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Lvji Technology Holdings Inc.

驢跡科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1745)

ISSUE OF SHARES UNDER GENERAL MANDATE

On 2 June 2023 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 76,000,000 Subscription Shares at the Subscription Price of HK\$1.00 per Subscription Share. The obligations of each of the Subscribers under the Subscription Agreements are several (not joint or joint and several) and their rights are separate and independent. No placing agent has been appointed for the Subscriptions.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion Date, the 76,000,000 Subscription Shares represent (i) approximately 4.95% of the existing issued Shares of the Company as at the date of this announcement; and (ii) approximately 4.71% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares will be allotted and issued under the General Mandate, and therefore the allotment and issue of the Subscription Shares is not subject to the approval of the Shareholders. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The net proceeds will be approximately HK\$75.50 million. The net proceeds are intended to be used for operating expenses, such as the production of domestic and overseas tour guides.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions set out in the Subscription Agreements. The Subscriptions may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares or other securities of the Company.

INTRODUCTION

On 2 June 2023 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 76,000,000 Subscription Shares at the Subscription Price of HK\$1.00 per Subscription Share. The number of Shares to be subscribed by Subscriber I is 38,000,000 Shares and Subscriber II is 38,000,000 Shares. The obligations of each of the Subscribers under the Subscription Agreements are several (not joint or joint and several) and their rights are separate and independent. No placing agent has been appointed for the Subscriptions.

THE SUBSCRIPTION AGREEMENTS

Date: 2 June 2023 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Ms. Zhang Huan (being Subscriber I) and Mr. Qi Shaobin (being Subscriber II), as the subscribers.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscribers is an Independent Third Party. Upon completion of the Subscriptions, none of the Subscribers will become a substantial Shareholder (as defined in the Listing Rules).

Subscription Shares

Subject to the fulfilment of conditions set out below, the Subscribers shall subscribe an aggregate of 76,000,000 Subscription Shares. The aggregate nominal value of the Subscription Shares will be US\$760,000.

As at the date of this announcement, the Company has 1,536,100,675 Shares in issue. Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Completion Date, the 76,000,000 Subscription Shares represent:

- (i) approximately 4.95% of the existing issued Shares of the Company as at the date of this announcement; and
- (ii) approximately 4.71% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price represents:

- (i) a premium of approximately 38.89% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on 2 June 2023, being the closing price on the date of the Subscription Agreements; and
- (ii) a premium of approximately 48.37% to the average closing price of approximately HK\$0.674 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to the prevailing market price, the recent trading performance of the Shares and the current challenging operating environment and economic uncertainties. The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscriptions

The Subscriptions are conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares;
- (ii) the Company and the Subscribers having obtained all necessary consents and approvals, and approvals and consents from the relevant governmental and regulatory bodies, in respect of the Subscription Agreements and the transactions contemplated thereunder, and complied with the relevant laws and regulations (including but not limited to the laws and regulations of the PRC and Hong Kong and the Listing Rules); and
- (iii) the accuracy and completeness of all representations that the Company makes to the Subscribers and all information that the Company furnishes to the Subscribers in connection with the Subscriptions remaining true, accurate, complete and not misleading in material aspects.

The Company shall endeavour to fulfil all the conditions set out above. Except condition (i) and condition (ii), the Subscribers, may waive the above conditions by issuing a written notice to the Company. In the event that any of the above conditions is not fulfilled or waived on or before 30 June 2023 (or such other day as the Company and the Subscriber may agree), all obligations and liabilities (except for certain surviving clauses of the Subscription Agreements) of the Company and the Subscribers shall cease and terminate.

Completion of the Subscriptions

Completion of the Subscriptions shall take place within seven Business Day after all the conditions are met or waived (as the case may be) (or such later date as may be agreed between the parties to the Subscription Agreements).

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects among themselves and with the Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscriptions, including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Lock-up restriction

Pursuant to the Subscription Agreements, each of the Subscribers undertakes to the Company that, upon the Completion and up to the end of 12-month period after the Completion, each of them will not dispose of any of the Subscription Shares.

Application for listing

An application will be made by the Company to the Stock Exchange for the granting of listing of, and permission to deal in, the Subscription Shares.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Up to the date of this announcement, the maximum number of Shares that can be issued by the Company under the General Mandate is 292,730,000 Shares. 72,450,675 Shares have been issued on 23 December 2022 under the General Mandate, and there are 220,279,325 Shares which can be issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Subscription Shares. As such, the issue of the Subscription Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to approximately 25.96% upon the allotment and issue of all the Subscription Shares.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Board considers that the Subscriptions represent a good opportunity for the Company to raise additional funds for general working capital and to widen the Company's shareholder base. The Subscribers, with tourism and internet industry resources, are strategic long-term investors. It is intended that the Subscribers and the Group will carry out comprehensive cooperation in the offline channel development of electronic navigation business, SaaS (software-as-a-service) of smart scenic spots and other fields. As such, the Directors (including the independent non-executive Directors) consider that the Subscription Agreements are entered into upon normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds will be approximately HK\$75.50 million. The net proceeds are intended to be used for operating expenses, such as the production of domestic and overseas tour guides.

The net Subscription Price will be about HK\$0.993 per Share.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Subscriptions (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after the Completion of the Subscriptions) are as follows:

Shareholders	As at the date of this announcement		Immediately after the Completion of the Subscriptions	
	<i>Number of Shares</i>	<i>Approx.%</i>	<i>Number of Shares</i>	<i>Approx.%</i>
Mr. Zang Weizhong and parties acting in concert with him				
Lu Jia Technology Holdings Limited	407,489,400	26.53	407,489,400	24.81
Invest Profit Technology Holdings Limited	61,444,900	4.00	61,444,900	3.81
QF HL LJ Limited	47,401,200	3.09	47,401,200	2.94
Jieming Culture & Travel Investment Ltd.	<u>38,907,000</u>	<u>2.53</u>	<u>38,907,000</u>	<u>2.41</u>
Sub-total	<u>555,242,500</u>	<u>36.15</u>	<u>555,242,500</u>	<u>34.44</u>
Public Shareholders				
Subscriber I	–	–	38,000,000	2.36
Subscriber II	–	–	38,000,000	2.36
Other public Shareholders	<u>862,551,500</u>	<u>56.15</u>	<u>862,551,500</u>	<u>53.50</u>
Total	<u>1,536,100,675</u>	<u>100</u>	<u>1,612,100,675</u>	<u>100</u>

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Saved as disclosed below, the Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that the Completion of the Subscriptions is subject to the fulfilment of the conditions set out in the Subscription Agreements. The Subscriptions may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares or other securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 24 June 2022
“Board”	the board of Directors
“Business Days”	a day (excluding a Saturday or Sunday or public holiday in Hong Kong) on which banks are generally open for business in Hong Kong
“Company”	Lvji Technology Holdings Inc. (驢跡科技控股有限公司, stock code: 1745), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Subscriptions
“Completion Date”	the actual date of Completion of the Subscriptions pursuant to the Subscription Agreements
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with new Shares not exceeding 20% of the total number of issued Shares as at the date of passing of such resolution, pursuant to which a maximum of 292,730,000 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, any person or company and their respective ultimate beneficial owner(s) (if applicable) who are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value US\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber I”	Ms. Zhang Huan (張歡), an Independent Third Party
“Subscriber II”	Mr. Qi Shaobin (齊韶斌), an Independent Third Party
“Subscribers”	Subscriber I and Subscriber II, who entered into the Subscription Agreements, collectively refer to the Subscribers
“Subscriptions”	the subscriptions for the Subscription Shares by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	the subscription agreements dated 2 June 2023 and entered into between the Company and each of Subscriber I and Subscriber II, in relation to the Subscriptions, collectively refer to the Subscription Agreements
“Subscription Price”	HK\$1.00 per Subscription Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)

“Subscription Share(s)”	an aggregate of 76,000,000 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Guangzhou, the PRC, 2 June 2023

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