



**驴迹科技**  
LVJI TECHNOLOGY

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1745

**2022**

*Interim Report*





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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Zang Weizhong (*Chairman*)  
(resigned as chief executive officer of the Company on August 15, 2022)

Mr. Wang Lei (*Vice Chairman*)  
(appointed as vice chairman of the Board on August 15, 2022)

Mr. Liu Hui

#### Non-executive Director

Mr. Cheung King Him Edmund

#### INEDs

Ms. Gu Jianlu  
Ms. Wu Daxiang  
Ms. Gu Ruizhen

### AUDIT COMMITTEE

Ms. Gu Jianlu (*Chairlady*)  
Ms. Wu Daxiang  
Ms. Gu Ruizhen

### REMUNERATION COMMITTEE

Ms. Gu Jianlu (*Chairlady*)  
Mr. Zang Weizhong  
Ms. Gu Ruizhen

### NOMINATION COMMITTEE

Ms. Wu Daxiang (*Chairlady*)  
Ms. Gu Jianlu  
Ms. Gu Ruizhen

### COMPANY SECRETARY

Ms. Lam Shi Ping, *ACG, HKACG*

### AUTHORIZED REPRESENTATIVES

Mr. Zang Weizhong  
Ms. Lam Shi Ping, *ACG, HKACG*

### REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

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

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

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## CORPORATE INFORMATION

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG SHARE REGISTRAR

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

### LEGAL ADVISOR

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

### INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited  
11th Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong  
(appointed on August 5, 2022)

Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong  
(resigned on August 5, 2022)

### PRINCIPAL BANKS

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

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

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

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

### STOCK CODE

1745

### COMPANY'S WEBSITE

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

## KEY HIGHLIGHTS

### FOR THE REPORTING PERIOD:

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

\* Non-GAAP measure

### 2. OPERATING METRICS

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

## BUSINESS REVIEW AND OUTLOOK

### RESULTS HIGHLIGHTS

- 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 were approximately RMB10.9 million, representing a decrease of 62.0% as compared with the same period of 2021. Administrative expenses were 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 online tour guides developed by us as of June 30, 2022 (as of June 30, 2021: 30,464).



## BUSINESS REVIEW AND OUTLOOK

### 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 June 30, 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.

## BUSINESS REVIEW AND OUTLOOK

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.



## BUSINESS REVIEW AND OUTLOOK

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

### Reporting Period compared to Corresponding Period

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

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.

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue generated from the sale of online tour guides through OTAs	<b>145,020</b>	170,137

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***Sale of Online Tour Guides through our Lvji APP***

Tourists may access almost all of our online tour guides directly through our Lvji APP. It is available for download and mobile users can purchase online tour guides directly 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 Customized 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

	Six months ended June 30,			
	2022		2021	
	RMB'000 (Unaudited)	% of revenue	RMB'000 (Unaudited)	% of revenue
<b>Online Tour Guide</b>				
OTA concession fees	72,494	49.4%	85,268	48.7%
Amortization of other intangible assets	14,742	10.1%	40,534	23.1%
Tax and expenses	119	0.1%	115	0.1%
<b>Content Customization</b>	1,656	1.1%	401	0.2%
<b>Total</b>	<b>89,011</b>	<b>60.7%</b>	126,318	72.1%

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 to 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 selling costs and expense.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 June 30, 2022, we had cash and cash equivalents of approximately RMB358.7 million mainly denominated in RMB (as of December 31, 2021: RMB359.7 million), net current assets of approximately RMB364.2 million (as of December 31, 2021: RMB411.8 million) and total equity of approximately RMB626.7 million (as of December 31, 2021: RMB583.2 million). Our current ratio was approximately 5.0 times as of June 30, 2022 (as of December 31, 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 June 30, 2022 (as of December 31, 2021: Nil), and thus gearing ratio determined by bank borrowings divided by total equity was not applicable to us (as of December 31, 2021: not applicable).

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	For the six months ended	
	June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash flows generated from/(used in) operating activities	63,801	(38,941)
Net cash flows used in investing activities	(80,338)	(88,623)
Net cash flows used in financing activities	(1,419)	(1,391)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,956)</b>	<b>(128,955)</b>
Cash and cash equivalents at the beginning of period	359,665	516,385
Effect of foreign exchange rate changes, net	16,957	2,086
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>358,666</b>	<b>389,516</b>

### Net Cash Generated from/(Used in) Operating Activities

Our net cash generated from operating activities for the Reporting Period was approximately RMB63.8 million. The cash inflow was a result of (i) a positive effect of movement in working capital, which mainly included a decrease in trade receivables, prepayments, deposits and other receivables and an increase in other payables and accruals; and (ii) a positive effect of amortization of other intangible assets.

### Net Cash Used in Investing Activities

Our net cash used in investing activities for the Reporting Period was approximately RMB80.3 million. The cash outflow was attributable to (i) additions of approximately RMB78.9 million to other intangible assets; and (ii) investment approximately RMB27.0 million in an associate.

### Net Cash Used in Financing Activities

Our net cash used in financing activities for the Reporting Period was approximately RMB1.4 million. The cash outflow was mainly due to repayment of lease liabilities.

### 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 December 31, 2021 to June 30, 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 December 31, 2021 to June 30, 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Contingent Liabilities

The Group did not have any material contingent liabilities as at June 30, 2022 (as at December 31, 2021: Nil).

### Charge on Assets

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

### Foreign Exchange Risk Management

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

### Treasury Management Policy

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

## EMPLOYEE AND REMUNERATION POLICIES

As of June 30, 2022, we had a total of 102 full-time employees (as at December 31, 2021: 217). The remuneration of the employees is determined based on their performance, experience, competence and market comparable. The remuneration and compensation packages of the Directors and senior management are determined by reference to, among other things, the market level of salaries paid by comparable companies, and 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 disclosed in the subsection headed "Corporate Governance and Other Information – Share Option Scheme" in this report, and in the subsection headed "Statutory and General Information – D. Other Information – 1. Share Option Scheme" in Appendix IV to the Prospectus. As of June 30, 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 subsection headed "Corporate Governance and Other Information – Share Award Scheme" in this report, and in the Company's announcement dated January 21, 2022. As of June 30, 2022, no Shares had been awarded or agreed to be awarded by us pursuant to the Share Award Scheme.

## MANAGEMENT DISCUSSION AND ANALYSIS

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.

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

As at June 30, 2022, the Group did not have any significant investments. During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

As at June 30, 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 June 30, 2022, the Group's associates were in normal operation.

### **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 December 15, 2020, there was no other plans for material investments and capital assets during the Reporting Period and up to the date of this interim report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### Interests in Shares

Name of Director	Capacity/nature of interest	Number of Shares held	Long/short position	Approximate percentage of shareholding in the Company <sup>(3)</sup>
Mr. Zang	Beneficial owner	2,366,000	Long position	0.16%
	Interest in controlled corporation <sup>(1)</sup> /Interest of a party to an agreement regarding interest in the Company <sup>(2)</sup>	552,996,500	Long position	37.78%

#### Notes:

- (1) As of June 30, 2022, Lu Jia Technology directly held 405,243,400 Shares. As Lu Jia Technology is wholly and beneficially owned by Mr. Zang, Mr. Zang is deemed to be interested in the Shares held by Lu Jia Technology under the SFO.
- (2) Mr. Zang is a party to the acting in concert deed dated July 25, 2019 entered into by the Controlling Shareholders pursuant to which each of Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Jieming Sanhao LLP, Jieming Sanhao BVI, Qifu Honglian LLP and Qifu Honglian BVI agree to act and vote in concert with each other based on consensus reached among themselves (or the instructions of Mr. Zang when no consensus can be reached) for all operational and other matters at board meetings or shareholders' meetings of each of the Group companies. Mr. Zang is therefore respectively deemed to be interested in 147,753,100 Shares held by Mr. Fan, Invest Profit, Qifu Honglian LLP, Qifu Honglian BVI, Jieming Sanhao LLP and Jieming Sanhao BVI under the SFO.
- (3) The percentages are calculated on the basis of 1,463,650,000 Shares in issue as of June 30, 2022.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

## Interests in shares of an Associated Corporation

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

Note:

- (1) As of June 30, 2022, Lu Jia Technology was interested in approximately 37.94% of the Shares. Therefore, Lu Jia Technology is an associated corporation of the Company for the purpose of the SFO.

Save as disclosed above, as of June 30, 2022, none of the Directors nor the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2022, the following persons and entities (other than the Directors or chief executives of the Company) have interests or short positions in the shares and underlying shares which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Long/ Short position	Approximate percentage of shareholding in the Company <sup>(10)</sup>
Lu Jia Technology	Beneficial owner	405,243,400	Long position	27.69%
	Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	150,119,100	Long position	10.25%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Long/ Short position	Approximate percentage of shareholding in the Company <sup>(10)</sup>
Invest Profit	Beneficial owner	61,444,900	Long position	4.20%
	Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	493,917,600	Long position	33.74%
Mr. Fan <sup>(2)</sup>	Interest in controlled corporation/ Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	555,362,500	Long position	37.94%
Qifu Honglian BVI	Beneficial owner	47,401,200	Long position	3.24%
	Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	507,961,300	Long position	34.70%
Qifu Honglian LLP <sup>(3)</sup>	Interest in controlled corporation/ Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	555,362,500	Long position	37.94%
Qifu Private Equity Funds Management Company Limited* (啓賦私募基金管理有限公司) <sup>(3)</sup>	Interest in controlled corporation	555,362,500	Long position	37.94%
Shanghai Qianfu Investment Management Company Limited* (上海謙賦投資管理有限公司) <sup>(3)</sup>	Interest in controlled corporation	555,362,500	Long position	37.94%
Fu Zhekuan* (傅哲寬) <sup>(3)</sup>	Interest in controlled corporation	555,362,500	Long position	37.94%
Jieming Sanhao BVI	Beneficial owner	38,907,000	Long position	2.66%
	Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	516,455,500	Long position	35.28%
Jieming Sanhao LLP <sup>(4)</sup>	Interest in controlled corporation/Interest of a party to an agreement regarding interest in the Company <sup>(1)</sup>	555,362,500	Long position	37.94%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Long/Short position	Approximate percentage of shareholding in the Company <sup>(10)</sup>
Guangzhou Shi Jieming Investment Management Limited* (廣州市捷銘投資管理有限公司) <sup>(4)</sup>	Interest in controlled corporation	555,362,500	Long position	37.94%
Wang Bing* (王冰) <sup>(4)</sup>	Interest in controlled corporation	555,362,500	Long position	37.94%
Yongtai BVI <sup>(5)</sup>	Beneficial owner	87,684,600	Long position	5.99%
Yongtai LLP <sup>(5)</sup>	Interest in controlled corporation	87,684,600	Long position	5.99%
Dongying Chunhua Consultancy Management Company Limited* (東營春華諮詢管理有限公司) <sup>(5)</sup>	Interest in controlled corporation	87,684,600	Long position	5.99%
Dongying Linglong Jinshan Investment Management Company Limited* (東營玲瓏金山投資管理有限公司) <sup>(5)</sup>	Interest in controlled corporation	87,684,600	Long position	5.99%
BOCIFP	Beneficial owner	84,615,300	Long position	5.78%
Bank of China Limited <sup>(6)</sup>	Interest in controlled corporation	84,615,300	Long position	5.78%
China Investment Corporation <sup>(6)</sup>	Interest in controlled corporation	84,615,300	Long position	5.78%
Lin Fangli* (林芳荔) <sup>(7)</sup>	Interest of spouse	555,362,500	Long position	37.94%
Ye Hua* (葉華) <sup>(8)</sup>	Interest of spouse	555,362,500	Long position	37.94%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Long/ Short position	Approximate percentage of shareholding in the Company <sup>(10)</sup>
Mithaq Capital SPC <sup>(9)</sup>	Beneficial owner	295,194,000	Long position	20.17%
Mithaq Capital <sup>(9)</sup>	Interest in controlled corporation	295,194,000	Long position	20.17%
Mithaq Global <sup>(9)</sup>	Interest in controlled corporation	295,194,000	Long position	20.17%

## Notes:

- (1) It is a party to the acting in concert deed dated July 25, 2019 entered into by the Controlling Shareholders pursuant to which each of Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Jieming Sanhao LLP, Jieming Sanhao BVI, Qifu Honglian LLP and Qifu Honglian BVI agree to act and vote in concert with each other based on consensus reached among themselves (or the instructions of Mr. Zang when no consensus can be reached) for all operational and other matters at board meetings or shareholders' meetings of each of the Group companies.
- (2) As of June 30, 2022, Invest Profit directly held 61,444,900 Shares. Being a party to the acting in concert deed dated July 25, 2019, Invest Profit is deemed to be interested in the Shares held by Mr. Zang, Lu Jia Technology, Qifu Honglian LLP, Qifu Honglian BVI, Jieming Sanhao LLP and Jieming Sanhao BVI. Invest Profit is wholly and beneficially owned by Mr. Fan and therefore Mr. Fan is deemed to be interested in the Shares held by Invest Profit under the SFO.
- (3) As of June 30, 2022, Qifu Honglian BVI directly held 47,401,200 Shares. Being a party to the acting in concert deed dated July 25, 2019, Qifu Honglian BVI is deemed to be interested in the Shares held by Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Jieming Sanhao LLP and Jieming Sanhao BVI. Qifu Honglian BVI is wholly and beneficially owned by Qifu Honglian LLP. The general partner of Qifu Honglian LLP is Qifu Private Equity Funds Management Company Limited which in turn is owned as to approximately 32.74% by Shanghai Qianfu Investment Management Company Limited and as to approximately 18.28% by Fu Zhekuan, among others. Shanghai Qianfu Investment Management Company Limited is owned as to approximately 81.25% by Fu Zhekuan. Therefore, Qifu Honglian LLP, Shenzhen Qifu Capital Management Company Limited, Shanghai Qianfu Investment Management Company Limited and Fu Zhekuan are deemed to be interested in the Shares held by Qifu Honglian BVI under the SFO.
- (4) As of June 30, 2022, Jieming Sanhao BVI directly held 38,907,000 Shares. Being a party to the acting in concert deed dated July 25, 2019, Jieming Sanhao BVI is deemed to be interested in the Shares held by Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Qifu Honglian LLP and Qifu Honglian BVI. Jieming Sanhao BVI is wholly and beneficially owned by Jieming Sanhao LLP. The general partner of Jieming Sanhao LLP is Guangzhou Shi Jieming Investment Management Limited which in turn is owned as to approximately 74.5% by Wang Bing. Therefore, Jieming Sanhao LLP, Guangzhou Shi Jieming Investment Management Limited and Wang Bing are deemed to be interested in the Shares held by Jieming Sanhao BVI under the SFO.
- (5) Yongtai BVI is wholly and beneficially owned by Yongtai LLP. The general partner of Yongtai LLP is Dongying Chunhua Consultancy Management Company Limited which in turn is owned as to 99% by Dongying Linglong Jinshan Investment Management Company Limited. Therefore, Yongtai LLP, Dongying Chunhua Consultancy Management Company Limited and Dongying Linglong Jinshan Investment Management Company Limited are deemed to be interested in the Shares held by Yongtai BVI under the SFO.
- (6) BOCIFP is wholly owned by BOC International Holdings Limited, which is in turn wholly owned by Bank of China Limited. As of June 30, 2022, Central Huijin Investment Ltd. held approximately 64.02% of the total issued ordinary share capital of Bank of China Limited. Central Huijin Investment Ltd. is a state-owned investment PRC company which is wholly owned by China Investment Corporation. Therefore China Investment Corporation and Bank of China Limited are deemed to be interested in the Shares held by BOCIFP under the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (7) Lin Fangli is the spouse of Fu Zhekuan. Therefore, Lin Fangli is deemed to be interested in the Shares in which Fu Zhekuan is interested or is deemed to be interested under the SFO.
- (8) Ye Hua is the spouse of Wang Bin. Therefore, Ye Hua is deemed to be interested in the Shares in which Wang Bin is interested or is deemed to be interested under the SFO.
- (9) As of June 30, 2022, to the best knowledge of the Directors, Mithaq Capital SPC directly held 295,194,000 Shares. Mithaq Capital SPC was owned by Mithaq Capital as to 46.92%, which in turn was wholly owned by Mithaq Global. Therefore, Mithaq Capital and Mithaq Global are deemed to be interested in the Shares held by Mithaq Capital SPC under the SFO.
- (10) The percentages are calculated on the basis of 1,463,650,000 Shares in issue as of June 30, 2022.

Save as disclosed above, as of June 30, 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

### SHARE OPTION SCHEME

We have adopted the Share Option Scheme. The principal terms of the Share Option Scheme are set out as follows:

**(i) Purpose**

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (ii) Eligible participants

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

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

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

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

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

The total number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 141,030,000 Shares, being 9.64% of the total number of Shares in issue as at the date of this report.

### (v) Maximum entitlement of each participant

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

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on December 20, 2019 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

For details, please refer to the sub-section headed “Appendix IV – Statutory and General Information – D. Other Information – 1. Share Option Scheme” of the Prospectus.

The total number of 141,030,000 Shares are available for issue under the Share Option Scheme as at the date of this report, representing approximately 9.64% of the Shares of the Company in issue as at the date of this report. As at June 30, 2022 the remaining life of the Share Option Scheme is approximately 7.5 years. Save as disclosed above, as of June 30, 2022, no share options had been granted or agreed to be granted by us pursuant to the Share Option Scheme.

## **SHARE AWARD SCHEME**

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

### **(i) Objectives**

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

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (iii) Vesting of Awarded Shares

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

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

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

### (v) Maximum entitlement of each participant

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

### (vi) Alteration and Termination

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

The Share Award Scheme shall terminate on the earlier of:

- (a) the 10th anniversary date of January 21, 2022; and
- (b) such date of early termination as determined by the Board by a resolution of the Board,

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

Please refer to the Company's announcement dated January 21, 2022 for details of the Share Award Scheme. As of June 30, 2022, no Shares had been awarded or agreed to be awarded by us pursuant to the Share Award Scheme.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

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 have complied with the Model Code during the Reporting Period.

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

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

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of the Shareholders and enhance its value and accountability. The Company has adopted and applied principles and code provisions as set out in the Corporate Governance Code. During the Reporting Period, the Company had complied with the code provisions under 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 June 30, 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 August 15, 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 the section headed "Corporate Governance Events after June 30, 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.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE

The Audit Committee consists of three INEDs, 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 condensed consolidated interim 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 condensed consolidated interim financial results of the Group for the Reporting Period and this interim report. The Audit Committee considers that the interim financial results for the Reporting Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

### INTERIM DIVIDEND

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

### USE OF PROCEEDS

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 had used approximately HK\$364.2 million (equivalent to approximately RMB322.7 million).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The table below sets out the planned applications and usage of the net proceeds:

	Intended use of net proceeds from the Global Offering	Proportion	Remaining balance as at December 31, 2021	Amount utilized for the Reporting Period	Amount utilized as of June 30, 2022	Remaining balance as at June 30, 2022	Expected timeline to use the remaining net proceeds
	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Upgrade of existing products' contents	58.0	10	41.5	3.8	20.3	37.7	31/12/2022
Data collection and content production of the tourist attractions for online tour guide development	174.0	30	-	-	174.0	-	Not applicable
Expansion of content production team	58.0	10	48.3	1.3	11.0	47.0	31/12/2022
Upgrade of existing hardware and software	20.3	3.5	12.8	-	7.5	12.8	31/12/2022
Recruitment of more R&D talents	20.3	3.5	-	-	20.3	-	Not applicable
Procurement of servers	17.4	3	17.4	-	-	17.4	31/12/2022
Industry exhibitions and conferences, on-site promotion at tourist attractions and marketing activities	34.8	6	-	-	34.8	-	Not applicable
New products launches and marketing	23.2	4	4.3	4.3	23.2	-	Not applicable
Strategic investment	116.0	20	101.0	-	15.0	101.0	31/12/2022
Working capital and general corporate purposes	58.0	10	-	-	58.0	-	Not applicable
<b>Total</b>	<b>580.0</b>	<b>100</b>	<b>225.2</b>	<b>9.4</b>	<b>364.2</b>	<b>215.8</b>	

As at the date of this interim report, the unutilised net proceeds were deposited in licensed banks in the PRC and will continue to be used in accordance with the purposes set out in the Prospectus and are expected to be used up by December 2022.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

The table below set out the intended application and usage of the net proceeds from the placing of new Shares under general mandate:

	Intended use of net proceeds from the placing of new Shares under general mandate	Proportion	Remaining balance	Amount utilized	Amount utilized	Remaining balance	Expected timeline to use the remaining net proceeds
			as at December 31, 2021	for the Reporting Period	as of June 30, 2022	as at June 30, 2022	
	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Operating expenses such as hiring additional employees and procuring advanced hardware and software equipment	4.8	10	-	-	4.8	-	Not applicable
Equity acquisition and investment of high-quality enterprises associated with the Company's business	43.1	90	43.1	-	-	43.1	31/12/2022
<b>Total</b>	<b>47.9</b>	<b>100</b>	<b>43.1</b>	<b>-</b>	<b>-</b>	<b>43.1</b>	

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### **CORPORATE GOVERNANCE EVENTS AFTER JUNE 30, 2022**

With effect from August 15, 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 Ting's appointment, please refer to the Company's announcement dated August 15, 2022.

### **EVENT AFTER THE REPORTING PERIOD**

According to the "Events After the Reporting Period" in note 24 to Unaudited Interim Condensed Consolidated Financial Information, there is no significant event after the end of the Reporting Period. The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2022 and up to the date of this interim report.

### **NO MATERIAL CHANGES**

Save as disclosed in this interim report, from the Listing Date to June 30, 2022, there were no material changes affecting the Company's performance that needs to be disclosed under paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2022

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



## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2022

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

The notes on pages 38 to 51 are an integral part of this interim financial report.



## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Notes	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	1,909	2,118
Other intangible assets	12	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
<b>Current assets</b>			
Trade receivables	13	42,032	47,895
Prepayments, deposits and other receivables	14	42,953	49,129
Amount due from a related party	21(c)	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
<b>Current liabilities</b>			
Trade payables	15	814	10,312
Other payables and accruals	16	39,501	22,456
Contract liabilities	17	1,859	2,960
Deferred income		1,181	1,161
Amounts due to related parties	21(c)	2,349	3,405
Lease liabilities		1,407	2,855
Tax payable		43,952	37,087
Total current liabilities		91,063	80,236
<b>Net current assets</b>		<b>364,191</b>	<b>411,757</b>
<b>Total assets less current liabilities</b>		<b>627,442</b>	<b>584,835</b>
<b>Non-current liabilities</b>			
Deferred income		494	1,342
Lease liabilities		238	248
Total non-current liabilities		732	1,590
<b>Net assets</b>		<b>626,710</b>	<b>583,245</b>
<b>Equity</b>			
<b>Equity attributable to owners of the company</b>			
Share capital	18	100,648	100,648
Reserves		526,062	482,597
<b>Total equity</b>		<b>626,710</b>	<b>583,245</b>

The notes on pages 38 to 51 are an integral part of this interim financial report.



## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2022

	Share capital RMB'000 (Note 18)	Share premium* RMB'000	Merger reserve* RMB'000	Statutory reserve* RMB'000	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000
<b>At January 1, 2022 (audited)</b>	<b>100,648</b>	<b>498,698</b>	<b>374,376</b>	<b>33,201</b>	<b>(394,321)</b>	<b>(29,357)</b>	<b>583,245</b>
Profit for the period	-	-	-	-	26,508	-	26,508
Other comprehensive income for the period	-	-	-	-	-	16,957	16,957
Total comprehensive income for the period	-	-	-	-	26,508	16,957	43,465
At June 30, 2022 (unaudited)	<b>100,648</b>	<b>498,698</b>	<b>374,376</b>	<b>33,201</b>	<b>(367,813)</b>	<b>(12,400)</b>	<b>626,710</b>

	Share capital RMB'000 (Note 18)	Share premium* RMB'000	Merger reserve* RMB'000	Statutory reserve* RMB'000	Retained profits* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000
<b>At January 1, 2021 (audited)</b>	<b>100,648</b>	<b>498,698</b>	<b>374,376</b>	<b>29,217</b>	<b>159,280</b>	<b>(21,802)</b>	<b>1,140,417</b>
Profit for the period	-	-	-	-	880	-	880
Other comprehensive loss for the period	-	-	-	-	-	(3,305)	(3,305)
Total comprehensive loss for the period	-	-	-	-	880	(3,305)	(2,425)
At June 30, 2021 (unaudited)	<b>100,648</b>	<b>498,698</b>	<b>374,376</b>	<b>29,217</b>	<b>160,160</b>	<b>(25,107)</b>	<b>1,137,992</b>

\* These reserve accounts comprise the consolidated reserves of RMB526,062,000 (Corresponding Period: RMB1,037,344,000) in the interim condensed consolidated statements of financial position.

The notes on pages 38 to 51 are an integral part of this interim financial report.



## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2022

	Notes	For the six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before tax		33,500	1,850
Adjustments for:			
Finance costs		26	–
Interest income	4	(1,161)	(4,224)
Impairment of other intangible assets	12	–	8,816
Impairment of trade receivables		384	42
Depreciation of property, plant and equipment		535	1,289
Depreciation of right-of-use assets		691	962
Amortisation of other intangible assets		14,740	40,541
Loss on disposal of property, plant and equipment		8	–
Operating cash flows before working capital changes		48,723	49,276
Decrease/(Increase) in trade receivables		5,479	(22,344)
Decrease/(Increase) in prepayments, deposits and other receivables		6,509	(71,728)
(Increase)/Decrease in amounts due from related parties		(1,345)	1
Increase/(Decrease) in amounts due to related parties		(1,056)	1,628
Decrease in trade and bills payables		(9,498)	(398)
Increase/(Decrease) in other payables and accruals		17,045	(1,618)
(Decrease)/Increase in contract liabilities		(1,101)	7,064
Decrease in deferred income		(828)	(822)
Cash generated from/(used in) operations		63,928	(38,941)
Tax refund		(127)	–
Net cash generated from/(used in) operating activities		63,801	(38,941)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	11	(675)	(608)
Proceeds from disposal of property, plant and equipment		8	–
Proceeds from disposal of financial assets at fair value through profit or loss		25,046	–
Additions to other intangible assets	12	(78,878)	(97,336)
Investment in an associate		(27,000)	–
Interest received		1,161	9,321
Net cash flows used in investing activities		(80,338)	(88,623)



## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

For the six months ended June 30, 2022

	For the six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(1,419)	(1,391)
Net cash flows used in financing activities	(1,419)	(1,391)
<b>Net decrease in cash and cash equivalents</b>	<b>(17,956)</b>	(128,955)
Cash and cash equivalents at beginning of period	359,665	516,385
Effect of foreign exchange rate changes, net	16,957	2,086
<b>Cash and cash equivalents at end of period</b>	<b>358,666</b>	389,516

The notes on pages 38 to 51 are an integral part of this interim financial report.



## NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended June 30, 2022

### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands with limited liability on November 7, 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 January 17, 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.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the Reporting Period 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 December 31, 2021.

### 2.2 APPLICATION OF AMENDMENTS TO HKFRSs

The condensed consolidated interim financial statements for the Reporting Period have been prepared in accordance with the accounting policies adopted in the Group’s annual financial statements for the year ended December 31, 2021, except for the adoption of the following amended HKFRSs effective as of January 1, 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	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

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.



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

For the six months ended June 30, 2022

### 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 customised content in Mainland China, all of the Group's identifiable assets and liabilities were located in Mainland China, and overseas income from any individual district did not exceed 10% of total revenue, no geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

#### Information about major customers

No revenue from a single end user, travel agency, tourist attraction administrator 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 June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
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	1,694	4,330
	<b>146,742</b>	<b>175,137</b>

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

For the six months ended June 30, 2022

### 4. REVENUE, OTHER INCOME AND GAINS (Cont'd)

#### Revenue from contracts with customers

##### (i) Disaggregated revenue information

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

##### (ii) Performance obligations

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

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

The performance obligation is satisfied when the online tour guides are activated by end users. The end users make the payments in advance. OTAs reconcile and settle the payments received from the end users with the Group on a monthly 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.



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

For the six months ended June 30, 2022

**4. REVENUE, NET OTHER INCOME AND GAINS (Cont'd)****Net other income and gains**

	For the six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Government grants (Note)	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
	<b>1,479</b>	<b>7,285</b>

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

**5. PROFIT BEFORE TAX**

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

	For the six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (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
	<b>13,019</b>	<b>13,362</b>

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

For the six months ended June 30, 2022

### 6. OTHER EXPENSES

An analysis of other expenses is as follows:

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

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

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

### 8. INCOME TAX EXPENSE

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



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

For the six months ended June 30, 2022

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

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Laws 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 January 1, 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 November 6, 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 January 1, 2020.

The Group had no potentially dilutive ordinary shares in issue during the Reporting Period and Corresponding Period.



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

For the six months ended June 30, 2022

### 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Cont'd)

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

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

### 11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquires assets with a cost of RMB675,000 (June 30, 2021: RMB608,000).

During the Reporting Period, the Group disposes assets of RMB16,000 (June 30, 2021: Nil).

### 12. OTHER INTANGIBLE ASSETS

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

During the Corresponding Period, 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%.



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

For the six months ended June 30, 2022

### 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:

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

### 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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.



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

For the six months ended June 30, 2022

### 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:

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

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

### 16. OTHER PAYABLES AND ACCRUALS

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

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.

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



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

For the six months ended June 30, 2022

### 17. CONTRACT LIABILITIES (Cont'd)

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

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

Movements in contract liabilities during the period are as follows:

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

### 18. SHARE CAPITAL

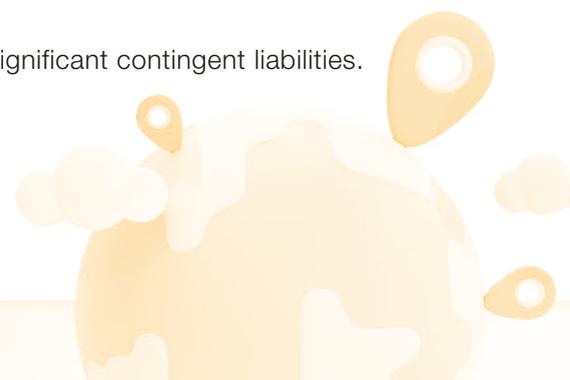
	<b>June 30, 2022 RMB'000 (Unaudited)</b>	December 31, 2021 RMB'000 (Audited)
Issued and fully paid: 1,463,650,000 ordinary shares of US\$0.01 each	<b>100,648</b>	100,648

### 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.



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

For the six months ended June 30, 2022

### 21. RELATED PARTY TRANSACTIONS AND BALANCES

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

#### (a) Names and relationships

Name of related parties	Relationships with the Group and the Company
Mr. Zang	A substantial shareholder
Mr. Fan Baoguo ("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 related parties during the period:

	For the six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Advances to a related party:		
Mr. Zang	1,345	–
Repayment of advances to a related party:		
Mr. Zang	2,449	–
Advances from related parties:		
LU JIA TECHNOLOGY HOLDINGS	1,342	–
Mr. Zang	–	1,628
Mr. Fan	51	–
	<b>1,393</b>	1,628

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



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

For the six months ended June 30, 2022

**21. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)****(c) Outstanding balances with related parties**

The Group had the following balances with related parties:

	<b>June 30, 2022 RMB'000 (Unaudited)</b>	December 31, 2021 RMB'000 (Audited)
Amount due from a related party: Mr. Zang	<b>1,345</b>	–
Amounts due to related parties:		
LU JIA TECHNOLOGY HOLDINGS	<b>1,342</b>	–
Mr. Zang	–	2,449
Mr. Fan	<b>1,007</b>	956
	<b>2,349</b>	3,405

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

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

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**

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

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

For the six months ended June 30, 2022

### 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:

	<b>June 30, 2022 RMB'000 (Unaudited)</b>	December 31, 2021 RMB'000 (Audited)
<b>Financial assets</b>		
<b><i>Financial assets at FVTPL</i></b>	<b>10,058</b>	35,104
<b><i>Financial assets at amortised cost</i></b>		
Trade receivables	<b>42,032</b>	47,895
Financial assets included in prepayments, deposits and other receivables	<b>5,878</b>	7,692
Amount due from a related party	<b>1,345</b>	–
Pledged deposits	<b>200</b>	200
Cash and cash equivalents	<b>358,666</b>	359,665
	<b>418,179</b>	450,556
<b>Financial liabilities</b>		
<b><i>Financial liabilities at amortised cost</i></b>		
Trade payables	<b>814</b>	10,312
Financial liabilities included in other payables and accruals	<b>28,042</b>	10,538
Amounts due to related parties	<b>2,349</b>	3,405
Lease liabilities	<b>1,645</b>	3,103
	<b>32,850</b>	27,358



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

For the six months ended June 30, 2022

### 23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at June 30, 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 August 30, 2022.





## DEFINITION

In this interim report, 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
“Awarded Shares”	in respect of a Selected Employee, such number of Shares as awarded by the Board
“Board”	the board of directors of the Company
“BOCIFP”	BOCI Financial Products Limited (中銀國際金融產品有限公司) (formerly known as Binten Inc.), a company incorporated in the BVI with limited liability on June 15, 2000 and a Pre-IPO investor defined in the Prospectus
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, except where the context requires otherwise and only for the purposes of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Company” or “Lvji”	Lvji Technology Holdings Inc. (驢跡科技控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands
“Controlling Shareholders”	has the meaning ascribed thereto in the Listing Rules and unless the context otherwise requires, refers to Mr. Zang, Lu Jia Technology, Mr. Fan, Invest Profit, Qifu Honglian LLP, Qifu Honglian BVI, Jieming Sanhao LLP and Jieming Sanhao BVI
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Corresponding Period”	the six months ended June 30, 2021

## DEFINITION

“COVID-19” or “Pandemic”	Novel Coronavirus 2019 Pandemic
“Director(s)”	the director(s) of the Company
“Employee(s)”	any employee (including without limitation any executive director) of any member of the Company and its subsidiaries from time to time
“Excluded Employee(s)”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee
“GAAP”	generally accepted accounting principles
“Global Offering”	the offering of the Company’s Shares as described in the Prospectus
“Group”, “we”, “us” or “our”	the Company and its subsidiaries
“H5”	a mark-up language used for structuring and presenting content on the World Wide Web, the fifth and current major version of the HTML standard
“HKAS”	Hong Kong Accounting Standard
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standard(s) (including HKASs and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“INEDs”	the independent non-executive Directors

## DEFINITION

“Invest Profit”	Invest Profit Technology Holdings Limited, a company incorporated in the BVI with limited liability on November 6, 2018 which is wholly owned by Mr. Fan and our Controlling Shareholder
“Jieming Sanhao BVI”	Jieming Culture & Travel Investment Ltd. (捷銘文旅投資有限公司), a company incorporated in the BVI with limited liability on January 2, 2019 which is wholly owned by Jieming Sanhao LLP and our Controlling Shareholder
“Jieming Sanhao LLP”	廣州市捷銘叁號投資企業(有限合夥) (Guangzhou Jieming No. 3 Investment Enterprise (Limited Partnership)*), a limited partnership established in the PRC on May 26, 2016, a Pre-IPO Investor defined in the Prospectus and our Controlling Shareholder
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange, which occurred on the Listing Date
“Listing Date”	January 17, 2020, the date on which the Shares are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Lu Jia Technology”	Lu Jia Technology Holdings Limited, a company incorporated in the BVI with limited liability on November 6, 2018 which is wholly owned by Mr. Zang and our Controlling Shareholder
“Lvji Technology”	驢跡科技集團有限公司 (Lvji Technology Group Co. LTD*) (formerly known as 廣州市驢跡科技有限責任公司), a company established in the PRC with limited liability on December 14, 2013 and an indirect wholly-owned subsidiary of our Company
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Mr. Fan”	樊保國 (Fan Baoguo*), a PRC resident, a non-executive Director, a Pre-IPO Investor defined in the Prospectus and our Controlling Shareholder

## DEFINITION

“Mr. Zang”	臧偉仲 (Zang Weizhong*), a PRC resident and an executive Director, chairman of the Board, chief executive officer and our Controlling Shareholder
“OTA”	online travel agency
“Prospectus”	the prospectus dated December 31, 2019 issued by the Company
“Qifu Honglian BVI”	QF HL LJ Limited, a company incorporated in the BVI with limited liability on November 13, 2018 which is wholly owned by Qifu Honglian LLP and our Controlling Shareholder
“Qifu Honglian LLP”	長興啓賦宏聯股權投資合夥企業(有限合夥) (Changxing Qifu Honglian Equity Investment (Limited Partnership)*) (formerly known as 長興啓賦宏聯投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 29, 2016, a Pre-IPO Investor defined in the Prospectus and our Controlling Shareholder
“R&D”	research and development
“Reporting Period”	the six months ended June 30, 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
“Selected Employee(s)”	Employee(s) selected by the Board for participation in the Share Award Scheme
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value US\$0.01 each
“Share Award Scheme”	the share award scheme of the Company adopted on January 21, 2022
“Share Option Scheme”	the share option scheme of the Company adopted on December 20, 2019



## DEFINITION

“Shareholder(s)”	holder(s) of the Share(s)
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Vesting Date”	in respect of a Selected Employee, the date on which his entitlement to the Awarded Shares is vested in such Selected Employee in accordance with the Share Award Scheme
“Yongtai BVI”	Sunrise Boulevard Investments Limited, a company incorporated in the BVI with limited liability on June 12, 2019 which is wholly owned by Yongtai LLP
“Yongtai LLP”	深圳前海春華永泰企業管理諮詢合夥企業(有限合夥) (Shenzhen Qianhai Sunrise Boulevard Enterprise Management Consultancy Limited Partnership*), a limited partnership established in the PRC with limited liability on May 24, 2019 and a Pre-IPO investor defined in the Prospectus

\* The names of the PRC established companies or entities have been included in this interim report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. The English translation of company names in Chinese which are marked with “\*” are for identification purposes only.