

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Lvji Technology Holdings Inc.
驢跡科技控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1745)

**VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE DEBTS DISPOSAL**

THE DISPOSAL

The Board is pleased to announce that on 5 August 2026, Lvji Technology Group, a wholly-owned subsidiary of the Company, entered into the Agreement with Ning'ao Xincheng for the transfer of the Debts at a Consideration of RMB85,000,000.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened for Shareholders to consider and, if thought fit, authorise the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. Accordingly, no Shareholder is required to abstain from voting on the relevant resolutions regarding the approval of the Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, further details about the Disposal, any other information required to be disclosed under the Listing Rules and a notice of the extraordinary general meeting will be despatched by the Company to the Shareholders. As additional time is required to finalise the relevant information to be included in the circular, the Company expects that the circular will be despatched by the Company to the Shareholders on or before 2 September 2026.

INTRODUCTION

The Board is pleased to announce that on 5 August 2026, Lvji Technology Group, a wholly-owned subsidiary of the Company, entered into the Agreement with Ning'ao Xincheng for the transfer of the Debts at a Consideration of RMB85,000,000.

BACKGROUND OF THE DEBTS

On 19 December 2024, Lvji Technology Group received a notification of bidding results from the Anhui Assets and Equity Exchange and was aware that it successfully won the bid for the Non-performing Debts held by Zhong'an Financial through the Anhui Assets and Equity Exchange at a consideration of approximately RMB44.80 million on 17 December 2024.

The aforesaid consideration was the successful auction price offered by Lvji Technology Group, determined with reference to the minimum bid price of the Debts of approximately RMB44.30 million (representing approximately 16.2% of the aggregate principal and interest amount of the aforesaid Debts of approximately RMB273.70 million) and at a slight premium to the minimum bid price, with a premium rate of approximately 1.13%. The payment arrangements for the consideration are as follows:

1. RMB44.15 million, being the Deposit paid to the Anhui Assets and Equity Exchange prior to the bidding, was paid by the Anhui Assets and Equity Exchange to Zhong'an Financial within five working days after the successful bidding to offset part of the transfer consideration;
2. the remaining balance of approximately RMB0.65 million was transferred to the designated bank account of Zhong'an Financial within five working days after the Debt Transfer Contract became effective.

The Debts were originally acquired by Zhong'an Financial by way of assignment from Huishang Bank. As at 30 September 2023, being the benchmark date of the previous debt holder, the aggregate principal balance of the Debts held by Zhong'an Financial was RMB176,633,346.67, with aggregate interest of RMB97,063,376.49. As at 30 September 2024, the carrying value of the Debts was approximately RMB44.30 million.

Details of the Debts are set out below (benchmark date: 11 February 2025; unit: RMB):

No.	Debtor	Principal Balance	Interest	Liquidated Damages	Aggregate Principal and Interest	Security Arrangement	Guarantor(s)
1	Ningxia Shuidonggou Tourism Development Co., Ltd.*	116,783,346.67	77,927,830.82	-	194,711,177.49	Mortgage + Pledge + Guarantee	Ningxia Shuidonggou Tourism Development Co., Ltd.*; Ningxia Western Sunshine Travel Agency Co., Ltd.*; Ningxia Xiji Huoshizhai Tourism Development Co., Ltd.*; Etuoqianqi Shuidonggou Tourism Development Co., Ltd.*; Wang Yawei; Wang Yumei; Wang Entao; and Zhang Zaimei
2	Ningxia Western Sunshine Travel Agency Co., Ltd.*	29,850,000.00	20,108,977.17	-	49,958,977.17	Pledge + Guarantee	Ningxia Shuidonggou Tourism Development Co., Ltd.*; Ningxia Xiji Huoshizhai Tourism Development Co., Ltd.*; Etuoqianqi Shuidonggou Tourism Development Co., Ltd.*; Wang Yawei; Wang Yumei; Wang Entao; Zhang Zaimei; Liu Yonghong; Lu Hong; Qi Zifa; and Hou Ping
3	Ningxia Xiji Huoshizhai Tourism Development Co., Ltd.*	30,000,000.00	32,787,910.78	1,500,000.00	64,287,910.78	Mortgage + Pledge + Guarantee	Ningxia Shuidonggou Tourism Development Co., Ltd.*; Ningxia Xiji Huoshizhai Tourism Development Co., Ltd.*; Ordos Mumaren Trading Co., Ltd.*; Liu Yonghong; Lu Hong; Qi Zifa; Hou Ping; Wang Yawei; Wang Yumei; and Gao Ruizhi
-	Total	176,633,346.67	130,824,718.77	1,500,000.00	308,958,065.44	-	-

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

As at the date of this announcement, the Group has published a debt collection notice in respect of the Debts, requiring each debtor, guarantor and other obligor, from the date of publication of the notice, to perform all obligations to repay all principal and interest under the Debts and pay the corresponding costs (including but not limited to principal, interest, liquidated damages and costs incurred in enforcing the Debts) to Lvji Technology Group, with the specific settlement liabilities subject to the original contracts and provisions of applicable laws. Pursuant to the ruling of the People's Court of Lingwu City, Ningxia Hui Autonomous Region, the application for bankruptcy reorganisation of Ningxia Shuidonggou was lawfully accepted on 11 February 2025 and it entered into bankruptcy reorganisation proceedings on the same date. Pursuant to the relevant provisions of the bankruptcy law, interest-bearing debts shall cease to accrue interest from the date on which the People's Court rules to accept the bankruptcy application. Accordingly, the interest, liquidated damages and other related expenses associated with the relevant Debts shall all be uniformly calculated up to 11 February 2025, and no further interest or liquidated damages shall accrue on such Debts during the period from 11 February 2025 throughout the duration of the bankruptcy reorganisation proceedings.

The rule suspending the accrual of interest under these bankruptcy reorganisation proceedings applies only to the period during which the reorganisation proceedings are ongoing. If these bankruptcy reorganisation proceedings are ultimately terminated and the relevant Debts are not settled through measures such as the introduction of new investors or the implementation of a reorganisation plan (i.e., if the relevant Debts are not fully settled within the reorganisation proceedings), creditors shall regain their lawful right to accrue interest in accordance with law. Effective from the date of termination of such bankruptcy reorganisation proceedings, all amounts such as interest and liquidated damages in respect of the Debts involved in the case shall continue to accrue strictly in accordance with the original contractual agreements between the parties and applicable laws and regulations until the relevant Debts are fully and actually settled, with any subsequent interest and liquidated damages accrued thereafter falling within the scope of the debtor's statutory settlement obligations. Where any debtor or guarantor has changed its name, undergone restructuring, division or merger, been deregistered or ceased to exist as a civil subject, the entity succeeding to its rights and obligations, the liquidation entity or the relevant debt-assuming entity shall perform the obligations or bear the corresponding repayment liability on its behalf. The default interest rate applicable to the Debts is 12% per annum.

On 11 February 2025, the People’s Court of Lingwu City, Ningxia Hui Autonomous Region ruled that the relevant entities of Ningxia Shuidonggou enter into bankruptcy reorganisation proceedings, and the Debts held by Lvji Technology Group may only be repaid in accordance with law upon completion of the bankruptcy reorganisation proceedings. The Group’s initially proposed plan for debt disposal was to engage with potential reorganisation investors in the market and adopt a composite disposal model of “debt transfer + joint reorganisation.” Under this approach, the Group would transfer the Debts through market-based channels while meeting the predetermined minimum repayment threshold and would jointly advance the reorganisation of Ningxia Shuidonggou with investors, with a view to maximizing the value of the debt assets. During the implementation phase of the project, both the overall duration of the bankruptcy reorganisation of Ningxia Shuidonggou and the difficulty of execution deviated significantly from projections made in initial due diligence, while the future uncertainties of the project and the cost of capital tied up for the project continued to rise. Against this backdrop, the debt acquisition bid submitted by Ning’ao Xincheng not only meets the Group’s original target of gains on disposal but also significantly exceeds management’s initial expectations, enabling the Group to achieve a substantial gain on asset disposal. Following a prudent assessment and commercial decision by the Company’s management, and with a view to securing an excess gain on disposal and mitigating uncontrollable risks associated with the reorganisation project, the Group adjusted its debt disposal strategy. It terminated the original disposal plan, which imposed joint reorganisation obligations, and replaced it with a pure debt transfer arrangement that imposes no reorganisation and collaboration obligations, thereby transferring the relevant Debts to Ning’ao Xincheng.

In addition, the transfer of the Debts will rapidly release existing non-current assets, secure a definite cash flow from the disposal, optimise the Group’s overall efficiency of capital utilization, prevent large amounts of capital from being tied up long-term in a high-risk bankruptcy reorganisation project and effectively reduce operational uncertainty and the risk of providing for asset impairment. Upon completion of the transfer of the Debts, the Group will no longer be entitled to any and all rights under the Debts, nor will it participate in the subsequent reorganisation proceedings or any operational or management activities of Ningxia Shuidonggou. Meanwhile, the consideration provided by Ning’ao Xincheng for the transfer is fair and commercially reasonable, as the transaction price is significantly higher than the Group’s pre-set minimum threshold for disposal and the original acquisition cost of the Debts. The transaction will generate a substantial gain on asset disposal. Compared to the joint reorganisation return model, which features a protracted timeframe and substantial uncertainty regarding cash collection, the Debts transfer allows for the immediate lock-in of excess returns, avoiding long-term capital lock-up costs and preventing losses in Debts recovery arising from a failed reorganisation. The pricing of the transaction aligns with market-oriented principles and effectively safeguards the legitimate rights and interests of the Company and all Shareholders.

PRINCIPAL TERMS OF THE AGREEMENT

The principal terms of the Agreement are set out as follows:

Date: 5 August 2026

Parties: (i) Lvji Technology Group, a wholly-owned subsidiary of the Company, as the transferor; and
(ii) Ning'ao Xincheng, as the transferee.

Assets to be disposed of

The subject matter of the Disposal is the Debts, being the non-performing debts of three enterprises in Ningxia Shuidonggou Tourism Development Co., Ltd.* (寧夏水洞溝旅遊開發有限公司), Ningxia Western Sunshine Travel Agency Co., Ltd.* (寧夏西部陽光旅行社有限公司) and Ningxia Xiji Huoshizhai Tourism Development Co., Ltd.* (寧夏西吉火石寨旅遊開發股份有限公司), together with the related security rights and other ancillary rights.

As of 11 February 2025, being the cut-off date for the calculation of the outstanding book principal balance, interest balance and default penalty of the Debts, the outstanding book principal balance of the Debts was RMB176,633,346.67, with interest of RMB130,824,718.77 and default penalty of RMB1,500,000.00, amounting to RMB308,958,065.44 in aggregate. The final amount of the principal and interest of the Debts shall be subject to the legal documents and the calculation method finally adopted at the enforcement stage. The carrying amount of the Debts in the accounts of the Group as at 31 December 2025 was approximately RMB45,285,000.

Consideration and Terms of Payment

The Consideration of RMB85,000,000 shall be paid in cash. Pursuant to the Agreement, Ning'ao Xincheng shall pay the Consideration to the account designated by Lvji Technology Group within three business days from the date of signing of the Agreement.

Basis for Determining the Consideration

The Consideration for the Disposal was determined on normal commercial terms after arm's length negotiations between Lvji Technology Group and Ning'ao Xincheng, having taken into account, among other things, (i) the aggregate amount of the Debts as at 11 February 2025; (ii) the carrying amount of the Debts in the accounts of the Group; (iii) the value of the Debts of RMB84,190,000 as at 31 May 2026 as provided by the Valuer; (iv) the recoverability, litigation/enforcement status and uncertainties associated with the Debts; and (v) the reasons for and benefits of the Disposal as set out below.

Completion

Pursuant to the Agreement and the Listing Rules, completion of the transfer of the Debts is conditional upon the satisfaction of the following completion conditions:

- (a) the Shareholders' approval having been obtained;
- (b) Lvji Technology Group having received the total Consideration paid by Ning'ao Xincheng;
- (c) as at the closing date, the representations and warranties given by Lvji Technology Group under the Agreement remaining true and accurate; and
- (d) Lvji Technology Group having obtained all necessary internal approvals and authorisations required under the laws of the PRC in relation to the transfer of the Debts under the Agreement, and having provided the corresponding supporting documents to Ning'ao Xincheng.

CUT-OFF DATE FOR CALCULATION OF PRINCIPAL, INTEREST AND PENALTY INTEREST IN RESPECT OF THE DEBTS

On 11 February 2025, the People's Court of Lingwu City, Ningxia Hui Autonomous Region, ruled that the relevant Ningxia Shuidonggou entities (including, among others, Ningxia Shuidonggou Tourism Development Co., Ltd., Ningxia Western Sunshine Travel Agency Co., Ltd. and Ningxia Xiji Huoshizhai Tourism Development Co., Ltd.) enter into bankruptcy reorganisation proceedings. Pursuant to the relevant bankruptcy laws, interest-bearing debts cease to accrue interest upon acceptance of the bankruptcy application. Accordingly, the statutory cut-off date for calculating the principal, interest and penalty interest in respect of the Debts is 11 February 2025.

VALUE ANALYSIS

According to the Calculation Report, the value of the Debts was RMB84,190,000 as at 31 May 2026. In preparing the value of the Debts, the Valuer applied the discounted cash flow analysis under the income approach based on certain assumptions to analyse the value of the Debts, which constitutes the cash flow under Rule 14.61 of the Listing Rules. The requirements under Rule 14.60A of the Listing Rules are therefore applicable. The following are the general and specific assumptions, upon which the Calculation Report is based:

General assumptions

The following key assumptions have been adopted for the value analysis of the Non-performing Debts in this case:

- It is anticipated that the subject creditor's right can be monetized through the efforts of the asset manager.
- No material adverse changes shall occur to existing political, legal, technical, fiscal or economic policies that may exert a negative impact on the creditor's right.
- All terms and conditions under the contracts and agreements related to the creditor's right shall be honored and enforced.
- The original creditor contracts, guarantee contracts, debt offset agreements and judicial rulings underlying the claim are assumed to be authentic, complete, with legally valid signatures and seals, and free from invalidity or voidability.
- No hidden priority rights are assumed to attach to the assets.

Specific assumptions

In calculating the value of the Non-performing Debts the following key assumptions are adopted:

Specific Assumptions	Inputs	Basis of assumptions
Total Outstanding Debts	308,958,065.44	Estimated by the management, interest accrual on the outstanding indebtedness ceased as of 11 February 2025. Projected future recovery proceeds are calculated based on a total amount of RMB308,958,065.44, covering principal, accrued interest and liquidated damages. Expenses incurred in the recovery of the Debts under this value analysis are assumed to be nil only for analysis in this case.
Recovery Rate	52.1%	Refers to average ultimate debt recovery rates 1987-2025, published by Moody's Ratings.
Recovery Date	31 May 2029	Estimated by the management, the Company adopts a three-year recovery period as the parameter for calculation.
Discount Rate	24.1%	The build-up method is applied, which is comprised of specific risk to estimate the Discount Rate of the Non-performing Debts as of the Reference Date. The following has been considered: i) Risk-free rate, ii) Option-Adjusted Spread, and iii) Liquidity risk premium The latest full set of financial statements of the debtor cannot be obtained due to limited available financial data. The Company adopts a CCC credit rating for the calculation of the Debts.

Reasons for the selection of the income approach

In the calculation of the value, the Valuer has considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

In this calculation analysis, the value of the Non-performing Debts was developed through the application of the income approach technique known as the discounted cash flow method. This method eliminates the discrepancy in the time value of money by using a Discount Rate to reflect all risks including intrinsic and extrinsic uncertainties in relation to the Non-performing Debts.

Under this method, values depend on the present worth of future economic benefits to be derived from the projected cash flow. Indications of value have been developed by discounting projected future net cash flows available for payment of debt holder's interest to their present worth at assumed Discount Rate for the risks of the Non-performing Debts.

Basis for determining the Discount Rate

Risk free rate	1.3%	China Treasury Bond Yield
Option-Adjusted Spread	17.1%	Refer to comparable bonds
Liquidity risk premium	5.7%	1/3 Option-Adjusted Spread
Discount Rate	24.1%	

In estimating the liquidity risk premium, it is referred to the research study titled *Estimating Liquidity Premium of Corporate Bonds Using the Spread Information in On-and Off-the-Run Treasury Securities* authored by Haitao Li, Jian Shi and Chunchi Wu (dated 19 February 2007), which concludes that the liquidity risk premium accounts for one-third of the spread for speculative-grade bonds.

Confirmations

Cheng & Cheng Limited, being the Company's reporting accountant, has reviewed and reported to the Directors in respect of the compilation of the discounted cash flows in connection with the value analysis of the Debts prepared by the Valuer used in the Calculation Report, which do not involve the adoption of accounting policies. The Directors confirm that the value analysis of the Debts as at the Reference Date in the Calculation Report, which constitutes the cash flow under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry. A letter from Cheng & Cheng Limited in compliance with Rule 14.60A(2) of the Listing Rules is included in Appendix I to this announcement; and a letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules is included in Appendix II to this announcement.

Experts and consents

The qualifications of the experts who have given their advice in this announcement are as follows:

Name	Qualification
Asia-Pacific Consulting and Appraisal Limited	Member of the Royal Institute of Chartered Surveyors
Cheng & Cheng Limited	Certified Public Accountants

As at the date of this announcement, each of the experts above does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group.

To the best of the Directors' knowledge, information and belief, each of the experts above is a third party independent of and not connected with the Company and its connected persons. Each of the experts above has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letter and reference to its name in the form and context in which it appears.

INFORMATION OF NING'AO XINCHENG

Ning'ao Xincheng is a limited partnership established in China on 10 June 2026, with its registered office in Tianhe District, Guangzhou. It has a total committed capital contribution of RMB85.18 million and primarily engages in the revitalisation, disposal and recovery of value from target debt(s) through, among others, participation in bankruptcy proceedings, asset transfers, debt restructuring and investment promotion, with the aim of mitigating risks to the regional real economy and generating returns for all partners. Its managing partner is Guangzhou Renxuan Investment Consulting Co., Ltd.,* (廣州仁宣投資諮詢有限公司), a company principally engaged in investment consultancy, which holds approximately 0.0117% of the partnership interests in Ning'ao Xincheng and is ultimately controlled by Fan Chunqing. The remaining partners of Ning'ao Xincheng are Guangdong Aodilong Wine Co., Ltd.,* (廣東省奧帝龍酒業有限公司), a physical industry platform holding approximately 52.935% of the interests, and Ningxia Financial Asset Management Co., Ltd.,* (寧夏金融資產管理有限公司), a state-owned local asset management institution holding approximately 47.0533% of the interests. Guangdong Aodilong Wine Co., Ltd.* (廣東省奧帝龍酒業有限公司) is principally engaged in the integrated liquor and tourism business and is ultimately controlled by Fan Chunqing. Ningxia Financial Asset Management Co., Ltd.,* (寧夏金融資產管理有限公司) is principally engaged in the acquisition and disposal of non-performing assets, and is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Ningxia Hui Autonomous Region* (寧夏回族自治區人民政府國有資產監督管理委員會).

As of the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Ning'ao Xincheng and its ultimate beneficial owner(s) are independent third parties to the Company and its connected persons.

INFORMATION OF THE GROUP

Lyji Technology Group is a company incorporated in the PRC and is a wholly-owned subsidiary of the Company. Its principal business includes the sale of online tour guides. The Company is a market leader in the PRC and the world's online tour guide industry. The Company deploys 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 augmented reality, mixed reality and artificial intelligence technologies, and relying on its more than 80,000 electronic tour maps for tourist attractions around the world, the Company is committed to bringing a new sensory experience in the real world and the virtual world.

INITIAL PURPOSES OF THE ACQUISITION

At the time of the Acquisition of the Debts, the Company took into account the following considerations:

1. Obtaining the operating right of the Scenic Area and reducing difficulties in cooperation negotiations: As the debtors of the Debts are the operating company or administrative organisation of Ningxia Yinchuan Shuidonggou Tourism Area (the “**Scenic Area**”), the Acquisition of the Debts was conducive to the Group obtaining part of the operating right of the Scenic Area and reducing the difficulties and uncertainties in negotiation and cooperation when subsequently negotiating to obtain the entire operating right of the Scenic Area.
2. Establishing a regional industry benchmark and expanding business influence: The Scenic Area is a well-established AAAAA tourist attraction with relatively significant influence in the region. The Acquisition of the Debts and subsequent operation of the Scenic Area would enable the Group to set an industry benchmark in the region, provide an exemplary role model for other scenic areas in the region and attract more scenic areas in the region to cooperate with the Group. Accordingly, the Group would be able to promote more online tour guides, effectively increase the penetration and conversion rates of online tour guides in the region, and further expand the Group's overall influence in the scenic area market in the region.

3. Aligning with local policies and expanding tourist attractions management operations: The Scenic Area is a renowned AAAAAA tourist attraction in the region with high visibility and influence. In view of the intention of the relevant governmental authorities to introduce private enterprises to conduct custodian operation of the Scenic Area, the Acquisition of the Debts provided an important opportunity for the Group to establish a cooperative relationship with the local government and obtain the custodian operating right of the Scenic Area. This was not only in line with the policy direction of the local government, but was also conducive to the Group's expansion of its tourist attractions management operations in the region.
4. Enhancing the regional business conversion rate: The Scenic Area is a must-pass point along a number of tourist routes across the four provinces and autonomous regions of Shaanxi, Gansu, Ningxia and Inner Mongolia and occupies a prominent position as a regional hub. Through operating the Scenic Area, the Group could further expand the coverage and market influence of its online tour guides in the aforesaid four provinces and autonomous regions in the region, thereby effectively promoting increases in the penetration and conversion rates of online tour guides.

STATUS OF ACHIEVEMENT OF THE PURPOSES

However, the aforesaid purposes of the Acquisition were not achieved for the following reasons:

1. Significant slowdown in the growth of the tourism market in Northwest China: The growth rate of tourist arrivals in the tourism market in Northwest China declined sharply from 117% in 2023 to 14% in 2024, and further to 8% in 2025, as the market returned from the post-pandemic surge to a more rational growth range. Acting prudently, the management of the Company did not proceed with the custodian operation business for tourist attractions in Northwest China in 2025.
2. Debtors entering bankruptcy reorganisation: The operating entity of the Ningxia Shuidonggou was ordered by the court to enter bankruptcy reorganisation only two months after completion of the Acquisition of the Debts. Operations of the Scenic Area were in practice taken over by the bankruptcy administrator, and the Group was unable to obtain the operating right of the Scenic Area through the Debts.
3. Absence of the expected business-driving effect: There is no evidence that the penetration and conversion rates of the Group's online tour guides in Northwest China increased in 2025 as a result of the Acquisition of the Debts. The Group's revenue increased by approximately 16.9% year on year from approximately RMB525.20 million in 2024 to approximately RMB614.20 million in 2025. The increase in revenue was primarily attributable to the overall rapid growth in domestic and outbound tourism activities, with Northwest China accounting for only part of the growth contribution.

ASSESSMENT OF DEBT RECOVERABILITY, REASONS FOR AND BENEFITS OF THE DISPOSAL, AND BUSINESS IMPACT

The Disposal enables the Group to realise cash from the Debts, accelerate the recovery of Non-performing Debts, reduce the time, costs and uncertainties associated with further recovery, litigation or enforcement actions, and improve the Group's liquidity and allocation of resources.

Furthermore, the Disposal was undertaken in line with the Group's strategy of focusing on its principal business of online tour guides and temporarily putting on hold its plan to expand the tourist attraction management business.

The Group considered that the Disposal would enable it to recover in full the original principal amount invested in the Acquisition and realise an investment return, and that the Disposal would not have any adverse effect on the Group's principal business. The Group's core business is the online tour guide business. The tourist attraction management business to which such Debts relate had not generated any actual revenue, and therefore the Disposal would not affect the normal conduct of the Group's principal business.

The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPLICATIONS OF THE DISPOSAL AND THE USE OF PROCEEDS

Upon completion of the Disposal, the Group will cease to hold the Debts and the Debts will be derecognised from the books of the Group. Accordingly, the Group will recognise a gain/loss on derecognition of financial assets in respect of the Disposal. The Group recognised a fair value gain of RMB489,000 before taxation and RMB391,200 after taxation in respect of the Debts for the year ended 31 December 2025. There was no net profit attributable to the Debts for the year ended 31 December 2024.

Based on the Consideration of the Disposal, the Group is expected to record a book gain from the Disposal of approximately RMB39,715,000, which is calculated with reference to the Consideration of the Disposal less the carrying amount of the Debts in the accounts of the Group as at 31 December 2025. The exact amount of gain to be recorded in the consolidated financial statements of the Group for the year ending 31 December 2026 is subject to audit and finalisation of the Group's accounts.

The net proceeds from the Disposal are proposed to be used for the Group's business development and general working capital, of which (i) approximately RMB40 million will be used for expanding new online tour guide business outside the PRC; (ii) approximately RMB10 million will be used for upgrading existing online tour guide projects in the PRC and overseas; and (iii) approximately RMB35 million will be used for supplementing the Group's general working capital, specifically, (a) approximately RMB15.3 million for staff manpower costs; (b) approximately RMB6.3 million for site and fixed operation and maintenance expenses; (c) approximately RMB9.5 million for market channel operation expenditure of the principal businesses; and (d) approximately RMB3.9 million for compliance, administration and technical system operation and maintenance expenses.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened for Shareholders to consider and, if thought fit, authorise the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. Accordingly, no Shareholder is required to abstain from voting on the relevant resolutions regarding the approval of the Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, further details about the Disposal, any other information required to be disclosed under the Listing Rules and a notice of the extraordinary general meeting, will be despatched by the Company to the Shareholders. As additional time is required to finalise the relevant information to be included in the circular, the Company expects that the circular will be despatched to the Shareholders on or before 2 September, 2026.

DEFINITIONS

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

“Acquisition”	the acquisition of the Debts by Lvji Technology Group from Zhong’an Financial pursuant to the Debt Transfer Contract
“Agreement”	the transfer agreement dated 5 August 2026 entered into between Lvji Technology Group and Ning’ao Xincheng in respect of the Disposal
“Board”	means the board of directors of the Company
“Calculation Report”	means the Calculation Report dated 2 July 2026 prepared by the Valuer, in relation to the value analysis of the Debts as at 31 May 2026
“CCC”	An obligation rated “CCC” is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation
“China Treasury Bond Yield”	The yield of central government bonds issued by the People’s Republic of China
“Company”	Lvji Technology Holdings Inc. (驢跡科技控股有限公司), an exempted company with limited liability incorporated on 7 November 2018 in the Cayman Islands
“Consideration”	the aggregate consideration of the Disposal with an amount of RMB85,000,000
“Debt Transfer Contract”	the debt transfer contract entered into by Lvji Technology Group with Zhong’an Financial upon successful bidding
“Deposit”	the deposit required for participating in the bidding with an amount of RMB44.15 million
“Director(s)”	the directors of the Company
“Discount Rate”	Annualised required rate used to discount future contractual cash flows of debt instruments to present value as at the Reference Date
“Disposal”	the transfer of the Debts by Lvji Technology Group to Ning’ao Xincheng pursuant to the Agreement

“EGM”	the extraordinary general meeting of the Company to be held to, among other things, consider and, if thought fit, authorise the Agreement
“Group”	the Company and its subsidiaries
“Huishang Bank”	Huishang Bank Corporation Limited (徽商銀行股份有限公司), the shares of which are listed on the main board of the Stock Exchange (stock code: 3698)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Lvji Technology Group”	Lvji Technology Group Co., Ltd.* (驢跡科技集團有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Ning’ao Xincheng”	Guangzhou Ning’ao Xincheng Consulting Services Partnership (Limited Partnership) (廣州寧奧新程諮詢服務合夥企業(有限合夥))
“Ningxia Shuidonggou”	Ningxia Shuidonggou Tourism Development Co., Ltd.* (寧夏水洞溝旅遊開發有限公司)
“Non-performing Debts” or “Debts”	a total of five non-performing debt assets constituted by three companies, namely Ningxia Shuidonggou Tourism Development Co., Ltd.* (寧夏水洞溝旅遊開發有限公司), Ningxia Western Sunshine Travel Agency Co., Ltd.* (寧夏西部陽光旅行社有限公司) and Ningxia Xiji Huoshizhai Tourism Development Co., Ltd.* (寧夏西吉火石寨旅遊開發股份有限公司), together with the related security rights and other ancillary rights
“Option-Adjusted Spread”	Constant basis point spread over risk-free benchmark spot yield curve net of embedded option value as at the Reference Date
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Recovery Date”	Forecast date when cash proceeds from recovery of the Debts are expected to be received
“Recovery Rate”	Estimated recoverable proportion of defaulted debt principal and accrued interest expected to be recovered as at the Reference Date
“Reference Date”	31 May 2026, being the value analysis reference date used in the Calculation Report
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Outstanding Debts”	All unpaid principal and interest-bearing liabilities of the Debts as at the Reference Date
“Valuer”	Asia-Pacific Consulting and Appraisal Limited, an independent valuer
“Zhong’an Financial”	Anhui Zhong’an Financial Assets Management Co., Ltd.* (安徽省中安金融資產管理股份有限公司)
“%”	means a percentage

By Order of the Board
Lvji Technology Holdings Inc.
Zang Weizhong
Chairman and Executive Director

Guangzhou, the PRC, 5 August 2026

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zang Weizhong, Mr. Wang Lei and Mr. Liu Hui; and four independent non-executive Directors, namely Ms. Gu Jianlu, Ms. Gu Ruizhen, Mr. Wu Qiang and Mr. Wang Lu.

* For identification purpose only

Appendix I – Letter from reporting accountants

The following is the text of a letter dated 5 August 2026 from the Company’s reporting accountants, Cheng & Cheng Limited, Certified Public Accountants, for inclusion in this announcement.

Dear Sirs,

LVJI TECHNOLOGY HOLDINGS INC. (THE “COMPANY”) AND ITS SUBSIDIARIES (COLLECTIVELY REFERRED TO HEREIN AS THE “GROUP”) INDEPENDENT ASSURANCE REPORT ON THE DISCOUNTED CASHFLOWS CALCULATION OF NON-PERFORMING DEBTS AS AT 31 MAY 2026

Purpose of the Report

We have examined the arithmetical calculations of the discounted future estimated cash flows of non-performing debts (“**Non-performing Debts**”) against Ningxia Shuidonggou Tourism Development Co., Ltd., Ningxia Western Sunshine Travel Agency Co., Ltd. and Ningxia Xiji Huoshizhai Tourism Development Co., Ltd. as at 31 May 2026 (“**Discounted Cashflows Calculation of Non-performing Debts**”). The Discounted Cashflows Calculation of Non-performing Debts, prepared by the Company’s board, is based on discounted future estimated cash flows. Under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), such a calculation counts as a profit forecast, and the report is included in an announcement about the Company’s disposal of the Non-performing Debts.

Directors’ Responsibility

The directors of the Company are responsible for preparing the Discounted Cashflows Calculation of Non-performing Debts using the bases and assumptions they have determined and set out in the announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Discounted Cashflows Calculation of Non-performing Debts and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Discounted Cashflows Calculation of Non-performing Debts is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company’s management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Non-performing Debts.

Because the Discounted Cashflows Calculation of Non-performing Debts relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Discounted Cashflows Calculation of Non-performing Debts and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Cheng & Cheng Limited

Certified Public Accountants

Cheng Hong Cheung

Practising Certificate Number P01802

Level 35, Tower 1,

Enterprise Square Five,

38 Wang Chiu Road,

Kowloon Bay,

Kowloon, Hong Kong

Appendix II – Letter from the Board

The following is the full text of the letter from the Board for inclusion in this announcement.

5 August 2026

The Board of Directors
Lvji Technology Holdings Inc.

Dear Sirs,

Re: Very substantial disposal in relation to the non-performing debts of three enterprises in Ningxia Shuidonggou Tourism Development Co., Ltd.* (寧夏水洞溝旅遊開發有限公司) and others, together with the related security rights and other ancillary rights (the “Debts”)

Reference is made to the announcement of Lvji Technology Holdings Inc. (the “**Company**”) dated 5 August concerning the captioned transaction (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the Calculation Report prepared by the Valuer in relation to the analysis of the value of the Debts as at 31 May 2026. The value of the Debts based on discounted cash flow analysis under the income approach is regarded as the cash flow forecast (the “**Cash Flow Forecast**”) under Rule 14.61 of the Listing Rules.

For the purpose of preparing this letter, the Board has (i) considered the letter from Cheng & Cheng Limited regarding the calculations of the Cash Flow Forecast upon which the value analysis of the Debts is based; (ii) reviewed the Cash Flow Forecast upon which the value analysis of the Debts has been made; (iii) discussed with the relevant senior management of the Company regarding the bases and assumptions upon which the Cash Flow Forecast regarding the Debts in the value analysis has been prepared, the relevant work conducted by the senior management; and (iv) reviewed the reports to the Directors from the senior management regarding the calculations of the future cash flows used in the value analysis.

Based on the foregoing, pursuant to the requirements of Rule 14.60A(3) of the Listing Rules, the Board confirms that the Cash Flow Forecast was made after due and careful enquiry.

Yours faithfully,
For and on behalf of
the Board of Directors of
Lvji Technology Holdings Inc.
Zang Weizhong
Chairman and Executive Director