



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

2024
INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zang Weizhong (*Chairman*)

Mr. Wang Lei (*Vice Chairman*)

Mr. Liu Hui

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 Jianlu

Ms. Gu Ruizhen

JOINT COMPANY SECRETARIES

Mr. Chu Wing Tim Benedict, *ACG, HKACG*

Ms. Lam Yin Ling, *ACG, HKACG*

AUTHORIZED REPRESENTATIVES

Mr. Zang Weizhong

Ms. Lam Yin Ling

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The PRC

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CORPORATE INFORMATION

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INDEPENDENT AUDITOR

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Bank of China
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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)
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The PRC

STOCK CODE

1745

COMPANY'S WEBSITE

www.lvji.cn



KEY HIGHLIGHTS

FOR THE REPORTING PERIOD:

- Revenue increased by approximately 26.1% to approximately RMB268.5 million from approximately RMB213.0 million for the Corresponding Period.
- Gross profit increased by approximately 26.4% to approximately RMB99.7 million from approximately RMB78.9 million for the Corresponding Period, with a gross profit margin of approximately 37.1% compared to approximately 37.0% for the Corresponding Period.
- Profit for the period amounted to approximately RMB52.3 million as compared to a profit of approximately RMB51.5 million for the Corresponding Period, with an increase of approximately 1.6%.

1. FINANCIAL SUMMARY

| | For the six months ended June 30, | | Year-to-year change |
|-----------------------|--------------------------------------|----------------------------------|------------------------|
| | 2024 (RMB'000) (Unaudited) | 2023 (RMB'000) (Unaudited) | |
| Revenue | 268,501 | 212,982 | 26.1% |
| Gross profit | 99,666 | 78,860 | 26.4% |
| Profit before tax | 82,616 | 63,858 | 29.4% |
| Profit for the period | 52,346 | 51,515 | 1.6% |
| Net profit margin | 19.5% | 24.2% | (4.7)% |

2. OPERATING METRICS

| | As of June 30, | | Change |
|--|----------------|--------|--------|
| | 2024 | 2023 | |
| Number of online tour guides developed | 66,229 | 50,386 | 31.4% |

BUSINESS REVIEW AND OUTLOOK

RESULTS HIGHLIGHTS

For the Reporting Period:

- Total revenue amounted to approximately RMB268.5 million, representing an increase of approximately 26.1% as compared with the Corresponding Period. Total revenue from sale of online tour guides amounted to approximately RMB268.2 million, representing an increase of approximately 27.2% as compared with the Corresponding Period, which was mainly attributable to the increase in sale of our online tour guides due to the strong recovery of the tourism market.
- Gross profit amounted to approximately RMB99.7 million, representing an increase of approximately 26.4% as compared with the Corresponding Period. Gross profit margin for the first half of 2024 amounted to approximately 37.1%, as compared to gross profit margin for the Corresponding Period of approximately 37.0%. The increase in gross profit margin was mainly attributable to higher gross profit from sale of online tour guides through travel agencies.
- Profit for the Reporting Period amounted to approximately RMB52.3 million as compared with profit for the Corresponding Period of approximately RMB51.5 million, representing an increase of approximately 1.6%, which was mainly attributable to (i) the increase in our revenue as a result of the increase in sale of our online tour guides due to the strong recovery of the tourism market and (ii) our active efforts in implementing various expenses and budget-related policies to control the selling and distribution expenses and the administrative expenses.
- Selling and distribution expenses were approximately RMB7.9 million, representing a decrease of approximately 10.2% as compared with the Corresponding Period. Administrative expenses were approximately RMB9.1 million, representing a decrease of approximately 0.6% as compared with the Corresponding Period, which was mainly attributable to the various initiatives adopted by us to control operating costs and reduce unnecessary expenses during the Reporting Period.
- We continued to consolidate our market-leading position in online tour guides by optimizing the content of tour guide products for the purpose of improving our users' experience while capturing the demand of the tourism market amid the repeated outbreaks of the Pandemic. We have also increased the development of our online tour guides, with a total of 66,229 (as of June 30, 2023: 50,386) online tour guides developed by us as of June 30, 2024.



BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

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 growth. Attributed to our leading market position in online tour guides, outstanding products 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 a recovery in the industry. Our revenue for the Reporting Period increased by approximately 26.1% to approximately RMB268.5 million as compared to the Corresponding Period. Also, we had made active efforts to implement various measures in controlling operating costs and reducing unnecessary expenses, which achieved effective outcomes. During the Reporting Period, the selling and distribution expenses decreased by approximately 10.2% as compared to the Corresponding Period, while administrative expenses decreased by approximately 0.6% as compared to the Corresponding Period. We recorded a profit of approximately RMB52.3 million for the Reporting Period, representing an increase of approximately 1.6% as compared to approximately RMB51.5 million for the Corresponding Period. The Company adheres to the development strategy of continuously improving user experience for tour guides. As of June 30, 2024, we had developed a total of 66,229 online tour guides covering tourist attractions in China and overseas, which domestically covered 787 AAAAA tourist attractions, 5,602 AAAA tourist attractions, and 5,424 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 refined 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.

BUSINESS REVIEW AND OUTLOOK

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.

Results Highlights

During the Reporting Period, as the revenue from online tour guides recorded a year-on-year increase compared to 2023 due to the rapid growth of China's domestic and outbound travel activities, our total revenue increased by approximately 27.2% from approximately RMB210.8 million for the Corresponding Period to approximately RMB268.2 million for the Reporting Period; gross profit margin increased from approximately 37.0% as of June 30, 2023 to approximately 37.1% as at June 30, 2024. A net profit during the Reporting Period amounted to approximately RMB52.3 million, representing an increase of approximately 1.6% as compared to a net profit for the Corresponding Period of approximately RMB51.5 million.

During the Reporting Period, we further consolidated our market-leading position in online tour guides by continuously investing R&D 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 our online tour guides increased from 50,386 as at June 30, 2023 to 66,229 as at June 30, 2024, while the number of tourist attractions in China covered by our online tour guides increased from 36,347 as at June 30, 2023 to 44,519 as at June 30, 2024.

Business Review

Benefiting from the rapid growth 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 R&D resources to enhance the production capacity of online tour guides and customised content, and expand marketing channels, so as to continue to maintain our market leadership.



BUSINESS REVIEW AND OUTLOOK

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

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 June 30, 2024, our online tour guides covered 787 AAAAA tourist attractions, 5,602 AAAA tourist attractions, and 5,424 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.

BUSINESS REVIEW AND OUTLOOK

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 refined 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 digital upgrading of tourist attractions, creating an extensive application prospect for China's action plan on "Internet + Tourism".



BUSINESS REVIEW AND OUTLOOK

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 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 (虛空之境) 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 technology and our long-term R&D 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 five and a half 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 2024, 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.

BUSINESS REVIEW AND OUTLOOK

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 promote 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 R&D, 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

REPORTING PERIOD COMPARED TO CORRESPONDING PERIOD

| | For the six months ended June 30, | |
|---|--------------------------------------|----------------------------------|
| | 2024 (RMB'000) (Unaudited) | 2023 (RMB'000) (Unaudited) |
| REVENUE | 268,501 | 212,982 |
| Cost of sales | (168,835) | (134,122) |
| GROSS PROFIT | 99,666 | 78,860 |
| Net other income and gains | 668 | 3,552 |
| Selling and distribution expenses | (7,875) | (8,770) |
| Administrative expenses | (9,092) | (9,147) |
| Provision for ECL allowance of trade receivables and prepayments, deposits and other receivables | (210) | (434) |
| Other expenses | (320) | (22) |
| Finance costs | (221) | (181) |
| PROFIT BEFORE TAX | 82,616 | 63,858 |
| Income tax expenses | (30,270) | (12,343) |
| PROFIT FOR THE PERIOD | 52,346 | 51,515 |
| PROFIT FOR THE PERIOD ATTRIBUTABLE TO: | | |
| Owners of the Company | 52,346 | 51,515 |

REVENUE

We generate our revenue from (i) sale of online tour guides through OTAs, travel agencies and through Lvji APP and (ii) sale of customised content to administrators of tourist attractions and cultural sites. The following table sets forth a breakdown of our revenue for the periods indicated:

| | For the six months ended June 30, | |
|--|--------------------------------------|----------------------------------|
| | 2024 (RMB'000) (Unaudited) | 2023 (RMB'000) (Unaudited) |
| Sale of online tour guides through OTAs | 235,038 | 210,595 |
| Sale of online tour guides through travel agencies | 33,019 | – |
| Sale of online tour guides through Lvji APP | 123 | 164 |
| Sale of customised content | 321 | 2,223 |
| Total revenue | 268,501 | 212,982 |

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue increased by approximately 26.1% from approximately RMB213.0 million for the Corresponding Period to approximately RMB268.5 million for the Reporting Period.

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 guides through OTAs

We generated a substantial portion of our revenue from sale of online tour guides through OTAs for the Reporting Period. 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.

The sale of our online tour guides through OTAs accounted for approximately 87.5% of our total revenue for the Reporting Period. We present revenue from online tour guides business received from the OTAs on a gross basis as it represents the gross amount of unit price generated from the end users for the online tour guides we sold, while the concession fees retained by the OTAs are recorded as our cost of sales. We continued to maintain sound cooperation relationships with leading OTAs. Revenue from the sale of online tour guides through OTAs increased by approximately 11.6% from approximately RMB210.6 million for the Corresponding Period to approximately RMB235.0 million for the Reporting Period. The increase was primarily due to an increase in the number of tour guides purchased by customers through OTAs with the recovery of tourism industry.

Sale of online tour guides through travel agencies

We sell online tour guides in a form of activation codes, which may be embedded in a physical card, to travel agencies, which in turn sell to the end users. The end user may input the activation code to access and use our online tour guides through our H5 pages, which can be accessed by official accounts of the travel agencies or the tourist attractions, our mini programs, or others. The number of travel agencies we sold to in 2019 and 2020 was 78 and 85, respectively. Due to the COVID-19, we suspended the sale of online tour guides through travel agencies from 2021 to 2023. During the Reporting Period, the sale of online tour guides to travel agencies has resumed and revenue of approximately RMB33.0 million was recorded.



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 that the user may be interested in 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. Revenue from sale of online tour guides through our Lvji APP decreased by approximately 25.0% from approximately RMB164,000 for the Corresponding Period to approximately RMB123,000 for the Reporting Period. The decrease was mainly due to the decrease in sale of online tour guides through our Lvji APP.

Sale of Customised Content

We also sell customised 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 customise online tour guides for tourist attractions administrators and such guides may include AI commentaries, automatic positioning, big-data analysis, and additional functions, among others. The customised 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.

Revenue from sale of customised content decreased by approximately 85.6% from approximately RMB2.2 million for the Corresponding Period to approximately RMB0.3 million for the Reporting Period. The decrease was mainly attributable to a new round of business realignment, which involved the strategies of reducing the scale of the project-based business of providing customised solutions to government and enterprise customers and prioritising public cloud.

COST OF SALES

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

Cost of sales increased by approximately 25.9% from approximately RMB134.1 million for the Corresponding Period to approximately RMB168.8 million for the Reporting Period. The increase was mainly due to (i) the increase in the OTA concession fees, which was attributable to the increase in our online tour guides sold through OTAs; and (ii) the increase in amortisation of intangible assets.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT

As a result of the foregoing, our gross profit increased by approximately 26.4% from approximately RMB78.9 million for the Corresponding Period to approximately RMB99.7 million for the Reporting Period. Our gross profit margin increased from approximately 37.0% for the Corresponding Period to approximately 37.1% for the Reporting Period. The increase was mainly due to higher gross profit from sale of online tour guides through travel agencies.

NET OTHER INCOME AND GAINS

Net other income and gains decreased by approximately 81.2% from approximately RMB3.6 million for the Corresponding Period to approximately RMB0.7 million for the Reporting Period. The decrease was mainly due to the decrease in interest and subsidy income.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses decreased by approximately 10.2% from approximately RMB8.8 million for the Corresponding Period to approximately RMB7.9 million for the Reporting Period. The decrease was mainly due to reduction in offline travel promotion and the reduced salary and benefits expense of relevant staff of the Company.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by approximately 0.6% from approximately RMB9.15 million for the Corresponding Period to approximately RMB9.09 million for the Reporting Period. The decrease was mainly due to the reduced salary and benefits expense of relevant management of the Company.

INCOME TAX EXPENSES

We recorded an income tax expense of approximately RMB30.3 million for the Reporting Period as compared to an income tax expense of approximately RMB12.3 million for the Corresponding Period. The increase was due to the increase in taxable income.

RESULTS FOR THE PERIOD

We recorded a profit of approximately RMB52.3 million for the Reporting Period compared with a profit of approximately RMB51.5 million for the Corresponding Period. Net profit margin for the Reporting Period was approximately 19.5% as compared to net profit margin of approximately 24.2% for the Corresponding Period. The decrease in our net profit margin was mainly due to the increase in amortisation of intangible assets.

OTHER FINANCIAL INFORMATION

Trade Receivables

Trade receivables increased by approximately RMB8.9 million from approximately RMB54.6 million at the beginning of the Reporting Period to approximately RMB63.5 million at the end of the Reporting Period. The increase was mainly due to the increase in revenue of the Company.



MANAGEMENT DISCUSSION AND ANALYSIS

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables decreased by approximately RMB7.6 million from approximately RMB172.8 million at the beginning of the Reporting Period to approximately RMB165.2 million at the end of the Reporting Period. The decrease was mainly due to the decrease in prepayments to suppliers.

Liquidity and Capital Resources

The funding of our liquidity is mainly from net cash generated from our operation and the net proceeds received from the Global Offering. We have adopted a prudent financial management approach towards our treasury management policies and thus maintained a healthy liquidity position throughout the Reporting Period. 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 June 30, 2024, we had cash and cash equivalents of approximately RMB155.3 million, mainly denominated in RMB (as of December 31, 2023: approximately RMB125.1 million), net current assets of approximately RMB46.1 million (as of December 31, 2023: approximately RMB86.9 million) and total equity of approximately RMB979.9 million (as of December 31, 2023: approximately RMB915.2 million). Our current ratio was approximately 1.2 times as of June 30, 2024 (as of December 31, 2023: approximately 1.7 times). The decrease in our net current assets and current ratio were mainly due to the increase of intangible assets. The increase in our cash and cash equivalents was mainly due to the increased cash inflow arising from the increase in sales. As of June 30, 2024, we had bank borrowings of RMB30.0 million (as of December 31, 2023: Nil), of which the bank borrowings with a fixed interest rate were RMB30.0 million, and gearing ratio determined by bank borrowings divided by total equity was approximately 3.1% (as of December 31, 2023: not applicable). Our cash and cash equivalents are denominated in RMB, HKD and USD.

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

| | For the six months ended June 30, | |
|---|--|---|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Net cash flows generated from operating activities | 153,116 | 64,383 |
| Net cash flows used in investing activities | (163,977) | (80,384) |
| Net cash flows generated from financing activities | 41,173 | 717 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 30,312 | (15,284) |
| Cash and cash equivalents at the beginning of period | 125,117 | 320,404 |
| Effect of foreign exchange rate changes, net | (133) | 204 |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 155,296 | 305,324 |

MANAGEMENT DISCUSSION AND ANALYSIS

Net Cash Generated from Operating Activities

Our net cash generated from operating activities for the Reporting Period was approximately RMB153.1 million. The cash inflow was a result of profit before tax of approximately RMB82.6 million mainly adjusted by (i) a positive effect of depreciation of right-of-use assets of approximately RMB1.2 million and amortisation of intangible assets of approximately RMB50.7 million; (ii) a positive effect of movement in working capital, which mainly includes an increase in trade payables of approximately RMB13.4 million and other payables and accruals of approximately RMB7.2 million, and a decrease in prepayments, deposits and other receivables of approximately RMB7.6 million.

Net Cash Used in Investing Activities

Our net cash used in investing activities for the Reporting Period was approximately RMB164.0 million. The cash outflow was attributable to additions of approximately RMB164.2 million to intangible assets, partially offset by interest received of approximately RMB0.2 million.

Net Cash Generated from Financing Activities

Our net cash generated from financing activities for the Reporting Period was approximately RMB41.2 million. The cash inflow was mainly due to proceeds from bank borrowings of RMB30.0 million and issue of share under general mandate of approximately RMB12.5 million, partially offset by payment of lease liabilities of approximately RMB1.2 million.

Capital Expenditure

Capital expenditures consist of acquisition of intangible assets.

Property, plant and equipment were mainly our furniture and fixtures, leasehold improvements and construction in progress. The decrease of approximately RMB83,000, or 68.6% from December 31, 2023 to June 30, 2024 was mainly due to the depreciation of property, plant and equipment of approximately RMB83,000.

Intangible assets comprise copyrights and computer software and are amortised over their expected useful life. The increase of approximately RMB113.5 million from December 31, 2023 to June 30, 2024 was mainly due to the increase in number of online tour guides developed by the Company, partially offset by the amortisation of intangible assets of approximately RMB50.7 million.

Contingent Liabilities

Except the bank borrowings as described in note 18 to the Interim Condensed Consolidated Financial Information on page 50 of this interim report, the Group did not have any material contingent liabilities as of June 30, 2024 (as of December 31, 2023: Nil).

Charge on Assets

As of June 30, 2024, the Group had pledged bank deposits of RMB0.2 million (as of December 31, 2023: RMB0.2 million), which were mainly pledged to the government authorities for conducting tourist related business in the PRC.



MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risk Management

Most of the Group's sales, cost of sales and operating costs are denominated in RMB. During the Reporting Period, the Group had not entered into any hedging transactions to reduce the exposure to foreign exchange risk, which the Directors consider not material to the Group's financial performance. However, the Group will continue to closely monitor all possible exchange risk arising from the Group's existing operations and new investments in the future and will implement the necessary hedging arrangement(s) to mitigate any significant foreign exchange exposure.

Treasury Management Policy

We have adopted a prudent financial management approach towards our treasury management policies and thus maintained a healthy liquidity position throughout the Reporting Period. 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.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, we did not have any significant investment, material acquisition nor disposal of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

There were no plans for material investments and capital assets during the Reporting Period and up to the date of this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICIES

As of June 30, 2024, we had a total of 54 full-time employees (as of December 31, 2023: 54). The remuneration of the employees is determined based on their performance, experience, competence and market comparable. Information regarding employees' remuneration and benefits for the six months ended June 30, 2024 is set out in note 7 to the Interim Condensed Consolidated Financial Information of this interim report. The remuneration and compensation package of the Directors and senior management is determined, 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 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 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 June 30, 2024, 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 recognise contributions by employees and provide them with incentives and 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 June 30, 2024, 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. The Board has resolved on June 26, 2024 that only the existing Shares of the Company will be involved for the Company to grant Awarded Shares under the Share Award Scheme commencing on that date while the issuing of any new Shares will not be involved.

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 is 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 labor union helps us to maintain a good employment relationship with our employees and we did not experience any significant labor disputes or any material difficulties in recruiting employees for our operations for the Reporting Period.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2024, 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

| Name of Director | Capacity/nature of interest | Number of Shares held | Long/short position | Approximate percentage of shareholding in the Company ⁽³⁾ |
|------------------|---|-----------------------|---------------------|--|
| Mr. Zang | Beneficial owner | 5,312,000 | Long position | 0.31% |
| | Interest in controlled corporation ⁽¹⁾ / Interest of a party to an agreement regarding interest in the Company ⁽²⁾ | 554,808,500 | Long position | 32.88% |
| | | | | |

Notes:

- (1) As of June 30, 2024, Lu Jia Technology directly held 407,055,400 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 1,687,200,675 Shares in issue as of June 30, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 ⁽¹⁾ | Beneficial owner | 50,000 | 100% |

Note:

- (1) As of June 30, 2024, Lu Jia Technology was interested in approximately 33.20% 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 of June 30, 2024, none of the Directors nor the chief executives of the Company had 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2024, 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 ⁽⁸⁾ |
|--|---|-----------------------|---------------------|--|
| Lu Jia Technology | Beneficial owner | 407,055,400 | Long position | 24.13% |
| | Interest of a party to an agreement regarding interest in the Company ⁽¹⁾ | 153,065,100 | Long position | 9.07% |
| Invest Profit | Beneficial owner | 61,444,900 | Long position | 3.64% |
| | Interest of a party to an agreement regarding interest in the Company ⁽¹⁾ | 498,675,600 | Long position | 29.56% |
| Mr. Fan ⁽²⁾ | Interest in controlled corporation/ Interest of a party to an agreement regarding interest in the Company ⁽¹⁾ | 560,120,500 | Long position | 33.20% |
| Qifu Honglian BVI | Beneficial owner | 47,401,200 | Long position | 2.81% |
| | Interest of a party to an agreement regarding interest in the Company ⁽¹⁾ | 512,719,300 | Long position | 30.39% |
| Qifu Honglian LLP ⁽³⁾ | Interest in controlled corporation/ Interest of a party to an agreement regarding interest in the Company ⁽¹⁾ | 560,120,500 | Long position | 33.20% |
| | Interest in controlled corporation | 560,120,500 | Long position | 33.20% |
| Qifu Private Equity Funds Management Company Limited* (啓賦私募基金管理有限公司) ⁽³⁾ | Interest in controlled corporation | 560,120,500 | Long position | 33.20% |
| Shanghai Qianfu Investment Management Company Limited* (上海謙賦投資管理有限公司) ⁽³⁾ | Interest in controlled corporation | 560,120,500 | Long position | 33.20% |
| Fu Zhekuan* (傅哲寬) ⁽³⁾ | Interest in controlled corporation | 560,120,500 | Long position | 33.20% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

| Name of Shareholders | Capacity/nature of interest | Number of Shares held | Long/short position | Approximate percentage of shareholding in the Company ⁽⁸⁾ |
|---|--|-----------------------|---------------------|--|
| Jieming Sanhao BVI | Beneficial owner | 38,907,000 | Long position | 2.31% |
| | Interest of a party to an agreement regarding interest in the Company ⁽¹⁾ | 521,213,500 | Long position | 30.89% |
| Jieming Sanhao LLP ⁽⁴⁾ | Interest in controlled corporation/ | 560,120,500 | Long position | 33.20% |
| | Interest of a party to an agreement regarding interest in the Company ⁽¹⁾ | | | |
| Guangzhou Shi Jieming Investment Management Limited* (廣州市捷銘投資管理有限公司) ⁽⁴⁾ | Interest in controlled corporation | 560,120,500 | Long position | 33.20% |
| Wang Bing* (王冰) ⁽⁴⁾ | Interest in controlled corporation | 560,120,500 | Long position | 33.20% |
| Lin Fangli* (林芳荔) ⁽⁵⁾ | Interest of spouse | 560,120,500 | Long position | 33.20% |
| Ye Hua* (葉華) ⁽⁶⁾ | Interest of spouse | 560,120,500 | Long position | 33.20% |
| Mithaq Capital SPC ⁽⁷⁾ | Beneficial owner | 295,194,000 | Long position | 17.50% |
| Mithaq Capital ⁽⁷⁾ | Interest in controlled corporation | 295,194,000 | Long position | 17.50% |
| Mithaq Global ⁽⁷⁾ | Interest in controlled corporation | 295,194,000 | Long position | 17.50% |

* 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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 June 30, 2024, 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 June 30, 2024, 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 32.75% by Shanghai Qianfu Investment Management Company Limited and as to approximately 18.28% by Fu Zhekuan, among others. Shanghai Qianfu Investment Management Company Limited is owned as to approximately 81.25% by Fu Zhekuan. 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 June 30, 2024, 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) 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.
- (6) 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.
- (7) As of June 30, 2024, 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.
- (8) The percentages are calculated on the basis of 1,687,200,675 Shares in issue as of June 30, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as of June 30, 2024, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 interim report is 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.

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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

(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 (excluding treasury Shares, if any) as at the date of this interim report.

As at January 1, 2024 and June 30, 2024, 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.

(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 highest 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 securities must be exercised under an option

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 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.

Since the date of adoption of the Share Option Scheme, and during the Reporting Period, no share options had been granted/exercised/cancelled/lapsed or agreed to be granted/exercised/cancelled/lapsed pursuant to the Share Option Scheme. No Share Options were outstanding under the Share Option Scheme as at January 1, 2024 and June 30, 2024, respectively. As at the date of this interim report, the remaining life of the Share Option Scheme is approximately five years and three months.

Rule 17.07(3) of the Listing Rules was not applicable as the Company did not grant any Share Options to be satisfied through the issue of new Shares by the Company for the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 interim 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

(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, 2024 | Number of Awarded Shares | | | | Unvested as at June 30, 2024 |
|-------------------------|-------------------|--------------------------|----------------------|-------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|-----------------------------------|------------------------------|
| | | | | | | Granted during Reporting Period | Vested during Reporting Period | Lapsed during Reporting Period | Cancelled during Reporting Period | |
| Employees | December 19, 2022 | 72,450,675 | Nil | December 19, 2022 | Nil | Nil | Nil | Nil | Nil | Nil |

As of June 30, 2024 and the date of this interim 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

As at January 1, 2024 and June 30, 2024, the number of share awards available for grant under the Share Award Scheme was 8,154,359 and 11,909,359 Shares, respectively. Rule 17.07(3) of the Listing Rules was not applicable as the Company did not grant any Awarded Shares to be satisfied through the issue of new Shares by the Company for the Reporting Period.

The remaining life of the Share Award Scheme is approximately seven years and four months as at the date of this interim report.

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

As of June 30, 2024, 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.

Pursuant to a resolution made by the Board on June 26, 2024, only the existing Shares of the Company will be involved for the Company to grant Awarded Shares under the Share Award Scheme commencing on that date while the issuing of any new Shares will not be involved. For details, please refer to the Company's announcement dated June 26, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance its own value and accountability. The Company has adopted and applied the principles and code provisions as set out in the Corporate Governance Code. During the Reporting Period, the Company had complied with all applicable code provisions of 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.

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 employees was noted by the Company during the Reporting Period.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Purchase, Sales or Redemption of the Company's Listed Securities

None of the Company or any of its subsidiaries has purchased, sold (including sale of treasury shares, if any) or redeemed any of the Company's listed securities during the Reporting Period.

As at June 30, 2024, the Company did not hold any treasury shares.

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, with terms of reference in compliance with the Listing Rules. 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 interim condensed consolidated financial results of the Group for the Reporting Period have not been audited by the independent auditor of the Company. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls and financial reporting with the management, including the review of the unaudited interim condensed consolidated financial results of the Group for the Reporting Period and this interim report. The Audit Committee considers that the interim financial results of the Group for the Reporting Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Reporting Period to the Shareholders (Corresponding Period: Nil).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were successfully listed on the Stock Exchange on the Listing Date. The net proceeds were approximately HK\$580.0 million (after deducting the underwriting commissions and other related listing expense payable by the Company in connection with the Global Offering) (the "Global Offering Net Proceeds"). For the Reporting Period, the Group has used approximately HK\$1.3 million (equivalent to approximately RMB1.2 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 Global Offering Net 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 June 30, 2024, there was no material change in the use of the Global Offering Net Proceeds.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The table below sets out the intended applications and usage of the Global Offering Net Proceeds:

| | Intended use of proceeds (HK\$ million) | Revised allocation of proceeds (HK\$ million) | Proportion after revised allocation (%) | Remaining balance as at December 31, 2023 (HK\$ million) | Amount utilized for the Reporting Period (HK\$ million) | Remaining balance as at June 30, 2024 (HK\$ million) | Expected timeline to use the remaining net proceeds |
|---|--|--|--|---|---|--|--|
| Upgrade of existing products' contents | 58.0 | 28.0 | 4.8 | 5.3 | 1.3 | 4.0 | December 31, 2024 |
| Data collection and content production of the tourist attractions for online tour guide development | 174.0 | 278.4 | 48 | - | - | - | N/A |
| Expansion of content production team | 58.0 | 11.0 | 1.9 | - | - | - | N/A |
| Upgrade of existing hardware and software | 20.3 | 10.3 | 1.8 | - | - | - | N/A |
| Recruitment of more R&D talents | 20.3 | 20.3 | 3.5 | - | - | - | N/A |
| Procurement of servers | 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 product launches and marketing | 23.2 | 23.2 | 4 | - | - | - | N/A |
| Strategic investment | 116.0 | 96.0 | 16.6 | - | - | - | N/A |
| Working capital and general corporate purposes | 58.0 | 78.0 | 13.4 | - | - | - | N/A |
| Total | 580.0 | 580.0 | 100 | 5.3 | 1.3 | 4.0 | |

N/A: Not applicable

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

PROCEEDS FROM THE PLACINGS OF NEW SHARES UNDER GENERAL MANDATE

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 was 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 placing were approximately HK\$76 million, and the net proceeds after deducting all relevant expenses were approximately HK\$75.50 million (the “Net 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 placing of new shares in 2023 were disclosed in the Company’s announcements dated June 2 and 15, 2023. As at June 30, 2024, 76,000,000 ordinary Shares were fully paid.

The table below sets out the intended application and usage of the Net Proceeds from 2023 Placing:

| | Intended use of proceeds from placing (HK\$ million) | Proportion (%) | Remaining balance as at December 31, 2023 (HK\$ million) | Amount utilized for the Reporting Period (HK\$ million) | Remaining balance as at June 30, 2024 (HK\$ million) | Expected timeline to use the remaining net proceeds |
|---|---|-------------------|--|---|---|--|
| Operating expenses, such as the production of domestic and overseas tour guides | 75.5 | 100 | 75.5 | 75.5 | - | N/A |
| Total | 75.5 | 100 | 75.5 | 75.5 | - | |

N/A: Not applicable

Accordingly, all Net Proceeds from 2023 Placing have been utilized as planned.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Placing in 2024

On February 6, 2024, the Company entered into the subscription agreements with eleven individual subscribers (the “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 as enlarged by the allotment and issue of the subscription Shares (the “2024 Placing”). The subscription price was HK\$0.45 per subscription Share. The aggregate nominal value of the subscription Shares was 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, and the net proceeds after deducting all relevant expenses will be approximately HK\$33.29 million (the “Net Proceeds from 2024 Placing”). The Net Proceeds from 2024 Placing are intended to be used for operating expenses, such as the production of domestic and overseas electronic tour guides, as well as AR tour guides, AI tour guide robots, livestreaming e-commerce and short video production. 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. As at June 30, 2024, 35,100,000 ordinary Shares were fully paid.

The table below sets out the intended application and usage of the Net Proceeds from 2024 Placing:

| | Intended use of proceeds from placing (HK\$ million) | Proportion (%) | Remaining balance as at February 29, 2024 (HK\$ million) | Amount utilized for the Reporting Period (HK\$ million) | Remaining balance as at June 30, 2024 (HK\$ million) | Expected timeline to use the remaining net proceeds |
|---|---|-------------------|--|---|---|--|
| Operating expenses, such as the production of domestic and overseas electronic tour guides, as well as AR tour guides, AI tour guide robots, livestreaming e-commerce and short video production | 33.29 | 100 | 33.29 | – | 33.29 | December 31, 2025 |
| Total | 33.29 | 100 | 33.29 | – | 33.29 | |

The unutilized Net Proceeds from 2024 Placing are placed in licensed banks in the PRC.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE EVENTS AFTER JUNE 30, 2024

The Directors are not aware of any significant corporate governance event requiring disclosure that has taken place subsequent to June 30, 2024 and up to the date of this interim report.

EVENT AFTER THE REPORTING PERIOD

Progress of major transaction in relation to debt acquisition

The Group made an announcement on July 9, 2024 in relation to the progress of the acquisition by Guangzhou Asset Management Company Limited (“Guangzhou Asset Management”) of the Huangtengxia series loan claims through the public listing and bidding services of the Guangdong Financial Assets Exchange Center (the “Acquisition”), announcing that the Company intended to adjust the agreement (the “Agreement”) entered into between the Company and Guangzhou Asset Management dated December 25, 2023 for the Acquisition. Considering such, the Company intended to cease from proceeding with the Acquisition, and re-negotiate with Guangzhou Asset Management and/or any other potential third party(ies) regarding transaction proposals in relation to the Acquisition. Considering the possible cease of proceeding with the Acquisition, the Company will not publish the circular seeking for the approval of the Acquisition and despatch the same to the Shareholders for the time being, and also will not convene and hold the extraordinary general meeting. For details, please refer to the announcements of the Company dated December 27, 2023, February 15, 2024, March 8, 2024, April 5, 2024, May 6, 2024, June 7, 2024 and July 9, 2024, respectively.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2024 and up to the date of this interim report.

NO MATERIAL CHANGES

Save as disclosed in this interim report, from the Listing Date to June 30, 2024, there were no material changes affecting the Company’s performance that need to be disclosed under paragraphs 32 and 40(2) of Appendix D2 to the Listing Rules.

UPDATE ON THE DIRECTORS’ AND CHIEF EXECUTIVES’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

On September 20, 2024, the Board announces that Mr. Zang has voluntarily undertaken to voluntarily waive any remuneration and bonuses for the period from August 1, 2024 to December 31, 2035, unless the market capitalization of the Company reaches HK\$10 billion, with the undertaking remaining valid until December 31, 2035. Save as disclosed above, the Company is not aware of any changes in information of the Directors or chief executives of the Company that are required to be disclosed under Rule 13.51B(1) of the Listing Rules from the date of the 2023 annual report and up to the date of this interim report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2024

RESULTS

The board of directors (the “Board”) of Lvji Technology Holdings Inc. (the “Company”) presents the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended June 30, 2024 together with comparative figures as follows:

| | Notes | For the six months ended June 30, | |
|---|-------|-----------------------------------|--------------------------------|
| | | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Revenue | 4 | 268,501 | 212,982 |
| Cost of sales | | (168,835) | (134,122) |
| Gross profit | | 99,666 | 78,860 |
| Net other income and gains | 5 | 668 | 3,552 |
| Selling and distribution expenses | | (7,875) | (8,770) |
| Administrative expenses | | (9,092) | (9,147) |
| Provision for expected credit loss (“ECL”) allowance of trade receivables and prepayments, deposits and other receivables | | (210) | (434) |
| Other expenses | | (320) | (22) |
| Finance costs | 6 | (221) | (181) |
| Profit before tax | 7 | 82,616 | 63,858 |
| Income tax expenses | 8 | (30,270) | (12,343) |
| Profit for the period | | 52,346 | 51,515 |
| Profit for the period attributable to: | | | |
| Owners of the Company | 10 | 52,346 | 51,515 |
| Earnings per share attributable to owners of the Company | | | |
| Basic and diluted (RMB) | 10 | 3.20 cents | 3.35 cents |

The notes on pages 40 to 54 are an integral part of this interim financial report.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2024

| | For the six months ended June 30, | |
|--|--------------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Profit for the period | 52,346 | 51,515 |
| Other comprehensive (expense)/income | | |
| <i>Item that will be reclassified subsequently to profit or loss</i> | | |
| Exchange differences on translation of financial statements | (133) | 204 |
| Other comprehensive (expense)/income for the period, net of tax | (133) | 204 |
| Total comprehensive income for the period | 52,213 | 51,719 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | 52,213 | 51,719 |

The notes on pages 40 to 54 are an integral part of this interim financial report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

| | Notes | June 30, 2024 RMB'000 (Unaudited) | December 31, 2023 RMB'000 (Audited) |
|--|-------|--|--|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 38 | 121 |
| Intangible assets | 12 | 791,433 | 677,961 |
| Right-of-use assets | | 3,905 | 5,076 |
| Prepayments, deposits and other receivables | 14 | 148,200 | 148,200 |
| | | 943,576 | 831,358 |
| Current assets | | | |
| Trade receivables | 13 | 63,496 | 54,623 |
| Prepayments, deposits and other receivables | 14 | 17,016 | 24,625 |
| Amounts due from related parties | 22(b) | 2,538 | 2,395 |
| Pledged bank deposits | | 200 | 200 |
| Cash and cash equivalents | | 155,296 | 125,117 |
| | | 238,546 | 206,960 |
| Current liabilities | | | |
| Trade payables | 15 | 14,904 | 1,530 |
| Other payables and accruals | 16 | 38,327 | 31,114 |
| Bank borrowings | 18 | 22,000 | – |
| Contract liabilities | 17 | 699 | 1,368 |
| Amounts due to related parties | 22(b) | 1,373 | 1,364 |
| Lease liabilities | | 2,432 | 2,288 |
| Tax payables | | 112,680 | 82,410 |
| | | 192,415 | 120,074 |
| Net current assets | | 46,131 | 86,886 |
| Total assets less current liabilities | | 989,707 | 918,244 |
| Non-current liabilities | | | |
| Bank borrowings | 18 | 8,000 | – |
| Lease liabilities | | 1,769 | 3,029 |
| Net assets | | 979,938 | 915,215 |
| Equity | | | |
| Share capital | 19 | 113,675 | 111,145 |
| Reserves | | 866,263 | 804,070 |
| Total equity | | 979,938 | 915,215 |

The notes on pages 40 to 54 are an integral part of this interim financial report.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

| | Share capital RMB'000 (Note 19) | Share premium* RMB'000 | Merger reserve* RMB'000 | Statutory reserve* RMB'000 | Retained profits* RMB'000 | Exchange fluctuation reserve* RMB'000 | Total RMB'000 |
|---|--|------------------------------|-------------------------------|----------------------------------|---------------------------------|--|------------------|
| At January 1, 2023 (audited) | 105,699 | 545,485 | 374,376 | 36,523 | (360,106) | (125) | 701,852 |
| Profit and total comprehensive income for the period | - | - | - | - | 51,515 | 204 | 51,719 |
| Issue of shares under general mandate | 169 | 1,974 | - | - | - | - | 2,143 |
| At June 30, 2023 (unaudited) | 105,868 | 547,459 | 374,376 | 36,523 | (308,591) | 79 | 755,714 |
| At January 1, 2024 (audited) | 111,145 | 609,606 | 374,376 | 52,529 | (230,945) | (1,496) | 915,215 |
| Profit and total comprehensive income for the period | - | - | - | - | 52,346 | (133) | 52,213 |
| Issue of shares under general mandate | 2,530 | 9,980 | - | - | - | - | 12,510 |
| At June 30, 2024 (unaudited) | 113,675 | 619,586 | 374,376 | 52,529 | (178,599) | (1,629) | 979,938 |

* These reserve accounts comprise the consolidated reserves of RMB866,263,000 (Corresponding Period: RMB649,846,000) in the interim condensed consolidated statements of financial position.

The notes on pages 40 to 54 are an integral part of this interim financial report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

| | For the six months ended June 30, | |
|--|--------------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Cash flows from operating activities | | |
| Profit before tax | 82,616 | 63,858 |
| Adjustments for: | | |
| Finance costs | 221 | 181 |
| Interest income | (229) | (2,593) |
| Provision for ECL allowance of trade receivables | 210 | 434 |
| Depreciation of property, plant and equipment | 83 | 291 |
| Depreciation of right-of-use assets | 1,171 | 1,348 |
| Amortisation of intangible assets | 50,734 | 27,692 |
| Operating cash flows before working capital changes | 134,806 | 91,211 |
| Increase in trade receivables | (9,083) | (22,097) |
| Decrease/(Increase) in prepayments, deposits and other receivables | 7,609 | (11,401) |
| Increase in amounts due from related parties | (143) | (27) |
| Increase in amounts due to related parties | 9 | 14,121 |
| Increase/(Decrease) in trade payables | 13,374 | (3,588) |
| Increase/(Decrease) in other payables and accruals | 7,213 | (3,244) |
| Decrease in contract liabilities | (669) | (688) |
| Cash generated from operations | 153,116 | 64,287 |
| Income tax refund | – | 96 |
| <i>Net cash generated from operating activities</i> | 153,116 | 64,383 |
| Cash flows from investing activities | | |
| Additions to intangible assets | (164,206) | (82,977) |
| Interest received | 229 | 2,593 |
| <i>Net cash flows used in investing activities</i> | (163,977) | (80,384) |
| Cash flows from financing activities | | |
| Issue of shares under general mandate | 12,510 | 2,143 |
| Proceeds from bank borrowings | 30,000 | – |
| Interest paid | (107) | – |
| Payment of lease liabilities | (1,230) | (1,426) |
| <i>Net cash flows generated from financing activities</i> | 41,173 | 717 |
| Net increase/(decrease) in cash and cash equivalents | 30,312 | (15,284) |
| Cash and cash equivalents at beginning of period | 125,117 | 320,404 |
| Effect of foreign exchange rate changes, net | (133) | 204 |
| Cash and cash equivalents at end of period | 155,296 | 305,324 |

The notes on pages 40 to 54 are an integral part of this interim financial report.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended June 30, 2024

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 the 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 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 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”).

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the Reporting Period have been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 Interim Financial Reporting. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2023.

2.2 APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The interim condensed consolidated financial statements for the Reporting Period have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended December 31, 2023, except for the adoption of the following new and amended HKFRSs effective as of January 1, 2024. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

| | |
|----------------------------------|--|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

3. 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 Reporting Period and Corresponding Period, 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 Reporting Period and Corresponding Period.

4. REVENUE

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.

Revenue from the sale of online tour guides to travel agencies

Revenue from the sale of online tour guides to travel agencies is recognized at the point in time when the right to use of the online tour guide is transferred to travel agencies, that is when the right to use the tour guide is granted to the customers.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

4. 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:

| | For the six months ended June 30, | |
|---|--------------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Revenue from contracts with customers | | |
| Sale of online tour guides through OTAs | 235,038 | 210,595 |
| Sale of online tour guides to travel agencies | 33,019 | – |
| Sale of online tour guides through Lvji APP | 123 | 164 |
| Sale of customised content | 321 | 2,223 |
| | 268,501 | 212,982 |

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

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

| | For the six months ended June 30, | |
|--------------------------------------|--------------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Types of goods or services | | |
| Sale of online tour guides | 268,180 | 210,759 |
| Sale of customised content | 321 | 2,223 |
| | 268,501 | 212,982 |
| Timing of revenue recognition | | |
| Goods transferred at a point in time | 268,501 | 212,982 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

5. NET OTHER INCOME AND GAINS

| | For the six months ended June 30, | |
|--------------------------------------|--|---|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Interest income | 229 | 2,593 |
| Consultancy fee | 643 | – |
| Government grants (Note) | 44 | 321 |
| Foreign exchange (losses)/gains, net | (311) | 240 |
| Franchise income | – | 150 |
| Ticket agency service | – | 95 |
| Others | 63 | 153 |
| | 668 | 3,552 |

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.

6. FINANCE COSTS

| | For the six months ended June 30, | |
|--------------------------------------|--|---|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Finance charges on lease liabilities | 114 | 181 |
| Finance charges on bank borrowings | 107 | – |
| | 221 | 181 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

7. PROFIT BEFORE TAX

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

| | For the six months ended June 30, | |
|---|--------------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Concession fee | 117,519 | 105,953 |
| Depreciation of property, plant and equipment | 83 | 291 |
| Amortisation of intangible assets | 50,734 | 26,620 |
| Depreciation of right-of-use assets | 1,171 | 1,087 |
| Research and development costs | 2,119 | 1,003 |
| Foreign exchange losses/(gains), net | 311 | (240) |
| Provision for ECL allowance of trade receivables | 210 | 434 |
| Government grants | (44) | (321) |
| Interest income | (229) | (2,593) |
| Wages, salaries and bonuses (including Directors' remuneration, wages and salaries) | 4,029 | 3,484 |
| Pension costs – defined contribution plans | 510 | 447 |
| | 4,539 | 3,931 |

8. INCOME TAX EXPENSE

| | For the six months ended June 30, | |
|----------------------------------|--------------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| PRC Enterprise Income Tax | | |
| Current income tax | 31,871 | 14,241 |
| Overprovision in prior years | (1,601) | (1,898) |
| Total income tax expense | 30,270 | 12,343 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

8. INCOME TAX EXPENSE (Cont'd)

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 Reporting Period and Corresponding Period.

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 meets the criteria for small low-profit enterprise in 2024. According to the provisions of Announcement〔2023〕No. 13 published by the State Administration of Taxation, the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 25% as taxable income, and subject to corporate income tax rate at 20%; the portion of annual taxable income which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 25% as taxable income, and subject to corporate income tax rate at 20% (the execution period is from January 1, 2023 to December 31, 2024).

Huoer Guosi Yuantai was incorporated in Khorgos, 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

9. DIVIDENDS

No dividend has been declared and paid by the Company and its subsidiaries during the Reporting Period and Corresponding Period.

10. 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 Reporting Period and Corresponding Period.

The calculation of basic earnings per share is based on:

| | For the six months ended June 30, | |
|--|--------------------------------------|---------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000) | 52,346 | 51,515 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculations | 1,635,953,000 | 1,536,310,000 |

The diluted earnings per share for the Reporting Period and Corresponding Period were the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence for both periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired and disposed of assets of nil (Corresponding Period: nil).

12. INTANGIBLE ASSETS

During the Reporting Period, the Group acquired intangible assets with a cost of RMB164,206,000 (Corresponding Period: RMB82,977,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

13. TRADE RECEIVABLES

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 June 30, 2024 and December 31, 2023, based on the invoice date and net of ECL allowance, was as follows:

| | June 30, 2024 RMB'000 (Unaudited) | December 31, 2023 RMB'000 (Audited) |
|--------------------|--|--|
| 0 to 3 months | 63,162 | 53,989 |
| 3 to 6 months | 203 | 579 |
| 6 months to 1 year | 131 | 55 |
| | 63,496 | 54,623 |

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | June 30, 2024 RMB'000 (Unaudited) | December 31, 2023 RMB'000 (Audited) |
|--|--|--|
| Prepayments to suppliers | 6,772 | 14,080 |
| Contract cost (note i) | 1,075 | 1,208 |
| Deposit | 4,703 | 4,827 |
| Prepaid taxes and other tax recoverable | 11,398 | 10,978 |
| Refundable investment deposits (note ii and note 25) | 148,200 | 148,200 |
| Other receivables | 845 | 1,309 |
| | 172,993 | 180,602 |
| Less: ECL allowance | (7,777) | (7,777) |
| | 165,216 | 172,825 |
| Analysed into: | | |
| Non-current | 148,200 | 148,200 |
| Current | 17,016 | 24,625 |
| | 165,216 | 172,825 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Cont'd)

Notes:

- (i) Contract cost consists of the costs incurred in our sale 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 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 announcement of the Company dated December 27, 2023 and note 25.

As at June 30, 2024 and 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.

15. TRADE PAYABLES

The trade payables are non-interest-bearing and are normally settled on 30 day terms.

An aging analysis of the trade payables as at June 30, 2024 and December 31, 2023, based on the invoice date, is as follows:

| | June 30, 2024 RMB'000 (Unaudited) | December 31, 2023 RMB'000 (Audited) |
|----------------|--|--|
| 0 to 3 months | 14,204 | 837 |
| 3 to 12 months | 42 | 29 |
| 1 to 2 years | 323 | 402 |
| Over 2 years | 335 | 262 |
| | 14,904 | 1,530 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

16. OTHER PAYABLES AND ACCRUALS

| | June 30, 2024 RMB'000 (Unaudited) | December 31, 2023 RMB'000 (Audited) |
|------------------------------|--|--|
| Other payables | 4,281 | 5,450 |
| Payroll and welfare payables | 1,603 | 1,878 |
| Other tax payables | 32,443 | 23,786 |
| | 38,327 | 31,114 |

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.

17. CONTRACT LIABILITIES

| | June 30, 2024 RMB'000 (Unaudited) | December 31, 2023 RMB'000 (Audited) |
|---|--|--|
| Contract liabilities arising from receiving deposits from contracts of customised content | 699 | 1,368 |

Contract liabilities include unsatisfied performance obligations resulting from contracts of customised content for which the Group has received consideration as at June 30, 2024 and December 31, 2023. 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.

Contract liabilities outstanding at the beginning of the period amounted to RMB1,368,000 (2023: RMB2,650,000) have been recognised as revenue during the Reporting Period and Corresponding Period.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

18. BANK BORROWINGS

| | June 30, 2024 | December 31, 2023 |
|--------------------|--------------------------|----------------------|
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) |
| Non-current | | |
| Bank loan | 8,000 | – |
| Current | | |
| Revolving loan | 10,000 | – |
| Bank loan | 12,000 | – |
| | 30,000 | – |

Bank borrowings were guaranteed by Mr. Zang, a related company and the subsidiaries of the Company.

19. SHARE CAPITAL

| | June 30, 2024 | | December 31, 2023 | |
|---|-----------------------|------------------------|---------------------|----------------------|
| | Number of shares | RMB'000 (Unaudited) | Number of shares | RMB'000 (Audited) |
| Authorised: | | | | |
| Ordinary shares of US\$0.01 each | 10,000,000,000 | 1,451,842 | 10,000,000,000 | 1,451,842 |
| Issued but not fully paid: | | | | |
| As at January 1 | – | – | – | – |
| Issue of shares under general mandate (Note) | 40,000,000 | 2,884 | – | – |
| As at June 30 | 40,000,000 | 2,884 | – | – |
| Issued and fully paid: | | | | |
| As at January 1 | 1,612,100,675 | 111,145 | 1,536,100,675 | 105,699 |
| Issue of shares under general mandate (Note) | 35,100,000 | 2,530 | 76,000,000 | 5,446 |
| As at June 30 | 1,647,200,675 | 113,675 | 1,612,100,675 | 111,145 |

Note:

On February 29, 2024, 11 Subscribers subscribed 75,100,000 Shares at subscription price of HK\$0.45 per share. As at June 30, 2024, 35,100,000 Shares were fully paid.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

20. COMMITMENTS

At the end of the Reporting Period, the Group did not have any significant commitments.

21. CONTINGENT LIABILITIES

At the end of the Reporting Period, the Group did not have any significant contingent liabilities.

22. 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 Reporting Period and Corresponding Period.

(a) Names and relationships

| Name of related parties | Relationships with the Group and the Company |
|---|--|
| Mr. Zang | A substantial shareholder and director |
| Mr. Fan | A substantial shareholder |
| Lu Jia Technology Holdings Limited ("Lu Jia Technology") | A substantial shareholder |
| Mr. Wang | A director |

(b) Outstanding balances with related parties

The Group had the following balances with related parties:

| | June 30, 2024 RMB'000 (Unaudited) | December 31, 2023 RMB'000 (Audited) |
|------------------------------------|--|--|
| Amounts due from related parties: | | |
| Mr. Zang | 2,456 | 2,314 |
| Mr. Wang | 82 | 81 |
| | 2,538 | 2,395 |
| Amounts due to related parties: | | |
| Lu Jia Technology Holdings Limited | 304 | 302 |
| Mr. Fan | 1,069 | 1,062 |
| | 1,373 | 1,364 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

22. 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 Reporting Period and the year ended December 31, 2023 are set out below:

| | June 30, 2024 | December 31, 2023 |
|---|--------------------------|----------------------|
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) |
| Maximum amounts due from related parties outstanding: | | |
| Mr. Zang | 2,456 | 2,314 |
| Mr. Wang | 82 | 81 |
| | 2,538 | 2,395 |

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 Reporting Period and Corresponding Period is as follows:

| | For the six months ended June 30, | |
|-------------------------------------|--|-------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Short-term employee benefits | 779 | 700 |
| Contributions to the pension scheme | 171 | 113 |
| | 950 | 813 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

23. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at June 30, 2024 and December 31, 2023 are as follows:

| | June 30, 2024 RMB'000 (Unaudited) | December 31, 2023 RMB'000 (Audited) |
|---|--|--|
| Financial assets | | |
| <i>Financial assets at amortised cost</i> | | |
| Trade receivables | 63,496 | 54,623 |
| Deposits and other receivables | 153,748 | 154,336 |
| Amounts due from related parties | 2,538 | 2,395 |
| Pledged bank deposits | 200 | 200 |
| Cash and cash equivalents | 155,296 | 125,117 |
| | 375,278 | 336,671 |
| Financial liabilities | | |
| <i>Financial liabilities at amortised cost</i> | | |
| Trade payables | 14,904 | 1,530 |
| Other payables and accruals | 5,884 | 7,328 |
| Bank borrowings | 30,000 | – |
| Amounts due to related parties | 1,373 | 1,364 |
| Lease liabilities | 4,201 | 5,317 |
| | 56,362 | 15,539 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

For the six months ended June 30, 2024

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at June 30, 2024, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade receivables, financial assets included in deposits and other receivables, amounts due from related parties and subscribers, trade payables, financial liabilities included in other payables and accruals, bank borrowings and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the Audit Committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the Audit Committee twice a year for interim and annual financial reporting.

25. EVENTS AFTER THE REPORTING PERIOD

Progress of major transaction in relation to debt acquisition

On December 25, 2023, the Company entered into the Agreement with Guangzhou Asset Management for the Acquisition. Accordingly, the Company agreed to contribute no less than 70% of the actual transaction price of the Huangtengxia series loan claims, while Guangzhou Asset Management would contribute no more than 30% of the actual transaction price of the Huangtengxia series loan claims and not exceeding RMB111.00 million.

On July 9, 2024, the Company announced its intention to and was in the process of negotiating with Guangzhou Asset Management to adjust the above transaction proposal, so as to lower the contribution ratio of the Company. Considering such, the Company intended to cease from proceeding with the Acquisition, and re-negotiated with Guangzhou Asset Management and/or any other potential third parties regarding transaction proposals in relation to the Acquisition. As of the date of this report, the Company and Guangzhou Asset Management are still finalising the cease of proceeding with the Acquisition and the transaction proposal after adjustments, and have not entered into any final agreements.

For further details, please refer to the announcements of the Company dated December 27, 2023, February 15, 2024, March 8, 2024, April 5, 2024, May 6, 2024, June 7, 2024 and July 9, 2024.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on August 27, 2024.

DEFINITION

In this interim report, unless the context otherwise requires, the following expressions shall have the following meaning:

| | |
|----------------------------|---|
| “3D” | three dimensional |
| “Adoption Date” | January 21, 2022, being the date on which the Share Award Scheme is adopted by the Company |
| “AI” | artificial intelligence |
| “API” | application programing 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 |
| “Audit Committee” | the audit committee of the Board |
| “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 |
| “BVI” | the British Virgin Islands |
| “China” or “PRC” | the People’s Republic of China, except where the context requires otherwise and only for the purposes of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan |
| “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 |
| “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 |



DEFINITION

| | |
|-------------------------------|---|
| “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 to the Listing Rules |
| “Corresponding Period” | the six months ended June 30, 2023 |
| “COVID-19” or “Pandemic” | 2019 novel coronavirus disease |
| “Director(s)” | the director(s) of the Company |
| “ECL” | expected credit loss |
| “Employee(s)” | any employee (including without limitation any executive director) of any member of the Company and its subsidiaries from time to time |
| “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 |
| “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 |

DEFINITION

| | |
|----------------------|--|
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “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” | Jieming Culture & Travel Investment Ltd. (捷銘文旅投資有限公司), a company incorporated in the BVI with limited liability on January 2, 2019 which is wholly owned by Jieming Sanhao LLP and our Controlling Shareholder |
| “Jieming Sanhao LLP” | 廣州市捷銘參號投資企業(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 defined in the Prospectus 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 |



DEFINITION

| | |
|-------------------------|--|
| “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 and our Controlling Shareholder |
| “Lvji Technology Group” | 驢跡科技集團有限公司 (Lvji Technology Group Co. LTD*) (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 |
| “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 to the Listing Rules |
| “MR” | mixed reality |
| “Mr. Fan” | Mr. Fan Baoguo, a PRC resident, our Controlling Shareholder |
| “Mr. Zang” | Mr. Zang Weizhong, a PRC resident and an executive Director, chairman of the Board and our Controlling Shareholder |
| “OTAs” | online travel agencies |
| “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 and our Controlling Shareholder |

DEFINITION

| | |
|------------------------------|---|
| “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 defined in the Prospectus and our Controlling Shareholder |
| “R&D” | research and development |
| “Reporting Period” | the six months ended June 30, 2024 |
| “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 |
| “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 |
| “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 Company on December 20, 2019 |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | has the meaning ascribed thereto in the Listing Rules |
| “treasury shares” | has the meaning ascribed thereto in the Listing Rules |



DEFINITION

| | |
|-----------------|--|
| “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 |

The names of the PRC established companies or entities have been included in this interim 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.