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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)

**ANNOUNCEMENT OF THE RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE, 2022**

The Board hereby announces the unaudited consolidated results of the Group for the six months ended 30 June, 2022 with the comparative figures for the same period of 2021.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

KEY HIGHLIGHTS

For the six months ended 30 June, 2022:

- Revenue decreased by approximately 16.2% to RMB146.7 million from RMB175.1 million for the same period of 2021.
- Gross profit increased significantly by 18.3% to RMB57.7 million from RMB48.8 million for the same period of 2021, with a gross profit margin of 39.3% compared to 27.9% for the same period of 2021.
- Results for the period recorded a profit of RMB26.5 million as compared to a profit of RMB0.9 million for the same period of 2021, with a substantial increase of 2,912.3%.

1. Financial summary

	For the six months ended 30 June,		Year-to-year change
	2022 <i>(RMB'000)</i> (Unaudited)	2021 <i>(RMB'000)</i> (Unaudited)	
Revenue	146,742	175,137	(16.2)%
Gross profit	57,731	48,819	18.3%
Profit before tax	33,500	1,850	1,710.8%
Profit for the period	26,508	880	2,912.3%
Net profit margin	18.1%	0.5%	17.6 percentage points
Adjusted profit for the period excluding impairment loss of intangible assets*	26,508	9,696	173.4%
Adjusted net profit margin excluding impairment loss of intangible assets*	18.1%	5.5%	12.6 percentage points

* Non-GAAP measure

2. Operating metrics

	As of 30 June,		Change
	2022	2021	
Online tour guides developed	39,172	30,464	8,708

BUSINESS REVIEW AND OUTLOOK

Results Highlights

For the six months ended 30 June, 2022:

- Total revenue amounted to approximately RMB146.7 million, representing a decrease of 16.2% as compared with the same period of 2021. Total revenue from sales of online tour guides amounted to approximately RMB145.0 million, representing a decrease of 14.8% as compared with the same period of 2021, which was mainly attributable to the decrease in sales of our online tour guides due to the restricted tourism and travels resulting from the resurgence of the Pandemic in China in 2022.
- Gross profit amounted to approximately RMB57.7 million, representing an increase of 18.3% as compared with the same period of 2021. Gross profit margin for the first half of 2022 amounted to approximately 39.3%, as compared to gross profit margin for the same period of 2021 of approximately 27.9%. The substantial increase in gross profit margin was mainly attributable to the decrease in amortization cost of intangible assets.
- Profit for the Reporting Period amounted to approximately RMB26.5 million as compared with profit for the same period of 2021 of approximately RMB0.9 million, representing a substantial increase of 2,912.3%, which was mainly attributable to (i) the decrease in amortization cost of intangible assets; and (ii) our active efforts in implementing various expense and budget related policies to control the selling and distribution expenses and the administrative expenses.
- Selling and distribution expenses was approximately RMB10.9 million, representing a decrease of 62.0% as compared with the same period of 2021. Administrative expenses was approximately RMB14.4 million, representing a decrease of 13.4% as compared with the same period of 2021, which was mainly attributable to the various initiatives adopted by us to control operating costs and reduce unnecessary expenses during the Reporting Period.
- We continue to consolidate our market leading position of online tour guides by optimizing the content of tour guide products, which can improve our users' experience while capturing the demand of the tourism market amid the repeated outbreaks of the Pandemic. Number of online tour guides developed by us also increased, with a total of 39,172 (the same period of 2021: 30,464) online tour guides developed by us as of 30 June, 2022.

BUSINESS REVIEW AND PROSPECTS

In the Reporting Period, the strong spread of the variant Omicron of the COVID-19 led to a substantial increase in the number of local confirmed cases in China. As the Pandemic was extensively scattered in various areas, the Pandemic prevention and control policies were tightened, which materially affected the cultural and tourism consumption. In particular, since March, the resurgence of the Pandemic has caused a great impact on the recovery of the Company's business operations, especially the tourism industry. However, as quarantine restrictions were gradually lifted due to the Pandemic being gradually under control in the Eastern China region at the end of May, the backlogged travel demand of the residents were gradually released. At the same time, the positive signal for favorable policies was enhanced as follows: (1) the circuit breaker scope of inter-provincial tours had been scientifically and accurately adjusted from the "provincial level" to the "county level"; (2) the Ministry of Industry and Information Technology announced the "removal of asterisk marks" on itinerary travel cards; (3) various popular tourism provinces, cities and regions issued a large number of consumption vouchers in relation to the tourism consumption, with an aim to promote cultural and tourism consumption; and (4) the quarantine period for close contacts and inbound personnel had been shortened from "14+7" days to "7+3" days, etc. This had greatly boosted the confidence of the tourism industry and injected a "stimulant" into the recovery of the liquidity of the tourism market, and was of great significance to the recovery of the tourism market in China.

During the Reporting Period, the number of travels by domestic tourists shrank greatly due to the adverse impact from the repeated outbreaks of the Pandemic and the corresponding anti-pandemic policies during the first five months in 2022, which for no doubt affected our business adversely. In particular, our revenue for the Reporting Period decreased by 16.2% to RMB146.7 million as compared with the Corresponding Period. However, thanks to our leading market position in online tour guides, outstanding product and service experience, flexible operation strategies, etc., the Company quickly seized the opportunity for the tourism recovery when the Pandemic was gradually under control and recorded a substantial increase in revenue for June 2022 since then, demonstrating our resilience in the face of industry uncertainties. Also, we had made active efforts to implement various measures in controlling operating costs and reducing unnecessary expenses, which had achieved effective outcomes. During the Reporting Period, the selling and distribution expenses decreased greatly by 62% as compared to the Corresponding Period, while a year-on-year decrease of 13.4% was recorded for administrative expenses. We recorded a profit of RMB26.5 million for the Reporting Period, representing a substantial increase as compared to RMB0.9 million for the Corresponding Period. The Company adheres to the development strategy of continuously improving user experience for tour guides. As of 30 June, 2022, we had developed 39,172 online tour guides covering tourist attractions in China and overseas, which domestically covered 297 AAAAA tourist attractions, 2,674 AAAA tourist attractions, and 2,205 AAA tourist attractions.

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

We continuously upgrade a smart tourist attractions management service system to assist the government in effective management and reasonable deployment of local tourism resources in the form of big data center, command center, internet portal, etc. For example, in the tourist attractions operation service, the system can perform passenger flow control, big data heat map analysis, smart terminal remote unified management and artificial intelligence learning, which can deeply explore the consumption potential of consumers, improve the service experience of tourist attractions, increase the operation revenue of tourist attractions and assist in the digital upgrade of tourist attractions. During the Reporting Period, the resurgence of the Pandemic in China led to the delay of completion of certain major projects and the suspension of cooperation negotiation for some projects. The revenue from sale of customised content recorded a year-on-year decrease of approximately 60.9%, with revenue of approximately RMB1.7 million recorded during the Reporting Period (Corresponding Period: RMB4.3 million).

BUSINESS OUTLOOK AND STRATEGIES

Although the impact of recurrence of the Pandemic on the tourism industry will remain in the short term, we are optimistic about the overall recovery of the tourism industry. In the medium and long term, the gradual adjustment and optimisation of prevention and control policies will inject boosters to the future development of the tourism industry. In light of this, the recovery momentum will be maintained. With the strong national support for “Internet + Tourism”, the tourism industry will become more digital-oriented and intelligence-based. “Virtual reality”, “smart tour guide” and “data monitoring” have become the basic requirements for tourist attractions to promote the development of smart tourism. As the government advocates the development of high-quality tourism with the development help of technological innovation, it is expected that the penetration of online tourism products will increase continuously, and the digital development of China’s tourism will accelerate once again and generate considerable potential for growth. At the same time, the ongoing expansion of Chinese middle-class will remain unchanged as the core drivers for the long-term development of the tourism industry. We have full confidence in the future development prospects of the tourism industry in China. 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 leading position in online tour guide market, continue to lead the development of online tour guide industry, accelerate the digitization of tourist attractions, create smart solutions for tourist destinations and gradually build a service platform for the whole industry chain of culture and tourism.

Looking forward, we will (1) strategically adjust the coverage of online tour guide products in accordance with the market demand, and continuously optimise the content of our tour guide products to enhance user’s experience; (2) strengthen the innovation as well as research and development capability, continuously upgrade the products and services such as “Digital View Pass (數景通)” and “Lvji Mobile Tour” to meet the demand of digital upgrading of tourist attractions, empower the marketing of tourist attractions and improve the operational efficiency of tourist attractions; (3) deepen the sustainable partnership with local culture and tourism bureaus; and (4) refine the all-rounded smart tour guide system. We will strive to build a service platform for the whole industry chain of culture and tourism to further strengthen our leading market position. In the meantime, we will cautiously manage our working capital and control the operating cost to ensure steady cash flows and healthy cash position, and continue to identify merger and acquisition opportunities to promote our future growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Six months ended 30 June, 2022 compared to six months ended 30 June, 2021

	For the six months ended 30 June,	
	2022 <i>(RMB'000)</i> (Unaudited)	2021 <i>(RMB'000)</i> (Unaudited)
REVENUE	146,742	175,137
Cost of sales	<u>(89,011)</u>	<u>(126,318)</u>
Gross profit	57,731	48,819
Net other income and gains	1,479	7,285
Selling and distribution expenses	(10,879)	(28,626)
Administrative expenses	(14,440)	(16,677)
Other expenses	(365)	(8,817)
Finance costs	<u>(26)</u>	<u>(134)</u>
PROFIT BEFORE TAX	33,500	1,850
Income tax expenses	<u>(6,992)</u>	<u>(970)</u>
PROFIT FOR THE PERIOD	<u>26,508</u>	<u>880</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	<u>26,508</u>	<u>880</u>

Revenue

We generate our revenue from sales of online tour guides through OTAs, to travel agencies and through Lvji APP, and from sales 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 30 June,	
	2022	2021
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Sale of online tour guides through OTAs	145,020	170,137
Sale of online tour guides to travel agencies	–	577
Sale of online tour guides through Lvji APP	28	93
Sale of customised content	1,694	4,330
	<hr/>	<hr/>
Total revenue	<u>146,742</u>	<u>175,137</u>

Revenue decreased by approximately 16.2% from RMB175.1 million for the Corresponding Period to RMB146.7 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 so that the end users can purchase our standard online tour guides for different tourist attractions. End users' access to our cloud system is 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 98.8% 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 relationship with leading OTAs. Revenue from the sale of online tour guides through OTAs decreased by approximately 14.8% from RMB170.1 million for the Corresponding Period to approximately RMB145.0 million for the Reporting Period. The decrease was primarily due to the decrease in sales of our online tour guides via the online platforms resulting from the resurgence of the Pandemic in China.

Sale of Online Tour Guides to 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.

Due to the resurgence of the Pandemic in 2022, the Company made no transaction with travel agencies relating to sale of online tour guides during the Reporting Period.

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 through the APP. The Lvji APP is built to enable access to our full online tour guides offerings with clear and functional interfaces. We offer certain location-based features that are only available on our Lvji APP, such as weather information, push notifications of nearby attractions, businesses or places of interest when the mobile APP detects that the user is arriving at such destinations or places, real time Chinese-to-English and English-to-Chinese translation features and enable sharing to social media platforms. Revenue from sale of online tour guides through our Lvji APP decreased by approximately 69.9% from RMB93,000 for the Corresponding Period to RMB28,000 for the Reporting Period. The decrease was mainly due to the decrease in sales 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, and additional functions including big-data analysis, 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 60.9% from RMB4.3 million for the Corresponding Period to RMB1.7 million for the Reporting Period. The decrease was mainly attributable to the delay in completion of certain major projects and the decreased demand for relevant customised service as the consequence of the resurgence of the COVID-19 pandemic.

Cost of Sales

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

Cost of sales decreased by approximately 29.5% from RMB126.3 million for the Corresponding Period to RMB89.0 million for the Reporting Period. The decrease was mainly due to (i) the decrease in amortization cost of intangible assets; and (ii) the decrease in concession fees from the OTAs resulting from the reduced revenue from sale of online tour guides through the OTA.

Gross Profit

As a result of the foregoing, our gross profit increased by approximately 18.3% from approximately RMB48.8 million for the Corresponding Period to approximately RMB57.7 million for the Reporting Period. Our gross profit margin increased from approximately 27.9% for the Corresponding Period to 39.3% for the Reporting Period. The increase was mainly due to the decrease in amortization cost of intangible assets.

Net Other Income and Gains

Net other income and gains decreased by approximately 79.7% from RMB7.3 million for the Corresponding Period to RMB1.5 million for the Reporting Period. The decrease was mainly due to the increase of foreign exchange loss and decrease of interest income.

Selling and Distribution Expenses

Selling and distribution expenses decreased substantially by approximately 62.0% from RMB28.6 million for the Corresponding Period to RMB10.9 million for the Reporting Period. The decrease was mainly due to reduced selling and distribution expenses as a result of reduction in offline travel promotion.

Administrative Expenses

Administrative expenses decreased by approximately 13.4% from RMB16.7 million for the Corresponding Period to RMB14.4 million for the Reporting Period. The decrease was mainly due the reduced salary and benefits expense of relevant management of the Company.

Other Expenses

Other expenses decreased by approximately RMB8.4 million from RMB8.8 million for the Corresponding Period to RMB0.4 million for the Reporting Period. The decrease was mainly due to the decrease in impairment loss of intangible assets.

Income Tax Expenses

We recorded an income tax expense of approximately RMB7.0 million for the Reporting Period as compared to an income tax expense of approximately RMB1.0 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 RMB26.5 million for the Reporting Period comparing with a profit of RMB0.9 million for the Corresponding Period. Net profit margin for the Reporting Period was 18.1% as compared to net profit margin of 0.5% for the Corresponding Period. Excluding impairment loss of intangible assets, our adjusted results for the period (a non-GAAP measure) was RMB26.5 million for the Reporting Period, as compared to adjusted profit of RMB9.7 million for the Corresponding Period. Our adjusted net profit margin (a non-GAAP measure) was 18.1% for the Reporting Period, as compared to net profit margin of 5.5% for the Corresponding Period. The increase in our net profit margin and adjusted net profit margin was mainly due to the active implementation of budgets and costs control related measures which considered to be effective and accordingly, led to a significant decrease in the selling costs and expense.

OTHER FINANCIAL INFORMATION

Trade Receivables

Trade receivables decreased by approximately RMB5.9 million from RMB47.9 million for the Corresponding Period to RMB42.0 million for the Reporting Period. The decrease was mainly due to the decrease in revenue of the Company.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables decreased by approximately RMB6.2 million from RMB49.1 million for the Corresponding Period to RMB43.0 million for the Reporting Period. The decrease was mainly due to the decrease in prepayments for operations.

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 our customers. To manage liquidity risk, the Board closely monitors our liquidity position to ensure that the liquidity structure of our assets, liabilities and other commitments can meet our funding requirements from time to time.

As of 30 June, 2022, we had cash and cash equivalents of approximately RMB358.7 million mainly denominated in RMB (as of 31 December, 2021: RMB359.7 million), net current assets of approximately RMB364.2 million (as of 31 December, 2021: RMB411.8 million) and total equity of approximately RMB626.7 million (as of 31 December, 2021: RMB583.2 million). Our current ratio was approximately 5.0 times as of 30 June, 2022 (as of 31 December, 2021: 6.1 times). The decreases in our cash and cash equivalents, net current assets and current ratio were mainly due to the increase of other intangible assets. We had no bank borrowings as of 30 June, 2022 (as of 31 December, 2021: Nil), and thus gearing ratio determined by bank borrowings divided by total equity was not applicable to us (as of 31 December, 2021: not applicable).

Capital Expenditure

Capital expenditures consist of acquisition of property, plant and equipment and acquisition of other intangible assets.

Property, plant and equipment were mainly our furniture and fixtures, leasehold improvements and construction in progress. The decrease of approximately RMB209,000, or 9.9% from 31 December, 2021 to 30 June, 2022 was mainly due to the offset of depreciation of property, plant and equipment of approximately RMB535,000.

Other intangible assets comprise copyrights and computer software and are amortised over their expected useful life. The increase of approximately RMB64.1 million from 31 December, 2021 to 30 June, 2022 was mainly due to the increase of number of online tour guides developed by the Company, partially offset by the amortization of intangible assets of RMB14.7 million.

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

As at 30 June, 2022, the Group's interest in associates was RMB27.0 million, which mainly represented the interest in an associate, i.e. Guangzhou Wenjingyi Advertising Media Co., Ltd. amounting to RMB27.0 million. For the six months ended 30 June, 2022, the Group's associates were in normal operation.

During the Reporting Period, the Group had no material acquisition and disposal.

Future Plans for Material Investments and Capital Assets

As stated in the Prospectus, approximately 6.5% (approximately HK\$37.7 million) of the net proceeds from the Listing is intended to be used for upgrading our existing hardware and software and procuring servers and approximately 20% (approximately HK\$116.0 million) of the net proceeds from the Listing is intended to be used for strategic investments and acquisitions. For further details of the proposed use of the net proceeds from the Listing, please refer to the Prospectus.

During the Reporting Period, we have commenced the process of improving our development capabilities, but no actual purchases has been made.

Save as disclosed in the Prospectus and the announcement of investment in a limited partnership published on 15 December, 2020, there was no other plans for material investments and capital assets during the Reporting Period and up to the date of this announcement.

Employee and Remuneration Policies

As of 30 June, 2022, we had a total of 102 full-time employees (as at 31 December, 2021: 305). The remuneration of the employees is determined based on their performance, experience, competence and market comparable. 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 30 June, 2022, 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 to provide them with incentives and to retain them for the continual operation and development of the Group. Further details of the Share Award Scheme are disclosed in the Company’s announcement dated 21 January, 2022. As of 30 June, 2022, no shares had been awarded or agreed to be awarded by us pursuant to the Share Award Scheme.

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.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June, 2022.

Charge on Assets

As of 30 June, 2022, the Group had pledged deposits of RMB0.2 million (as of 31 December, 2021: RMB0.2 million), which was pledged to the government authorities for conducting tourist related business in the PRC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June, 2022

		For the six months ended 30 June,	
	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	146,742	175,137
Cost of sales		<u>(89,011)</u>	<u>(126,318)</u>
Gross profit		57,731	48,819
Net other income and gains	4	1,479	7,285
Selling and distribution expenses		(10,879)	(28,626)
Administrative expenses		(14,440)	(16,677)
Other expenses	6	(365)	(8,817)
Finance costs	7	<u>(26)</u>	<u>(134)</u>
Profit before tax	5	33,500	1,850
Interest tax expenses	8	<u>(6,992)</u>	<u>(970)</u>
Profit for the period		<u>26,508</u>	<u>880</u>
Attributable to:			
Owners of the company	10	<u>26,508</u>	<u>880</u>
Earnings per share attributable to ordinary equity holders of the company			
Basic and diluted (RMB)	10	<u>1.81 cents</u>	<u>0.06 cents</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June, 2022

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>26,508</u>	<u>880</u>
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of financial statements	<u>16,957</u>	<u>(3,305)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>16,957</u>	<u>(3,305)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>16,957</u>	<u>(3,305)</u>
Total comprehensive income/(loss) for the period	<u>43,465</u>	<u>(2,425)</u>
Attributable to:		
Owners of the company	<u>43,465</u>	<u>(2,425)</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June, 2022

	<i>Notes</i>	30 June, 2022 RMB'000 (Unaudited)	31 December, 2021 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	<i>11</i>	1,909	2,118
Other intangible assets	<i>12</i>	232,177	168,039
Right-of-use assets		2,165	2,921
Investments in associates		27,000	–
Total non-current assets		263,251	173,078
Current assets			
Trade receivables	<i>13</i>	42,032	47,895
Prepayments, deposits and other receivables	<i>14</i>	42,953	49,129
Amount due from a related party	<i>21(c)</i>	1,345	–
Financial assets at fair value through profit or loss		10,058	35,104
Pledged deposits		200	200
Cash and cash equivalents		358,666	359,665
Total current assets		455,254	491,993
Current liabilities			
Trade payables	<i>15</i>	814	10,312
Other payables and accruals	<i>16</i>	39,501	22,456
Contract liabilities	<i>17</i>	1,859	2,960
Deferred income		1,181	1,161
Amounts due to related parties	<i>21(c)</i>	2,349	3,405
Lease liabilities		1,407	2,855
Tax payable		43,952	37,087
Total current liabilities		91,063	80,236
Net current assets		364,191	411,757
Total assets less current liabilities		627,442	584,835

	<i>Note</i>	30 June, 2022 RMB'000 (Unaudited)	31 December, 2021 RMB'000 (Audited)
Non-current liabilities			
Deferred income		494	1,342
Lease liabilities		238	248
Total non-current liabilities		732	1,590
Net assets		626,710	583,245
Equity			
Equity attributable to owners of the company			
Share capital	<i>18</i>	100,648	100,648
Reserves		526,062	482,597
Total equity		626,710	583,245

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June, 2022

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands with limited liability on 7 November, 2018. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “**Group**”) are provision of online tour guide in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company, the ultimate controlling shareholder of the Group is Mr. Zang Weizhong (“**Mr. Zang**”), the Chairman and the Chief Executive Officer.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June, 2022 has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 Interim Financial Reporting. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does 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 31 December, 2021.

2.2 APPLICATION OF AMENDMENTS TO HKFRSs

The condensed consolidated interim financial statements for the six months ended 30 June, 2022 have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended 31 December, 2021, except for the adoption of the following amended HKFRSs effective as of 1 January, 2022. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June, 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRS Standards 2018–2020</i>
Accounting Guideline 5 (Revised)	<i>Merger Accounting for Common Control Combination</i>

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

3. OPERATING SEGMENT INFORMATION

The Group is principally an online tour guide 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, since the majority of the Group's revenue and operating profit were generated from the sale of online tour guide and customized 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 and government office contributed to 10% or more of the total revenue of the Group during the Reporting Period.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of online tour guide through OTAs	145,020	170,137
Sale of online tour guide to travel agencies	–	577
Sale of online tour guide through Lvji APP	28	93
Sale of customised content	<u>1,694</u>	<u>4,330</u>
	<u>146,742</u>	<u>175,137</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of online tour guide	145,048	170,807
Sale of customised content	<u>1,694</u>	<u>4,330</u>
	<u>146,742</u>	<u>175,137</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>146,742</u>	<u>175,137</u>

(ii) *Performance obligations*

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

Revenue from the sale of online tour guide through OTAs and Lyji 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 basis and the credit term is usually 45 days.

Revenue from the sale of online tour guide to travel agencies

The performance obligation is satisfied when the right to use the online tour guide is transferred to travel agencies and travel agencies generally pay in advance.

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.

Net other income and gains

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (<i>Note</i>)	450	1,264
Franchise income	873	878
Ticket service income	390	459
Interest income	1,161	4,224
Foreign exchange (losses)/gains, net	(3,438)	434
Others	2,043	26
	<u>1,479</u>	<u>7,285</u>

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 recognized.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Concession fee	72,494	85,268
Depreciation of property, plant and equipment	535	1,289
Depreciation of right-of-use assets	691	962
Amortization of other intangible assets	14,740	40,541
Impairment of other intangible assets	–	8,816
Research and development costs	3,150	5,119
Impairment of trade receivables	384	42
Government grants	(450)	(1,264)
Employee benefit expense (including directors' remuneration wages and salaries)	11,900	11,909
Pension scheme contributions (defined contribution scheme)	1,119	1,453
	<u>13,019</u>	<u>13,362</u>

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	For the six months ended 30 June,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Impairment of other intangible assets	–	8,816
Others	<u>365</u>	<u>1</u>
	<u>365</u>	<u>8,817</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on lease liabilities	<u>26</u>	<u>134</u>

8. INCOME TAX EXPENSE

	For the six months ended 30 June,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax (“EIT”)		
– Current tax	7,903	2,495
– Over provision in prior year	<u>(911)</u>	<u>(1,525)</u>
Total tax charge for the period	<u>6,992</u>	<u>970</u>

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.

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 1 January, 2008.

Lvji Technology Group Company Limited (“**Lvji Technology**”) qualified as a “High and New Technology Enterprise” (“**HNTE**”) under the Corporate Income Tax Law in December 2019. Lvji Technology is entitled to a preferential income tax rate of 15% for three years starting from December 2019, if the criteria for HNTE are met each year.

Huoer Guosi Yuantai Technology Company Limited (“**Huoer Guosi Yuantai**”) was incorporated in Khorgos, Xinjiang, the PRC on 6 November, 2020, according to the applicable regulations, Huoer Guosi Yuantai is exempted from corporate income tax for four years from the first year of operation which is 2021.

9. DIVIDENDS

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the basic earnings for the period attributable to ordinary equity holders of the company, and the weighted average number of ordinary shares in issue during the Reporting Period, as adjusted for the assumption that 1,089,000,000 shares issued pursuant to the Capitalisation Issue had been issued on 1 January, 2020.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June, 2022 and 2021.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the company, used in the basic and diluted earnings per share calculation	<u>26,508</u>	<u>880</u>
Shares		
Issue of shares on 7 November, 2018	50,000	50,000
Share subdivision on 28 November, 2018	4,950,000	4,950,000
Effect of issue of shares on 25 July, 2019	6,000,000	6,000,000
Effect of Capitalisation Issue	1,089,000,000	1,089,000,000
Effect of issue of shares upon initial public offering	310,300,000	310,300,000
Effect of issue of shares under the general mandate	<u>53,350,000</u>	<u>53,350,000</u>
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>1,463,650,000</u>	<u>1,463,650,000</u>

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June, 2022, the Group acquires assets with a cost of RMB675,000 (30 June, 2021: RMB608,000).

During the six months ended 30 June, 2022, the Group disposes assets of RMB16,000 (30 June, 2021: Nil).

12. OTHER INTANGIBLE ASSETS

During the six months ended 30 June, 2022, the Group acquires other intangible assets with a cost of RMB78,878,000 (30 June, 2021: RMB97,336,000).

During the six months ended 30 June, 2021, in view of the temporary closure of tourist attraction areas and poor performance of certain cash generating units under COVID-19 pandemic situation, an impairment loss of RMB8,816,000 was recognised, based on the management review performed under the value-in-use basis, of which the calculation using cash-flow projections with the pre-tax discount rate applied to the cash-flow projection at 20%.

13. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	30 June, 2022 RMB'000 (Unaudited)	31 December, 2021 RMB'000 (Audited)
Within 3 months	30,547	43,529
3 to 6 months	7,607	738
6 months to 1 year	1,020	3,131
Over 1 year	2,858	497
	<u>42,032</u>	<u>47,895</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June, 2022	31 December, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Prepayments	21,727	25,546
Contract cost	1,372	2,043
Deposit	4,547	5,850
Interest receivable	–	34
Other receivables	1,331	1,808
Tax prepayment	13,976	13,848
	<u>42,953</u>	<u>49,129</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The majority of the above balances were settled within 12 months and had no historical default. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Reporting Period, the Group estimated that the expected loss rate for the above receivables is insignificant.

15. TRADE PAYABLES

An ageing analysis of the trade payables at the end of the Reporting Period, based on the transaction date, is as follows:

	30 June, 2022	31 December, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	800	10,042
3 to 12 months	14	143
1 to 2 years	–	–
2 to 3 years	–	127
	<u>814</u>	<u>10,312</u>

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

16. OTHER PAYABLES AND ACCRUALS

	30 June, 2022	31 December, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Other payables	25,706	7,090
Payroll and welfare payables	2,336	3,448
Other tax payable	11,459	11,918
	<u>39,501</u>	<u>22,456</u>

Other payables are non-interest-bearing and repayable on demand.

17. CONTRACT LIABILITIES

Contract liabilities include unsatisfied performance obligations resulting from contracts of customised content for which the Group has received consideration at the end of the Reporting Period. Contract liabilities are recognised as revenue upon the Group satisfying its performance obligations under the relevant contracts.

	30 June, 2022	31 December, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Sale of customised content	<u>1,859</u>	<u>2,960</u>

The revenue to be recognised arising from the Group's contract liabilities is as follows:

	30 June, 2022	31 December, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	<u>1,859</u>	<u>2,960</u>

Movements in contract liabilities during the period are as follows:

	30 June, 2022 RMB'000 (Unaudited)	31 December, 2021 RMB'000 (Audited)
At the beginning of the period/year	2,960	2,712
Additions	3,264	13,074
Revenue recognised during the period/year	<u>(4,365)</u>	<u>(12,826)</u>
At the end of the period/year	<u>1,859</u>	<u>2,960</u>

18. SHARE CAPITAL

	30 June, 2022 RMB'000 (Unaudited)	31 December, 2021 RMB'000 (Audited)
Issued and fully paid: 1,463,650,000 ordinary shares of US\$0.01 each	<u>100,648</u>	<u>100,648</u>

19. COMMITMENTS

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

20. CONTINGENT LIABILITIES

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

21. RELATED PARTY TRANSACTIONS AND BALANCES

The directors of the Company are of the view that the following party is a related party that had transactions or balances with the Group during the Reporting Period.

(a) Name and relationship

Name of related party	Relationship with the Group and the Company
Mr. Zang	A substantial shareholder
Mr. Fan	A substantial shareholder

(b) Related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with a related party during the period:

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Advances to a related party:		
Mr. Zang	<u>1,345</u>	<u>–</u>
Repayment of advances to a related party:		
Mr. Zang	<u>2,449</u>	<u>80</u>
Advances from related parties:		
LU JIA TECHNOLOGY HOLDINGS	1,342	–
Mr. Zang	–	2,449
Mr. Fan	<u>51</u>	<u>956</u>
	<u>1,393</u>	<u>3,405</u>

The advances from and to related parties are unsecured, interest-free and repayable on demand.

(c) Outstanding balances with related parties

The Group had the following balances with related parties:

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Amount due from a related party:		
Mr. Zang	<u>1,345</u>	<u>–</u>
Amounts due to related parties:		
LU JIA TECHNOLOGY HOLDINGS	1,342	–
Mr. Zang	–	2,449
Mr. Fan	<u>1,007</u>	<u>956</u>
	<u>2,349</u>	<u>3,405</u>

The maximum amount due from a related party outstanding during the period/year are set out below:

	30 June, 2022	31 December, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Maximum amount due from Mr. Zang	<u>1,345</u>	<u>80</u>

The related parties' balances are non-trade in nature, unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	657	1,214
Contributions to the pension scheme	<u>20</u>	<u>75</u>
	<u>677</u>	<u>1,289</u>

22. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the Reporting Period are as follows:

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Financial assets		
<i>Financial assets at FVTPL</i>	10,058	35,104
<i>Financial assets at amortised cost</i>		
Trade receivables	42,032	47,895
Financial assets included in prepayments, deposits and other receivables	5,878	7,692
Amount due from a related party	1,345	–
Pledged deposits	200	200
Cash and cash equivalents	<u>358,666</u>	<u>359,665</u>
	<u>418,179</u>	<u>450,556</u>

	For the six months ended 30 June,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade payables	814	10,312
Financial liabilities included in other payables and accruals	28,042	10,538
Amounts due to related parties	2,349	3,405
Lease liabilities	1,645	3,103
	<u>32,850</u>	<u>27,358</u>

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 June, 2022, 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, trade receivables, financial assets included in prepayments, deposits and other receivables, amount due from a related party, trade payables, financial liabilities included in other payables and accruals and amount due to a related party 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.

24. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the end of the Reporting Period.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 August, 2022.

USE OF PROCEEDS

The Shares were successfully listed on the Stock Exchange on the Listing Date. The net proceeds from the Listing were approximately HK\$580.0 million (after deducting the underwriting commissions and other related listing expense payable by the Company in connection with the Global Offering). For the Reporting Period, the Group has used approximately HK\$364.2 million (equivalent to approximately RMB322.7 million).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

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 the code provisions in the Corporate Governance Code with the exception for the deviation from code provision C.2.1 of the Corporate Governance Code.

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As of 30 June, 2022, Mr. Zang served as the chairman of the Board and the chief executive officer of the Company. He was responsible for formulation of business plans, strategies and other major decisions of the Group, as well as overall management of the Group. The Board believed that vesting the roles of both chairman and the chief executive officer in the same person would provide the Company with strong and consistent leadership, and allow for effective and efficient planning and implementation of business decisions and strategies. The Board also met regularly on a quarterly basis to review the operations of the Company led by Mr. Zang. Accordingly, the Board believed that this arrangement would not have impact on the balance of power and authorizations between the Board and the management of the Company. With effect from 15 August, 2022, Mr. Zang resigned from the role of the chief executive officer of the Company and Mr. Yuan Ting was appointed as the chief executive officer of the Company. Please refer to “Corporate Governance Events after 30 June, 2022” below for further details.

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 set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they 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.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Ms. Gu Jianlu, Ms. Wu Daxiang and Ms. Gu Ruizhen, with terms of reference in compliance with the Listing Rules. The chairman of the Audit Committee is Ms. Gu Jianlu.

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. 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.

Corporate Governance Events after 30 June, 2022

With effect from 15 August, 2022, (i) Mr. Zang resigned as the chief executive officer of the Company due to his other career commitments, and Mr. Zang will continue to serve as the chairman of the Board, an executive Director and a member of the remuneration committee of the Company; and (ii) Mr. Yuan Ting has been appointed as the chief executive officer of the Company. For details of Mr. Zang's resignation and Mr. Yuan's appointment, please refer to the Company's announcement dated 15 August, 2022.

Events after 30 June, 2022

Save for the above and otherwise disclosed in the section headed “Notes to the Financial Statements – Events After the Reporting Period” in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June, 2022 and up to the date of this announcement.

Interim dividend

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

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lvji.cn).

The interim report for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

DEFINITION

In this announcement, unless the context otherwise require, the following expressions shall have the following meaning:

“AI”	artificial intelligence
“API”	application programming interface, a set of clearly defined methods of communication between various software components
“APP”	application software designed to run on smartphones and other mobile devices
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company

“China” or “PRC”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this announcement, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, 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 7 November, 2018 in the Cayman Islands
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Corresponding Period”	the six months ended 30 June, 2021
“COVID-19” or “Pandemic”	Novel Coronavirus 2019 Pandemic
“Director(s)”	the director(s) of the Company
“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
“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
“HKFRS”	Hong Kong Financial Reporting Standard(s) (including HKASs and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange, which occurred on the Listing Date
“Listing Date”	17 January, 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
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“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
“OTA”	online travel agency
“Prospectus”	the prospectus dated 31 December, 2019 issued by the Company
“R&D”	research and development
“Reporting Period”	the six months ended 30 June, 2022
“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
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value US\$0.01 each

“Share Award Scheme”	the share award scheme of the Company adopted on 21 January, 2022
“Share Options Scheme”	the share options scheme of the Company adopted on 20 December, 2019
“Shareholder(s)”	holder(s) of the Share(s)
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

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

Guangzhou, the PRC, 30 August, 2022

As at the date of this announcement, the Board comprises Mr. Zang Weizhong, Mr. Wang Lei and Mr. Liu Hui as executive Directors; Mr. Cheung King Him Edmund as non-executive Director; and Ms. Gu Jianlu, Ms. Wu Daxiang and Ms. Gu Ruizhen as independent non-executive Directors.