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LX Technology Group Limited

凌雄科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2436)

**FULFILMENT OF RESUMPTION CONDITIONS
AND
RESUMPTION OF TRADING**

Financial Adviser to the Company



YU MING INVESTMENT MANAGEMENT LIMITED
禹銘投資管理有限公司

FULFILMENT OF RESUMPTION CONDITIONS

As at the date of this announcement, the Company has fulfilled all the conditions set out in the Resumption Guidance.

RESUMPTION OF TRADING

Trading in the Shares was suspended from 2:57 p.m. on 23 March 2023 at the request of the Company. As all the conditions set out in the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 11 September 2023.

References are made to the announcements of LX Technology Group Limited (the “**Company**”) dated 31 March 2023, 28 April 2023, 4 May 2023, 5 May 2023, 11 May 2023, 21 June 2023, 12 July 2023 and 14 July 2023 in relation to, inter alia, (i) suspension of trading; (ii) delay in publication of annual results for the year ended 31 December 2022 and delay in despatch of annual report; (iii) change of auditor; (iv) discloseable transaction; (v) resumption guidance; (vi) quarterly update on status of resumption; (vii) annual results for the year ended 31 December 2022 and (viii) key findings of the independent investigation and internal control review (the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise specified.

BACKGROUND

As disclosed in the announcements of the Company dated 31 March 2023 and 28 April 2023, the Company was unable to publish the 2022 Annual Results on or before 31 March 2022 as additional time was required for the Company to provide all information requested by the Former Auditor and address certain issues raised by the Former Auditor during the audit process, which relate to the Agreements entered into by the Company and the Fund Companies regarding the subscription of two redeemable principal and return guaranteed Money Market Funds with a total amount of approximately HK\$280 million. At the request of the Company, trading in the Shares was suspended from 2:57 p.m. on 23 March 2023.

RESUMPTION GUIDANCE

On 9 May 2023, the Company received a letter from the Stock Exchange setting out the Resumption Guidance before trading in the Shares can be resumed. Pursuant to the Resumption Guidance, the Company shall:

- (a) conduct an appropriate independent investigation into the audit issues raised in the March 26 Letter, announce the findings and take appropriate remedial actions (“**Resumption Guidance 1**”);
- (b) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Resumption Guidance 2**”);
- (c) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet the obligations under the Listing Rules (“**Resumption Guidance 3**”);
- (d) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (“**Resumption Guidance 4**”); and
- (e) announce all material information for the Shareholders and investors to appraise the Company’s position (“**Resumption Guidance 5**”).

FULFILMENT OF RESUMPTION CONDITIONS

As at the date of this announcement, the Company has fulfilled all the conditions set out in the Resumption Guidance.

Details of the fulfilment of the Resumption Guidance are set out below:

1. Resumption Guidance 1 — conduct an appropriate independent investigation into the audit issues raised in the March 26 Letter, announce the findings and take appropriate remedial actions

As disclosed in the announcement of the Company dated 14 July 2023 (the “**14 July Announcement**”), the Board had established the Independent Committee and appointed Grant Thornton Advisory Services Limited as the Independent Investigator to conduct the Independent Investigation. On 12 July 2023, the Independent Investigator has issued the Independent Investigation Report. The scope and major investigation procedures conducted by the Independent Investigator as well as key findings of the Independent Investigation are set out in the 14 July Announcement.

Key findings of the Independent Investigation

Key findings of the Independent Investigation are summarised as follows:

(i) Commercial substance and business rationale of the Agreements

During the process of the IPO, the Company considered that idle cash management was necessary after its listing. After internal discussions, the Company determined idle cash management should include features of guaranteed principal and return, flexibility in withdrawal, and a reasonable rate of return.

After submission of the listing application of the Company, the Fund Companies Founders approached the Company and introduced the Fund Companies and the Money Market Funds. The Fund Companies Founders met Mr. Hu, an executive Director, chief executive officer of the Company and chairman of the Board back in 2019, during the early development stage of the Company when they were working for different major state-owned policy banks at the material time. The Company was seeking bank loans from these banks, but due to the size of the Company at the time, it was incompatible with the banks’ lending requirements and the Company was unable to secure the bank loans. Nonetheless, the Fund Companies Founders provided valuable debt financing advices to the Company.

Having knowledge about the Fund Companies Founders' experience gained in the major state-owned policy banks, coupled with their prudent working style in scrutinising debt arrangements and extensive network of contacts with domestic enterprises which could be clients of the banks, the Company saw an additional benefit in cooperating with the Fund Companies which might possibly introduce potential customers to the Company. Therefore, Mr. Hu asked his assistant to obtain additional information regarding the Fund Companies and the Money Market Funds.

The Money Market Funds featured US treasury products as underlying assets with low-risk exposure, offered flexible withdrawal terms (5 working days' notice period for redemption and allow redemption after one month of the subscriptions of the Money Market Funds), and a reasonable rate of return (1.8% per annum). After having conducted due diligence and considered the risks, flexibility, and rate of return of the Money Market Funds, the Company were of the view that the Money Market Funds were similar to bank saving deposits. The Company obtained information from two banks the Company maintained accounts with in Hong Kong and understood the interest rates of the bank saving deposits were about 0.4% per annum at the relevant time. The Company considered the interest rates of bank saving deposits and one-month time deposits of the banks and took into consideration the situation when the Company withdraws fund within a month period, the interest rate of the one-month time deposits would be the interest rate of bank saving deposits. As such, the Company concluded that the Money Market Funds offered reasonable guaranteed return, which was higher than the interest rate of bank saving deposits at the material time, and flexible withdrawal terms. Considering all of the above elements, the Company considered the Money Market Funds offered by the Fund Companies align well with its cash management objectives and subscribed to the Money Market Funds.

(ii) Due diligence and selection/deliberation process for entering into the two Subscriptions

Due to the past relationships with the Fund Companies Founders, after having been approached and introduced to the Fund Companies and the Money Market Funds, Mr. Hu instructed his assistant to conduct due diligence procedures before entering into the Agreements. In addition to the due diligence on the Fund Companies, Mr. Hu instructed the chief financial officer of the Company to compare the rates of return of the Money Market Funds and bank saving deposit rates of the banks that the Company maintained accounts in Hong Kong. After the internal discussion about the details of the due diligence work and the comparison with bank saving deposit rates, the flexibility of withdrawal and risk of the Money Market Funds, Mr. Hu concluded that it would be in the interest of the Company to subscribe for the Money Market Funds. After Mr. Hu's assistant further negotiated and finalized the terms of the Agreements, the chief financial officer initiated internal approval procedures, and Mr. Hu approved the Subscriptions and the entering into of the Agreements by the Company.

The Independent Investigator found that there were room for improvements in certain internal controls measures over the process of entering into the Agreements, which included (i) there was no written policy and procedures in relation to idle cash management of the Company; (ii) there was no proper segregation of duties in respect of the initiation of approval procedures for the entering into of the Agreements; and (iii) the due diligence performed by the Company on the Fund Companies were not comprehensive enough.

(iii) Background and information of the Fund Companies/Money Market Funds to verify validity of the Subscriptions

The Fund Companies were both incorporated in the Cayman Islands and were granted with licenses from the Cayman Islands Monetary Authority. The size of funds under management by both Fund Companies amounted to USD300 million or above, and their clients were mainly institutional investors.

The Fund Companies confirmed they had invested in US treasuries and maintained cash by using the Company's subscriptions monies. The credit ratings of the US treasuries invested by the Fund Companies were graded AA, AAAu, Aaa, and AAAu before their maturity, pursuant to information from independent third party rating agencies. Furthermore, according to the results of the independent background search obtained from third party search providers, there were no evidence of relationship between the shareholders and directors of Fund Companies and the Directors/senior management of the Company.

(iv) *Whether the source of funding for the Subscriptions were from the IPO Proceeds and its implication*

The Company paid subscription monies to the Fund Companies with idle cash of the Group. The Company did not separately manage the IPO Proceeds from its non-IPO Proceeds cash balance. The payment of Subscription A of approximately HK\$228 million was partially funded by the IPO Proceeds, while the payment of Subscription B can be funded by non-IPO Proceeds.

Although the Company considered at the relevant time that the deployment of idle cash in the Money Market Funds was purely intended to be for the purpose of idle cash management rather than a commercial investment or an acquisition, the Independent Investigator noted that idle cash management through the Subscriptions may not constitute one of the intended use of the IPO Proceeds as disclosed in the Prospectus of the Company. The Company should have managed its idle cash in accordance with the Prospectus disclosure, i.e. to place idle cash with (i) commercial banks licensed in Hong Kong or the PRC and/or (ii) other recognised financial institutions (as defined in the Securities and Futures Ordinance in Hong Kong). As such, using the idle cash for the Subscriptions of the Money Market Funds registered in the Cayman Islands was inconsistent with the idle cash management disclosure in the Prospectus, and the Company should have made appropriate disclosure at the time of Subscriptions. It appears to be a lack of clear policies and procedures in respect of idle cash management, IPO Proceeds management and relevant significant matter reporting and disclosure procedures, and there is room for improvement in respect of such internal control policies.

(v) *Documents evidencing the Redemptions and receipt of redemption monies by the accounts of the Group*

The Company made formal redemption requests to the Fund Companies on 24 March 2023 by email and signed written redemption application forms. The Company received the redemption monies from both Fund Companies on 31 March 2023, and the amount of redemption monies received was consistent with the 1.8% per annum rate of return as agreed in the Agreements.

(vi) Anomalies identified in the audit confirmation process by the Former Auditor

The Former Auditor mentioned in its correspondences with the Company that (i) the Company did not provide the full names of the recipients from the Fund Companies to the Former Auditor for audit confirmation purpose; (ii) the Company emphasised the audit confirmations shall be sent by S.F. Express; (iii) the Fund Companies do not appear to be situated at the Hong Kong addresses stated on the audit confirmations reverted by the Fund Companies when the Former Auditor performed site visits at such given addresses; and (iv) the original copy of the audit confirmations from the Fund Companies had not been received by the Former Auditor.

With regards to such anomalies, the Company advised that (i) relevant surnames of the contact persons have been provided and full name of the recipient of counter parties would not be requested in correspondences the Company handled on a day-to-day basis; (ii) given the tight response timeframe requested by the Former Auditor, the Company considered that SF Express was efficient and reliable in terms of speed of delivery. The Company reiterated that the Former Auditor did not raise any concern on the lack of recipients' full names and the suggestion of usage of SF Express during the audit process; (iii) the Hong Kong address of Fund Company A was the address of its solicitor, who provides general agency services; while the Hong Kong address of Fund Company B was its business partners' address as it did not rent an office in Hong Kong due to the COVID-19 epidemic. The Independent Investigator conducted site visits to the registered bank address in Shanghai and commercial offices address in Beijing offices of the Fund Companies to verify their existence, and they were found to be consistent with the addresses so provided; and (iv) it was understood from the Fund Companies that both electronic and original copies of the confirmations had been provided to the Former Auditor.

(vii) Conclusion

According to the Independent Investigation Report, the Independent Investigator concluded that, excluding uncertainties due to investigation limitations as set out in the 14 July Announcement, through various discovery and inquiry procedures, the Independent Investigator performed verification process on the supporting documents and information provided by the Company. The Independent Investigator did not find any material inconsistencies between the supporting documents provided by the Company and their findings or search results, which is also consistent with the statements it obtained from the interviewees in connection with the Subscriptions.

The View of the Board and the Independent Committee

The Board has reviewed the content and the findings of the Independent Investigation Report. The Board is of the view that the Independent Investigator has investigated into the Matters raised by the Former Auditor and adequately addressed the concerns raised by the Former Auditor to the extent that is practicable, despite the limitations of the Independent Investigation, the findings of the Independent Investigation in the Independent Investigation Reports are reasonable and acceptable. The Board noted certain internal control weakness of the Group identified in the Independent Investigation Report and had implemented various internal control and corporate governance improvement measures along with the suggestions and recommendations provided by the internal control consultant.

The Board also noted the idle cash management by way of Subscription after listing was not entirely consistent with the idle cash management disclosure in the Prospectus due to the inadvertent oversight caused by the unfamiliarity of the management with the accounting concepts of cash and cash equivalents and relevant implications at that time under the Listing Rules and wishes to clarify that there was no intentional change in the use of IPO Proceeds when the Subscriptions were made. The Company had taken immediate steps to send redemption notices and redeemed the full amount of the subscription monies together with agreed returns on 31 March 2023. After having consulted its advisers and seeking guidance from the Stock Exchange, the Company also made disclosure in respect of the Subscriptions in accordance with the requirements of the Listing Rules on 4 May 2023. In addition to the remedial measures taken to improve its internal control system as recommended by the internal control consultant as set out below, the Board also enhanced its training procedures to require all Directors, senior management and core team of employees handling disclosure related matters to engage in regular trainings in respect of the Listing Rules. If the Company intends to change its use of IPO Proceeds in the future, it will comply with all relevant Listing Rules requirements.

The Independent Committee has reviewed and considered the Independent Investigation Report. Having examined the letters from the Former Auditor, the Independent Committee is of the view that the Independent Investigation covered the issues raised by the Former Auditor and the Independent Investigator had performed appropriate procedures in respect of the Independent Investigation. The Independent Committee noted (i) internal control weaknesses which the Group should address and remedial actions taken by the Company; and (ii) relevant disclosure in respect of the Subscriptions and the subsequent redemptions made in accordance with Chapter 14 of the Listing Rules on 4 May 2023. The Independent Committee considers that the issue in respect of the Subscription has been adequately addressed.

2. Resumption Guidance 2 — publish all outstanding financial results required under the Listing Rules and address any audit modifications

As disclosed in the announcement of the Company dated 5 May 2023, ZHONGHUI ANDA CPA Limited has been engaged as the New Auditor to fill the casual vacancy following the resignation of the Former Auditor. The Company published the 2022 Annual Results on 12 July 2023, the 2022 Annual Report on 31 July 2023, and the interim results for the six months ended 30 June 2023 (the “**2023 Interim Results**”) on 28 August 2023. The Company has no outstanding financial results required to be published under the Listing Rules.

There is no audit modification in the 2022 Annual Results.

3. Resumption Guidance 3 — conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet the obligations under the Listing Rules

As disclosed in the 14 July Announcement, SHINEWING Risk Services Limited was appointed as the IC Consultant to conduct the Independent Internal Control Review on the internal control policies and procedures of the Group with a focus on the Matter and provide corresponding recommendations for rectification in order to improve the Group’s internal control system. On 11 July 2023, the IC Consultant issued the Internal Control Report.

According to the Internal Control Report, the IC Consultant identified four key internal control weaknesses in respect of the Subscriptions and seven other general low risk weaknesses of the Group. The Company has taken all of the advices and recommendations from the Independent Internal Control Review completed by the IC Consultant and adopted, revised or enhanced, as the case maybe, the relevant policies and procedures of the Group, and the IC Consultant had performed a follow-up review after the Group had taken the relevant remedial actions.

The four key internal control weaknesses in respect of the Subscriptions are summarised as follows:

Key Findings	Rectification Recommendations	Company's response and remedial status
1. Idle cash management		
<p>a. Policy: The Company has not established idle cash management policy. Relevant staff may not have clear understanding as to scope of usage of idle cash and reporting procedures; and management may not effectively monitor relevant matters on a timely basis.</p>	<p>a. The Company should establish idle cash management policies and procedures, specifying the scope of usage, comparison of different products/plans, due diligence scope, decision making and approval procedures, subsequent daily management, follow up and supervision procedures and have relevant policies and procedures approved by management.</p>	<p>The Company has established internal control policies and procedures for idle cash management and has also established internal control policies and procedures for investment management. The new policies and procedures were approved by management and circulated to relevant staff.</p>

Key Findings	Rectification Recommendations	Company's response and remedial status
<p>b. Due diligence: Although the Company had obtained information regarding the Fund Companies, which included the experiences of the Fund Companies Founders in investment management, fund sizes, underlying assets, licenses held, subscription methods, shareholding structures and their lists of shareholders and directors and the Company obtained documents including memorandum and articles of associations, certificates of incorporation, registers of members, private placing memorandums, and the licenses owned by the Fund Companies to verify the information. The Company did not obtain any documentation in relation to the past performance of the funds, fund sizes and directors' and fund manager's investment management experiences for verification.</p>	<p>b. The Company should obtain comprehensive background documentation, including but not limited to the past performance of the funds, fund sizes and directors' and fund managers' investment management experiences in order to fully assess the Money Market Funds.</p>	

Key Findings	Rectification Recommendations	Company's response and remedial status
<p>c. Approval: The Subscriptions were initiated and approved by Mr. Hu, the executive Director, chief executive officer of the Company, and chairman of the Board, and was not reported to the Board, and due to inadvertent oversight and particularly insensitivity and unfamiliarity of the management with the relevant requirement of the Listing Rules, the Company did not identify the Subscriptions would constitute notifiable transaction of the Company under the Listing Rules.</p>	<p>c. Prior to the Subscriptions, the Company should ensure the transaction is approved by relevant management of the Company pursuant to the transaction amount and level of authority required for approval. A limit should be set at which the matter ought to be and reported to the Board/ investment committee (if any), and the relevant transaction can only be executed after proper approval by the management or the Board or the investment committee (if any).</p> <p>Management should communicate with the chief financial officer and company secretary regarding relevant transactions, to ensure compliance with the Listing Rules, including disclosure obligations.</p>	

Key Findings	Rectification Recommendations	Company's response and remedial status
<p>d. Supervision: No written report or analysis were made by the finance department on the performance of the Money Market Funds.</p>	<p>d. Management should produce periodic reports regarding the operation of the funds/products subscribed by the Company and submit the reports to the relevant management of the Company/investment committee (if any). The chief financial officer should report any material event regarding the funds/products to the Board/investment committee (if any) for formulating corresponding strategies.</p>	

Key Findings	Rectification Recommendations	Company's response and remedial status
2. IPO Proceeds management		
a. The Company has not established internal control policies for the deposit, management and utilisation of IPO Proceeds.	a. The Company should establish relevant policies and procedures for the deposit, management and utilisation of the IPO Proceeds, and submit the final draft of the policies to the relevant management to approve.	The Company has established internal control policies and procedures for usage, management and supervision of IPO proceeds, which includes, amongst others, manage of the deposit, handling, approval and utilisation of fund raised, procedures and requirement for the change of use of IPO Proceeds etc. The new policies and procedures were approved by management and circulated to relevant staff. Finance department has also reviewed and reported the actual use of the IPO Proceeds on monthly basis. Such report has been submitted to the management for review.
b. No procedure is established for approving and reporting the inflow and outflow of funds concerning the use of IPO Proceeds.	b. The Company should also consider establishing procedures for the approval of inflow and outflow of funds concerning the use of IPO Proceeds, which requires approval from management prior to execution of any fund transfers.	
c. Except for annual reporting, there is no monthly/ quarterly analysis on the actual use of IPO Proceeds by the finance department and has not reported to the Board.	c. The management should consider requiring the finance department to regularly summarise and report the actual use of IPO Proceeds to the Board to ensure that the Directors are aware of the use of the IPO Proceeds.	

Key Findings	Rectification Recommendations	Company's response and remedial status
3. Significant matter reporting policy		
<p>The Group has established “Information Disclosure Management Policy”, however, it does not contain policies on determination of significant matters, such as material litigation, major assets being seized, impounded or frozen, majority or all of business operation being suspended, material change in business operation or environment condition etc., reporting procedures, disclosure procedures, continuing obligations etc.</p>	<p>The Company should establish a detailed written policy and procedure on determination of significant matters, its reporting procedures and disclosure procedures, and circulate to relevant employees.</p>	<p>The Company has established the “Significant Matters Reporting Policy”, the “Notifiable Transaction Management Measures” and the “Continuing Obligations Management Measures” to govern the identification, reporting and disclosure of significant matters. The new policies and procedures were approved by management and circulated to relevant staff.</p>

Key Findings	Rectification Recommendations	Company's response and remedial status
4. Compliance for notifiable transaction		
<p>The Group has established “Information Disclosure Management Policy” to regulate the information disclosure, however no detailed written procedure was established in respect of notifiable transactions under Chapter 14 of the Listing Rules, including the transaction classification, size test computation, reporting procedure and other compliance procedures.</p>	<p>The Company should establish a written policy for notifiable transactions under Chapter 14 of the Listing Rules, and have relevant policy approved by the management and circulate to relevant employees.</p> <p>Management should appoint a responsible personnel to check and review the execution of such management policy and make recommendations.</p>	<p>The Company will notify its compliance adviser and its legal adviser prior to entering into any transaction as defined in Chapter 14 of the Listing Rules according to its existing policy and has established “Notifiable Transaction Management Measures”, stipulating details including approval procedures and compliance requirements under the Listing Rules with regard to notifiable transactions. The new policy and procedures was approved by management and circulated to relevant staff.</p> <p>The chief financial officer and company secretary of the Company will examine and provide recommendations on the implementation of the management system of the notifiable transaction on a regular basis.</p>

For further details of the Internal Control Review including other general low risk weaknesses of the Group and the findings and recommendations of the IC Consultant and the remedial steps implemented by the Company in relation to each of the internal control deficiencies identified, please refer to the 14 July Announcement.

The Company has taken all of the advices and recommendations from the Independent Internal Control Review completed by the IC Consultant and adopted, revised or enhanced, as the case maybe, the relevant policies and procedures of the Group, and the IC Consultant had performed a follow-up review after the Group has taken the relevant remedial actions. The IC Consultant found no material internal control weakness after the follow up review. The IC Consultant is of the view that nothing has come to their attention that would reasonably cause them to doubt on the adequacy and effectiveness of the enhanced internal control system of the Group according to the samples and documents received from the Group.

Having considered the Internal Control Report and the remedial actions taken by the Company, both the Independent Committee and the Board are of the view that the remedial measures implemented by the Company are adequate and sufficient to address the key findings of the Internal Control Review. The Company considers it currently has sufficient and reliable corporate governance, internal control and financial reporting systems to fulfil its obligations under the Listing Rules.

4. Resumption Guidance 4 — demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules

Sufficient Operation

The Company is principally engaged in the provision of device lifecycle management solutions in the People’s Republic of China, including sales of refurbished de-commissioned information technology (“IT”) devices, provision of device and IT technical subscription services.

The Board considers it has sufficient operation taking into account:

- (i) there has been no change in the business models or business segments of the Group and there has been no cessation of existing business of the Group since its listing on 24 November 2022;
- (ii) according to the audited financial information of the Group for the financial year ended 31 December 2022 (“FY2022”), the Company is experiencing a growth in its business and operation scale. Revenue of the Group has recorded a strong growth of approximately 25.1% to approximately RMB1,664.0 million in FY 2022 from approximately RMB1,330.4 million for the year ended 31 December 2021 (“FY2021”). There was a turnaround from loss to profit where net profit of approximately RMB99.9 million was recorded for FY2022 as compared to a net loss of approximately RMB448.7 million for FY2021; and

- (iii) according to the unaudited financial information of the Group for the six months ended 30 June 2023 (the “**Period**”), the Group recorded revenue of approximately RMB822.4 million and net loss of approximately RMB42.4 million. Net loss of the period was mainly attributable to (i) the absence of the fair value changes of financial liabilities at fair value through profit or loss (“**FVTPL**”) for the Period as compared to the fair value gain of financial liabilities at FVTPL of approximately RMB36.4 million for the corresponding period in 2022; (ii) the slight decrease in revenue for approximately 3.7% from approximately RMB854.0 million for the corresponding period in 2022 to approximately RMB822.4 million for the Period; and (iii) the increase in share-based payment expenses for approximately 51.6% from approximately RMB23.6 million for the corresponding period in 2022 to approximately RMB35.7 million for the Period.

For further details of the Group’s financial performance, please refer to the 2022 Annual Results announcement of the Company dated 12 July 2023 and the 2023 interim results announcement of the Company dated 28 August 2023.

As at the date of this announcement, the business operations of the Group remain as usual in all material respects.

Sufficient Assets

According to the 2022 Annual Results, the total assets of the Group have increased by approximately 18.6% from approximately RMB1,316.1 million as at 30 June 2022 to approximately RMB1,560.9 million as at 31 December 2022; and the Group has improved from having net liabilities of approximately RMB612.5 million as at 30 June 2022 to net assets of approximately RMB807.3 million as at 31 December 2022.

According to the 2023 Interim Results, as at 30 June 2023, the total assets and net assets of the Group were approximately RMB1,608.0 million and RMB800.7 million, respectively.

The Group carries out its business with assets of sufficient value as required under Rule 13.24 of the Listing Rules and warrants the continued listing of the Shares on the Stock Exchange.

5. Resumption Guidance 5 — announce all material information for the Shareholders and investors to appraise the Company’s position

Since the suspension of trading in the Shares on 23 March 2023, the Company has continued to disclose material information in connection with, among others, the Audit, the Matter and the status on fulfilment of the Resumption Guidance to the Shareholders and investors of the Company by issuing announcements in a timely manner.

In light of the above, the Company considers it has announced all material information it considers necessary and appropriate for the Shareholders and investors to appraise the Company’s position.

RESUMPTION OF TRADING

Trading in shares in the Company was suspended from 2:57 p.m. on 23 March 2023 at the request of the Company. As all the conditions set out in the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 11 September 2023 on the Stock Exchange.

By order of the Board
LX Technology Group Limited
Hu Zuoxiong
Chairman

Hong Kong, 10 September 2023

As at the date of this announcement, the Board comprises Mr. Hu Zuoxiong as Chairman and executive Director, Mr. Chen Xiuwei and Mr. Cao Weijun as executive Directors, Mr. Li Jing as non-executive Director, and Mr. Kam Chi Sing, Ms. Xu Nailing and Mr. Yao Zhengwang as independent non-executive Directors.