

IPO FACT SHEET
Lvji Technology Holdings Inc (1745)
ISSUE STATISTICS

Offer Size:	HK\$529.05m – HK\$747.72m
Placement Tranche:	352.7m
Price:	HK\$1.50 – HK\$2.12
Board lot:	2,000
Entry fee:	HK\$4,282.72
Historical PE	19.04x – 26.90x
Net tangible asset per share:	HK\$0.47 – HK\$0.60
Market Cap (post-IPO):	HK\$2,115.5m – HK\$2,989.8m
Open:	31 Dec 2019
Close:	12.00 noon on 10 Jan 2020
Trading:	17 Jan 2020
Sponsor:	CCB International

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	71,613	431.3%
2018	301,692	321.3%
Profit for the year/period		
2017	25,560	565.1%
2018	99,783	290.4%

BACKGROUND

- They are China's largest online tour guide provider with an 86.2% market share in the online tour guide service market, a 0.4% market share of the overall tour guide service market and a 0.02% market share of the online tourism market in terms of GMV in 2018, according to the Frost & Sullivan Report.
- As of June 30, 2019, they developed a total of 12,913 online tour guides, including 2,086 online tour guides covering overseas tourist attractions in Japan, South Korea, Australia, Italy, among others. As of the same date, their online tour guides covered 8,304 tourist attractions in the PRC, including Hong Kong, Macau and Taiwan, among which 259 were category AAAAA tourist attractions and 2,021 were category AAAA tourist attractions in the PRC.
- They deploy software on their cloud system to provide online tour guides with proprietary contents, which include illustrated maps of tourist attractions, and editorial contents and voice-over commentaries of points of interest in the tourist attractions, and are implemented to include the functions such as real-time navigation.
- They generated a substantial portion of their revenue from sales of online tour guides through online travel agencies (OTAs) during the Track Record Period.
- They provide their API to embedded portals or mini programs or APPs on the platform of OTAs so that the end users may purchase through OTAs and then use their H5 pages to access the online tour guides for each tourist attraction.
- They successfully established cooperation with three of the top five OTAs in China according to the Frost & Sullivan Report in 2016.
- The number of their online tour guides purchased by the end users through OTAs grew significantly from approximately 2.0 million for the year ended December 31, 2016 to approximately 74.1 million for the year ended December 31, 2018. As of June 30, 2019, they covered 100% of all category AAAAA tourist attractions in China and secured an engagement under their content customization business for five tourist attractions for the development of a smart tourism system including AI voice interaction features.

BUSINESS STRATEGIES

- Further expand their tourist attraction coverage in China and explore new cooperation opportunities with tourist attractions.
- Explore opportunities in traditional offline market and increase their marketing effort.
- Expand their presence in overseas markets.
- Strengthen their technical capabilities by developing a big data-driven software platform and AI-enabled online tour guides.

- Explore acquisition opportunities to complement organic growth.

COMPETITIVE STRENGTHS

- The leading online tour guide provider in China with a dominant market share.
- Rapid growth achieved since their establishment, capitalizing on the growth of their industry.
- Strategic cooperations with leading OTAs.
- Comprehensive and high quality online tour guide contents in multimedia forms.
- Visionary and experienced management.

KEY RISKS

- A significant majority of their revenue attributes to a limited number of OTAs during the Track Record Period. Their revenue would decline if these OTAs do not continue their cooperation with them.
- If they fail to continue to develop and release successful online tour guides for new tourist attractions to attract and retain a larger end user base, their business and revenue growth will not be sustainable.
- They have a limited operating history in a new and dynamic industry, and their historical growth may not be indicative of their future growth. If they fail to effectively manage their growth, implement their business strategies and control their costs and expenses, their business and operating results could be harmed.
- Failure to maintain their relationships and renew agreements with major suppliers may materially and adversely affect their business prospects, financial condition and results of operations.
- Their online tour guide products and services could be adversely affected by changes in tourist preference and spending habits and failure to develop successful travel products and services could have a negative effect on their business.
- The other intangible assets represents a significant portion of the assets on their combined statements of financial position, if they determine their other intangible assets to be impaired or costs relating to the amortization of their other intangible assets increase, their results of operations and financial condition may be adversely affected.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For the production of online tour guides for tourist attractions in the PRC and overseas to cover more tourist attractions and improve their competitiveness.	249.7	50.0%
For the recruitment of R&D talents and improving their development capabilities to enhance product quality and research and develop new products and services.	50	10.0%
For the promotion of their brand value and improving their sales and marketing capabilities.	50	10.0%
For strategic investments and acquisitions.	99.9	20.0%
For working capital and general corporate purposes.	49.7	10.0%
Total:	499.3	100.0%

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