms. Lam Yin Ling (林燕玲)** were appointed as the joint company secretaries of the Company. Each of Mr. Chu and Ms. Lam is an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional.

Mr. Chu has over 10 years' experience in the fields of compliance, securities and corporate secretarial. Ms. Lam has over 10 years' experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies, private companies and offshore companies.

\* The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.





## Directors' Report

The Board presents this Directors' report in the Group's annual report for the Reporting Period.

### GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on November 7, 2018 as an exempted company with limited liability under the laws of the Cayman Islands. The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. 352,700,000 Shares were issued under the Global Offering at the price of HK\$2.12 per Share, raising net proceeds of approximately HK\$580.0 million (after deducting the underwriting commissions and related listing expenses payable by the Company in the Global Offering). As at the Listing Date, the share capital of the Company was US\$14,103,000 divided into 1,410,300,000 ordinary shares of US\$0.01 each.

### PRINCIPAL BUSINESS

The Group is a market leader in China's online tour guide industry. The Group deploys software on its cloud system to provide online tour guide with proprietary contents, which include illustrated maps of tourist attractions, editorial contents and voice-over commentaries of points of interest in the tourist attractions, and are implemented to include functions such as real-time navigation. In addition, the Group also provides smart tourist attractions management service system and all-rounded tourism solutions for tourist attractions and cultural sites. As a technology-driven company, the Group prioritizes the development of its software and information technology, including R&D in big data and AI capabilities.

There were no significant changes in the nature of the Group's principal business during the Reporting Period. Please refer to Note 1 to the Financial Statements for details of the principal business of the Group.

### RESULTS

The results of the Group for the Reporting Period are set out in the Consolidated Statement of Comprehensive Income of this annual report.

### DIVIDEND AND DIVIDEND POLICY

No dividend was declared and paid by the Company for the Reporting Period. The Directors do not recommend any payment of a final dividend for the Reporting Period. As at December 31, 2023, there was no arrangement under which a shareholder has waived or agreed to waive any dividend. The Group does not have any pre-determined dividend pay-out ratio. The declaration of dividends is subject to the discretion of the Board. Any declaration of final dividend by the Company shall also be subject to the approval of the Shareholders in a general meeting. The Directors may recommend a payment of dividends in the future after taking into account the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to constitutional documents, any applicable laws and regulations, including the laws of the Cayman Islands.

### SHARE CAPITAL

Details of the issued shares of the Group during the Reporting Period are set out in Note 27 to Financial Statements.

## **DISTRIBUTABLE RESERVES**

As at December 31, 2023, the Company had no distributable reserves.

## **FINANCIAL SUMMARY**

The Group's financial summary for the last five financial years is set out in the section headed "Five-Year Performance Review" on page 148 of this annual report.

## **BANK LOANS AND OTHER BORROWINGS**

As of December 31, 2023, the Group had no outstanding bank loans or other borrowings.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 16 to Financial Statements.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Articles of Association and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

## **TAX RELIEF**

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Company's Shares.

## **USE OF PROCEEDS FROM THE GLOBAL OFFERING**

The Shares were successfully listed on the Stock Exchange on the Listing Date. The net proceeds from the Listing were approximately HK\$580.0 million (after deducting the underwriting commissions and other related listing expense payable by the Company in the Global Offering) (the "Global Offering Proceeds"). As at December 31, 2023, the Group had used approximately HK\$574.7 million (equivalent to approximately RMB520.8 million).

In order to improve the utilization efficiency of the net proceeds and reduce financing cost, and based on the actual situation and operational development needs of the Company, on December 16, 2022, the Board considered and approved the resolution in relation to the proposed change in the use of the unutilized net Global Offering Proceeds. As such, portions of the net proceeds originally allocated for the use of (i) upgrade of existing products' contents; (ii) expansion of content production team; (iii) upgrade of existing hardware and software; (iv) procurement of servers; and (v) strategic investment will be reallocated for (i) data collection and content production of the tourist attractions for online tour guide development; and (ii) working capital and general corporate purposes. Further details are disclosed in the Company's announcement dated December 16, 2022. Save as disclosed above, as of December 31, 2023, there was no material change in the use of the net Global Offering Proceeds.

## Directors' Report

The table below set out the planned application and usage of the net Global Offering Proceeds:

	Intended use of Global Offering Proceeds (HK\$ million)	Proposed change in use of Global Offering Proceeds (HK\$ million)	Revised allocation of Global Offering Proceeds (HK\$ million)	Proportion after revised allocation (%)	Remaining balance as at December 31, 2022 (HK\$ million)	Amount utilized for the Reporting Period (HK\$ million)	Remaining balance as at December 31, 2023 (HK\$ million)	Expected timeline to use the remaining net Proceeds
Upgrade of existing products' contents	58.0	(30.0)	28.0	4.8	7.7	2.4	5.3	31/12/2024
Data collection and content production of the tourist attractions for online tour Guide development	174.0	104.4	278.4	48	104.4	104.4	-	N/A
Expansion of content production team	58.0	(47.0)	11.0	1.9	-	-	-	N/A
Upgrade of existing hardware and software	20.3	(10.0)	10.3	1.8	2.8	2.8	-	N/A
Recruitment of more R&D talents	20.3	-	20.3	3.5	-	-	-	N/A
Procurement of servers	17.4	(17.4)	-	-	-	-	-	N/A
Industry exhibitions and conferences, on-site promotion at tourist attractions and marketing activities	34.8	-	34.8	6	-	-	-	N/A
New products launches and marketing	23.2	-	23.2	4	-	-	-	N/A
Strategic investment	116.0	(20.0)	96.0	16.6	81.0	81.0	-	N/A
Working capital and general corporate purposes	58.0	20.0	78.0	13.4	20.0	20.0	-	N/A
<b>Total</b>	<b>580.0</b>	<b>0.0</b>	<b>580.0</b>	<b>100</b>	<b>215.9</b>	<b>210.6</b>	<b>5.3</b>	

N/A: Not applicable

The unutilized net Global Offering Proceeds are placed in licensed banks in Hong Kong and the PRC.

## PROCEEDS FROM THE PLACINGS OF NEW SHARES UNDER GENERAL MANDATE

### Placing in 2020

On October 28, 2020, the Company issued and allotted 53,350,000 fully paid ordinary Shares, representing approximately 3.64% of the issued share capital of the Company as enlarged by the allotment and issue of the placing Shares, at the subscription price of HK\$0.90 per Share to three placees (the "2020 Placing"). The aggregate nominal value of the placing Shares is US\$533,500. The closing market price was HK\$0.91 per Share on the date on which the terms of the issue were fixed. The gross proceeds from the 2020 placing were approximately HK\$48.0 million, and the net proceeds after deducting all relevant expenses were approximately HK\$47.9 million (the "Proceeds from 2020 Placing").

The original expected timeline to use the net proceeds from the 2020 Placing has matured on December 31, 2022. After careful consideration, the Board considered and approved the extension of the expected timeline to use the net proceeds from the 2020 Placing to December 31, 2024. Further details are disclosed in the Company's announcement dated December 16, 2022. As of December 31, 2023, there was no material change in the use of the net proceeds from the 2020 Placing.

The table below set out the intended application and usage of the net proceeds from the 2020 Placing under general mandate:

	Intended use of Proceeds from the 2020 Placing (HK\$ million)	Proportion (%)	Remaining balance as at December 31, 2022 (HK\$ million)	Amount utilized for the Reporting Period (HK\$ million)	Remaining balance as at December 31, 2023 (HK\$ million)	Expected timeline to use the remaining net Proceeds from 2020 Placing
Operating expenses, such as hiring additional employees and procuring advanced hardware and software equipment	4.8	10	-	-	-	N/A
Equity acquisition and investment of high-quality enterprises associated with the Company's business	43.1	90	43.1	43.1	-	N/A
<b>Total</b>	<b>47.9</b>	<b>100</b>	<b>43.1</b>	<b>43.1</b>	<b>-</b>	

Accordingly, all net proceeds from the 2020 Placing have been utilized as planned.

## Directors' Report

### Placing in 2023

On June 15, 2023, the Company issued and allotted 76,000,000 ordinary Shares, representing approximately 4.71% of the issued share capital of the Company as enlarged by the allotment and issue of the placing Shares, at the subscription price of HK\$1.00 per Share to two subscribers, namely Ms. Zhang Huan (張歡) and Mr. Qi Shaobin (齊韶斌) (the "2023 Placing"). The aggregate nominal value of the placing Shares is US\$760,000. The closing market price was HK\$0.72 per Share on the date on which the terms of the issue were fixed (i.e. June 2, 2023). The gross proceeds from the 2023 Placing were approximately HK\$76 million, and the net proceeds after deducting all relevant expenses were approximately HK\$75.50 million (the "Proceeds from 2023 Placing"), with the net proceeds per placing Share of approximately HK\$0.993. The net Proceeds from 2023 Placing are intended to be used for operating expenses, such as the production of domestic and overseas tour guides. Details of the 2023 Placing were disclosed in the Company's announcements dated June 2 and 15, 2023. As at December 31, 2023, 76,000,000 ordinary Shares were fully paid. None of the net Proceeds from 2023 Placing were utilized for the Reporting Period and the Company is expected to use the net Proceeds from 2023 Placing by December 31, 2024.

	Intended use of Proceeds from 2023 Placing (HK\$ million)	Proportion (%)	Balance as at June 15, 2023 (HK\$ million)	Amount utilized for the Reporting Period (HK\$ million)	Remaining balance as at December 31, 2023 (HK\$ million)	Expected timeline to use the remaining net Proceeds from 2023 Placing
Operating expenses, such as the production of domestic and overseas tour guides	75.5	100	75.5	-	75.5	31/12/2024
<b>Total</b>	<b>75.5</b>	<b>100</b>	<b>75.5</b>	<b>-</b>	<b>75.5</b>	

The unutilised net proceeds are placed in licensed banks in the PRC.

## BUSINESS REVIEW

### Overview and performance of the Reporting Period

Business review and financial review are set out in the section headed "Management Discussion and Analysis" of this annual report.

### Environmental Policies and Performance

The Group's business model generally involves online sales of online tour guide to its end users. Therefore, the Group is not subject to significant health, safety or environmental risks. The Group does not expect to incur any material liabilities or expenditures in these respects. To ensure compliance with applicable laws and regulations, its human resources team under its administration department would, if necessary, adjust its human resources policies from time to time to accommodate material changes to relevant labor and safety laws and regulations.

### Compliance with Relevant Laws and Regulations

The Group has complied in all material respects with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance. The Group has also complied in all material respects with other relevant laws and regulations that have a significant impact on the operations of the Group.

### Key Relationships with Stakeholders

#### *Relationship with Customers*

The Group provides services to end users but collect related sales proceeds from OTAs. Based on the flow of revenue collection stream, OTAs are deemed as customers. The other customers include travel agencies, users of Lvji APP, tourist attraction administrators and government offices.

The Group develops and maintains long-term strategic relationships with our OTAs. A number of functional groups for our OTA business are established, namely:

- sales and marketing department: expand and maintain the corresponding OTA channel, facilitate communication between OTA headquarters and regional business leaders, and continuously deepen cooperation and promote our products on the OTA platform;
- operations department: responsible for providing OTA with products to and from the production line, price adjustment, handling related end-user and OTA feedback and complaints, coordinating system daily docking, daily order check and statistics;
- product team under our content production department: provide product service and technical support for OTA, and connect with OTA system to realize transmission and check between content data and order data;





## Directors' Report

- project team under our operations department: coordinate with product technical team to produce contents, development functions and systems; and
- management team under our operations department: be responsible for developing business policies and strategies, monitoring and advancing the implementation of policies and strategies.

The Group's trading terms with OTAs are mainly on credit. The credit period for OTAs is generally 45 days. Each OTA has a maximum credit limit. The credit period for other customers is generally 30 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Please refer to Note 20 to the Financial Statements for details of trade receivables.

The Group's top five OTAs accounted for approximately 99.8% of its total revenue for the Reporting Period (2022: 98.6%) whereas its largest customer accounted for approximately 33.8% of its total revenue for the Reporting Period (2022: 34.8%). For details of the risks associated with reliance on major customers, and measures undertaken by the Group to mitigate such risks, please refer to the paragraph headed "Risk of Major Customers" on page 39 of this annual report.

For the Reporting Period, none of the Directors, any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued Shares of the Company) was interested in the top five customers of the Group.

### ***Relationship with Suppliers***

From financial perspective, OTAs are categorized as suppliers as their pre-deducted concession fees are recognized as our cost of sales. The OTA concession fees attributable to the five largest OTAs (in terms of OTA concession fees contribution) accounted for approximately 79.9% of its cost of sales for the Reporting Period (2022: 81.8%) whereas the largest OTA (in terms of OTA concession fees contribution) accounted for approximately 27.4% of our cost of sales for the Reporting Period (2022: 28.9%).

The suppliers of operation, to whom the Group directly make payments for the purchases, primarily consist of (i) data collection and content providers, (ii) data storage, server hosting and bandwidth providers, and (iii) human resource outsourcing agents who provide experienced staff for us. The Group's top five suppliers in terms of purchase amount, which excluded OTA concession fees, consulting expenses and listing fees, accounted for approximately 90.0% of its total purchase amount for the Reporting Period (2022: 66.3%).

For the Reporting Period, none of the Directors, any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued Shares of the Company) was interested in the top five suppliers of the Group.

### ***Relationship with Our Employees***

The Group embraces its employees as the most valuable assets of the Group. The objective of the Group's human resources management is to reward and recognize outstanding employees by providing competitive remuneration packages and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group by providing robust internal training and opportunities. In particular, to strengthen and sustain its technology innovation, the Group will continue to attract, train and retain more talent in technology, research and development. New talent will continue to support its technology and will be offered advancement on-the-job training programs and promotion opportunities.

### ***Relationship with Our Shareholders***

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes communication with the Shareholders is a two-way process and have thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, interim and annual reports and results announcements.

### **Principal Risk and Uncertainties**

#### ***Risk of Major Customers***

Since a limited number of customers, including OTAs, attributed to a substantial portion of the Company's revenue, there will be an adverse impact on the sales and profit of the Group if these major customers reduce the volume of, or no longer sell, their travel products and services sold through us.

Response measures: The Group will increase market sales of its products through a diversified source of customers, including (i) contracting with regional travel agents; (ii) end users of its Lvji APP; (iii) contracting with local tourist attraction administrators; and (iv) engaging in cooperation relationships with cultural sites. At the same time, the Group will actively look for mergers and acquisition opportunities to expand the market size.

#### ***Risk of Competition within the Industry***

Competition in the online tour guide industry is competitive. The Group compete primarily with other online tour guide providers and, to a lesser extent, travel agencies and OTAs. As China's online travel market continues to evolve, the Group may face with increased competition from new online tour guide providers or travel agencies and OTAs that seek to expand into this industry. Increased competition could reduce our operating margins and profitability and result in its loss of market share.

Response measures: The Group will continue to strategically increase investments in its sales and marketing efforts, including broadening its user acquisition channels. At the same time, the Group will further improve its market competition analysis mechanism, focus on market dynamics and collect market information. In addition, the Group will continue to increase its competitiveness through expanding the range of our product and service offerings, growing its user base, enhancing its user engagement, and pursuing strategic alliances, acquisitions and investments.



## Directors' Report

### ***Risk of Retaining and Growing our User Base***

The size of the Group's user base and the level of user engagement are critical to our success. The Group's business will continue to significantly depend on our users and their level of engagement with its products and services. If users no longer view its products and services as useful and attractive, the Group may not be able to increase or maintain its user base and the level of user engagement. Thus, its operating results and long-term monetization potential could be adversely impacted.

Response measures: the Group will continue to seek the most effective and cost-efficient ways to expand our user base through a diverse range of traffic acquisition channels. The Group's major strategies are (i) increasing user awareness through OTAs, (ii) enhancing its brand equity through marketing and promotional activities, (iii) acquiring traffic efficiently for its Lvji APP; and (iv) providing a more personalized user experience with smart tourism solutions to meet its users' evolving needs.

### ***Risk of Regulatory or Governmental Policy Changes***

The Group is required to obtain, maintain and renew various licenses, permits and accreditations from time to time for its business operations. Although as confirmed by a written confirmation dated November 29, 2019 issued from Guangdong Communications Administration, being the competent authority to confirm matters relating to the operation of ICP services and application for ICP License in Guangdong province, that currently there is no relevant policy or regulation that requires the Group to obtain an ICP License, the Group may be required to obtain the ICP License or other additional licenses or permits in the future if there is a change in interpretation of the PRC laws and regulations. Should the Group fail to obtain or renew the certificates, licenses or accreditations required to operate its businesses in a timely manner or at all, the Group may be subject to fines or penalties and our business may be materially disrupted which could have a material and adverse effect on our financial performance and results of operations.

Response measures: The Group will continue to comply with all the applicable PRC laws, regulatory requirements and guidelines in relation to our business and operations in all material respects. Should there be a change of regulation or governmental policies, the Group will obtain or renew the certificates, licenses or accreditations required to operate its businesses in a timely manner.

### ***Exchange Rate Fluctuation Risk***

The Group mainly conducts business in mainland China, and most transactions are settled in RMB, so there is no significant exchange rate risk. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor changes in foreign exchange to protect the Group's cash value as much as possible.

## **PROSPECTS**

A description of the future development in the Company's business is set out in the "Chairman's Statement" and the "Management Discussion and Analysis" section of this annual report.

## EVENTS AFTER DECEMBER 31, 2023

### ADOPTION OF STOCK SHORT NAME IN CHINESE

The Company has adopted “驢跡科技” as the stock short name in Chinese for trading in the Shares on the Main Board of the Stock Exchange on January 8, 2024. The Company's stock short name in English remains unchanged as “LVJI TECH”.

### ISSUE OF SHARES UNDER GENERAL MANDATE

On February 6, 2024, the Company entered into the subscription agreements with eleven individual subscribers, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 75,100,000 subscription shares, representing approximately 4.45% of the issued shares of the Company as enlarged by the allotment and issue of the subscription shares. The Subscription Price is HK\$0.45 per subscription Share. The aggregate nominal value of the subscription shares is US\$751,000. The closing market price was HK\$0.50 per Share on the date on which the terms of the issue were fixed (i.e. February 6, 2024). The net Subscription Price is approximately HK\$0.443 per Share. The net proceeds are intended to be used for operating expenses, such as the production of domestic and overseas electronic tour guides. None of the net proceeds were utilized for the Reporting Period since the subscriptions took place after the Reporting Period. The subscription has been completed on February 29, 2024. For details, please refer to the Company's announcements dated February 6, 2024 and February 29, 2024.

### REACHING A COOPERATION AGREEMENT ON SCIENTIFIC RESEARCH PROJECT

On March 1, 2024, Lvji Technology reached a cooperation agreement on establishing a clinical application level research on the umbilical cord mesenchymal stem cell preparations with Fangzhou Qianyan (Guangzhou) Health Management Co.\* (方舟前沿(廣州)健康管理公司) and Guangdong Provincial Hospital of Traditional Chinese Medicine/the national clinical research base for stem cells\* (廣東省中醫院／幹細胞國家臨床研究基地). For details, please refer to the Company's announcement dated March 1, 2024.

Save for the above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2023 and up to the date of this annual report.

## DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

### Executive Directors:

Mr. Zang Weizhong (*Chairman*)  
 Mr. Wang Lei (*Vice Chairman*)  
 Mr. Liu Hui

### Non-executive Director:

Mr. Cheung King Him Edmund (resigned on September 8, 2023)

### Independent Non-executive Directors:

Ms. Gu Jianlu  
 Ms. Gao Yuanyuan  
 Ms. Gu Ruizhen

\* The English name of company represent the best effort made by the management of the Company to directly translate the Chinese name as they do not register any official English name.



## Directors' Report

Article 84(1) of the Articles of Association provides that at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Article 84(2) of the Articles of Association provides that a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires, and Director appointed by the Board pursuant to article 83(3) of the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Also, Article 84(2) of the Articles of Association provides that any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment. Accordingly, Mr. Zang and Mr. Wang Lei, will retire from office by rotation and, being eligible, have offered themselves for re-election at the AGM. No Director proposed for re-election at the AGM has an unexpired service contract or letter of appointment which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

### **DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES**

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

### **DIRECTORS' SERVICE CONTRACTS**

Mr. Zang entered into a service contract with the Company on December 20, 2019 commencing from the Listing Date and has been renewed on December 20, 2022. Mr. Wang and Mr. Liu Hui entered into service contracts with the Company on July 7, 2021 commencing on the same day. The service contract of each of the executive Directors are for an initial term of three years and until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

Ms. Gu Jianlu signed a letter of appointment with the Company on November 19, 2022, Ms. Gu Ruizhen signed a letter of appointment with the Company on November 4, 2020, which has been renewed on November 4, 2023, and Ms. Gao Yuanyuan signed a letter of appointment with the Company on November 25, 2022. The letter of appointment of Ms. Gu Jianlu, Ms. Gu Ruizhen and Ms. Gao Yuanyuan are for a term of three years. The appointment may be terminated by either party giving to the other not less than one month's prior notice in writing.

None of the Directors have an unexpired letter of appointment which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.



## CONFIRMATION OF INDEPENDENCE FROM THE INEDs

The Company has received from each of the INEDs a confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. Base on the confirmations, the Company considers that the INEDs are in compliance with the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at December 31, 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Interests in Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares held	Long/ Short position	Approximate percentage of shareholding in the Company <sup>(3)</sup>
Mr. Zang	Beneficial owner	2,366,000	Long position	0.15%
	Interest in controlled corporation <sup>(1)</sup> /Interest of a party to an agreement regarding interest in the Company <sup>(2)</sup>	554,916,500	Long position	34.42%

Notes:

- (1) As of December 31, 2023, Lu Jia Technology directly held 407,163,400 Shares. As Lu Jia Technology is wholly and beneficially owned by Mr. Zang, Mr. Zang is deemed to be interested in the Shares held by Lu Jia Technology under the SFO.
- (2) Mr. Zang is a party to the acting in concert deed dated July 25, 2019 entered into by the Controlling Shareholders, pursuant to which, each of Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Jieming Sanhao LLP, Jieming Sanhao BVI, Qifu Honglian LLP and Qifu Honglian BVI agree to act and vote in concert with each other based on consensus reached among themselves (or the instructions of Mr. Zang when no consensus can be reached) for all operational and other matters at board meetings or shareholders' meetings of each of the Group companies. Mr. Zang is therefore deemed to be interested in the 147,753,100 Shares held by Mr. Fan, Invest Profit, Qifu Honglian LLP, Qifu Honglian BVI, Jieming Sanhao LLP and Jieming Sanhao BVI under the SFO.
- (3) The percentages are calculated on the basis of 1,612,100,675 Shares in issue as of December 31, 2023.



## Directors' Report

### Interests in Shares of an Associated Corporation

Name of Director	Name of associated corporation	Nature of interest/ capacity	Number of shares held in the associated corporation	Percentage of shareholding
Mr. Zang	Lu Jia Technology <sup>(1)</sup>	Beneficial owner	50,000	100%

Note:

- (1) As of December 31, 2023, Lu Jia Technology was interested in approximately 34.57% of the total issued share capital of the Company. Therefore, Lu Jia Technology is an associated corporation of the Company for the purpose of the SFO.

Save as disclosed above, as at December 31, 2023, none of the Directors nor the chief executives of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2023, the following persons and entities (other than the Directors or chief executives of the Company) have interests or short positions in the shares and underlying shares which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Long/ Short position	Approximate percentage of shareholding in the Company <sup>(9)</sup>
Lu Jia Technology	Beneficial owner	407,163,400	Long position	25.26%
	Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	150,119,100	Long position	9.31%
Invest Profit	Beneficial owner	61,444,900	Long position	3.81%
	Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	495,837,600	Long position	30.76%

## Directors' Report

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Long/ Short position	Approximate percentage of shareholding in the Company <sup>(9)</sup>
Mr. Fan <sup>(2)</sup>	Interest in controlled corporation/Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	557,282,500	Long position	34.57%
Qifu Honglian BVI	Beneficial owner Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	47,401,200 509,881,300	Long position Long position	2.94% 31.63%
Qifu Honglian LLP <sup>(3)</sup>	Interest in controlled corporation/Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	557,282,500	Long position	34.57%
Qifu Private Equity Funds Management Company Limited* (啓賦私募基金管理有限公司) <sup>(3)</sup>	Interest in controlled corporation	557,282,500	Long position	34.57%
Shanghai Qianfu Investment Management Company Limited* (上海謙賦投資管理有限公司) <sup>(3)</sup>	Interest in controlled corporation	557,282,500	Long position	34.57%
Fu Zhekuan* (傅哲寬) <sup>(3)</sup>	Interest in controlled corporation	557,282,500	Long position	34.57%
Jieming Sanhao BVI	Beneficial owner Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	38,907,000 518,375,500	Long position Long position	2.41% 32.16%
Jieming Sanhao LLP <sup>(4)</sup>	Interest in controlled corporation/Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	557,282,500	Long position	34.57%
Guangzhou Shi Jieming Investment Management Limited* (廣州市捷銘投資管理有限公司) <sup>(4)</sup>	Interest in controlled corporation	557,282,500	Long position	34.57%

## Directors' Report

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Long/ Short position	Approximate percentage of shareholding in the Company <sup>(9)</sup>
Wang Bing* (王冰) <sup>(4)</sup>	Interest in controlled corporation	557,282,500	Long position	34.57%
Yongtai BVI	Beneficial owner	87,684,600	Long position	5.44%
Yongtai LLP <sup>(5)</sup>	Interest in controlled corporation	87,684,600	Long position	5.44%
Dongying Chunhua Consultancy Management Company Limited* (東營春華諮詢管理有限公司) <sup>(6)</sup>	Interest in controlled corporation	87,684,600	Long position	5.44%
Dongying Linglong Jinshan Investment Management Company Limited* (東營玲瓏金山投資管理有限公司) <sup>(6)</sup>	Interest in controlled corporation	87,684,600	Long position	5.44%
Lin Fangli* (林芳荔) <sup>(6)</sup>	Interest of spouse	557,282,500	Long position	34.57%
Ye Hua* (葉華) <sup>(7)</sup>	Interest of spouse	557,282,500	Long position	34.57%
Mithaq Capital SPC <sup>(8)</sup>	Beneficial owner	295,194,000	Long position	18.31%
Mithaq Capital <sup>(8)</sup>	Interest in controlled corporation	295,194,000	Long position	18.31%
Mithaq Global <sup>(8)</sup>	Interest in controlled corporation	295,194,000	Long position	18.31%

\* The English names of these companies or persons represent the best effort made by management of the Company to directly translate the Chinese names as they have not registered any official English names.

### Notes:

- (1) It is a party to the acting in concert deed dated July 25, 2019 entered into by the Controlling Shareholders pursuant to which each of Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Jieming Sanhao LLP, Jieming Sanhao BVI, Qifu Honglian LLP and Qifu Honglian BVI agree to act and vote in concert with each other based on consensus reached among themselves (or the instructions of Mr. Zang when no consensus can be reached) for all operational and other matters at board meetings or shareholders' meetings of each of the Group companies.
- (2) As of December 31, 2023, Invest Profit directly held 61,444,900 Shares. Being a party to the acting in concert deed dated July 25, 2019, Invest Profit is deemed to be interested in the Shares held by Mr. Zang, Lu Jia Technology, Qifu Honglian LLP, Qifu Honglian BVI, Jieming Sanhao LLP and Jieming Sanhao BVI. Invest Profit is wholly and beneficially owned by Mr. Fan and therefore Mr. Fan is deemed to be interested in the Shares held by Invest Profit under the SFO.
- (3) As of December 31, 2023, Qifu Honglian BVI directly held 47,401,200 Shares. Being a party to the acting in concert deed dated July 25, 2019, Qifu Honglian BVI is deemed to be interested in the Shares held by Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Jieming Sanhao LLP and Jieming Sanhao BVI. Qifu Honglian BVI is wholly and beneficially owned by Qifu Honglian LLP. The general partner of Qifu Honglian LLP is Qifu Private Equity Funds Management Company Limited which in turn is owned as to approximately 31.71% by Shanghai Qianfu Investment Management Company Limited and as to approximately 17.70% by Fu Zhekuan, among others. Shanghai Qianfu Investment Management Company Limited is owned as to approximately 81.25% by Fu. Therefore, Qifu Honglian LLP, Qifu Private Equity Funds Management Company Limited, Shanghai Qianfu Investment Management Company Limited and Fu Zhekuan are deemed to be interested in the Shares held by Qifu Honglian BVI under the SFO.
- (4) As of December 31, 2023, Jieming Sanhao BVI directly held 38,907,000 Shares. Being a party to the acting in concert deed dated July 25, 2019, Jieming Sanhao BVI is deemed to be interested in the Shares held by Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Qifu Honglian LLP and Qifu Honglian BVI. Jieming Sanhao BVI is wholly and beneficially owned by Jieming Sanhao LLP. The general partner of Jieming Sanhao LLP is Guangzhou Shi Jieming Investment Management Limited which in turn is owned as to approximately 74.5% by Wang Bing. Therefore, Jieming Sanhao LLP, Guangzhou Shi Jieming Investment Management Limited and Wang Bing are deemed to be interested in the Shares held by Jieming Sanhao BVI under the SFO.
- (5) Yongtai BVI is wholly and beneficially owned by Yongtai LLP. The general partner of Yongtai LLP is Dongying Chunhua Consultancy Management Company Limited which in turn is owned as to 99% by Dongying Linglong Jinshan Investment Management Company Limited. Therefore, Yongtai LLP, Dongying Chunhua Consultancy Management Company Limited and Dongying Linglong Jinshan Investment Management Company Limited are deemed to be interested in the Shares held by Yongtai BVI under the SFO.
- (6) Lin Fangli is the spouse of Fu Zhekuan. Therefore, Lin Fangli is deemed to be interested in the Shares in which Fu Zhekuan is interested or is deemed to be interested under the SFO.
- (7) Ye Hua is the spouse of Wang Bin. Therefore, Ye Hua is deemed to be interested in the Shares in which Wang Bin is interested or is deemed to be interested under the SFO.
- (8) As of December 31, 2023, to the best knowledge of the Directors, Mithaq Capital SPC directly held 295,194,000 Shares. Mithaq Capital SPC was owned as to 46.92% by Mithaq Capital and Mithaq Capital was wholly owned by Mithaq Global. Therefore, Mithaq Capital and Mithaq Global are deemed to be interested in the Shares held by Mithaq Capital SPC under the SFO.
- (9) The percentages are calculated on the basis of 1,612,100,675 Shares in issue as of December 31, 2023.

Save as disclosed above, as of December 31, 2023, no other person or entity (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



## Directors' Report

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the section headed "Directors and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations" above, at no time during the Reporting Period and up to the date of this annual report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Save for their respective interests in the Group, none of the Directors or their respective close associates was interested in any business which directly or indirectly competes or is likely to compete with the businesses of the Group from the Listing Date and up to December 31, 2023.

### **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

Other than disclosed in the section headed "Related Party Transactions" in Note 31 to Financial Statements contained in this annual report, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the Reporting Period or as of December 31, 2023.

### **CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS**

Other than disclosed in the section headed "Related Party Transactions" in Note 31 to Financial Statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the Reporting Period or subsisted as of December 31, 2023. No contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the Reporting Period or subsisted as of December 31, 2023.

### **CONNECTED TRANSACTIONS**

The related party transactions disclosed in Note 31 to Financial Statements contained in this annual report are connected transactions which are fully exempted from the requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1) of the Listing Rules.

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to article 164 of the Articles of Association and subject to Cayman Islands Companies Law, each Director shall be indemnified and secured harmless, out of the assets and profits of the Company, from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

Furthermore, pursuant to an indemnification agreement dated August 2, 2019 entered into between the Company and Mr. Cheung King Him Edmund (a non-executive Director), the Company agreed to indemnify Mr. Cheung King Him Edmund against all expenses, judgments, fines, interest or penalties, and excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred in connection with any proceeding (other than, among other things, the circumstances when Mr. Cheung King Him Edmund has been finally adjudged to have been knowingly fraudulent, deliberately dishonest or wilful misconduct), to the fullest extent permitted by applicable law. Mr. Cheung King Him resigned as a non-executive Director on September 8, 2023.

The Company has arranged appropriate directors' liability insurance coverage for the Directors. Such insurance was in force during the year ended December 31, 2023, and remained in force as at the reporting date.

## EMOLUMENT POLICY

The Directors and senior management receive remuneration, including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonus. The Group also reimburses them for expenses which are necessary and reasonably incurred in relation to all business and affairs carried out by the Group from time to time or for providing services to the Group or executing their functions in relation to the Group's business and operations. The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities and performance of the Directors and senior management.

The Remuneration Committee is responsible for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the abovementioned factors.

After the Listing, the Directors, senior management and other staff may also receive share options to be granted under the Share Option Scheme and Shares to be granted under the Share Award Scheme, as and when the Directors deem appropriate and expedient to do so from time to time.

Details of the emoluments of the Directors, and the five highest paid individuals for the Reporting Period are set out in Note 15 to Financial Statements.





## Directors' Report

### **RETIREMENT AND EMPLOYEE BENEFITS SCHEME**

Details of the retirement and employee benefits scheme of the Company are set out in Note 2 to Financial Statements.

### **EQUITY-LINKED AGREEMENT**

Save as disclosed in the section headed "Share Schemes", there was no equity-linked agreement entered into by the Company during the Reporting Period.

### **DEED OF NON-COMPETITION**

The Controlling Shareholders, namely Mr. Zang, Lu Jia Technology, Invest Profit, Mr. Fan, Qifu Honglian LLP, Qifu Honglian BVI, Jieming Sanhao LLP and Jieming Sanhao BVI, entered into the deed of non-competition (the "Deed of Non-competition") in favor of the Company (for itself and as trustee for each of its subsidiaries) on December 20, 2019 pursuant to which each of the Controlling Shareholders, irrevocably and unconditionally, has undertaken to and covenanted with the Group that, save and except as disclosed in the Prospectus, he/it will not, and would procure that his/its close associates (except any members of the Group) would not directly or indirectly, either on his/its own or in conjunction with or on behalf of any person, firm, company, partnership or organization among other things, carry on, participate or hold interests in or engage in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise), any business which is in competition with or likely to be in competition with the Group's business.

Please refer to the Prospectus for details of the Deed of Non-competition.

The Company has received an annual confirmation from the Controlling Shareholders in respect of their compliance with Deed of Non-competition from the Listing Date up to December 31, 2023.

Based on the information and confirmation provided by the Controlling Shareholders, the INEDs have reviewed the implementation of Deed of Non-competition from the Listing Date up to December 31, 2023, and are satisfied that the Controlling Shareholders have complied with the Deed of Non-competition.

### **MATERIAL LEGAL PROCEEDINGS**

For the Reporting Period, to the best knowledge of the Directors, there was no actual or pending legal, arbitration or administrative proceedings that would have a material adverse effect on our business, results of operations, financial condition or reputation, and compliance with applicable laws and regulations.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

None of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS**

No convertible securities, options, warrants and similar rights were issued or granted by the Group during the Reporting Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code from the Listing Date to December 31, 2023.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company from the Listing Date to December 31, 2023.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its Shareholders and enhance its value and accountability. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code. During the Reporting Period, the Company had complied with all the mandatory disclosure requirements and the applicable code provisions under the Corporate Governance Code.

The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

## **INDEPENDENT AUDITOR**

The Consolidated Financial Statements have been audited by the Auditor Grant Thornton Hong Kong Limited ("Grant Thornton"), certified public accountants.

Grant Thornton will retire at the AGM and, being eligible, offer themselves for re-appointment. A resolution to re-appoint Grant Thornton as the Auditor until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix their remuneration will be proposed at the AGM.

## **CHANGE IN THE INDEPENDENT AUDITOR FOR THE PAST THREE YEARS**

The Company has appointed Ernst & Young ("E&Y") as the Auditor since the Listing Date. On August 5, 2022, E&Y resigned as the Auditor. On the same date, Grant Thornton was appointed as the Auditor to fill the casual vacancy following the resignation of E&Y. Grant Thornton was re-appointed by the Shareholders at the annual general meeting of the Company held on June 21, 2023.



## Directors' Report

### CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

Save as otherwise disclosed in this annual report, there was no change to the details of the biography of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules from the date of the 2023 Interim Report of the Company.

### AUDIT COMMITTEE

The Audit Committee has, together with the senior management and the independent auditor of the Company, reviewed the accounting principles and practices adopted by the Company as well as the audited Consolidated Financial Statements.

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Hong Kong Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public as at the date of this annual report.

### CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from Friday, June 21, 2024 to Wednesday, June 26, 2024 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM to be held on Wednesday, June 26, 2024, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m., Thursday, June 20, 2024.

By Order of the Board

**Zang Weizhong**

*Chairman of the Board and Executive Director*

Guangzhou, the PRC, March 27, 2024



# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted and applied the principles as set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code.

The Company was in compliance with all of the mandatory disclosure requirements and the code provisions of the Corporate Governance Code during the Reporting Period and up to the date of this report.

### Corporate Culture, Value and Strategy

The Group embeds with a strong corporate culture of self-orientation as a solution specialist in the smart tourism industry.

Our core values are:

- Result-orientation
- Efficiency and earnestness
- Collaboration and creativity

Founded in 2013, we have been focusing on two core strategies, namely, (i) Tourists Attractions E-guide; and (ii) All-area-advancing Tourism E-guide.

We strive to the research and development of E-guide software, all-area-advancing tourism E-guide system and other pan-tourism business. Upon intelligent tourism industrial cloud brain established by the Group, the tourism ecosphere sustained by E-guide and Smart Management & Service system has been formed.

In response to the development policies of “Intelligent Tourism” and “All-area-advancing Tourism” launched by the National Tourism Administration, the Group, relying on the industrial ecological platform, proactively cooperate with Tencent and AutoNavi to implement “E-travel in Yunnan” and “Tourist Attractions of the Future” projects respectively. Furthermore, the Group has established profound collaboration with multiple domestic tourism administration, thus exerts substantial effect on service mode of tourism sector and travel styles of tens of millions of tourists. We have thereafter created a much promising application of “Tourism sector + Internet” model in China.

The Board is of the principal role to foster a corporate culture and to guide the conduct and behaviours of the employees, and the Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

The Board continuously reviews and updates the Group’s strategies to provide better clarity on direction and business models. In addition, the Group takes active and prompt measures to meet market changes through adjustment of business strategies and control over costs for supporting continuous business development of the Group.



## Corporate Governance Report

### **Compliance with the Model Code**

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they had complied with the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the Reporting Period.

### **The Board**

#### ***Responsibilities***

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business and investment plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Articles of Association.

All of the Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its Shareholders at all times.

#### ***Delegation of Management Function***

The Board may from time to time delegate certain functions to management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to it from time to time. The delegated functions are periodically reviewed.

The Directors have full access to information of the Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities.

Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

### **Board Composition**

The Board comprises the following Directors as at the date of this annual report:

#### **Executive Directors:**

Mr. Zang Weizhong (*Chairman*)

Mr. Wang Lei (*Vice Chairman*)

Mr. Liu Hui

#### **INEDs:**

Ms. Gu Jianlu

Ms. Gao Yuanyuan

Ms. Gu Ruizhen

During the Reporting Period, Mr. Zang Weizhong is the chairman of the Board of the Company, and Mr. Yuan Ting is the chief executive officer of the Company. The Board had met the requirements of the Listing Rules that it must include at least three INEDs, representing at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a confirmation of independence in writing from each of the INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent in the Reporting Period.

Save as disclosed in the biographies of the Directors as set out in the section headed “Profiles of Directors and Senior Management” of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

### **Appointment, Re-election and Removal of Directors**

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles of Association. The primary duties of the Nomination Committee include, but are not limited to, reviewing the structure, size and composition of the Board, assessing the independence of the INEDs and making recommendations to the Board on matters relating to the appointment of the Directors.





## Corporate Governance Report

Each of the executive Directors has entered into a service contract with the Company pursuant to which each of them has agreed to act as an executive Director for an initial term of three years (subject to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing. Each of the INEDs has signed a letter of appointment with the Company and has been appointed for a term of three years (subject to re-election as and when required under the Articles of Association). The appointment may be terminated by either party giving to the other not less than one month's prior notice in writing.

In accordance with the Articles of Association, all of the Directors are subject to retirement by rotation at least once every three years and the Board has power from time to time and at any time to appoint any new Director to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the first general meeting or the next following annual general meeting of the Company (as the case may be) after his appointment and shall then be eligible for re-election at that meeting.

### ***Induction and Continuous Professional Development for Directors***

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills and the Directors have been requested to provide the Company with their training records.

## Corporate Governance Report

Based on the information provided by the Directors, during the Reporting Period, a summary of training received by the Directors is as below:

<b>Name of Directors</b>	<b>Nature of Continuous Professional Development</b>
<b>Executive Directors:</b>	
Mr. Zang Weizhong ( <i>Chairman</i> )	A, B
Mr. Wang Lei ( <i>Vice Chairman</i> )	A, B
Mr. Liu Hui	A, B
<b>Non-executive Director:</b>	
Mr. Cheung King Him Edmund (resigned on September 8, 2023)	A, B
<b>INEDs:</b>	
Ms. Gu Jianlu	A, B
Ms. Gao Yuanyuan	A, B
Ms. Gu Ruizhen	A, B

Notes:

- A: participating in training provided by law firms and/or that are related to the business of the Company.
- B: reading materials on various topics, including corporate governance matters, directors' duties and responsibilities, Listing Rules and other relevant laws.

### ***Meeting and Attendance Record of Board Meetings***

#### *Number of Meetings and Directors' Attendance*

Code provision C.5.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of Directors, either in person or through electronic means of communication.

## Corporate Governance Report

During the Reporting Period, six Board meetings were held and one annual general meeting was convened and the attendance of each Director at the Board meetings and annual general meeting are set out in the table below:

<b>Name of Directors</b>	<b>Attended/ Eligible to attend the Board meetings</b>	<b>Attended/ Eligible to attend the annual general meeting</b>
Mr. Zang Weizhong	6/6	1/1
Mr. Wang Lei	6/6	1/1
Mr. Liu Hui	6/6	1/1
Mr. Cheung King Him Edmund (resigned on September 8, 2023)	3/3	1/1
Ms. Gu Jianlu	6/6	1/1
Ms. Gao Yuanyuan	6/6	1/1
Ms. Gu Ruizhen	6/6	1/1

### ***Practices and Conduct of Meetings***

Annual meeting schedules and draft agenda of each meeting will be made available to the Directors in advance.

Notices of regular Board meetings will be served to all of the Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notices were generally given.

Board papers together with all appropriate, complete and reliable information will be sent to all of the Directors at least three days before each Board meeting or committee meeting to enable them to make informed decisions.

Each Director also has separate and independent access to the senior management of the Company whenever necessary.

The senior management of the Company attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.



## Corporate Governance Report

The joint company secretaries are responsible for keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for the Directors' inspection.

The Articles of Association contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### ***Corporate Governance Function***

The Board confirmed that corporate governance is a collective responsibility of the Directors, whose corporate governance functions includes:

- (a) review and monitor the Company's policies and practices in complying with legal and regulatory requirements;
- (b) review and monitor the training and continuous professional development of the Directors and senior management;
- (c) develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;
- (d) develop and review the Company's corporate governance and practices, make recommendations and report on related issues to the Board;
- (e) review the Company's compliance with the corporate governance and disclosures in the Corporate Governance Report; and
- (f) review and monitor the Company's compliance with its whistleblowing policy.

The Board's annual review on the corporate governance practice of the Company for the year ended December 31, 2023 has included the above matters.



## Corporate Governance Report

### Board Committees

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All of these three committees are established with defined written terms of reference which are available at the website of the Stock Exchange and the Company.

The majority of the members of the Audit Committee, the Remuneration Committee, and the Nomination Committee are INEDs.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

### Audit Committee

The Company has established the Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules as well as paragraphs C.4 and D.3 of the Corporate Governance Code. The Audit Committee consists of three INEDs, namely Ms. Gu Jianlu, Ms. Gao Yuanyuan and Ms. Gu Ruizhen. The chairlady of the Audit Committee is Ms. Gu Jianlu, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee meets at least twice a year pursuant to the terms of reference for the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, assisting the Board by (i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (iii) developing and implementing policy on engaging an external auditor to supply non-audit services; (iv) monitoring the integrity of the Company's financial statements, annual reports and accounts, interim reports, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in such statements, reports and accounts; (v) reviewing the Company's financial controls, internal control and risk management systems; and (vi) reviewing the Group's financial and accounting policies and practices.

Major works performed by the Audit Committee during the Reporting Period were as follows:

- review the annual results of the Group for 2022;
- review the interim results of the Group for 2023;
- review the report of the auditor regarding audit plan and strategy of the Group;
- review the financial reporting system, compliance procedures, internal control (including internal control of fraudulence risk of the Company and the management and identification of business conflict of substantial shareholder in listed companies), risk management system and procedures and re-appointment of external auditors. The Board did not deviate from any recommendations made by the Audit Committee regarding the selection, appointment, retirement or removal of external auditors; and
- review the Group's anti-corruption policy and whistle-blowing policy.

During the Reporting Period, the Audit Committee held 2 meetings and the attendance record of the Audit Committee members is set out in the table below:

<b>Name of Audit Committee Members</b>	<b>Attendance/ number of meetings held</b>
Ms. Gu Jianlu ( <i>Chairlady</i> )	2/2
Ms. Gao Yuanyuan	2/2
Ms. Gu Ruizhen	2/2

The Company's annual results for the Reporting Period have been reviewed by the Audit Committee on March 27, 2024. The Audit Committee considers that the annual financial results for the Reporting Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

### **Remuneration Committee**

The Company has established the Remuneration Committee with terms of reference in compliance with paragraphs C.4 and E.1 of the Corporate Governance Code. The Remuneration Committee consists of two INEDs, namely Ms. Gu Jianlu and Ms. Gu Ruizhen, as well as an executive Director, namely Mr. Zang. Ms. Gu Jianlu serves as the chairlady of the Remuneration Committee.

The terms of reference of the Remuneration Committee were revised on December 30, 2022 with regards to the revision of Chapter 17 of the Listing Rules.

The Remuneration Committee meets at least once a year pursuant to the terms of reference for the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) make recommendations to the Board on the Company's policy and structure for remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) make recommendations to the Board in relation to the remuneration of members of the Board who are non-executive Directors; (iii) consult with the chairman of the Remuneration Committee and/or the chief executive officer of the Company and, where deemed appropriate, senior management members about the Remuneration Committee's proposals relating to, and have the delegated responsibility to determine, the specific remuneration packages for the employment of all members of the Board who are executive directors and all senior management members; (iv) review and approve senior management's remuneration proposals with reference to the Board corporate goals and objectives; (v) review and approve compensation arrangements relating to dismissal or removal of members of the Board and senior management members; and (vi) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.



## Corporate Governance Report

Major works performed by the Remuneration Committee during the Reporting Period were as follows:

- make recommendations to the Board on the Company's remuneration policy (including the policy for the remuneration of the executive Directors);
- assess the performance of members of the Board (including the executive Directors);
- consider and approve the terms of Directors' service contracts/letters of appointment;
- review and approve senior management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- review the Share Award Scheme.

During the Reporting Period, the Remuneration Committee held 1 meeting and the attendance record of the Remuneration Committee members is set out in the table below:

<b>Name of Remuneration Committee Members</b>	<b>Attendance/ number of meeting held</b>
Ms. Gu Jianlu ( <i>Chairlady</i> )	1/1
Mr. Zang	1/1
Ms. Gu Ruizhen	1/1

Details of the Directors' remuneration are set out in Note 15 to Financial Statements. In addition, the remuneration payable to the senior management of the Company (who are not the Directors) by band for the Reporting Period are set out in the section headed "Corporate Governance Report – Remuneration of Senior Management" of this annual report.

### ***Nomination Committee***

The Company has established the Nomination Committee with terms of reference in compliance with paragraphs C.4 and B.3 of the Corporate Governance Code. The Nomination Committee consists of three INEDs, namely Ms. Gao Yuanyuan, Ms. GU Jianlu and Ms. Gu Ruizhen. Ms. Gao Yuanyuan serves as the chairlady of the Nomination Committee.

The Nomination Committee meets at least once a year pursuant to the terms of reference for the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, (i) review the structure, size and composition of the Board, (ii) identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of the INEDs; (iv) make recommendations to the Board on the appointment or re-appointment of Directors; and (v) determine the policy, procedures and criteria for the nomination of Directors with due regard for the benefits of diversity on the Board.

Major works performed by the Nomination Committee during the Reporting Period were as follows:

- review the structure, size and composition (including skills, diversity, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- assess the independence of INEDs;
- make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the vice chairman and the chief executive officer; and
- considered the renewal of service contracts/letter of appointment of Directors.

During the Reporting Period, the Nomination Committee held 1 meeting and the attendance record of the Nomination Committee members is set out in the table below:

<b>Name of Nomination Committee Members</b>	<b>Attendance/ number of meeting held</b>
Ms. Gao Yuanyuan ( <i>Chairlady</i> )	1/1
Ms. Gu Ruizhen	1/1
Ms. Gu Jianlu	1/1

### Nomination Policy

#### **Objectives**

The key objective of the Group's nomination policy is to identify and evaluate a candidate for nomination to (i) the Board for appointment; and (ii) the Shareholders for election, as a Director.

#### **Nomination Criteria**

The Nomination Committee shall consider a number of factors in making nominations, including but not limited to the following:

- (a) **Skills and Experience:** The candidate should possess the skills, knowledge and experience which are relevant to the operations of the Company and its subsidiaries.



## Corporate Governance Report

- (b) Diversity: Candidates should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the Board diversity policy of the Company and the balance of skills and experience in Board composition.
- (c) Commitment: The candidate should be able to devote sufficient time to attend Board meetings and participate in induction, trainings and other board-associated activities. In particular, if the proposed candidate will be nominated as an INED and will be holding his/her seventh (or more) listed company directorship, the Nomination Committee should consider the reason given by the candidate for being able to devote sufficient time to the Board.
- (d) Standing: The candidate must satisfy the Board and the Stock Exchange of that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director.
- (e) Independence: The candidate to be nominated as an INED must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

### **Nomination Procedures**

If the Nomination Committee determines that an additional or replacement director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a Shareholder as a nominee for election to the Board. On making recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as Director(s) to fill a casual vacancy(ies) or as an addition to the Board and recommend such candidate to Shareholders for election or re-election (where appropriate) at a general meeting of Shareholders.

### **Board Diversity Policy**

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. Therefore, the Company has adopted a Board diversity policy to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments by the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The selection of candidates will be based on a series of diversity scopes, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be made according to the merits of candidates and their contribution to the Board.

As at the date of this annual report, the Board comprises six Directors. Three of them are INEDs, thereby promoting critical review and control of the management process. The Board with a total of three female Directors is also characterised by significant diversity, whether considered in terms of gender, age, educational background, professional experience, skills, knowledge and length of service. The Company has achieved gender diversity in respect of the Board.

For the purpose of implementation of the Board diversity policy, the following measurable objectives were adopted:

1. **Independence:** The Board should consist of both executive and non-executive members, including INEDs, in order to maintain balance and independence. The INEDs should be of high caliber and have sufficient stature for their opinions to carry weight.
2. **Skills and experience:** The Board is composed of a group of Directors who possess a balance of skills that are appropriate for the requirements of the Company's business. The Directors have a range of backgrounds in finance, academia, and management, which, when taken together, provide the Company with considerable experience in a variety of activities.
3. **Gender equality:**

	<b>Measurable objectives</b>	<b>Progress</b>
1.	The Board has at least one Director of a different gender	As of December 31, 2023, the Board has three female Directors, the objective has been achieved.
2.	Consider the appointment of new Director(s) from a wide range of candidates (including backgrounds, skills, experience and perspectives that would complement the existing Board) and prioritize enhancement of gender diversity	The Company will continue to look for diverse and suitable candidates for recommendation and appointment as Director(s).
3.	Review annually on the composition and structure of the Board as well as Board diversity	The evaluation process includes an assessment of Board diversity and objective consideration of the Board's composition and performance.
4.	Establish a pipeline of potential Director successors to achieve gender diversity	Achieved in 2023. The Board will seize the opportunity to increase the proportion of female members over time when selecting suitable Director candidates and making recommendations accordingly. The Company will also continue to promote gender diversity when recruiting mid-level and senior employees, and reserve a group of female executives and potential Director successors for the future.



## Corporate Governance Report

Apart from the above objectives, the Board diversity policy has complied with the following objectives with the Listing Rules:

1. Rules 3.10(1): at least three of the members of the Board shall be INEDs;
2. Rules 3.10(2): at least one of the members of the Board shall have obtained appropriate professional qualifications or accounting or related financial management expertise; and
3. Rules 3.10A: at least one-third of the members of the Board shall be INEDs.

The Board has achieved the measurable objectives in the Board diversity policy and complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

There are no mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant. As at the end of the Reporting Period, there were four senior management positions having no female senior management. Female Employees accounted for 60% of the Company's workforce, while male Employees accounted for 40%. The Company strives to achieve Employee diversity, with gender diversity being considered in staff recruitment. The Company expects that the gender ratio of all Employees will be maintained at more or less the current level in the medium term. The Company is committed to promoting gender diversity at all levels, including the Board and senior management levels, and developing a pipeline of female senior management and potential successors to the Board. The Company will continue to promote gender diversity when recruiting mid-level and senior Employees and reserve a group of female executives and potential Director successors for the future.

### Mechanisms to Ensure Independent Views

The Board currently has 3 INEDs who have years of experience in accounting and finance, investment management, and enterprise management and development. The INEDs are able to provide independent and appropriate opinions to the Board so as to ensure that the Board can obtain independent views and opinions that it requires when exercising its powers and making major decisions. The Company makes certain that the Board has access to independent views and input through the mechanisms listed below:

1. The Nomination Committee should review the Board composition and the independence of the INEDs annually, in particular the proportion of the INEDs and the independence of the INEDs who have served for more than nine years.
2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the INEDs in relation to his/her independence to the Company. The Company considers all its INEDs to be independent.

3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Controlling Shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the Controlling Shareholders and/or its associates.
4. The chairman of the Board shall meet with the INEDs at least once annually.
5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The mechanisms to ensure independent views are reviewed by the Board for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of INEDs, and their contribution and access to external independent professional advice. During the Reporting Period, the 3 INEDs attended Board meetings regularly and actively participated in the decision-making process of the Board, and provided independent views and opinions to the Board when it performed its duties. In view of the above, and after review, the Board believes that its mechanism for obtaining independent opinions has been fully implemented and continues to be effective.

### Remuneration of Senior Management

According to Code Provision E.1.5 of the Corporate Governance Code, details of the annual remuneration of the senior management of the Company for the Reporting Period are as follow:

Remuneration band	Number of individual
0 to HK\$1,000,000	4

### Directors' Responsibilities for Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.



## Corporate Governance Report

### Independent Auditor and its Remuneration

The statement of the independent auditor of the Company about their reporting responsibilities for the financial statements is set out under the section headed “Independent Auditor’s Report” in this annual report.

The independent auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor’s report and auditor’s independence.

During the Reporting Period, the remuneration paid/payable to the independent auditor of the Company for the provision of audit services and non-audit services are as below:

Type of services	2023 (RMB'000)	2022 (RMB'000)
Audit services	2,050	2,666
Non-audit services	–	–
<b>Total</b>	<b>2,050</b>	<b>2,666</b>

### Securities Transactions by Directors

The Board has adopted the Model Code as the rules governing the transactions of the Company’s listed securities by Directors. After making specific inquiries to each Director, they confirmed that they had complied with the requirements of the Model Code during the Reporting Period.

### Risk Management and Internal Controls

The Board is responsible for the establishment and maintenance of sound and effective risk management and internal control systems (including those relating to Environmental, Social and Governance risk, performance and reporting) that are in line with the strategic objective of the Group. The Group established risk management and internal control systems to protect the interests of the Group and the Shareholders, ensure the Group is in compliance with relevant laws and regulations, effectively identify and manage significant risks in achieving its strategic objectives, protect the safety of the Group’s assets, and ensure the maintenance of proper compliance accounting records and financial reports.

The executive Directors, with the coordination of the management of the Group, strive to develop, implement and maintain an internal control and risk management system by conducting on-going business reviews; evaluating significant risks faced by the Group; formulating appropriate policies, programs and authorization criteria; conducting business variance analyses of actual result versus business plan; undertaking critical path analyses to identify the impediments in attaining the corporate goals and initiating corrective measures; following up on isolated cases; identifying inherent deficiencies in the internal control system; and making timely remedies and adjustments to avoid recurrence of problems.

The Board confirms that it is responsible for the Group's risk management and internal control systems and is responsible for reviewing the effectiveness of these systems. These systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and the Board can only provide reasonable but not absolute assurance against material misstatement or loss. The Board has entrusted the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covered all material controls, including financial, operational and compliance controls.

Under the Company's risk management and internal control structure, the Board is responsible for the design, implementation and maintenance of risk management and internal control systems (including those relating to Environmental, Social and Governance risk, performance and reporting) to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Group's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The main features of risk management and internal control structure of the Company are as follows:

- heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit Committee; and
- the management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations.

The internal audit function of the Company monitors the internal governance of the Company and provides independent assurances as to the adequacy and effectiveness of the Company's risk management and internal control systems. The senior executive in charge of the internal audit function reports directly to the Audit Committee. The internal audit reports on control effectiveness are to be submitted to the Audit Committee in line with agreed audit plan approved by the Board. The senior executives in charge of the internal audit function attend meetings of the Audit Committee to explain the internal audit findings and responded to queries from members of the Audit Committee.

The Company has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Senior executives of the investor relations, corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the proper procedures to be observed on the disclosure of inside information. Access to inside information is at all times confined to relevant senior executives and confined on "need-to-know" basis. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed. Other procedures such as pre-clearance on dealing in the Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to Directors and Employees, and identification of project by code name have also been implemented by the Company to guard against possible mishandling of inside information within the Group.



## Corporate Governance Report

The Company has adopted arrangement to facilitate Employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee reviews such arrangement regularly and ensures that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the Reporting Period, the Company has adopted various measures to ensure the effective implementation of the internal control system, including through the half yearly review of the Group's internal control system and provision of guidance in respect of the internal control policies, responsibilities and duties of the Directors and management under the Listing Rules and other applicable laws and regulations for the Directors, senior management and Employees. The Board had reviewed the risk management and internal control systems (including those relating to Environmental, Social and Governance risk, performance and reporting) of the Group twice during the Reporting Period and considered them effective and adequate.

On the basis of the aforesaid, the Company is not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management and internal control of the Company.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group provides reasonable assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks.

### Policy on Communication with Shareholders and Investors

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable the Shareholders and investors to make the best investment decisions.

The Company's shareholders communication policy aims to maintain continuous, timely and effective communication with Shareholders (including potential investors and analysts where appropriate) to ensure that these stakeholders can obtain timely, consistent and comprehensive information about the Company when appropriate. The applicable channels include (1) disclosure through the Company's financial reports (i.e. annual report and interim report); (2) announcements, circulars and other regulatory disclosure information submitted to the Stock Exchange in accordance with the continuous disclosure requirements under the Listing Rules, which will also be immediately published on the website of the Stock Exchange; (3) the general meetings of the Company; and (4) other communication activities with investment markets, including roadshows, industry forums, etc.

The general meetings of the Company are expected to provide a forum for communication between the Board and the Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee, and the Nomination Committee and, in their absence, other members of the respective committees will be available to answer questions at the general meetings. The chairman of a meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll.

To promote effective communication, the Company maintains a website at [www.lvji.cn](http://www.lvji.cn), where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

The Board reviewed the Shareholder communication policy of the Company in 2023 and confirmed that it has included channels for the Shareholders to communicate their views on various matters affecting the Company and that the Company has taken appropriate and sufficient steps to solicit and understand the views of the Shareholders and stakeholders, and the Board considered that the policy was appropriately implemented and remained effective during the Reporting Period.

### **Investor Relations Contacts**

The Company values feedback from Shareholders, investors and the public. Enquiries and proposals are welcome and can be put to the Company via the following means:

By phone: +86 18902467488

By post: Room 501, 238 Gaotang Road, Tianhe District, Guangzhou City, the PRC

By email: [zhaoyong@lvjitec.com](mailto:zhaoyong@lvjitec.com)

### **Constitutional Documents**

During the Reporting Period, the Shareholders approved the proposed amendments to the second amended and restated memorandum of association and the amended and restated articles of association of the Company at the annual general meeting of the Company held on June 21, 2023 to bring it in line with the amendments to the applicable laws of the Cayman Islands, the Listing Rules and the Corporate Governance Code, and approved and adopted the third amended and restated memorandum of association and the second amended and restated articles of association of the Company. The latest memorandum and articles of association of the Company are available on the websites of the Company and the Stock Exchange.

Save as disclosed above, there was no change in the memorandum and articles of association of the Company during the Reporting Period.



## Corporate Governance Report

### Shareholders' Rights

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the re-election of individual Directors. Meanwhile, the procedures for the Shareholders to (i) convene an extraordinary general meeting; (ii) put forward proposals at general meetings; and (iii) direct their enquiries to the Board are available.

In accordance with Article 66(1) of the Articles of Association, all resolutions put forward at a general meeting will be taken by poll save that the chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

In addition, the poll results will be posted on the websites of the Company and the Stock Exchange after the relevant general meeting.

### *Convening an Extraordinary General Meeting by Shareholders*

Pursuant to Article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition or resolution. Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

According to Article 59 of the Articles of Association, any extraordinary general meeting shall be called by not less than 14 days in writing. Subject to the requirement under the Listing Rules, the notice shall specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of the business to be considered at the meeting. Notice of every general meeting shall be given to all Shareholders other than to such Shareholders as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Shareholder and to each of the Directors and the Auditors.

### *Putting Forward Proposals at General Meetings*

There is no single provision in the Articles of Association or the Cayman Islands Companies Law for the Shareholders to put forward proposals at general meetings. The Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

### ***Putting Forward Enquiries to the Board***

For putting forward any enquiries to the Board, the Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send their enquiries, concerns or requests to the Company at 31/F., 148 Electric Road, North Point, Hong Kong.

For the avoidance of doubt, the Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the Shareholders may be disclosed as required by law.

### **Joint Company Secretaries**

Mr. Chu Wing Tim Benedict and Ms. Lam Yin Ling were appointed as the joint company secretaries with effect from January 5, 2023 in place of Ms. Lam Shi Ping who resigned on the same date.

Mr. Chu Wing Tim Benedict and Ms. Lam Yin Ling were nominated by Boardroom to act as the joint company secretaries and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom.

The primary person at the Company with whom Mr. Chu Wing Tim Benedict and Ms. Lam Yin Ling have been contacting in respect of company secretarial matters is Mr. Zhao Yong, the Financial Controller.

Mr. Chu Wing Tim Benedict and Ms. Lam Yin Ling had complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules during the Year.

### **Going Concern**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to the Shareholders through the optimization of the debt and equity balance.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's liability to continue as a going concern.





# Independent Auditor's Report



**To the shareholders of Lvji Technology Holdings Inc.**  
(incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Lvji Technology Holdings Inc. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 80 to 147, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTERS (Cont'd)

<b>Revenue recognition</b>	
Refer to notes 2.11, 4.1 and 6 to the consolidated financial statements	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>Revenue mainly comprised income from the sale of online tour guides through online travel agencies (the "OTAs") and Lvji APP and sale of customised content.</p> <p>During the year, the Group generated revenue mainly from the sale of online tour guides through OTAs, which amounted to RMB580 million and accounted for approximately 99% of the Group's total revenue.</p> <p>The Group sells the online tour guides to end users through OTAs. End users will fully pay to OTAs before the online tour guides are activated. OTAs are entitled to withhold and deduct prescribed fixed percentages of the gross proceeds collected from the end users as their service fees and remit the remaining amounts to the Group. Accordingly, the Group records the payments collected from end users as revenue on a gross basis and concession fees retained by OTAs are recognised in cost of sales.</p> <p>We have identified revenue recognition as a key audit matter because of the significant amount and volume of transactions, the involvement of intermediaries and the risk of overstatement of revenue.</p>	<p>Our audit procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> <li>- obtaining an understanding of the basis of revenue recognition and the overall transaction process adopted by management in relation to revenue recognition;</li> <li>- performing analytical procedures on the trend of revenue recognised to identify for any abnormalities;</li> <li>- performing test of internal control on a sampling basis to verify that the control policies are being properly applied;</li> <li>- performing substantive testing on a sampling basis and cut-off tests to verify that revenue recognition criteria are being properly applied, by reviewing and checking the relevant supporting documentation, including the contracts, monthly reconciliation records, bank slips and invoices in relation to sale of online tour guides and customised content;</li> <li>- obtaining confirmations from key OTAs to verify the occurrence of revenue; and</li> <li>- checking the adequacy of disclosures related to revenue.</li> </ul>



## Independent Auditor’s Report (Cont’d)

### KEY AUDIT MATTERS (Cont’d)

<b>Impairment assessment of intangible assets</b>	
Refer to notes 2.5, 2.14, 4.2 and 17 to the consolidated financial statements	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>As at December 31, 2023, the carrying value of intangible assets amounted to approximately RMB678 million. Under HKFRSs, the intangible assets with finite useful lives are reviewed to determine whether there are any indications of impairment at each reporting period end. An impairment test for the intangible assets with finite useful lives is required if there are such indications. The impairment test is based on the value in use of each of the intangible assets.</p> <p>We identified the impairment assessment of intangible assets as a key audit matter due to management’s assessment process was complex and significant judgement was involved, including the degree of subjectivity of expected future cash flow forecasts and the discount rate applied.</p>	<p>Our audit procedures to assess the impairment assessment of intangible assets included:</p> <ul style="list-style-type: none"> <li>– evaluating the reasonableness of management judgments in determining the cash-generating units (“CGUs”) of the business, which the Group has determined to be the individual copyrights for the purpose of impairment assessment;</li> <li>– obtaining and inspecting the valuation report prepared by the external valuer engaged by management, assessing the reasonableness of methodology used by management in its preparation of the discounted cash flows with reference to the requirements of the prevailing accounting standard; assessing the reasonableness of the key assumptions used by management in the discounted cash flow projections of each CGU such as the expected growth rate by making reference to the historical performance and market information about the future development of the tourism industry;</li> <li>– evaluating the objectivity, competitiveness and capability of the external valuer engaged by management; and</li> <li>– checking the adequacy of disclosures related to intangible assets.</li> </ul>



### **OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises all the information in the 2023 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee are responsibilities for overseeing the Group's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



## Independent Auditor's Report (Cont'd)

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## Independent Auditor's Report (Cont'd)

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

March 27, 2024

#### **Ng Ka Kong**

Practising Certificate No.: P06919



# Consolidated Statement of profit or loss

Year Ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>Revenue</b>	6	<b>585,395</b>	344,328
Cost of sales		<b>(362,083)</b>	(207,536)
<b>Gross profit</b>		<b>223,312</b>	136,792
Other income and gains	7	<b>8,610</b>	13,845
Selling and distribution expenses		<b>(15,296)</b>	(20,786)
Administrative expenses		<b>(24,594)</b>	(29,943)
Provision for expected credit loss ("ECL") allowance of trade receivables and prepayments, deposits and other receivables		<b>(10,293)</b>	(199)
Equity-settled share award scheme expenses	29	–	(51,838)
Other expenses	8	<b>(34)</b>	(682)
Finance costs	9	<b>(318)</b>	(177)
<b>Profit before tax</b>	10	<b>181,387</b>	47,012
Income tax expense	11	<b>(36,220)</b>	(9,475)
<b>Profit for the year</b>		<b>145,167</b>	37,537
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>145,167</b>	37,537
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted (RMB cents)	13	<b>9.20</b>	2.56

The notes on pages 86 to 147 are an integral part of these consolidated financial statements. Details of dividends proposed for the year are set out in note 12.

# Consolidated Statement of Comprehensive Income

Year Ended December 31, 2023

	2023 RMB'000	2022 RMB'000
<b>Profit for the year</b>	<b>145,167</b>	37,537
<b>Other comprehensive (loss)/income</b>		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements	<b>(1,371)</b>	29,232
<b>Other comprehensive (loss)/income for the year</b>	<b>(1,371)</b>	29,232
<b>Total comprehensive income for the year</b>	<b>143,796</b>	66,769
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>143,796</b>	66,769

The notes on pages 86 to 147 are an integral part of these consolidated financial statements. Details of dividends proposed for the year are set out in note 12.

# Consolidated Statement of Financial Position

As at December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	121	599
Intangible assets	17	677,961	372,209
Right-of-use asset	18(a)	5,076	7,446
Prepayments, deposits and other receivables	21	148,200	–
		<b>831,358</b>	380,254
<b>Current assets</b>			
Trade receivables	20	54,623	28,910
Prepayments, deposits and other receivables	21	24,625	51,708
Amounts due from related parties	31(b)	2,395	2,374
Pledged bank deposits	22	200	500
Cash and cash equivalents	22	125,117	320,404
		<b>206,960</b>	403,896
<b>Current liabilities</b>			
Trade payables	23	1,530	5,306
Other payables and accruals	24	31,114	19,770
Contract liabilities	25	1,368	2,650
Deferred income	26	–	–
Amounts due to related parties	31(b)	1,364	1,045
Lease liabilities	18(b)	2,288	2,081
Tax payable		82,410	46,095
		<b>120,074</b>	76,947
<b>Net current assets</b>		<b>86,886</b>	326,949
<b>Total assets less current liabilities</b>		<b>918,244</b>	707,203
<b>Non-current liabilities</b>			
Lease liabilities	18(b)	3,029	5,351
<b>Net assets</b>		<b>915,215</b>	701,852
<b>EQUITY</b>			
Share capital	27	111,145	105,699
Reserves	28	804,070	596,153
<b>Total equity</b>		<b>915,215</b>	701,852

**Zang Wei Zhong**  
*Director*

**Wang Lei**  
*Director*

The notes on pages 86 to 147 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

Year ended December 31, 2023

	Attributable to owners of the parent						
	Share capital RMB'000 (Note 27)	Share Premium* RMB'000	Merger Reserve* RMB'000 (Note 28)	Statutory Reserve* RMB'000 (Note 28)	Retained Profits/ (Accumulated losses)* RMB'000	Exchange Fluctuation Reserve* RMB'000	Total equity RMB'000
Balance at January 1, 2022	100,648	498,698	374,376	33,201	(394,321)	(29,357)	583,245
Profit and total comprehensive income for the year	-	-	-	-	37,537	29,232	66,769
Issuance of shares under share award scheme (Note 27 (ii))	5,051	46,787	-	-	-	-	51,838
Appropriation of statutory reserve	-	-	-	3,322	(3,322)	-	-
<b>Balance at December 31, 2022 and January 1, 2023</b>	<b>105,699</b>	<b>545,485</b>	<b>374,376</b>	<b>36,523</b>	<b>(360,106)</b>	<b>(125)</b>	<b>701,852</b>
Profit and total comprehensive income for the year	-	-	-	-	145,167	(1,371)	143,796
Issue of shares under general mandate (Note 27 (i))	5,446	64,121	-	-	-	-	69,567
Appropriation of statutory reserve	-	-	-	16,006	(16,006)	-	-
<b>Balance at December 31, 2023</b>	<b>111,145</b>	<b>609,606</b>	<b>374,376</b>	<b>52,529</b>	<b>(230,945)</b>	<b>(1,496)</b>	<b>915,215</b>

\* These reserve accounts comprise the consolidated reserves of RMB804,070,000 (2022: RMB596,153,000) in the consolidated statement of financial position.

The notes on pages 86 to 147 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

Year ended December 31, 2023

	2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>		
Profit before tax	<b>181,387</b>	47,012
Adjustments for:		
Finance costs	<b>318</b>	177
Interest income	<b>(4,580)</b>	(2,504)
Equity-settled share award scheme expenses	-	51,838
Foreign exchange (gains)/losses, net	<b>(1,597)</b>	29,111
Provision for ECL allowance of trade receivables	<b>2,516</b>	199
Provision for ECL allowance of prepayments, deposits and other receivables	<b>7,777</b>	-
Depreciation of property, plant and equipment	<b>478</b>	1,154
Depreciation of right-of-use asset	<b>2,277</b>	2,259
Amortisation of intangible assets	<b>68,596</b>	35,088
Written-off of property, plant and equipment	-	35
Gain on disposal of financial assets at FVTPL, net	-	(760)
Operating cash flows before working capital changes	<b>257,172</b>	163,609
(Increase)/Decrease in trade receivables	<b>(28,229)</b>	18,786
Decrease/(Increase) in prepayments, deposits and other receivables	<b>19,306</b>	(2,215)
Increase in amounts due from related parties	<b>(21)</b>	(2,374)
Increase/(Decrease) in amounts due to related parties	<b>319</b>	(2,360)
Decrease in trade payables	<b>(3,776)</b>	(5,006)
Increase/(Decrease) in other payables and accruals	<b>11,344</b>	(2,686)
Decrease in contract liabilities	<b>(1,282)</b>	(310)
Decrease in deferred income	-	(2,503)
Decrease/(Increase) in pledged bank deposits	<b>300</b>	(300)
Cash generated from operations	<b>255,133</b>	164,641
Income tax refund/(paid)	<b>95</b>	(467)
<i>Net cash from operating activities</i>	<b>255,228</b>	164,174

## Consolidated Statement of Cash Flows (Cont'd)

Year ended December 31, 2023

	Note	2023 RMB'000	2022 RMB'000
<b>Cash flows used in investing activities</b>			
Additions to refundable investment deposits		(148,200)	–
Additions to intangible assets		(374,348)	(239,258)
Proceeds from disposal of financial assets at FVTPL		–	35,864
Interest received		4,580	2,470
<i>Net cash used in investing activities</i>		<b>(517,968)</b>	(200,924)
<b>Cash flows from financing activities</b>			
Issue of shares under general mandate	27(i)	69,567	–
Payment of lease liabilities		(2,340)	(2,632)
<i>Net cash generated from/(used in) financing activities</i>		<b>67,227</b>	(2,632)
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at January 1,		320,404	359,665
Effect of foreign exchange rate changes, net		226	121
<b>Cash and cash equivalents at December 31,</b>		<b>125,117</b>	320,404
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and cash equivalents as stated in the consolidated statement of cash flows and the consolidated statement of financial position	22	125,117	320,404

The notes on pages 86 to 147 are an integral part of these consolidated financial statements.



# Notes to the Financial Statements

December 31, 2023

## 1. CORPORATE INFORMATION

Lvji Technology Holdings Inc. (the “Company”) is a limited liability company incorporated in the Cayman Islands on November 7, 2018. The address of registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on January 17, 2020.

The Company is an investment holding company and its subsidiaries are principally engaged in the business of providing online tour guides in the People’s Republic of China (the “PRC”). In the opinion of the directors of the Company, the ultimate controlling shareholder and the Chairman of the Group is Mr. Zang Weizhong (“Mr. Zang”).

The consolidated financial statements for the year ended December 31, 2023 were approved for issue by the board of directors on March 27, 2024.

### Information about subsidiaries

Particulars of the principle subsidiaries at December 31, 2023 and 2022 are as follows:

Name of the Company	Place/ Country of incorporation/ operation and business	Type of legal entity	Class of shares/ registered capital	Nominal value of issued ordinary/ registered share capital	Percentage of ownership interests held		Principal activities
					2023	2022	
Zhonghexin Technology Holdings Limited	British Virgin Islands	Limited liability company	Ordinary	–	100%	100%	Investment holding
Zitop Technology Holdings Limited	Hong Kong	Limited liability company	Ordinary	HK\$10,000	100%**	100%**	Investment holding
Guangzhou Zhixin Information Consulting Co., Ltd.* 廣州智鑫信息諮詢有限公司(i)	The PRC	Limited liability company	Registered	RMB300,000,000	100%**	100%**	Investment holding
Lvji Technology Group Co., Ltd. (“Lvji Technology Group”)* 驢跡科技集團有限公司(ii)	The PRC	Limited liability company	Registered	RMB128,272,396	100%**	100%**	Sale of online tour guides
Guangzhou Lvji International Travel Agency Co., Ltd.* 廣州驢跡國際旅行社有限公司(ii)	The PRC	Limited liability company	Registered	RMB1,000,000	100%**	100%**	Sale of online tour guides
Guangxi Lvji Software Technology Co., Ltd. (“Guangxi Lvji”)* 廣西驢跡軟件科技有限公司(ii)	The PRC	Limited liability company	Registered	RMB1,000,000	100%**	100%**	Sale of customised content

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 1. CORPORATE INFORMATION (Cont'd)

#### Information about subsidiaries (Cont'd)

Name of the Company	Place/ Country of incorporation/ operation and business	Type of legal entity	Class of shares/ registered capital	Nominal value of issued ordinary/ registered share capital	Percentage of ownership interests held the Company		Principal activities
					2023	2022	
Horgos Yuntai Technology Co., Ltd. ("Huoer Guosi Yuntai") * 霍爾果斯元泰科技有限公司(ii)	The PRC	Limited liability company	Registered	RMB1,000,000	100%**	100%**	Sale of online tour guides
Guangzhou Lvji Digital Technology Co., Ltd.* 廣州驢跡數字化科技有限公司(ii)	The PRC	Limited liability company	Registered	RMB1,000,000	100%**	100%**	Sale of online tour guides
Lvji (Longquan) Holding Co., Ltd.* 驢跡(龍泉)控股有限公司(ii)	The PRC	Limited liability company	Registered	RMB200,000,000	100%**	100%**	Sale of online tour guides

Notes:

(i) This entity is a wholly-foreign-owned enterprise established under the PRC Law.

(ii) These entities are limited liability enterprises established under the PRC Law.

\* The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

\*\* Indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosures requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to December 31 each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings).

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.



## Notes to the Financial Statements (Cont'd)

December 31, 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.2 Basis of consolidation (Cont'd)

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

### 2.3 Foreign currency translation

The consolidated financial statements are presented in Renminbi ("RMB") because the Group's principal operations are carried out in Mainland China and RMB is the currency of the primary economic environment in which those entities operate. The functional currency of the Company is United States Dollars ("US\$").

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange fluctuation reserve in equity.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.4 Property, plant and equipment and depreciation

Property, plant and equipment (other than construction in progress as described below and cost of right-of-use assets as described in note 2.9) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Construction in progress is carried at cost, less any recognised impairment loss and is transferred to the appropriate categories of property, plant and equipment when completed and ready for intended use. Construction in progress is not depreciated until the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Furniture and fixtures	20% – 50%
Leasehold improvements	Over the lease terms

Accounting policy for depreciation of right-of-use assets is set out in note 2.9.

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.



## Notes to the Financial Statements (Cont'd)

December 31, 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.5 Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Copyrights	5–10 years
Computer software	10 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets, with finite useful lives, are tested for impairment as described below in note 2.14.

#### ***Research and development expenditure***

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group's ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.6 Financial instruments

#### *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### *Financial assets*

##### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at fair value FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost; or
- FVTPL.

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other income and gains or other expenses, except for expected credit losses (“ECL”) of financial assets which is presented as a separate item in the consolidated statement of profit or loss.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

#### 2.6 Financial instruments (Cont'd)

##### ***Financial assets (Cont'd)***

##### *Subsequent measurement of financial assets*

##### Debt investments

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income and gains in the consolidated statement of profit or loss and other comprehensive income. Discounting is omitted where the effect of discounting is immaterial. The Group's trade receivables, deposits and other receivables, amounts due from related parties, pledged bank deposits and cash and cash equivalents fall into this category of financial instruments.

##### ***Financial liabilities***

##### *Classification and measurement of financial liabilities*

The Group's financial liabilities include trade payables, other payables and accruals, amounts due to related parties and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Accounting policies of lease liabilities are set out in note 2.9.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.6 Financial instruments (Cont'd)

#### *Financial liabilities (Cont'd)*

*Trade payables, other payables and accruals, amounts due to related parties and lease liabilities*

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

### 2.7 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses ("ECL") – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the end of reporting period.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.7 Impairment of financial assets (Cont'd)

#### *Trade receivables*

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

#### *Other financial assets measured at amortised cost*

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of reporting period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.7 Impairment of financial assets (Cont'd)

#### *Other financial assets measured at amortised cost (Cont'd)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); or (ii) the financial asset is more than one year past due.

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 32.3.

### 2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.





## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

#### 2.9 Leases

##### *Definition of a lease and the Group as a lessee*

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, the Group elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.9 Leases (Cont'd)

#### *Definition of a lease and the Group as a lessee (Cont'd)*

##### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments changes due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.



## Notes to the Financial Statements (Cont'd)

December 31, 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.9 Leases (Cont'd)

#### *Definition of a lease and the Group as a lessee (Cont'd)*

#### *Measurement and recognition of leases as a lessee (Cont'd)*

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

### 2.10 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.11 Revenue recognition

#### *Revenue from contracts with customers*

Revenue arises mainly from the sales of online tour guides and customised content.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

#### 2.11 Revenue recognition (Cont'd)

##### *Revenue from contracts with customers (Cont'd)*

Further details of the Group's revenue and other income recognition policies are as follows:

##### *Revenue from the sale of online tour guides through Online Travel Agencies (the "OTAs") and Lvji APP*

Revenue from the sale of online tour guides through OTAs and Lvji APP is recognised at the point in time when the guides is activated by the end user, i.e., when the end user is able to use and benefit from the online tour guides. It is considered that the Group is the principal in this arrangement as the Group controls the goods or services before that is transferred to the end users. The indicators that the Group controls the specified goods or services include, but are not limited to: (i) the Group is primarily responsible for fulfilling the promise to provide the online tour guides to end users; (ii) the Group has inventory risk before the online tour guides has been transferred to the end users; and (iii) the Group has discretion in establishing the price for the online tour guides.

The Group sells the online tour guides to end users through OTAs. End users will fully pay to OTAs before the online tour guides is activated. OTAs are entitled to withhold and deduct prescribed fixed percentages of the gross proceeds collected from the end users as their service fee and remit the remaining amounts to the Group. Accordingly, the Group records the payments collected from end users as revenue on a gross basis and concession fees retained by OTAs are recognised in cost of sales. The Group will perform monthly or quarterly reconciliation with OTAs and the normal credit term is 45 days.

##### *Revenue from the sale of customised content*

Revenue from the sale of customised content is recognised at the point in time when the content is checked and accepted by the customers, that is when control of the customised content is transferred to the customer.

##### *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

##### *Franchise income*

Franchise income is recognised on a time proportion basis over the franchise terms.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.11 Revenue recognition (Cont'd)

#### *Revenue from contracts with customers (Cont'd)*

##### *Ticket agency service*

Ticket agency service fee is recognised when the services are rendered.

#### *Contract costs*

##### *Costs to fulfil a contract*

If the costs incurred in fulfilling a contract with a customer which are not capitalised as inventories, property, plant and equipment and intangible assets, the Group capitalises the costs incurred to fulfil a contract with a customer as an asset (included in prepayments, deposits and other receivables in the consolidated statement of financial position) if all of the following criteria are met:

- (a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

An asset is charged to the profit or loss at the point in time that is consistent with the transfer to the customer of the goods to which the asset relates. The asset is subject to impairment review. Other costs of fulfilling a contract, which are not capitalised, are expensed as incurred.

### 2.12 Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.





## Notes to the Financial Statements (Cont'd)

December 31, 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under “Other income and gains” in the consolidated statement of profit or loss.

### 2.14 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment (including right-of-use assets); and
- The Company’s interests in subsidiaries

These assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.14 Impairment of non-financial assets (Cont'd)

Impairment loss is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.15 Employee benefits

#### *Retirement benefit*

Retirement benefits to employees are provided through defined contribution plans.

The group entities established in the PRC make monthly contributions to a state-sponsored defined contribution scheme for the local staff. The contributions are made at a specific percentage on the standard salary pursuant to laws of the PRC and relevant regulation issued by local social security authorities.

Contributions are recognised as an expense in profit or loss as employees rendered services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

#### *Short-term employee benefits*

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

#### *Short-term obligations*

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

#### 2.15 Employee benefits (Cont'd)

##### *Share-based employee compensation*

The Group grants shares of the Company to employees under its share award scheme. There are no vesting period for the share awards granted according to the share award scheme. The fair value of the share award granted is expensed immediately to the consolidated statements of profit or loss which are vested at the date of grant. The amount to be expensed is determined by reference to the market value of the share awards granted. Information relating to the share award scheme is set out in note 29.

#### 2.16 Borrowing costs

Borrowing costs are expensed when incurred.

#### 2.17 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.17 Accounting for income taxes (Cont'd)

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

#### 2.17 Accounting for income taxes (Cont'd)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company that makes strategic decisions.

#### 2.19 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

### 2.19 Related parties (Cont'd)

- (b) the party is an entity and if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group.
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) the entity and the Group are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 3. ADOPTION OF NEW AND AMENDED HKFRSs

#### New and amended HKFRSs that are effective for annual periods beginning on January 1, 2023

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on January 1, 2023:

HKFRS 17	<i>Insurance Contracts and related amendments</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior years have been prepared and presented.

#### Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>1</sup></i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5<sup>1</sup></i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants<sup>1</sup></i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements<sup>1</sup></i>
Amendments to HKAS 21	<i>Lack of exchangeability<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2024

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2025

<sup>3</sup> Effective date not yet determined

### 3. ADOPTION OF NEW AND AMENDED HKFRSs (Cont'd)

#### Issued but not yet effective HKFRSs (Cont'd)

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 4.1 Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

##### *Withholding tax arising from the distribution of dividends*

The Group did not accrue deferred tax liabilities in respect of withholding taxes arising from the future distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions in which the subsidiaries are domiciled and operate during the year. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings to foreign entities in the foreseeable future while the Group is expanding its business in Mainland China.

##### *Revenue recognition*

Revenue from sale of online tour guides and customised content are recognised at a point in time when control of the online tour guides and customised content are transferred. The management has made judgements in identifying the performance obligations and estimating the point of revenue recognition under different contractual agreements.

The details of revenue recognised during the years ended December 31, 2023 and 2022 are disclosed in note 6.



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

#### 4.2 Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *Impairment of non-financial assets*

The Group assesses whether there is any indication of impairment for all non-financial assets, including property, plant and equipment, intangible assets and right-of-use asset at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment, intangible assets and right-of-use asset as at December 31, 2023 and 2022 are disclosed in notes 16, 17 and 18(a), respectively. No impairment losses were provided for property, plant and equipment and right-of-use asset during the years ended December 31, 2023 and 2022.

##### *Useful lives and amortisation of intangible assets*

The Group's management determines the estimated useful lives and related amortisation for the Group's intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation where useful lives are different to those of previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and, therefore, amortisation expense in future periods. The carrying value of intangible assets as at December 31, 2023 amounted to RMB677,961,000 (2022: RMB372,209,000). Further details are set out in note 17 to Financial Statements.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

### 4.2 Estimation uncertainty (Cont'd)

#### *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECL allowance for trade receivables. The provision rates are based on days past due for groupings of various debtor segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the travel sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL allowance is a significant estimate. The amount of ECL allowance is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of debtors' actual default in the future. The information about the ECL allowance on the Group's trade receivables is disclosed in note 20 and note 32.3 to financial statements.

#### *Current and deferred income tax*

The Group is subject to taxation in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the periods in which such determination is made.



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 5. OPERATING SEGMENT INFORMATION

The Group is principally an online tour guides provider in Mainland China.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-makers in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance, does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

#### **Geographical information**

During the year, since the majority of the Group's revenue and operating profit were generated from the sale of online tour guides and customised content in Mainland China, all of the Group's identifiable assets and liabilities were located in Mainland China, and overseas income from any individual district did not exceed 10% of total revenue, no geographical segment information in accordance with HKFRS 8 Operating Segments is presented.

#### **Information about major customers**

No revenue from a single end user, travel agency, tourist attraction administrator or government office contributed to 10% or more of the total revenue of the Group during the year.

### 6. REVENUE

The Group's principal activity is disclosed in note 1 to the consolidated financial statements.

#### **Performance obligations**

Information about the Group's performance obligations is summarised below:

#### ***Revenue from the sale of online tour guides through OTAs and Lvji APP***

The performance obligation is satisfied when the online tour guides are activated by end users. The end users make the payments in advance. OTAs reconcile and settle the payments received from the end users with the Group on a monthly or quarterly basis and the credit term is usually 45 days.

## 6. REVENUE (Cont'd)

### Performance obligations (Cont'd)

#### *Revenue from the sale of customised content*

The performance obligation is satisfied when the content is checked and accepted by the customers and payment is generally due within 30 days from acceptance.

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000
<b>Revenue from contracts with customers</b>		
Sale of online tour guides through OTAs	579,235	339,498
Sale of online tour guides through Lvji APP	379	86
Sale of customised content	5,781	4,744
	<b>585,395</b>	344,328

#### *Disaggregation of revenue from contracts with customers with the scope of HKFRS 15*

The Group derives revenue from sales of online tour guides and customised content at a point in time in the following major products:

	2023 RMB'000	2022 RMB'000
<b>Types of goods or services</b>		
Sale of online tour guides	579,614	339,584
Sale of customised content	5,781	4,744
	<b>585,395</b>	344,328
<b>Timing of revenue recognition</b>		
Goods or services transferred at a point in time	<b>585,395</b>	344,328



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 7. OTHER INCOME AND GAINS

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Interest income	<b>4,580</b>	2,504
Compensation from legal cases	<b>2,700</b>	–
Foreign exchange gains, net	<b>345</b>	4,671
Government grants (Note)	<b>421</b>	2,641
Franchise income	<b>87</b>	2,503
Others	<b>477</b>	1,526
	<b>8,610</b>	13,845

Note: The amount represents subsidies received from local government authorities in connection with certain tax refunds and various industry-specific subsidies. There are no unfulfilled conditions relating to such government subsidies recognised.

### 8. OTHER EXPENSES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Others	<b>34</b>	682

### 9. FINANCE COSTS

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Finance charges on lease liabilities (Note 18 and 30(b))	<b>318</b>	177

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 10. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after (crediting)/charging:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Concession fee	<b>289,447</b>	169,099
Depreciation of property, plant and equipment (Note 16)	<b>478</b>	1,154
Write-off of property, plant and equipment (Note 16)	-	35
Amortisation of intangible assets (Note 17)	<b>68,596</b>	35,088
Depreciation of right-of-use asset (Note 18(a))	<b>2,277</b>	2,259
Lease charges of short term leases	-	16
Research and development costs	<b>1,914</b>	4,277
Auditor's remuneration		
- Current year	<b>2,050</b>	1,880
- Under-provision in prior year	-	786
	<b>2,050</b>	2,666
Foreign exchange gains, net	<b>(345)</b>	(4,671)
Provision for ECL allowance of trade receivables (Note 20)	<b>2,516</b>	199
Provision for ECL allowance of prepayments, deposits and other receivables (Note 21)	<b>7,777</b>	-
Gain on disposal of financial assets at FVTPL, net	-	(760)
Bank interest income	<b>(4,580)</b>	(2,504)
Government grants	<b>(421)</b>	(2,641)

### 11. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/ jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 11. INCOME TAX EXPENSE (Cont'd)

The provision for Mainland China corporate income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries of the Group operating in Mainland China as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on January 1, 2008.

Lvji Technology Group was qualified as a “High-and-New Technology Enterprise” (“HNTE”) under the PRC Corporate Income Tax Law in December 2016. Lvji Technology Group was entitled to a preferential income tax rate of 15% for three years starting from December 2016, if the criteria for HNTE were met each year. After reapplication of HNTE in December 2019, Lvji Technology Group is entitled to a preferential income tax rate of 15% from December 2019 to December 2022, if the criteria for HNTE are met each year. After reapplication of HNTE in December 2023, Lvji Technology Group is entitled to a preferential income tax rate of 15% from December 2023 to December 2026, if the criteria for HNTE are met each year.

Guangxi Lvji was incorporated in Beihai, Guangxi, the PRC on September 21, 2018. According to the applicable regulations, Guangxi Lvji is entitled to a preferential income tax rate of 9% for five years from the first year of operation which was 2018.

Huoer Guosi Lvji was incorporated in Khorghos, Xinjiang, the PRC on May 31, 2017. According to the applicable regulations, Huoer Guosi Lvji is exempted from corporate income tax for five years from the first year of operation which was 2017. Huoer Guosi Lvji was deregistered on September 20, 2022 as disclosed in note 1.

Huoer Guosi Yuantai was incorporated in Khorghos, Xinjiang, the PRC on November 6, 2022. According to the applicable regulations, Huoer Guosi Yuantai is exempted from corporate income tax for five years from the first year of operation which was 2021.

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>PRC Enterprise Income Tax</b>		
Current income tax	<b>56,307</b>	10,990
Overprovision in prior years (Note)	<b>(20,087)</b>	(1,515)
Total income tax expense	<b>36,220</b>	9,475

Note:

Included in the overprovision in the current year is the tax expenses of RMB16,813,000 arising in prior years that were reversed during the year after obtaining tax clearance of a deregistered subsidiary.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 11. INCOME TAX EXPENSE (Cont'd)

Reconciliation between tax expense and accounting profit at applicable tax rates is as follow:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Profit before tax	<b>181,387</b>	47,012
Tax calculated at a tax rate of 25%	<b>45,347</b>	11,753
Lower tax rates for specific provinces or enacted by local authority	<b>1,556</b>	1,543
Tax effect of non-deductible expenses	<b>112</b>	70
Utilisation of deductible temporary differences previously not recognised	<b>(12,426)</b>	23
Tax losses not recognised	<b>22,359</b>	172
Tax losses utilised from previous periods	<b>(641)</b>	(2,571)
Overprovision in prior years	<b>(20,087)</b>	(1,515)
Income tax expense	<b>36,220</b>	9,475

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from January 1, 2008 and applies to earnings generated after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008. The applicable tax rate of the Group is 10%. In the opinion of the directors, it is not probable that these subsidiaries will distribute such remaining earnings in the foreseeable future. Therefore, deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China.

### 12. DIVIDENDS

No dividend has been declared and paid by the Company and its subsidiaries during the year ended December 31, 2023 (2022: Nil).

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings per share is based on the profit for the year attributable to owners of the Company, and on the weighted average number of ordinary shares in issue during the year.

The calculation of basic earnings per share is based on:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>145,167</b>	37,537
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculations	<b>1,577,744,511</b>	1,466,230,435

The diluted earnings per share for the years ended December 31, 2023 and 2022 were the same as basic earnings per share as there were no dilutive potential ordinary shares in existence for both years.

### 14. EMPLOYEE BENEFIT EXPENSE

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Wages, salaries and bonuses	<b>13,303</b>	20,105
Pension costs – defined contribution plans (Note)	<b>2,094</b>	3,590
Equity-settled share award scheme expenses (Notes 27(ii) and 29)	–	51,838
	<b>15,397</b>	75,533

Note:

Employees of the Group's entities are required to participate in a defined contribution plan administrated and operated by the local municipal government. The Group's entities contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

At December 31, 2023, there was no forfeited contribution available to reduce the contributions payable in the future years (2022: Nil).

# Notes to the Financial Statements

December 31, 2023

## 15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

### 15.1 Directors' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Notes	Year ended December 31, 2023				Total RMB'000
		Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	
<b>Executive directors:</b>						
Mr. Zang Weizhong		-	136	-	16	152
Mr. Liu Hui		-	408	-	26	434
Ms. Wang Lei		-	294	-	28	322
<b>Non-executive director:</b>						
Mr. Cheung King Him Edmund	i, ii	-	-	-	-	-
<b>Independent non-executive directors:</b>						
Ms. Gu Jianlu		-	36	-	-	36
Ms. Gu Ruizhen		-	36	-	-	36
Ms. Gao Yuanyuan	iii	-	36	-	-	36
<b>Chief executive officer:</b>						
Mr. Yuan Ting	iv	-	299	-	86	385
		-	1,245	-	156	1,401



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Cont'd)

#### 15.1 Directors' emoluments (Cont'd)

	Notes	Year ended December 31, 2022				Total RMB'000
		Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	
<b>Executive directors:</b>						
Mr. Zang Weizhong		-	160	-	39	199
Mr. Liu Hui		-	421	-	78	499
Ms. Wang Lei		-	284	-	64	348
<b>Non-executive director:</b>						
Mr. Cheung King Him Edmund	i, ii	-	-	-	-	-
<b>Independent non-executive directors:</b>						
Ms. Gu Jianlu		-	69	-	-	69
Ms. Gu Ruizhen		-	69	-	-	69
Ms. Wu Daxiang	iii	-	63	-	-	63
Ms. Gao Yuanyuan	iii	-	11	-	-	11
<b>Chief executive officer:</b>						
Mr. Yuan Ting	iv	-	250	-	76	326
		-	1,327	-	257	1,584

Notes:

- (i) The emoluments of these directors are paid by investors of the Company and its subsidiaries.
- (ii) Mr. Cheung King Him Edmund resigned from non-executive director with effect from September 8, 2023.
- (iii) Ms. Wu Daxiang resigned from independent non-executive director and Ms. Gao Yuanyuan was appointed as independent non-executive director with effect from November 25, 2022.
- (iv) Mr. Yuan Ting was appointed as chief executive officer with effect from 15 August 2022.

The emoluments shown above represents emoluments received from the Group by the director in his capacity as employee of the Group and/or in their capacity as director of the companies comprising the Group for the years ended December 31, 2023 and 2022.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Cont'd)

#### 15.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2022: nil) director whose emoluments are reflected in the analysis presented above. The aggregate emoluments payable to the remaining three (2022: five) individuals during the year are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Salaries, allowances and benefits in kind	<b>902</b>	1,350
Pension scheme contributions	<b>248</b>	331
Equity-settled share award scheme expenses	–	43,199
	<b>1,150</b>	44,880

The emoluments fell within the following bands:

	<b>Number of employees</b>	
	<b>2023</b>	2022
Emolument bands:		
Nil to HK\$1,000,000	<b>3</b>	–
HK\$10,000,001 to HK\$10,500,000	–	5
	<b>3</b>	5

No directors or the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended December 31, 2023 and 2022. No directors or the five highest paid individuals have waived or agreed to waive any emoluments for the years ended December 31, 2023 and 2022.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 16. PROPERTY, PLANT AND EQUIPMENT

December 31, 2023

	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At January 1, 2023</b>				
Cost	6,599	1,257	-	7,856
Accumulated depreciation	(6,000)	(1,257)	-	(7,257)
<b>Net carrying amount</b>	<b>599</b>	<b>-</b>	<b>-</b>	<b>599</b>
<b>At January 1, 2023, net of accumulated depreciation</b>	<b>599</b>	<b>-</b>	<b>-</b>	<b>599</b>
Depreciation	(478)	-	-	(478)
<b>At December 31, 2023, net of accumulated depreciation</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>121</b>
<b>At December 31, 2023</b>				
Cost	5,008	-	-	5,008
Accumulated depreciation	(4,887)	-	-	(4,887)
<b>Net carrying amount</b>	<b>121</b>	<b>-</b>	<b>-</b>	<b>121</b>

December 31, 2022

	Furniture and fixtures RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At January 1, 2022</b>				
Cost	7,413	1,257	330	9,000
Accumulated depreciation	(5,625)	(1,257)	-	(6,882)
<b>Net carrying amount</b>	<b>1,788</b>	<b>-</b>	<b>330</b>	<b>2,118</b>
<b>At January 1, 2022, net of accumulated depreciation</b>	<b>1,788</b>	<b>-</b>	<b>330</b>	<b>2,118</b>
Disposal	-	-	(330)	(330)
Written-off	(35)	-	-	(35)
Depreciation	(1,154)	-	-	(1,154)
<b>At December 31, 2022, net of accumulated depreciation</b>	<b>599</b>	<b>-</b>	<b>-</b>	<b>599</b>
<b>At December 31, 2022</b>				
Cost	6,599	1,257	-	7,856
Accumulated depreciation	(6,000)	(1,257)	-	(7,257)
<b>Net carrying amount</b>	<b>599</b>	<b>-</b>	<b>-</b>	<b>599</b>

## Notes to the Financial Statements (Cont'd)

December 31, 2023

**17. INTANGIBLE ASSETS**

December 31, 2023

	Copyrights RMB'000	Computer software RMB'000	Total RMB'000
<b>At January 1, 2023</b>			
Cost	1,265,496	138	1,265,634
Accumulated amortisation and Impairment	(893,366)	(59)	(893,425)
<b>Net carrying amount</b>	<b>372,130</b>	<b>79</b>	<b>372,209</b>
<b>Cost at January 1, 2023, net of accumulated amortisation and impairment</b>	<b>372,130</b>	<b>79</b>	<b>372,209</b>
Additions	374,348	–	374,348
Amortisation charge	(68,583)	(13)	(68,596)
<b>At December 31, 2023</b>	<b>677,895</b>	<b>66</b>	<b>677,961</b>
<b>At December 31, 2023</b>			
Cost	1,639,844	138	1,639,982
Accumulated amortisation and impairment	(961,949)	(72)	(962,021)
<b>Net carrying amount</b>	<b>677,895</b>	<b>66</b>	<b>677,961</b>

December 31, 2022

	Copyrights RMB'000	Computer software RMB'000	Total RMB'000
<b>At January 1, 2022</b>			
Cost	1,026,238	138	1,026,376
Accumulated amortisation and Impairment	(858,292)	(45)	(858,337)
<b>Net carrying amount</b>	<b>167,946</b>	<b>93</b>	<b>168,039</b>
<b>Cost at January 1, 2022, net of accumulated amortisation and impairment</b>	<b>167,946</b>	<b>93</b>	<b>168,039</b>
Additions	239,258	–	239,258
Amortisation charge	(35,074)	(14)	(35,088)
<b>At December 31, 2022</b>	<b>372,130</b>	<b>79</b>	<b>372,209</b>
<b>At December 31, 2022</b>			
Cost	1,265,496	138	1,265,634
Accumulated amortisation and impairment	(893,366)	(59)	(893,425)
<b>Net carrying amount</b>	<b>372,130</b>	<b>79</b>	<b>372,209</b>

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 17. INTANGIBLE ASSETS (Cont'd)

The amortisation charge of intangible assets for the year is included in “Cost of sales” in the consolidated statement of profit or loss.

The performance in tourism markets has been improved in 2022 because the PRC government has released travel restrictions. Based on the assessment of the management and an independent professional valuer, no impairment loss was recognised in respect of the Group’s intangible assets during the year ended December 31, 2023 and 2022. Please refer to “Management Discussion and Analysis” section for details of key assumptions of the assessment.

### 18. LEASES

#### The Group as a lessee

##### (a) *Right-of-use asset*

	<b>Building held under operating lease</b> RMB'000
Balance at January 1, 2022	2,921
Lease modification (Note 30)	7,122
Termination	(338)
Depreciation for the year	(2,259)
Balance at December 31, 2022 and January 1, 2023	<b>7,446</b>
Lease modification (Note 30)	<b>(93)</b>
Depreciation for the year	<b>(2,277)</b>
<b>At December 31, 2023</b>	<b>5,076</b>

**18. LEASES (Cont'd)****The Group as a lessee (Cont'd)****(b) Lease liabilities**

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Total minimum lease payments:		
Due within one year	<b>2,488</b>	2,415
Due in the second to fifth years	<b>3,111</b>	5,812
	<b>5,599</b>	8,227
Future finance charges on leases liabilities	<b>(282)</b>	(795)
Present value of leases liabilities	<b>5,317</b>	7,432
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Present value of minimum lease payments:		
Due within one year	<b>2,288</b>	2,081
Due in the second to fifth years	<b>3,029</b>	5,351
	<b>5,317</b>	7,432
Less:		
Portion due within one year included under current liabilities	<b>(2,288)</b>	(2,081)
Portion due after one year included under non-current liabilities	<b>3,029</b>	5,351

As at December 31, 2023, lease liabilities amounted to RMB5,317,000 (2022: RMB7,432,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

During the year ended December 31, 2023, the total cash outflows for the leases are RMB2,340,000 (2022: RMB2,648,000).



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 18. LEASES (Cont'd)

#### The Group as a lessee (Cont'd)

##### (b) Lease liabilities (Cont'd)

###### Details of the lease activities

As at December 31, 2023 and 2022, the Group has entered into leases for office premises.

Types of right-of-use asset	Financial statements items of right-of-use asset included in	Number of leases	Range of remaining lease term	Particulars
Office premise	Right-of-use asset	1 (2022: 1)	3 years (2022: 4 years)	The contract contains an option to renew the lease for additional years after the end of the contract by giving notice to landlord before the end of the contract  Lease subjects to monthly rental payment

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

### 19. DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences arising in Mainland China as they have arisen in subsidiaries that have been loss-making since the incorporation of these subsidiaries and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

	2023 RMB'000	2022 RMB'000
Tax losses (Note)	229,953	110,890
Deductible temporary differences	503,206	552,910
	<b>733,159</b>	663,800

Note:

The tax losses will expire in four to five years for offsetting against future taxable profits.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 20. TRADE RECEIVABLES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade receivables	<b>57,698</b>	29,469
Less: ECL allowance	<b>(3,075)</b>	(559)
	<b>54,623</b>	28,910

The Group's trading terms with OTAs are mainly on credit. The credit period for OTAs is generally 45 days. Each OTA has a maximum credit limit. The credit period for other customers is generally 30 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of ECL allowance, was as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
0 to 3 months	<b>53,989</b>	24,382
3 to 6 months	<b>579</b>	1,389
6 months to 1 year	<b>55</b>	2,772
Over 1 year	<b>-</b>	367
	<b>54,623</b>	28,910

The movements in the ECL allowance of trade receivables are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
At beginning of year	<b>559</b>	360
Impairment for the year	<b>2,516</b>	199
At end of year	<b>3,075</b>	559

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 20. TRADE RECEIVABLES (Cont'd)

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. At the end of the reporting period, the probability of default is minimal for debtors other than defaulted receivables, with expected credit loss rates of 1.64% to 100% (2022: 1.80% to 8.58%). Trade receivables for which the balances are overdue with ageing of more than a year and trade receivables where counterparties failed to make the demanded repayments are defaulted receivables, which are fully provided.

### 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Prepayments to suppliers	14,080	7,841
Contract cost (note i)	1,208	2,153
Deposit	4,827	4,513
Prepaid taxes and other tax recoverable	10,978	11,412
Refundable investment cost in an associate (note ii)	–	25,000
Refundable investment deposits (note iii)	148,200	–
Other receivables	1,309	789
	<b>180,602</b>	51,708
Less: ECL allowance	<b>(7,777)</b>	–
	<b>172,825</b>	51,708
Analysed into:		
Non-current	<b>148,200</b>	–
Current	<b>24,625</b>	51,708
	<b>172,825</b>	51,708

Notes:

- (i) Contract cost consists of the costs incurred in our sales of customised content business, for which we already signed contracts with the customers and incurred cost but not yet completed nor delivered to the customers.
- (ii) The balance represents a refund of investment cost in Guangzhou Wenjingyi Advertising Media Co., Ltd., an associate upon withdrawal of capital contribution in December 2022. The balance was fully received in February 2023.
- (iii) The balance represents an investment deposit paid to Guangzhou Asset Management for the acquisition of the Huangtengxia series loan claims through the public listing and bidding services of the Guangdong Financial Assets Exchange Center. For further details, please refer to the announcements dated December 27, 2023 of the Company.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Cont'd)

The movements in the ECL allowance of prepayments, deposits and other receivables are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
At beginning of year	-	-
Impairment for the year	<b>7,777</b>	-
At end of year	<b>7,777</b>	-

As at December 31, 2023, included in prepayments, deposits and other receivables represents receivables amounting to RMB7,777,000 from debtors who have delayed their settlement for over 2 years. Having considered the economic environment in which the debtors operate (which is in PRC) and the liquidity condition of the debtors, the Group considered that there is significant increase in credit risk of the receivables since initial recognition and, therefore, an ECL allowance of RMB7,777,000 was recognised.

### 22. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Cash at bank and in hand	<b>125,317</b>	170,904
Short-term bank deposits	-	150,000
Less: Pledged bank deposits	<b>(200)</b>	(500)
Cash and cash equivalents	<b>125,117</b>	320,404

The short-term bank deposits earn 1.50% to 2.10% interest per annum in 2022. They have a maturity of 20 days and are eligible for immediate cancellation without receiving any interest for the last deposit period.

The directors of the Group considered that the fair value of the short-term bank deposits is not materially different from their carrying amount because of the short maturity period on their inception.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 22. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS (Cont'd)

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB111,060,000 (2022: RMB167,662,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The pledged bank deposits were mainly pledged to the government authorities for conducting tourist-related business in Mainland China.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

### 23. TRADE PAYABLES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade payables	<b>1,530</b>	5,306

The trade payables are non-interest-bearing and are normally settled on 30 day terms.

An aging analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
0 to 3 months	<b>837</b>	4,927
3 to 12 months	<b>29</b>	117
1 to 2 years	<b>402</b>	136
Over 2 years	<b>262</b>	126
	<b>1,530</b>	5,306

All amounts are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 24. OTHER PAYABLES AND ACCRUALS

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Other payables	<b>5,450</b>	5,053
Payroll and welfare payables	<b>1,878</b>	2,336
Other tax payable	<b>23,786</b>	12,381
	<b>31,114</b>	19,770

The amounts due are unsecured, interest free and repayable on demand. The carrying amounts of the amounts due are considered reasonable approximation of their fair values.

### 25. CONTRACT LIABILITIES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Contract liabilities arising from receiving deposits from contracts of customised content	<b>1,368</b>	2,650

Contract liabilities include unsatisfied performance obligations resulting from contracts of customised content for which the Group has received consideration at the end of the reporting period. The Group typically receives a 50% deposit on signature of contracts. Contract liabilities are recognised as revenue upon the Group satisfying its performance obligations under the relevant contracts.

All deposits received are expected to be settled within one year.

The significant decrease of contract liabilities as at December 31, 2023 is mainly due to most of sales orders received were completed during the reporting period. The significant decrease of contract liabilities as at December 31, 2022 is mainly due to the decrease in the deposits received as a result of lesser orders received from customers during the reporting period.

Contract liabilities outstanding at the beginning of the year amounted to RMB2,650,000 (2022: RMB2,960,000) have been recognised as revenue during the year.



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 26. DEFERRED INCOME

	2023 RMB'000	2022 RMB'000
At the beginning of the year	-	2,503
Released to franchise income (Note 7)	-	(2,503)
At the end of the year	-	-
Less: Current portion	-	-
Non-current portion	-	-

Deferred income represents the payment received in advance from franchisees for the right to use the brand name of the Group. These franchise payments are released to other income and gains over the franchise period.

### 27. SHARE CAPITAL

	2023		2022	
	Number of shares	RMB'000	Number of shares	RMB'000
<b>Authorised:</b>				
Ordinary shares of US\$0.01 each	10,000,000,000	1,451,842	10,000,000,000	1,451,842
<b>Issued and fully paid:</b>				
As at January 1,	1,536,100,675	105,699	1,463,650,000	100,648
Issue of shares under general mandate (note i)	76,000,000	5,446	-	-
Issue of shares under share award scheme (note ii)	-	-	72,450,675	5,051
As at December 31,	1,612,100,675	111,145	1,536,100,675	105,699

Notes:

- (i) On June 15, 2023, Ms. Zhang Huan and Mr. Qi Shao Bin subscribed 38,000,000 ordinary shares and 38,000,000 ordinary shares of the Company at subscription price of HK\$1.00 per share, respectively. As at December 31, 2023, 76,000,000 ordinary shares were fully paid.
- (ii) On December 19, 2022, the Company allotted and issued 72,450,675 ordinary shares at the subscription price of HK\$0.8 per share by way of share subscription. The net proceeds amounted to approximately HK\$57,961,000 (equivalent to RMB51,838,000) of which HK\$5,648,000 (equivalent to RMB5,051,000) was credited to the share capital account and approximately HK\$52,313,000 (equivalent to RMB46,787,000) was credited to share premium account.

All shares have been granted to eligible employees under the share award scheme on December 19, 2022 (Notes 14 and 29).

### 28. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 83 of the financial statements.

#### Statutory reserve

In accordance with the PRC Company Law and the articles of association of the Group's PRC subsidiaries, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of this reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

#### Merger reserve

The merger reserve of the Group represents the capital contribution from the then equity holders of the Group's subsidiaries.

### 29. SHARE AWARD SCHEME

On January 21, 2022, a share award scheme was approved and adopted by the Board of directors of the Company. Unless otherwise cancelled or amended, the share award scheme will remain valid and effective for 10 years from the date of adoption.

The number of shares to be award under the share award scheme throughout its duration is limited to 5% of the total number of issued shares of the Company from time to time. The maximum number of shares which may be awarded to a selected participant under the scheme shall not exceed 1% of the total number of issued shares of the Company in any 12-month period.

The Board has full discretion to determine the amount of the share award to be vested to eligible employees at the end of a performance period in accordance with the performance criteria approved by the Board.

During the year ended December 31, 2023 and 2022, no share awards were purchased on the Stock Exchange.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 29. SHARE AWARD SCHEME (Cont'd)

During the year ended December 31, 2023, no shares were allotted, issued, vested and granted under the share award scheme of the Company.

During the year ended December 31, 2022, the Company allotted, issued, vested and granted 72,450,675 ordinary shares to eligible employees as follows:

<b>Date of grant</b>	<b>At January 1, 2022</b>	<b>Granted during the year</b>	<b>Vested during the year</b>	<b>Awarded during the year</b>	<b>Forfeited during the year</b>	<b>At December 31, 2022</b>
December 19, 2022	-	72,450,675	(72,450,675)	72,450,675	-	-

Note:

The fair value of the granted shares is calculated based on the closing market price of the shares of HK\$0.8 on the day of the grant, and amounted to HK\$58 million (equivalent to approximately RMB52 million) in total, of which the Group recognised a share award scheme expense of HK\$58 million (equivalent to approximately RMB52 million) during the year ended December 31, 2022. Since the share awards were granted, vested and awarded on same day and expected dividend was zero, no adjustment has been made on the fair value of the granted shares.

As at December 31, 2023 and 2022, no shares were held for share award scheme.

### 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year ended December 31, 2023, the Group adjusted rental expenses of an existing lease contract in which modifications to right-of-use asset and lease liability amounted to RMB93,000 was recognised at the lease commencement date (Note 18);

During the year ended December 31, 2022, the Group extended an existing lease contract in which modifications to right-of-use asset and lease liability amounted to RMB7,122,000 was recognised at the lease commencement date (Note 18); and

During the year ended December 31, 2022, the Company allotted and issued 72,450,675 ordinary shares to eligible employees under the share award scheme which is non-cash transactions and excluded from the consolidated statement of cash flows (Notes 14, 27(ii) and 29).

**30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)****(b) Changes in liabilities arising from financing activities**

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	<b>Lease liabilities</b> RMB'000
At January 1, 2022	3,103
<b>Non-cash:</b>	
– Lease modification	7,122
– Lease termination	(338)
– Finance costs (Note 9)	177
<b>Cash flows:</b>	
– Payment of lease liabilities	(2,632)
At December 31, 2022 and January 1, 2023	<b>7,432</b>
<b>Non-cash:</b>	
– Lease modification	<b>(93)</b>
– Finance costs (Note 9)	<b>318</b>
<b>Cash flows:</b>	
– Payment of lease liabilities	<b>(2,340)</b>
At December 31, 2023	<b>5,317</b>

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 31. RELATED PARTY TRANSACTIONS AND BALANCES

The directors of the Company are of the view that the following parties are related parties that had transactions or balances with the Group during the year.

#### (a) Name and relationship

Name of related parties	Relationship with the Group and the Company
Mr. Zang	A substantial shareholder and director
Mr. Fan	A substantial shareholder
Lu Jia Technology Holdings Limited	A substantial shareholder
Mr. Wang	A director

#### (b) Outstanding balances with related parties

The Group had the following balances with related parties:

	2023 RMB'000	2022 RMB'000
Amounts due from related parties:		
Mr. Zang	2,314	2,293
Mr. Wang	81	81
	<b>2,395</b>	2,374
	2023 RMB'000	2022 RMB'000
Amounts due to related parties:		
Mr. Fan	1,062	1,045
Lu Jia Technology Holdings Limited	302	–
	<b>1,364</b>	1,045

**31. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)****(b) Outstanding balances with related parties (Cont'd)**

The maximum amounts due from related parties outstanding during the year are set out below:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Maximum amounts due from related parties outstanding:		
Mr. Zang	<b>2,314</b>	2,293
Mr. Wang	<b>81</b>	81
	<b>2,395</b>	2,374

The related party balances are non-trade in nature, unsecured, interest-free and repayable on demand.

**(c) Key management personnel remuneration**

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The remuneration of key management personnel during the year is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Short-term employee benefits	<b>1,275</b>	1,242
Contributions to the pension scheme	<b>276</b>	298
Equity-settled share award scheme expenses	<b>-</b>	17,279
	<b>1,551</b>	18,819



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk), credit risk and liquidity risk.

The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

#### 32.1 Categories of financial assets and liabilities

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Financial assets</b>		
<i>Financial assets at amortised cost</i>		
Trade receivables	<b>54,623</b>	28,910
Deposits and other receivables	<b>154,336</b>	30,302
Amounts due from related parties	<b>2,395</b>	2,374
Pledged bank deposits	<b>200</b>	500
Cash and cash equivalents	<b>125,117</b>	320,404
	<b>336,671</b>	382,490
<b>Financial liabilities</b>		
<i>Financial liabilities at amortised cost</i>		
Trade payables	<b>1,530</b>	5,306
Other payables and accruals	<b>7,328</b>	7,389
Amounts due to related parties	<b>1,364</b>	1,045
Lease liabilities	<b>5,317</b>	7,432
	<b>15,539</b>	21,172

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### 32.2 Foreign currency risk

The Group's businesses are principally conducted in RMB. The Group is exposed to foreign exchange risk with respect to primarily US\$. Foreign exchange risk arises from its cash and cash equivalents.

As at December 31, 2023, all of the Group's assets and liabilities were denominated in RMB except that cash and cash equivalents of approximately RMB10,510,000 (2022: RMB2,576,000) were denominated in US\$. As at December 31, 2023, if RMB had weakened/strengthened by 9% (2022: 1%) against the US\$ with all other variables held constant, post tax profit would have increased/decreased by RMB709,000 (2022: RMB19,000).

### 32.3 Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all debtors who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables, amounts due from related parties, pledged bank deposits and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are disclosed in notes 20 and 21 to the financial statements, respectively.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by debtor. At the end of the reporting period, the Group had certain concentrations of credit risk with respect to trade receivables as follows:

	2023	2022
Due from the largest debtor	33%	28%
Due from the five largest debtors	96%	85%

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### 32.3 Credit risk (Cont'd)

##### *Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31, 2023 and 2022.

The amounts presented are gross carrying amounts for financial assets.

*As at December 31, 2023*

	12-month ECL allowance	Lifetime ECL allowance			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach	
				RMB'000	
Trade receivables*	-	-	-	57,698	57,698
Deposits and other receivables**	146,559	-	7,777	-	154,336
Amounts due from related parties**	2,395	-	-	-	2,395
Pledged bank deposits***	200	-	-	-	200
Cash and cash equivalents***	125,117	-	-	-	125,117
	<b>274,271</b>	<b>-</b>	<b>7,777</b>	<b>57,698</b>	<b>339,746</b>

**32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)****32.3 Credit risk (Cont'd)*****Maximum exposure and year-end staging (Cont'd)****As at December 31, 2022*

	12-month	Lifetime ECL allowance			Simplified approach	Total
	ECL allowance	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	–	–	–	29,469	29,469	
Deposits and other receivables**	30,302	–	–	–	30,302	
Amounts due from related parties**	2,374	–	–	–	2,374	
Pledged bank deposits***	500	–	–	–	500	
Cash and cash equivalents***	320,404	–	–	–	320,404	
	353,580	–	–	29,469	383,049	

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements, respectively.

\*\* The credit quality of the financial assets included in other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

\*\*\* The credit risks on pledged bank deposits and cash and cash equivalents are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### 32.4 Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	Within 1 year or on demand RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted amount RMB'000	Carrying amount RMB'000
<b>2023</b>					
Trade payables	1,530	-	-	1,530	1,530
Other payables and accruals	7,328	-	-	7,328	7,328
Amounts due to related parties	1,364	-	-	1,364	1,364
Lease liabilities	2,488	3,111	-	5,599	5,317
	<b>12,710</b>	<b>3,111</b>	<b>-</b>	<b>15,821</b>	<b>15,539</b>
<b>2022</b>					
Trade payables	5,306	-	-	5,306	5,306
Other payables and accruals	7,389	-	-	7,389	7,389
Amount due to a related party	1,045	-	-	1,045	1,045
Lease liabilities	2,415	5,812	-	8,227	7,432
	16,155	5,812	-	21,967	21,172

### 33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

The Group's capital includes total equity. The Group monitors capital using a debt-to-asset ratio. The debt-to-asset ratios as at the end of each of the reporting periods were as follows:

	As at December 31,	
	2023 RMB'000	2022 RMB'000
Total liabilities	123,103	82,298
Total assets	1,038,318	784,150
Debt-to-asset ratios	12%	10%



## Notes to the Financial Statements (Cont'd)

December 31, 2023

### 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries (Note i)	<b>51,838</b>	51,838
<b>Total non-current assets</b>	<b>51,838</b>	51,838
<b>CURRENT ASSETS</b>		
Amounts due from subsidiaries	<b>790,661</b>	698,820
Amount due from a director	<b>740</b>	728
Prepayments, deposits and other receivables	<b>36</b>	–
Cash and cash equivalents	<b>14,006</b>	2,684
<b>Total current assets</b>	<b>805,443</b>	702,232
<b>CURRENT LIABILITIES</b>		
Amounts due to subsidiaries	<b>128,620</b>	101,627
Amounts due to related parties	<b>1,364</b>	1,045
Other payables and accruals	<b>2,322</b>	1,093
<b>Total current liabilities</b>	<b>132,306</b>	103,765
<b>Total assets less current liabilities</b>	<b>673,137</b>	598,467
<b>Net assets</b>	<b>724,975</b>	650,305
<b>EQUITY</b>		
Share capital	<b>111,145</b>	105,699
Reserves (Note ii)	<b>613,830</b>	544,606
<b>Total equity</b>	<b>724,975</b>	650,305

**Zang Wei Zhong**  
*Director*

**Wang Lei**  
*Director*

**34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Cont'd)**

Notes:

- (i) Zhonghexin Technology Holdings Limited ("Lvji BVI") was incorporated with limited liability in the British Virgin Islands (the "BVI") on November 13, 2018 and was authorised to issue up to a maximum of 50,000 ordinary shares of a single class without par value. On the same day, 50,000 shares, representing all the issued shares of Lvji BVI, were issued and allotted to the Company.

During the year ended March 31, 2022, the Company contributed approximately HK\$58 million (equivalent to approximately RMB52 million) at an average price of HK\$0.8 per share by issuing 72,450,675 ordinary shares. All shares were granted to the eligible persons pursuant to the share award scheme.

- (ii) A summary of the Company's reserves is as follows:

	Share premium RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total equity RMB'000
As at January 1, 2022	498,698	(12,114)	(46,172)	440,412
Issuance of shares under share awards scheme	46,787	-	-	46,787
Profit and total comprehensive income for the year	-	7,117	50,290	57,407
As at December 31, 2022 and January 1, 2023	<b>545,485</b>	<b>(4,997)</b>	<b>4,118</b>	<b>544,606</b>
Issue of shares under general mandate	<b>64,121</b>	-	-	<b>64,121</b>
Profit and total comprehensive income for the year	-	<b>(4,209)</b>	<b>9,312</b>	<b>5,103</b>
<b>As at December 31, 2023</b>	<b>609,606</b>	<b>(9,206)</b>	<b>13,430</b>	<b>613,830</b>

**35. EVENT AFTER THE REPORTING PERIOD****Issue of Shares under General Mandate**

On February 6, 2024, the Company entered into a subscription agreement with eleven subscribers, pursuant to which the subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue a total of 75,100,000 subscription Shares, representing approximately 4.45% of the issued Shares of the Company as enlarged by the allotment and issue of the subscription Shares, at the subscription price of HK\$0.45 per subscription Share.

The completion of the subscription took place on February 29, 2024. For details, please refer to the announcements of the Company published on February 6, 2024 and February 29, 2024.

## Five-Year Performance Review

### RESULTS

	2023 (RMB'000)	Year ended December 31,			
		2022 (RMB'000)	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
REVENUE	<b>585,395</b>	344,328	381,712	295,051	541,813
Gross profit	<b>223,312</b>	136,792	116,825	74,678	232,382
PROFIT/(LOSS) BEFORE TAX	<b>181,387</b>	47,102	(541,944)	(98,844)	171,363
PROFIT/(LOSS) FOR THE YEAR	<b>145,167</b>	37,537	(549,617)	(100,647)	160,784

### ASSETS AND LIABILITIES

	2023 (RMB'000)	As of December 31,			
		2022 (RMB'000)	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
<b>ASSETS</b>					
Non-current assets	<b>831,358</b>	380,254	173,078	612,137	568,409
Current assets	<b>206,960</b>	403,896	491,663	586,883	158,389
Total assets	<b>1,038,318</b>	784,150	665,071	1,199,020	726,798
<b>EQUITY</b>					
Equity attributable to owners of the parent	<b>915,215</b>	701,852	583,245	1,140,417	664,686
Total equity	<b>915,215</b>	701,852	583,245	1,140,417	664,686
<b>LIABILITIES</b>					
Non-current liabilities	<b>3,029</b>	5,351	1,590	4,028	4,791
Current liabilities	<b>120,074</b>	76,947	80,236	54,575	57,321
Total liabilities	<b>123,103</b>	82,298	81,826	58,603	62,112
Total equity and liabilities	<b>1,038,318</b>	784,150	665,071	1,199,020	726,798



## Definition

In this annual report, unless the context otherwise require, the following expressions shall have the following meaning:

“2022” or “Corresponding Period”	the year ended December 31, 2022
“2023” or “Reporting Period”	the year ended December 31, 2023
“3D”	three dimensional
“Adoption Date”	January 21, 2022, being the date on which the Share Award Scheme is adopted by the Company
“AGM”	the 2024 annual general meeting of the Company to be held on Wednesday, June 26, 2024 or any adjournment thereof
“AI”	artificial intelligence
“AIGC”	artificial intelligence generated content
“API”	application programming interface, a set of clearly defined methods of communication between various software components
“APP”	application software designed to run on smartphones and other mobile devices
“AR”	augmented reality
“Articles of Association”	the second amended and restated articles of association of the Company adopted on June 21, 2023, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Board
“Auditor”	the independent auditor of the Company
“Awarded Shares”	in respect of a Selected Employee, such number of Shares as awarded by the Board
“Board”	the board of directors of the Company
“Boardroom”	Boardroom Corporate Services (HK) Limited
“BVI”	the British Virgin Islands



## Definition

“CG”	computer generated
“China” or “PRC”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this annual report, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “Lvji”	Lvji Technology Holdings Inc. (驢跡科技控股有限公司), an exempted company with limited liability incorporated on November 7, 2018 in the Cayman Islands
“Consolidated Financial Statements”	consolidated financial statements of the Group for the year ended December 31, 2023
“Controlling Shareholders”	has the meaning ascribed thereto in the Listing Rules and unless the context otherwise requires, refers to Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Qifu Honglian LLP, Qifu Honglian BVI, Jieming Sanhao LLP and Jieming Sanhao BVI
“Corporate Governance Code”	the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code set out in Appendix C1 (formerly Appendix 14) to the Listing Rules
“Director(s)”	the director(s) of the Company
“Employee(s)”	any employee (including without limitation to any executive director) of any member of the Company and its subsidiaries from time to time



## Definition

“Excluded Employee(s)”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee
“GAAP”	generally accepted accounting principles
“Global Offering”	the offering of the Company’s Shares as described in the Prospectus
“Group”, “we”, “us”, or “our”	the Company and its subsidiaries from time to time
“Guangxi Lvji”	廣西驢跡軟件科技有限公司 (Guangxi Lvji Software Technology Limited*), a company established in the PRC with limited liability on September 21, 2018 and an indirect wholly-owned subsidiary of our Company
“Guangzhou Lvji”	廣州驢跡國際旅行社有限公司 (Guangzhou Lvji International Travel Agency Limited*), a company established in the PRC with limited liability on January 31, 2018 and an indirect wholly-owned subsidiary of our Company
“H5”	a mark-up language used for structuring and presenting content on the World Wide Web, the fifth and current major version of the HTML standard
“HKAS”	Hong Kong Accounting Standard
“HKD” or “HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standard(s) (including HKASs and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huoer Guosi Lvji”	霍爾果斯驢跡軟件科技有限公司 (Huoer Guosi Lvji Software Technology Limited*), a company established in the PRC with limited liability on May 31, 2017 and an indirect wholly-owned subsidiary of our Company



## Definition

“ICP”	Internet Content Provider
“ICP License”	Value added Telecommunications Services Operating Permit for Internet information services
“INEDs”	the independent non-executive Directors
“Invest Profit”	Invest Profit Technology Holdings Limited, a company incorporated in the BVI with limited liability on November 6, 2018 which is wholly owned by Mr. Fan and our Controlling Shareholder
“IP”	intellectual property
“Jieming Sanhao BVI”	捷銘文旅投資有限公司 (Jieming Culture & Travel Investment Ltd.*), a company incorporated in the BVI with limited liability on January 2, 2019 which is wholly owned by Jieming Sanhao LLP, our Controlling Shareholder
“Jieming Sanhao LLP”	廣州市捷銘叁號投資企業(有限合夥) (Guangzhou Jieming No. 3 Investment Enterprise (Limited Partnership)*), a limited partnership established in the PRC on May 26, 2016, a Pre-IPO Investor and our Controlling Shareholder
“LBS”	location-based service
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange, which occurred on the Listing Date
“Listing Date”	January 17, 2020, the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Lu Jia Technology”	Lu Jia Technology Holdings Limited, a company incorporated in the BVI with limited liability on November 6, 2018 which is wholly owned by Mr. Zang, our Controlling Shareholder
“Lvji Technology”	Lvji Technology Group Co. LTD (驢跡科技集團有限公司) (formerly known as 廣州市驢跡科技有限責任公司), a company established in the PRC with limited liability on December 14, 2013 and an indirect wholly-owned subsidiary of our Company





## Definition

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 (formerly Appendix 10) to the Listing Rules
“MR”	mixed reality
“Mr. Fan”	樊保國 (Fan Baoguo*), a PRC resident, our Controlling Shareholder
“Mr. Zang”	臧偉仲 (Zang Weizhong*), a PRC resident and an executive Director, chairman of the Board and our Controlling Shareholder
“Nomination Committee”	nomination committee of the Board
“OTA”	online travel agency
“Prospectus”	the prospectus dated December 31, 2019 issued by the Company
“Qifu Honglian BVI”	QF HL LJ Limited, a company incorporated in the BVI with limited liability on November 13, 2018 which is wholly owned by Qifu Honglian LLP, our Controlling Shareholder
“Qifu Honglian LLP”	長興啓賦宏聯股權投資合夥企業(有限合夥) (Changxing Qifu Honglian Equity Investment (Limited Partnership)*) (formerly known as 長興啓賦宏聯投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 29, 2016, a Pre-IPO Investor and our Controlling Shareholder
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of China
“SaaS”	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
“Selected Employee(s)”	Employee(s) selected by the Board for participation in the Share Award Scheme



## Definition

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value US\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Share Award Scheme”	a share award scheme adopted by the Company on January 21, 2022
“Share Option Scheme”	a share option scheme adopted by the then shareholders of the Company by way of written resolution on December 20, 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“Vesting Date”	in respect of a Selected Employee, the date on which his/her entitlement to the Awarded Shares is vested in such Selected Employee in accordance with the Share Award Scheme
“XR”	extended reality, a combined term for augmented reality, virtual reality and mixed reality
“Yongtai BVI”	Sunrise Boulevard Investments Limited, a company incorporated in the BVI with limited liability on June 12, 2019 which is wholly owned by Yongtai LLP
“Yongtai LLP”	深圳前海春華永泰企業管理諮詢合夥企業(有限合夥) (Shenzhen Qianhai Sunrise Boulevard Enterprise Management Consultancy Limited Partnership*), a limited partnership established in the PRC with limited liability on May 24, 2019

\* The names of the PRC established companies or entities have been included in this annual report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. The English translation of company names in Chinese which are marked with “\*” are for identification purposes only.