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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 February 6, 2024 (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 75,100,000 Subscription Shares at the Subscription Price of HK\$0.45 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 75,100,000 Subscription Shares represent (i) approximately 4.66% of the existing issued Shares of the Company as at the date of this announcement; and (ii) approximately 4.45% 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\$33.29 million. The net proceeds are intended to be used for operating expenses, such as the production of domestic and overseas electronic tour guides, as well as AR tour guides, AI tour guide robots, livestreaming e-commerce and short video production.

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 February 6, 2024 (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 75,100,000 Subscription Shares at the Subscription Price of HK\$0.45 per Subscription Share. The number of Shares to be subscribed by Subscriber I is 6,500,000 Shares, Subscriber II is 5,000,000 Shares, Subscriber III is 3,500,000 Shares, Subscriber IV is 2,500,000 Shares, Subscriber V is 2,800,000 Shares, Subscriber VI is 5,000,000 Shares, Subscriber VII is 2,500,000 Shares, Subscriber VIII is 2,300,000 Shares, Subscriber IX is 2,500,000 Shares, Subscriber X is 40,000,000 Shares and Subscriber XI is 2,500,000 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 FIRST SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) An Peng (being Subscriber I), as the Subscribers.

According to the terms of the first subscription agreement, Subscriber I will subscribe for 6,500,000 Subscription Shares at the Subscription Price.

THE SECOND SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Yu Rongbo (being Subscriber II), as the Subscribers.

According to the terms of the second subscription agreement, Subscriber II will subscribe for 5,000,000 Subscription Shares at the Subscription Price.

THE THIRD SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Xing Zhonggui (being Subscriber III), as the Subscribers.

According to the terms of the third subscription agreement, Subscriber III will subscribe for 3,500,000 Subscription Shares at the Subscription Price.

THE FOURTH SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Zhang Kaizhi (being Subscriber IV), as the Subscribers.

According to the terms of the fourth subscription agreement, Subscriber IV will subscribe for 2,500,000 Subscription Shares at the Subscription Price.

THE FIFTH SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Tang Ling (being Subscriber V), as the Subscribers.

According to the terms of the fifth subscription agreement, Subscriber V will subscribe for 2,800,000 Subscription Shares at the Subscription Price.

THE SIXTH SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Lin Aiye (being Subscriber VI), as the Subscribers.

According to the terms of the sixth subscription agreement, Subscriber VI will subscribe for 5,000,000 Subscription Shares at the Subscription Price.

THE SEVENTH SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Zhou Wenqin (being Subscriber VII), as the Subscribers.

According to the terms of the seventh subscription agreement, Subscriber VII will subscribe for 2,500,000 Subscription Shares at the Subscription Price.

THE EIGHTH SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Shen Wentao (being Subscriber VIII), as the Subscribers.

According to the terms of the eighth subscription agreement, Subscriber VIII will subscribe for 2,300,000 Subscription Shares at the Subscription Price.

THE NINTH SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Xun Fei (being Subscriber IX), as the Subscribers.

According to the terms of the ninth subscription agreement, Subscriber IX will subscribe for 2,500,000 Subscription Shares at the Subscription Price.

THE TENTH SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Li Tingting (being Subscriber X), as the Subscribers.

According to the terms of the tenth subscription agreement, Subscriber X will subscribe for 40,000,000 Subscription Shares at the Subscription Price.

THE ELEVENTH SUBSCRIPTION AGREEMENT

Date: February 6, 2024 (after trading hours)

Parties:

- (i) the Company, as the issuer; and
- (ii) Chen Weixiong (being Subscriber XI), as the Subscribers.

According to the terms of the eleventh subscription agreement, Subscriber XI will subscribe for 2,500,000 Subscription Shares at the Subscription Price.

SUBSCRIPTION SHARES

Subject to the fulfilment of conditions set out below, the Subscribers shall subscribe for an aggregate of 75,100,000 Subscription Shares. The aggregate nominal value of the Subscription Shares will be US\$751,000.

As at the date of this announcement, the Company has 1,612,100,675 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 75,100,000 Subscription Shares represent:

- (i) approximately 4.66% of the existing issued Shares of the Company as at the date of this announcement; and
- (ii) approximately 4.45% 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 discount of approximately 11.11% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on February 6, 2024, being the closing price on the date of the Subscription Agreements; and
- (ii) a discount of approximately 16.44% to the average closing price of approximately HK\$0.52 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.

INFORMATION OF THE SUBSCRIBERS

According to the information made available to the Company, each of the Subscribers is a natural person of the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all the Subscribers are an Independent Third Party. Upon Completion, none of the Subscribers will become a substantial Shareholder (as defined in the Listing Rules).

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 February 29, 2024 (or such other date as the Company and the Subscribers 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 Days after all the conditions are fulfilled 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 Completion Date 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 322,420,135 Shares. The General Mandate is sufficient for the allotment and issue of all the new 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 23.29% 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, to widen the Company's shareholder base, and to increase the extent of diversity of shareholders. The Subscribers, with tourism and internet industry resources, are strategic long-term investors of the Group. It is expected 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\$33.29 million. The net proceeds are intended to be used for operating expenses, such as the production of domestic and overseas electronic tour guides, as well as AR tour guides, AI tour guide robots, livestreaming e-commerce and short video production. The net Subscription Price will be approximately HK\$0.443 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) are as follows:

Shareholders	As at the date of this announcement		Immediately after the Completion	
	<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	25.28%	407,489,400	24.15%
Invest Profit Technology Holdings Limited	61,444,900	3.81%	61,444,900	3.64%
QF HL LJ Limited	47,401,200	2.94%	47,401,200	2.81%
Jieming Culture & Travel Investment Ltd.	<u>38,907,000</u>	<u>2.14%</u>	<u>38,907,000</u>	<u>2.31%</u>
Sub-total	<u>555,242,500</u>	<u>34.44%</u>	<u>555,242,500</u>	<u>32.91%</u>
Public Shareholders				
Subscriber I	–	–	6,500,000	0.39%
Subscriber II	–	–	5,000,000	0.30%
Subscriber III	–	–	3,500,000	0.21%
Subscriber IV	–	–	2,500,000	0.15%
Subscriber V	–	–	2,800,000	0.17%
Subscriber VI	–	–	5,000,000	0.30%
Subscriber VII	–	–	2,500,000	0.15%
Subscriber VIII	–	–	2,300,000	0.14%
Subscriber IX	–	–	2,500,000	0.15%
Subscriber X	–	–	40,000,000	2.37%
Subscriber XI	–	–	2,500,000	0.15%
Other public Shareholders	<u>1,056,858,175</u>	<u>65.56%</u>	<u>1,056,858,175</u>	<u>62.64%</u>
Total	<u><u>1,612,100,675</u></u>	<u><u>100</u></u>	<u><u>1,687,200,675</u></u>	<u><u>100</u></u>

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

The Company has conducted the following fund raising activity in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds
June 2, 2023	Allotment and issue of new Shares of the Company under the General Mandate	HK\$75.50 million	As disclosed in the announcement of the Company dated June 2, 2023, the Company intends to use the proceeds from such allotment and issue for operating expenses, such as the production of domestic and overseas electronic tour guide	As at the date of this announcement, the proceeds of approximately HK\$75.50 million will be utilised for the intended purposes

As at the date of this announcement, the Company has applied all the net proceeds to general working capital for the intended purposes as stated in the announcement of the Company dated June 2, 2023.

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

WARNING

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.

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 June 21, 2023
“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 322,420,135 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”	An Peng, an Independent Third Party
“Subscriber II”	Yu Rongbo, an Independent Third Party
“Subscriber III”	Xing Zhonggui, an Independent Third Party
“Subscriber IV”	Zhang Kaizhi, an Independent Third Party
“Subscriber V”	Tang Ling, an Independent Third Party
“Subscriber VI”	Lin Aiye, an Independent Third Party
“Subscriber VII”	Zhou Wenqin, an Independent Third Party
“Subscriber VIII”	Shen Wentao, an Independent Third Party
“Subscriber IX”	Xun Fei, an Independent Third Party
“Subscriber X”	Li Tingting, an Independent Third Party
“Subscriber XI”	Chen Weixiong, an Independent Third Party

“Subscribers”	Subscriber I, Subscriber II, Subscriber III, Subscriber IV, Subscriber V, Subscriber VI, Subscriber VII, Subscriber VIII, Subscriber IX, Subscriber X and Subscriber XI, 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 entered into on February 6, 2024 between the Company and each of Subscriber I, Subscriber II, Subscriber III, Subscriber IV, Subscriber V, Subscriber VI, Subscriber VII, Subscriber VIII, Subscriber IX, Subscriber X and Subscriber XI, in relation to the Subscriptions, collectively refer to the Subscription Agreements
“Subscription Price”	HK\$0.45 per Subscription Share (exclusive of any brokerage fee, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Subscription Share(s)”	an aggregate of 75,100,000 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 and Executive Director

Guangzhou, the PRC, February 6, 2024

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