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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of LX Technology Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**” or “**our**”) for the six months ended 30 June 2025 (the “**Period**”), together with comparative figures for the corresponding period in 2024. These unaudited condensed consolidated results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

FINANCIAL SUMMARY

The revenue of the Group for the Period was approximately RMB1,116.7 million (for the six months ended 30 June 2024: approximately RMB942.6 million).

The gross profit of the Group for the Period was approximately RMB101.9 million (for the six months ended 30 June 2024: RMB92.9 million).

The net profit for the Period was approximately RMB4.9 million (for the six months ended 30 June 2024: net loss of approximately RMB40.6 million).

The adjusted profit for the Period was approximately RMB18.6 million (for the six months ended 30 June 2024: adjusted loss of approximately RMB22.3 million).

The adjusted EBITDA (a non-IFRS measure) for the Period was approximately RMB194.1 million (for the six months ended 30 June 2024: RMB140.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a leading device lifecycle management (“**DLM**”) solution provider in the People’s Republic of China (the “**PRC**”). We are committed to delivering high-quality device recycling, device subscription and information technology (“**IT**”) technical subscription services to our customers.

The Group achieved strong development in the first half of 2025, reporting net profit of approximately RMB4.9 million for the Period, as compared with net loss of approximately RMB40.6 million in the corresponding period in 2024. The Group also recorded adjusted profit of approximately RMB18.6 million for the Period, as compared to adjusted loss of approximately RMB22.3 million for the corresponding period in 2024. The turnaround was driven by the Group's continued expansion of its service offerings, the implementation of refined expenses management measures and process optimisation across all business segments, as well as improvements in operational efficiency through digitalisation.

On the other hand, we continued to gain industry recognition and policy support, reflecting the strategic value of our integrated circular business model:

1. In January 2025, the Group was selected as one of the second batch of National Service Standardisation Pilot Enterprises (Trade Circulation category) (第二批國家級服務業標準化試點(商貿流通專項)企業). This selection affirms our leadership in setting industry benchmarks for standardised, high-quality DLM solutions.
2. In April 2025, we were named among the first batch of National Pilot Enterprises for Second-hand Goods Circulation (國家首批二手商品流通試點企業), a major policy initiative supporting the second hand products circulation in order to promote resources conservation and environmental protection. This further strengthens our role in demonstrating the national agenda on sustainability and reuse of IT devices.
3. In July 2025, we were recognised as one of the Shenzhen Gazelle Enterprises (深圳市瞪羚企業), highlighting our strong innovation capability, rapid growth trajectory and high potential in the industry.

Looking ahead, the Group will continue to expand our service network and deepen customer engagement to support sustainable growth and deliver long-term value for stakeholders.

Our Business Model

Our DLM solutions directly tackle the weaknesses of enterprises' management of devices. With the aim to transform enterprises' management of devices through services covering major phases of IT device lifecycle, our revenue from DLM solutions during the Period was primarily generated from the following service categories:

- *Device recycling business.* We purchase de-commissioned IT devices from enterprises for use in our device subscription services after refurbishment or sale through our proprietary quotation platform. We typically target large-scale enterprises as upstream suppliers of de-commissioned IT devices. The device recycling business provides us with a stable source of de-commissioned devices.
- *Device subscription services.* Our device subscription services primarily include selecting IT devices (including brand-new devices and de-commissioned devices after refurbishment) suitable for users, assembling devices, pre-installing device configurations and customising system settings. We offer tailor-made short-term and long-term device subscription services to satisfy our customers' needs for diverse business scenarios.
- *IT technical subscription services.* We offer IT technical subscription services primarily coupled with device subscription services and, to a lesser extent, on a standalone basis, primarily including solving problems in IT devices and keeping devices on the cutting edge of technology through system upgrades. We typically target small and medium enterprises for our subscription services.

Device recycling business

For the Period, the Group's revenue from device recycling business amounted to approximately RMB848.1 million, representing a significant increase of approximately 24.4% as compared to approximately RMB681.9 million for the same period in 2024.

The following table sets forth certain of our key operating data for the periods indicated:

	Six months ended 30 June		
	2025	2024	Growth Rate
Number of devices sold (<i>device</i>)	424,710	449,029	-5.4%
Number of device recycling customers	1,570	1,309	19.9%
Average revenue per device recycling customer (<i>RMB</i>)	540,206	520,896	3.7%
Average sales value (<i>RMB/device</i>)	1,513.5	1,472.3	2.8%

Device subscription business

For the Period, the Group's revenue from device subscription business amounted to approximately RMB191.9 million, representing an increase of approximately 4.5% as compared to approximately RMB183.7 million for the same period in 2024.

The following table sets forth our revenue generated from subscription services with, and total device subscription volume from brand-new devices and second-hand devices, respectively, for the periods indicated:

	Six months ended 30 June		
	2025	2024	Growth Rate
Revenue from device subscription services (RMB'000)	191,914	183,730	4.5%
— Brand-new devices	154,945	151,551	2.2%
— Second-hand devices	36,969	32,179	14.9%
Total device subscription volume (<i>device</i>)	3,475,364	3,112,036	11.7%
— Brand-new devices	2,803,650	2,505,320	11.9%
— Second-hand devices	671,714	606,716	10.7%
Total number of devices available for subscription	624,210	610,557	2.2%

IT technical subscription services

For the Period, the Group's revenue from IT technical subscription services amounted to approximately RMB76.6 million, representing a slight decrease of approximately 0.5% as compared to approximately RMB77.0 million for the same period in 2024.

The following table sets forth our revenue generated from the long-term and short-term IT technical subscription services, respectively, for the periods indicated:

	Six months ended 30 June		
	2025	2024	
	(RMB'000)	(RMB'000)	Growth Rate
Revenue from IT technical subscription services	76,633	77,015	-0.5%
— Long-term subscriptions	59,608	58,685	1.6%
— Short-term subscriptions	17,025	18,330	-7.1%

Future Outlook

Looking ahead to the second half of 2025 and beyond, the Group remains confident in our strategic direction and long-term growth prospects. With national policies increasingly supporting the development of circular economy, green consumption and standardised industry practises, the DLM industry is entering a period of structural expansion and transformation.

The Group will continue to strengthen its position as an integrated platform serving the full lifecycle of IT devices — from recycling and refurbishment to subscription-based usage and technical support. In particular, we will focus on the following strategic priorities:

Service Network Expansion: Further scaling our presence across key regional markets to enhance coverage and service efficiency.

Digital and Operational Excellence: Accelerating the deployment of data-driven tools and automation technologies to support high-quality, standardised service delivery.

Policy Alignment and Pilot Initiatives: Actively participating in national pilot programs to shape industry standards and capture early-mover advantages.

Sustainability Leadership: Deepening our environmentally friendly practices, promoting responsible IT device reuse, and helping corporate customers meet their environmental targets and minimising carbon contributions towards IT devices.

Supported by our strong fundamentals, innovation-driven corporate culture and growing brand recognition, the Group is well-positioned to capture emerging opportunities and deliver sustainable value to our stakeholders.

FINANCIAL REVIEW

Revenue

The Group's revenue comes from three service lines: (i) device recycling income; (ii) device subscription services; and (iii) IT technical subscription services. The following table sets out the breakdown of revenue by service lines during the indicated periods:

	Six months ended 30 June				Growth Rate
	2025		2024		
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>%</i>
Revenue					
Device recycling income	848,124	76.0	681,853	72.3	24.4
Device subscription services	191,914	17.2	183,730	19.5	4.5
— Long-term device subscription	168,450	15.1	159,900	17.0	5.3
— Short-term device subscription	23,464	2.1	23,830	2.5	-1.5
IT technical subscription services	76,633	6.8	77,015	8.2	-0.5
Total	<u>1,116,671</u>	<u>100</u>	<u>942,598</u>	<u>100</u>	18.5

For the Period, the total revenue of the Group was approximately RMB1,116.7 million (30 June 2024: approximately RMB942.6 million), representing an increase of approximately 18.5% as compared with the same period in 2024, mainly attributable to the increase of sales in both of our device recycling business segment and device subscription services segment.

Device recycling income

The increase in the device recycling income during the Period as compared with the same period in 2024 was mainly due to the increase in number of device recycling customers from 1,309 for the six months ended 30 June 2024 to 1,570 for the Period and the increase in the average revenue contributed by them from approximately RMB520,896 for the six months ended 30 June 2024 to approximately RMB540,206 for the Period, mainly contributed by the increase in the proportion of laptop computers and other IT devices sold which have higher unit prices.

The following table sets forth a breakdown of our revenue of the device recycling business by major types of IT devices during the periods indicated:

	Six months ended 30 June				<i>Growth</i>
	2025		2024		<i>Rate</i>
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Tablet computers and mobile phones	413,813	48.8	470,348	69.0	-12.0
Laptop computers and other IT devices	434,311	51.2	211,505	31.0	105.3
Total	848,124	100	681,853	100	24.4

Revenue from device subscription services

The increase in revenue from device subscription services during the Period as compared with the same period in 2024 was mainly due to the increase in total device subscription volume from 3,112,036 for the six months ended 30 June 2024 to 3,475,364 for the Period.

Revenue from IT technical subscription services

The slight decrease in revenue from IT technical subscription services during the Period as compared with the same period in 2024 was primarily attributable to a slight recession on the business opportunities sought in the IT technical subscription services segment.

Revenue by geographical locations

The following table sets forth a breakdown of our revenue by geographical location in absolute amounts and as a percentage of our revenue during the periods indicated:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Shenzhen	893,391	80.0	781,815	82.9
Shanghai	95,070	8.5	54,335	5.8
Wuhan	20,498	1.8	20,149	2.1
Beijing	52,570	4.7	45,115	4.8
Guangzhou	22,068	2.0	22,154	2.4
Others ⁽¹⁾	33,074	3.0	19,030	2.0
Total	<u>1,116,671</u>	<u>100.0</u>	<u>942,598</u>	<u>100.0</u>

Note:

(1) Others mainly include Chengdu, Xiamen, Nanjing, Zaozhuang, Jingmen and Hong Kong.

Cost of Sales

Our cost of sales consists primarily of (i) costs of inventories sold; (ii) depreciation and amortisation, which primarily include depreciation of equipment for subscription; (iii) staff costs, representing salaries and welfare for our business operation personnel; and (iv) others, mainly representing costs related to short-term device subscription services such as rentals for venue and wages for temporary staff. Our cost of sales was approximately RMB1,014.8 million for the Period (30 June 2024: approximately RMB849.7 million). The increase in cost of sales during the Period as compared to the same period in 2024 was in line with the increase in our revenue and was mainly attributable to the increase in cost of inventory sold from approximately RMB662.0 million for the six months ended 30 June 2024 to approximately RMB818.6 million for the Period.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by service line for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Device recycling income	4,396	0.5	7,677	1.1
Device subscription services	51,670	26.9	39,746	21.6
IT technical subscription services	45,798	59.8	45,457	59.0
Total	101,894	9.1	92,880	9.9

Our gross profit represents our revenue less our cost of sales. For the Period, our gross profit was approximately RMB101.9 million, representing a substantial increase of approximately 9.7% as compared with approximately RMB92.9 million for the same period in 2024 as we put extra effort in promoting our DLM solutions. The gross profit margin of the Group slightly decreased from approximately 9.9% for the six months ended 30 June 2024 to approximately 9.1% for the Period.

Device recycling business

We recorded gross profit of approximately RMB4.4 million for the Period as compared with approximately RMB7.7 million for the corresponding period in 2024 in our device recycling business. Our gross profit margin of device recycling business was approximately 0.5% for the Period as compared to approximately 1.1% for the six months ended 30 June 2024, primarily attributable to the increase in cost of goods sold which outpaced the increase in revenue of the device recycling business.

Device subscription services

The gross profit of device subscription services increased from approximately RMB39.7 million for the six months ended 30 June 2024 to approximately RMB51.7 million for the Period, primarily attributable to the increase in revenue of our device subscription services as discussed above which outpaced the increase in our cost of services in the device subscription services. Our gross profit margin of device subscription services increase from approximately 21.6% for the six months ended 30 June 2024 to approximately 26.9% for the Period. The average monthly utilisation rates of our major types of devices for

subscription increased from approximately 86.5% for the six months ended 30 June 2024 to approximately 88.8% for the Period.

IT technical subscription services

The gross profit of IT device subscription services slightly increased from approximately RMB45.5 million for the six months ended 30 June 2024 to approximately RMB45.8 million for the Period. Our gross profit margin of IT technical subscription services increased from approximately 59.0% for the six months ended 30 June 2024 to approximately 59.8% for the Period, primarily attributable to decrease in cost of services driven by the Group's efficiency optimisation initiatives.

Other Income

Other income decreased by approximately 3.9% from approximately RMB13.6 million for the six months ended 30 June 2024 to approximately RMB13.1 million for the Period as we received less compensation from customers in respect of impaired devices during the Period.

Distribution and selling expenses

The distribution and selling expenses decreased by approximately 19.6% from approximately RMB77.3 million for the six months ended 30 June 2024 to approximately RMB62.1 million for the Period, owing to the decrease in salary expenses after the implementation of refined expenses management measures and the decrease in promotional expenses led by the shift from engaging external marketing experts to leveraging internal sales and marketing team. Our distribution and selling expenses as a percentage of revenue decreased from approximately 8.2% for the six months ended 30 June 2024 to approximately 5.6% for the Period.

Administrative Expenses

The administrative expenses decreased by approximately 9.7% from approximately RMB47.1 million for the six months ended 30 June 2024 to approximately RMB42.5 million for the Period, primarily due to the decrease in share-based payment by approximately RMB6.1 million. Our administrative expenses as a percentage of revenue decreased from approximately 5.0% for the six months ended 30 June 2024 to approximately 3.8% for the Period.

Research and Development Expenses

The research and development expenses decreased by approximately 38.0% from approximately RMB14.5 million for the six months ended 30 June 2024 to approximately RMB9.0 million for the Period, primarily due to the successful delivery of certain research and development projects, leading to a reduction in related costs, and the decrease in staff-related expenses driven by organisational streamlining and productivity enhancements. Our research and development expenses as a percentage of revenue decreased from approximately 1.5% for the six months ended 30 June 2024 to approximately 0.8% for the Period.

Finance Costs

The finance costs increased by approximately 5.9% from approximately RMB23.6 million for the six months ended 30 June 2024 to approximately RMB25.0 million for the Period, as we secured more borrowings for the Period for working capital due to the business expansion of the Group.

Income Tax Credit

For the Period, we recorded income tax credit of approximately RMB0.8 million as compared to income tax credit of approximately RMB3.5 million for the six months ended 30 June 2024.

Profit/(Loss) and Total Comprehensive Income/(Expense) Attributable to the Owners of the Company for the Period

We recorded profit and total comprehensive income attributable to the owners of the Company of approximately RMB5.7 million for the Period as compared to loss and total comprehensive expense of approximately RMB39.8 million for the six months ended 30 June 2024, primarily due to the increase in revenue and gross profit and the reduction in operating expense during the Period as discussed above.

Adjusted Profit/(Loss)

The adjusted profit (a non-International Financial Reporting Standard (“IFRS”) measure) for the Period was approximately RMB18.6 million as compared to the adjusted loss of approximately RMB22.3 million for the six months ended 30 June 2024.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”)

The adjusted EBITDA (a non-IFRS measure) for the Period increased by approximately 38.5% from approximately RMB140.2 million for the six months ended 30 June 2024 to approximately RMB194.1 million for the Period.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use adjusted profit and adjusted EBITDA (non-IFRS measures) as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We believe that such measures provide useful information to the shareholders of the Company (the “**Shareholder(s)**”), potential investors of the Company and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management to evaluate our operating performance and formulate business plans. However, our adjusted profit and adjusted EBITDA (non-IFRS measures) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRSs.

We define adjusted loss as loss plus share-based payment expenses, and foreign exchange changes. We define adjusted EBITDA as loss plus finance costs, interest income, income tax credit/(expenses), depreciation of property, plant and equipment and right-of-use of assets, amortisation of intangible assets, share-based payment expenses and foreign exchange changes.

A reconciliation of these non-IFRS financial measures to the nearest IFRS performance measures is provided below:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Reconciliation of profit/(loss) for the period and adjusted profit/(loss) (a non-IFRS measure)		
Profit/(loss) for the period	4,908	(40,583)
Non-IFRS measure:		
Adjusted profit/(loss)		
Add:		
Share-based payments expenses	9,585	18,332
Foreign exchange loss/(gain)	4,152	(53)
	<hr/>	<hr/>
Non-IFRS measure:		
Adjusted profit/(loss)	<u>18,645</u>	<u>(22,304)</u>
Reconciliation of profit/(loss) for the period and adjusted EBITDA (a non-IFRS measure)		
Profit/(loss) for the period	4,908	(40,583)
Add:		
Income tax credit	(823)	(3,539)
Finance costs	25,000	23,613
Interest income	(1,014)	(333)
Depreciation of property, plant and equipment and right-of-use assets	147,752	138,389
Amortisation of intangible assets	4,569	4,333
Non-IFRS measure:		
EBITDA	180,392	121,880
Add:		
Share-based payment expenses	9,585	18,332
Foreign exchange loss/(gain)	4,152	(53)
	<hr/>	<hr/>
Non-IFRS measure:		
Adjusted EBITDA	<u>194,129</u>	<u>140,159</u>

Current Assets

As at 30 June 2025, the current assets of the Group were approximately RMB962.7 million, representing an increase of approximately 7.8% as compared with approximately RMB893.4 million as at 31 December 2024. As at 30 June 2025, the current ratio (current assets divided by current liabilities) of the Group was approximately 1.3 times (31 December 2024: approximately 1.2 times).

Property, Plant and Equipment and Right-of-Use Assets

Our property, plant and equipment and right-of-use assets of the Group primarily consist of leased properties, equipment for subscription, office equipment, motor vehicles and lease improvement. The property, plant and equipment and right-of-use assets decreased from approximately RMB743.5 million as at 31 December 2024 to approximately RMB719.8million as at 30 June 2025, as we purchased less property, plant and equipment during the Period as compared to the corresponding period in 2024.

Inventories

Our inventories primarily consist of (i) de-commissioned IT devices such as laptops, monitors, tablet computers acquired via and held for sale under our device recycling business; and (ii) device components and accessories. The inventories increased from approximately RMB102.8 million as at 31 December 2024 to approximately RMB135.0 million as at 30 June 2025, mainly due to the increase in demand in disposal of decommissioned IT devices from upstream suppliers close to the end of the Period.

Trade and Lease Receivables

Our trade and lease receivables represent receivables from customers for (i) operating lease relating to device subscription services; and (ii) contracts with customers relating to device recycling business and IT technical subscription services. The trade and lease receivables decreased from approximately RMB255.6 million as at 31 December 2024 to approximately RMB132.0 million as at 30 June 2025, mainly due to the reduction in credit extended to our customers and we have enhanced our risk management processes.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments decreased from approximately RMB132.9 million as at 31 December 2024 to approximately RMB115.1 million as at 30 June 2025, primarily due to the decrease in advances to suppliers and value-added tax receivables as at 30 June 2025.

Trade Payables

Trade payables represent procurements payable to suppliers for the purchase of IT devices. As at 30 June 2025, trade payables amounted to approximately RMB92.0 million, representing a decrease of approximately RMB15.4 million as compared with approximately RMB107.4 million as at 31 December 2024, as we settled our trade payables in a timely manner.

Other Payables and Accruals

Other payables primarily consist of (i) accrued staff costs and retirement benefit scheme contributions; (ii) advance from leasing customers under device subscription services; (iii) other tax payables; (iv) secured and other deposits received; (v) accrued expenses; and (vi) others.

As at 30 June 2025, other payables and accruals amounted to approximately RMB74.2 million, representing an increase of approximately RMB6.5 million as compared with approximately RMB67.7 million as at 31 December 2024 as we have increased accrued expenses as at 30 June 2025.

LIQUIDITY AND CAPITAL RESOURCES

During the Period, our cash requirements are principally funded by cash generated from operations and other debt financings.

Bank Balances and Cash

Our bank balance and cash consist of our bank balances and cash and restricted deposits. Our bank balance and cash amounted to approximately RMB386.2 million as at 30 June 2025 (31 December 2024: approximately RMB295.9 million). The increase in bank balance and cash were mainly attributable to the increase in cash generated from our business operations. As at 30 June 2025, the Group's cash and cash equivalents were denominated in Renminbi, Hong Kong dollars and United States dollars.

Bank and Other Borrowings

As at 30 June 2025, we had bank borrowings with a carrying amount of approximately RMB550.3 million (as at 31 December 2024: approximately RMB531.2 million) and other borrowings of approximately RMB302.0 million (as at 31 December 2024: approximately RMB278.0 million), such borrowings comprise (i) approximately RMB838.4 million (as at 31 December 2024: approximately RMB770.6 million) of unsecured and guaranteed bank and other borrowings; and (ii) approximately RMB13.9 million (as at 31 December 2024: approximately RMB38.6 million) of secured and guaranteed bank and other borrowings.

All of our bank and other borrowings were subject to fixed interest rate. For the Period, the effective interest rates of the Group's borrowings ranged from 3.5% to 7.7% per annum (as at 31 December 2024: 3.2% to 9.4% per annum). Our borrowings were all denominated in Renminbi and carried borrowing terms ranging from one year to three years.

Gearing Ratio

The calculation of gearing ratio is based on total debt for the Period divided by total equity for the respective year and multiplied by 100.0%. The gearing ratio as at 30 June 2025 was 113.1% (as at 31 December 2024: 113.0%).

Significant Investments Held, Material Acquisitions and Disposals

The Group had no significant investments, acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

Future Plans for Material Investments and Capital Assets

The Group has no future plan for material investments or capital assets during the Period. However, the Group will continue to identify new opportunities for business development.

Contingent Liabilities and Commitments

We did not have any material contingent liabilities as at 30 June 2025.

Foreign Exchange Risk

The Group conducts its business with most of the transactions settled in Renminbi, while a smaller portion is settled in Hong Kong dollars and US dollars. The Group will continue to keep track of the foreign exchange risk and take prudent measures and actions to mitigate exchange risk where necessary. The Group currently has not adopted any foreign currency hedging policies.

Employees and Remuneration Policy

As at 30 June 2025, the Group had 942 full-time employees (as at 31 December 2024: 970 full-time employees). We recognise the importance of talents for sustainable business growth and competitive advantages. As part of our human resources strategy, we offer employees competitive salaries, performance-based bonuses, and other incentives. For the Period, the remuneration for our employees, but excluding the Directors' remunerations, were approximately RMB86.6 million (for the six months ended 30 June 2024: approximately RMB93.8 million).

We provide on-board training for all of our employees as well as periodic training or seminars to ensure their self-development. We also strive to create a multiple-incentive mechanism and a friendly working environment to realise our employees' full potential.

In recognition of the contributions of our employees and to incentivise them to further promote our development, the Group also adopted LX Brothers Employee Incentive Plan and Beauty Bear Employee Incentive Plan. For details, please refer to section headed "D. Employee Incentive Plans" in Appendix IV to the Prospectus.

EVENTS AFTER THE REPORTING PERIOD

No event has taken place subsequent to 30 June 2025 and up to the date of this announcement that may have a material impact on the Group's operating and financial performance that needs to be disclosed.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of the Shareholders. The Group has adopted the code provisions as set out in the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance.

Save for the deviation for reasons set out below, the Group has applied the principles of good corporate governance and complied with the Corporate Governance Code during the Period.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. Hu Zuoxiong (“**Mr. Hu**”) is performing these two roles. Mr. Hu is responsible for the overall management, operation and strategic development of our Group and has been instrumental to our growth and business operation since establishment of the Group in November 2004. Taking into account the continuation of management and the implementation of our business strategies, the Directors (including the independent non-executive Directors) consider it is most suitable for Mr. Hu to hold both the positions of chief executive officer and the chairman of the Board and the existing arrangements are beneficial to the management of our Group and are in the interests of our Company and the Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprises experienced and high-calibre individuals. The Board comprises three executive Directors (including Mr. Hu), one non-executive Director and three independent non-executive Directors, and therefore has a strong independence element in its composition. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group’s circumstances.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a combined code (the “**Code**”) of conduct for securities transactions by the Directors which comprises a comprehensive “Code of Conduct for Securities Transactions by Directors” and the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules.

Upon specific enquiry, all Directors confirmed that they have complied with the Code during the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) during the Period. As at 30 June 2025, the Company did not hold any treasury shares.

REVIEW OF INTERIM RESULTS

The Company established the Audit Committee in compliance with the Corporate Governance Code. The Audit Committee reviewed the unaudited consolidated interim financial statements for the Period, and discussed with the management of the Company the accounting principles and practices adopted by the Group.

INTERIM DIVIDEND

The Board has resolved not to distribute any interim dividend for the Period.

PUBLICATION OF INTERIM RESULTS AND 2025 INTERIM REPORT

This announcement is published on the respective websites of the Company (www.bearrental.com) and the Stock Exchange (<http://www.hkexnews.hk>). The 2025 interim report will be made available on the respective websites of the Company and the Stock Exchange as and when appropriate.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
REVENUE	4	1,116,671	942,598
Cost of sales		(1,014,777)	(849,718)
GROSS PROFIT		101,894	92,880
Other income	5	13,050	13,574
Other gains and losses		33,266	16,946
Impairment losses under expected credit loss model, net of reversal		(5,492)	(5,028)
Distribution and selling expenses		(62,102)	(77,277)
Administrative expenses		(42,531)	(47,079)
Research and development expenses		(9,000)	(14,525)
Finance costs	6	(25,000)	(23,613)
PROFIT/(LOSS) BEFORE TAX	7	4,085	(44,122)
Income tax credit	8	823	3,539
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		4,908	(40,583)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		5,655	(39,792)
Non-controlling interests		(747)	(791)
		4,908	(40,583)
EARNINGS/(LOSS) PER SHARE	10		
— Basic (RMB)		0.02	(0.13)
— Diluted (RMB)		0.02	(0.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
	Notes		
Non-current assets			
Property, plant and equipment and right-of-use assets		719,788	743,472
Goodwill		23,592	21,204
Intangible assets		62,663	21,932
Deposits paid for acquisition of property, plant and equipment and intangible assets		9,531	9,780
Other receivables, deposits and prepayments		6,220	5,167
Restricted deposits		12,913	14,009
Deferred tax assets		12,716	13,370
Total non-current assets		847,423	828,934
Current assets			
Inventories		135,027	102,802
Trade and lease receivables	11	131,956	255,623
Other receivables, deposits and prepayments		108,833	127,685
Financial assets at fair value through profit and loss ("FVTPL")		213,611	125,431
Restricted deposits		8,250	4,915
Cash and cash equivalents		365,007	276,940
Total current assets		962,684	893,396
Current liabilities			
Trade payables, other payables and accruals	12	166,233	175,060
Borrowings		566,240	585,481
Lease liabilities		8,516	5,503
Contract liabilities		1,213	2,309
Total current liabilities		742,202	768,353

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Net current assets	<u>220,482</u>	<u>125,043</u>
Total assets less current liabilities	<u>1,067,905</u>	<u>953,977</u>
Non-current liabilities		
Borrowings	286,055	223,711
Lease liabilities	10,996	6,934
Deferred tax liabilities	<u>17,145</u>	<u>7,130</u>
Total non-current liabilities	<u>314,196</u>	<u>237,775</u>
NET ASSETS	<u><u>753,709</u></u>	<u><u>716,202</u></u>
Capital and reserves		
Share capital	3,158	3,158
Reserves	<u>726,351</u>	<u>711,111</u>
	729,509	714,269
Non-controlling interests	<u>24,200</u>	<u>1,933</u>
TOTAL EQUITY	<u><u>753,709</u></u>	<u><u>716,202</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

LX Technology Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 10 January 2022 under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) effective from 24 November 2022. The respective addresses of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and principal place of business is 501, 5th Floor, Cuilin Building, 10 Kaifeng Road, Maling District, Meilin Street, Futian District, Shenzhen, China.

The Company is an investment holding company and the Company and its subsidiaries (collectively, referred to as the “**Group**”) are engaged in device recycling business, provision of device subscription services and information technology (“**IT**”) technical subscription services.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

These condensed consolidated financial statements (“**Interim Financial Information**”) have been prepared in accordance with International Accounting Standard 34 issued by the International Accounting Standards Board (“**IASB**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Interim Financial Information does not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s 2024 annual consolidated financial statements for the year ended 31 December 2024 (“**2024 Annual Report**”). The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in 2024 Annual Report.

3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current period, the Group has adopted all the new and revised IFRS Accounting Standards issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. IFRS Accounting Standards comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards (“**IAS**”); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards but is not yet in a position to state whether these new and revised IFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION AND REVENUE

Segment Information

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's segment revenue and the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Specifically, the Group's reportable segments under IFRS 8 Operating Segments are as follows:

- (1) Device recycling business
- (2) Device subscription services

For the six months ended 30 June 2025

	Device recycling business RMB'000 (unaudited)	Device subscription services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Device recycling income			
— Mobile devices	413,813	—	413,813
— Non-mobile devices	434,311	—	434,311
Device subscription services			
— Short-term device subscription	—	23,464	23,464
— Long-term device subscription	—	168,450	168,450
IT technical subscription services	—	76,633	76,633
	848,124	268,547	1,116,671

For the six months ended 30 June 2024

	Device recycling business RMB'000 (unaudited)	Device subscription services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Device recycling income			
— Mobile devices	470,348	—	470,348
— Non-mobile devices	211,505	—	211,505
Device subscription services			
— Short-term device subscription	—	23,830	23,830
— Long-term device subscription	—	159,900	159,900
IT technical subscription services	—	77,015	77,015
	681,853	260,745	942,598

Geographical information

	Revenue from external customers		Non-current assets	
	Six months ended		As at	As at
	30 June		30 June	31 December
	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
PRC	1,103,867	942,598	808,298	796,388
Hong Kong	12,804	—	7,276	—
	<u>1,116,671</u>	<u>942,598</u>	<u>815,574</u>	<u>796,388</u>

In presenting the geographical information, the revenue information is based on the locations of the customers while the non-current assets information is based on the location of assets and excludes other receivables, deposits and prepayments, restricted deposits and deferred tax assets.

Revenue

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Type of goods or services		
Device recycling income	848,124	681,853
IT technical subscription services	76,633	77,015
Short-term device subscription	23,464	23,830
Total	<u>948,221</u>	<u>782,698</u>
Timing of revenue recognition		
At a point in time	848,124	681,853
Over time	100,097	100,845
	<u>948,221</u>	<u>782,698</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Device recycling income	848,124	681,853
Device subscription services	100,097	100,845
Revenue from contracts with customers	948,221	782,698
Lease income from device subscription services	168,450	159,900
Total revenue	1,116,671	942,598

5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	1,014	333
Government subsidies (<i>note</i>)	9,524	10,082
Compensation income from customers	2,387	3,051
Sundry income	125	108
	13,050	13,574

Note: Government subsidies mainly represent industry-specific subsidies granted by the government authorities with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognised.

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on borrowings	24,618	23,050
Interest expenses on lease liabilities	382	563
	25,000	23,613

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is stated after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Directors' emoluments	2,785	4,673
Depreciation of property, plant and equipment and right-of-use assets	147,752	138,389
Amortization of intangible assets	4,569	4,333
Gain on disposal of property, plant and equipment	(135)	(1,873)
Cost of inventories recognised as an expense	801,226	637,513

8. INCOME TAX CREDIT

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax — the PRC		
Charge/(credit) for the period	8	(9)
Deferred tax	(831)	(3,530)
	(823)	(3,539)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from the Cayman Islands income tax.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, the provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 June 2024: no Hong Kong profits tax had been provided as there was no business operation) to the six months ended 30 June 2025, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The income tax provision of the subsidiaries operating in the PRC has been calculated at the tax rate of 25% on the taxable income for the reporting period, except for LX Technology (Shenzhen) Co., Ltd. ("LX Shenzhen") and certain subsidiaries, based on the existing legislation, interpretations and practices in respect thereof.

LX Shenzhen, a major operating entity of the Group in the PRC, was qualified as "High and New Technology Enterprises" in October 2017 which was subsequently renewed in November 2023 with a valid period of three years, and therefore LX Shenzhen is entitled to a preferential income tax rate of

15% for the six months ended 30 June 2024 and 2023. The latest approval for LX Shenzhen enjoying this tax benefit was obtained in November 2023 for the financial years of 2023, 2024 and 2025.

Certain subsidiaries in the PRC were qualified as “Small Low-profit Enterprise”. From 1 January 2022 to 31 December 2022, the first RMB1 million of profits of qualifying corporation are taxed 2.5%, and profits between RMB1 million and RMB3 million are taxed at 5%. From 1 January 2023 to 31 December 2027, the profits no more than RMB3 million are taxed 5%.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year (“**Super Deduction**”). LX Shenzhen has claimed such Super Deduction in ascertaining its tax assessable profits for the six months ended 30 June 2025 and 2024.

9. DIVIDEND

No dividend was declared or paid by the Company since its incorporation in respect of the six months ended 30 June 2025 and 2024, nor any dividend been proposed since the end of the reporting period.

10. PROFIT/(LOSS) PER SHARE

The calculation of the basic and diluted profit/(loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit/(Loss) for the period attributable to owners of the Company for the purposes of basic and diluted profit/(loss) per share	5,655	(39,792)
	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic profit/(loss) and diluted per share		
Effect of dilutive potential ordinary shares:	308,378,399	305,460,816
— Share options and share awards	21,353,356	—
Weighted average number of ordinary shares for the purpose of diluted profit/(loss) per share	329,731,755	305,460,816

11. TRADE AND LEASE RECEIVABLES

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Trade and lease receivables		
— third parties	160,408	276,622
— related parties	4,693	6,652
	<u>165,101</u>	<u>283,274</u>
Less: allowance for expected credit losses	(33,145)	(27,651)
	<u><u>131,956</u></u>	<u><u>255,623</u></u>

The following is an ageing analysis of trade and lease receivables, net of allowance for expected credit losses, presented based on the revenue recognition dates at the end of each reporting period:

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Within 3 months	107,643	232,594
More than 3 months but within 6 months	8,269	7,861
More than 6 months but within 1 year	9,736	10,626
Over 1 year	6,308	4,542
	<u><u>131,956</u></u>	<u><u>255,623</u></u>

Note: The Group has receivables from its related parties at the end of reporting period for providing device subscription services, IT technical subscription services and device recycling income.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Trade payables	92,029	107,382
Other payables and accruals		
Accrued staff costs and retirement benefit scheme contributions	28,282	31,763
Advance from leasing customers under device subscription service	15,116	17,733
Other tax payables	1,451	4,296
Secured and other deposits received	7,414	7,580
Accrued expenses	21,941	6,306
	<u>74,204</u>	<u>67,678</u>
	<u>166,233</u>	<u>175,060</u>
Represented by:		
— third parties	166,177	174,539
— related parties (<i>note</i>)	56	521
	<u>166,233</u>	<u>175,060</u>

Note: The Group has payable to its related parties at the end of reporting period for purchase of IT equipment, certain operating expenses, including marketing and promotion services.

The credit period on trade payables ranges from 0 to 90 days. The ageing analysis of the Group's trade payables presented based on the invoice dates at the end of reporting period are as follows:

	As at 30 June 2025 <i>RMB'000</i> (unaudited)	As at 31 December 2024 <i>RMB'000</i> (audited)
Within 6 months	66,371	101,483
6–12 months	21,294	3,127
Over 1 year	4,364	2,772
	92,029	107,382

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

Hong Kong, 26 August 2025

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 Ms. Xu Nailong, Mr. Yao Zhengwang and Mr. Zou Shenghe as independent non-executive Directors.