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Lesi Group Limited
樂思集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2540)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Director(s)**”) of Lesi Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2025 together with the comparative figures for the six months ended 30 June 2024.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended 30 June		Change
	2025	2024	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	682,939	300,519	127.3%
Gross profit	33,249	42,998	-22.7%
Profit before taxation	11,139	29,710	-62.5%
Profit for the period attributable to equity shareholders of the Company	10,651	28,274	-62.3%

BUSINESS REVIEW AND OUTLOOK

In the first half year of 2025, the macroeconomy is gradually recovering, and the consumer market showed signs of structural recovery. We ensure high-quality development of the Group's business through refined management and ensure steady growth in the Group's revenue. Due to varying pace of recovery across industries and the uncertainties in the overall business environment, there remains potential for enhancing consumer market sentiment. This has resulted in enterprises adopting a cautious approach towards business development and marketing promotions, as they await the restoration of market confidence.

We closely follow the latest market development trends, focusing its core resources on enhancing the ability to provide comprehensive marketing services to high-quality customers. We provide close business services around rapidly growing industries and key customers. By concentrating resources on developing and expanding our ability to offer value added services to clients, we aim to strengthen our competitiveness in the mobile advertising market. We also focus on building the company's ability to generate high-quality content, including text, images, and short videos, to improve the marketing effectiveness of advertising campaigns. Our total gross billing increased by approximately 121.3% from approximately RMB435.2 million for the six months ended 30 June 2024 to approximately RMB963.1 million for the six months ended 30 June 2025 and our total revenue increased by approximately 127.3% from approximately RMB300.5 million for the six months ended 30 June 2024 to approximately RMB682.9 million for the six months ended 30 June 2025. Our net profit decreased by approximately 62.6% from approximately RMB28.6 million for the six months ended 30 June 2024 to approximately RMB10.7 million for the six months ended 30 June 2025.

Mobile advertising solutions services

The Group provides comprehensive mobile advertising services to our customers for marketing of their brands, products and/or services on media platforms operated by our media partners. Our services include mobile marketing planning, traffic acquisition, production of ad creatives, ad placements, ad optimisation, ad campaign management and ad distribution. We aim at optimising mobile ads' publicity and maximising their exposure to target mobile users to achieve our customers' marketing goals and improve their return on investment.

We believe that a network for ad distribution is crucial to our continuous growth in the mobile advertising industry. Thus, we are committed to developing and establishing solid business relationship with reputable media partners to ensure a smooth and consistent supply of advertising space for our placement of mobile ads. Our media partners include media publishers (being operators of media platforms) and media agents of other media publishers. As at 30 June 2025, we have established business relationship with four media publishers, which are prominent technology companies in the People's Republic of China ("PRC"), and we can distribute mobile ads directly on 17 media platforms operated by these media publishers. These media platforms include leading short video platforms, search engine platforms, news and information contents platforms, mobile browsers, app stores and social media platforms. With an extensive network for ad distribution, we can place mobile ads for marketing of brands, products and services of our customers to a wide spectrum of mobile users with different interests.

For the six months ended 30 June 2025, we served 188 customers from various industries, covering technology and internet services, financial services and e-commerce industries mainly in the PRC. Our revenue generated from mobile advertising solutions services increased by approximately 137.8% from approximately RMB286.0 million for the six months ended 30 June 2024 to approximately RMB680.2 million for the six months ended 30 June 2025. Revenue generated from mobile advertising solutions services accounted for approximately 99.6% of our total revenue for the six months ended 30 June 2025.

Advertisement distribution services

Our advertisement distribution services include acquisition of advertising space and ad distribution, being standalone services. We purchase advertising space from our media partners for our customers. It involves the practice of arbitrage where we purchase advertising space and sell them to our customers. We are committed to providing advertising space to our customers to maximise their exposure to target mobile users such that they can achieve marketing goals and improve performance.

Our revenue generated from advertisement distribution services decreased by approximately 81.4% from approximately RMB14.5 million for the six months ended 30 June 2024 to approximately RMB2.7 million for the six months ended 30 June 2025.

Competitive strengths and strategies

We seek to leverage on our competitive strengths to enhance our market position and further expand our business. We believe that the following competitive strengths and strategies contribute to our growth and differentiate us from our competitors.

- ***Maintain established relationship with top media partners operating leading media platforms in the PRC***

According to the research report conducted by Shanghai iResearch Co., Ltd., a market research and consulting company in the PRC, media resources are essential to mobile advertising service providers as one of the key competitive factors of mobile advertising service providers in the PRC. For the six months ended 30 June 2025, we are a distributor of four media publishers, which are prominent technology companies in the PRC, and we can distribute mobile ads directly on 17 media platforms as at 30 June 2025 operated by them. We possess such media resources and will continue to expand our media resources to maintain and enhance our competitiveness in the industry. These media platforms provide different contents to attract mobile users with diverse habits and preferences. Our business strategy is to develop and maintain an extensive network for distribution of mobile ads on a balanced mixture of media platforms with different contents and nature, whereby mobile ads can be placed on media platforms commonly

used by mobile users with stable and large traffic as well as media platforms used by mobile users with specific common interests with relatively positive growth potential, whilst we may also collect and analyse proprietary statistics of different mobile users on such media platforms, thereby enabling us to customise our mobile advertising solutions for our customers to better meet their advertising needs and increase our business profitability.

- ***Continue to expand our short video production capacities***

After over 20 years of rapid development, the internet advertising market in the PRC underwent structural adjustments due to multiple macroeconomic factors, we offer mobile advertising solutions services to our customers with a focus on in-feed advertising. Over the years of our operation, we have accumulated extensive experience in the provision of mobile advertising services and understanding marketing needs of customers from different industries. With our in-house video production capacities, the Group can provide mobile advertising solutions services to our customers, from project planning, idea generation, scripts writing, video filming and editing, post-production of video to distribution to mobile ads in video format on media platforms, subject to our customers' needs and budget plans. The offer of video production enriches our service offerings and enables our customers to outsource the whole marketing campaign to us, and thereby increase their reliance on the Group and enhance our profitability. Our in-house production capacities have contributed to the growth of our business and we will continue to closely monitor our customers' needs and demands and, to our best effort, increase our service offerings to meet market demand and expand our customer base. We also actively explore the practical application of various new technologies, including AI generative technology, in short video production. Although we are a relatively small market player in the mobile advertising industry which is fragmented and competitive, we focus our resources to expand our production capacities and enhance our value-added services so as to differentiate ourselves from our competitors. We also put significant effort to understand the products and brands of our customers and the habits of mobile users when we develop and create mobile ads so that our mobile ads can achieve marketing goals of our customers efficiently. Leveraging on our content production capacities, we can establish business relationship with top media publishers and can successfully expand our network for ad distribution.

- ***Enhance and upgrade the functions of our self-developed platform***

To adapt to the challenging times, we are constantly optimising our cost structure and improving our operational efficiency. Our self-developed platform has integrated applications for our internal use as our enterprise resource planning system to manage and operate our business systematically. The major features of our platform cover accounting and financial management, operation and order management, data management and customer information management. Through this platform, we can integrate performance data of our mobile ads from our media partners, analyse performance data for optimising overall results of mobile ads, review and oversee status of customers' orders and record our operating data and financial data. It also assists us in the management of resources for our production of mobile ads. We plan to upgrade our existing platform by expanding its functions so that the system can automate the collection of traffic usage data and behaviour data of mobile users from media platforms operated by our media publishers. We can then analyse various data for our internal use to formulate mobile advertising solutions in a timely manner. We intend to include algorithm capacities to our platform so that it can process various data, such as performance data and behaviour data, to enhance the accuracy of market analysis and to keep us abreast of the latest market trends and developments. Through this platform, we can design and formulate more effective mobile advertising solutions to better serve our customers and achieve advertising goals.

- ***Exploration of business collaboration and merger and acquisition opportunities with well-established companies***

We plan to explore business opportunities to cooperate with media platforms with a focus on cross-border e-commerce markets. Such opportunities would enhance our overall technological capability and create synergies with our existing business and can strengthen our solutions services and capacities which will enable us to create ad contents tailored to our target mobile users in specific local and/or overseas markets, such as marketing companies engaging in the provision of live streaming contents on the e-commerce platforms, with an established customer base, and marketing companies engaging in the provision of post advertising services for sale of products on overseas media platforms. We believe that our strengthened service capabilities in key overseas markets and selected regions in the PRC will enable us to grow and expand our customer base and our network for distribution of mobile ads and we will be better equipped for future competition.

FINANCIAL REVIEW

Revenue

Revenue of the Group increased by approximately RMB382.4 million or 127.3%, from approximately RMB300.5 million for the six months ended 30 June 2024 to approximately RMB682.9 million for the six months ended 30 June 2025. This increase was mainly due to the increase in demand for the mobile advertising solutions services from customers.

A breakdown of the revenue of the Group for the period indicated are set forth in the table below:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Mobile advertising solutions services (gross method)	680,218	285,989
Advertisement distribution services (net method)	2,721	14,530
	<u>682,939</u>	<u>300,519</u>

Revenue generated from mobile advertising solutions services

Revenue generated from mobile advertising solutions services increased by approximately RMB394.2 million or 137.8%, from approximately RMB286.0 million for the six months ended 30 June 2024 to approximately RMB680.2 million for the six months ended 30 June 2025. This increase was due to the increase in demand from customers for our mobile advertising solutions services under the enhanced marketing efforts of the Group.

Revenue generated from advertisement distribution services

Revenue generated from advertisement distribution services decreased by approximately RMB11.8 million or 81.4%, from approximately RMB14.5 million for the six months ended 30 June 2024 to approximately RMB2.7 million for the six months ended 30 June 2025. Affected by the company's business adjustments and customer demand, although the volume of advertising distribution services has increased, the net income of advertising distribution services has decreased compared with the same period last year due to the decline in transaction fee rate.

Cost of services

Cost of services of the Group primarily consists of traffic acquisition costs, employee benefit expenses and video production costs. The cost of services increased by approximately RMB392.2 million or 152.3%, from approximately RMB257.5 million for the six months ended 30 June 2024 to approximately RMB649.7 million for the six months ended 30 June 2025. Such increase was mainly due to the increase in traffic acquisition costs and the decrease in rebates from certain media partners as the rebate policies of media partners of the Group may vary from time to time subject to their business plan and needs.

Gross profit and gross profit margin

Gross profit of the Group decreased by approximately RMB9.8 million or 22.8%, from approximately RMB43.0 million for the six months ended 30 June 2024 to approximately RMB33.2 million for the six months ended 30 June 2025, which was mainly attributable to the decrease in rebates from media partners as a result of the change of their rebate policies. The gross profit margin significantly decreased from approximately 14.3% for the six months ended 30 June 2024 to approximately 4.9% for the six months ended 30 June 2025 mainly due to the decrease in the rates of rebates from media partners as a result of the change of their rebate policies of the Group as their business plans may vary from time to time and increase in proportion of revenue generated from mobile advertising solutions services.

Other net (loss)/income

Other net (loss)/income of the Group primarily consists of interest income, government grant and others. The other net (loss)/income decreased significantly by approximately RMB3.9 million or 105.4%, from approximately RMB3.7 million other net income for the six months ended 30 June 2024 to approximately RMB0.2 million other net loss for the six months ended 30 June 2025 mainly due to the decrease in interest income and government subsidies.

Selling and marketing expenses

Selling and marketing expenses of the Group primarily consist of employee benefit expenses, entertainment expenses, travelling expenses and others. The selling and marketing expenses increased by approximately RMB0.4 million or 30.8%, from approximately RMB1.3 million for the six months ended 30 June 2024 to approximately RMB1.7 million for the six months ended 30 June 2025 mainly due to the increase in employee benefit expenses and entertainment and travelling expenses related to the increased business scale. The increase in employee benefit expenses was mainly due to the increase of personnel for sales and marketing team.

General and administrative expenses

General and administrative expenses of the Group mainly consist of research and development expenses, employee benefit expenses, depreciation, property utilities expenses, office expenses, entertainment expenses, professional fees, and others. The general and administrative expenses increased by approximately RMB4.1 million or 38.0%, from approximately RMB10.8 million for the six months ended 30 June 2024 to approximately RMB14.9 million for the six months ended 30 June 2025. Such increase was primarily attributed to the increase in research and development expenses due to the expansion of research and development department, the rise in employee benefit expenses due to the increase in operating staff, the increase in depreciation and property management expenses related to the Group's new office located in the Xingdi Center in Beijing.

Impairment losses on trade and other receivables

Impairment losses on trade and other receivables of the Group consists of provision for impairment losses on trade and other receivables. The impairment losses on trade and other receivables decreased by approximately RMB0.3 million or 8.6%, from approximately RMB3.5 million for the six months ended 30 June 2024 to approximately RMB3.2 million for the six months ended 30 June 2025. This decrease was mainly due to the decrease in aged trade and other receivables.

Finance costs

Finance costs of the Group consist of interest expense and interest on lease liabilities. The finance costs increased by approximately RMB0.8 million or 57.1%, from approximately RMB1.4 million for the six months ended 30 June 2024 to approximately RMB2.2 million for the six months ended 30 June 2025, primarily attributable to the increase in factoring fees and interest on lease liabilities and partially offset the decreased interest on bank loans.

Income tax

The Group is exempted from Cayman Islands income tax. No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to the Hong Kong profits tax during the six months ended 30 June 2025. The income tax expense was primarily attributable to the PRC Enterprise Income Tax. The income tax decreased by approximately RMB0.7 million or 58.3%, from approximately RMB1.2 million for the six months ended 30 June 2024 to approximately RMB0.5 million for the six months ended 30 June 2025. The effective tax rate was approximately 3.9% and 4.4% for the six months ended 30 June 2024 and 2025, respectively. The low effective tax rates were primarily because some of the subsidiaries of the Group in the PRC were entitled to a tax-free period during the period concerned and a subsidiary of the Group in the PRC is recognised as a high-tech enterprise and enjoyed a preferential tax rate of 15% for the six months ended 30 June 2025 and 2024.

Profit for the period

As a result of the foregoing, the profit for the period of the Group decreased by approximately RMB17.9 million or 62.6%, from approximately RMB28.6 million for the six months ended 30 June 2024 to approximately RMB10.7 million for the six months ended 30 June 2025. Net profit margin of the Group decreased from approximately 9.5% for the six months ended 30 June 2024 to approximately 1.6% for the six months ended 30 June 2025 and such decrease was generally due to the decrease in gross profit and increase in selling and general and administration expenses.

Liquidity and capital resources

The business operations and expansion plans of the Group require a significant amount of capital for purchasing of advertising space from media partners, enhancing our content production capabilities, labour cost and other recurring expenses to support the expansion of our operations.

During the six months ended 30 June 2025, the Group principally financed our working capital and other liquidity requirements mainly through a combination of cash generated from our operating activities, IPO proceeds and bank and other loans. As at 30 June 2025, the Group had bank borrowings of approximately RMB94.7 million (as at 31 December 2024: approximately RMB36.7 million) while the effective annual weighted interest rates of the bank and other loans were approximately 5.2% (six months ended 30 June 2024: 4.8%) per annum for the six months ended 30 June 2025. The gearing ratio of the Group as at 30 June 2025, calculated based on total borrowings (including bank and other loans and lease liabilities) divided by total equity, was approximately 20.4% (as at 31 December 2024: 6.5%).

The cash and cash equivalents of the Group decreased from approximately RMB149.4 million as of 31 December 2024 to approximately RMB106.3 million as of 30 June 2025, mainly due to the cash used in operating activities partially offset the cash generated from financing activities.

CAPITAL EXPENDITURES

The capital expenditures of the Group are mainly consisted of expenditures on property and equipment and acquisition of subsidiary. The Group did not have any material capital commitments as at 31 December 2024 and 30 June 2025.

CONTINGENT LIABILITIES

As of 30 June 2025, the Group had no material contingent liabilities.

Key Financial Ratios

	Six months ended 30 June	
	2025	2024
	(%)	(%)
Profitability ratios		
Gross margin ⁽¹⁾	4.9	14.3
Net profit margin ⁽²⁾	1.6	9.5
	As of	As of
	30 June	30 June
	2025	2024
	(%)	(%)
Return on equity ⁽³⁾	1.7	10.1
Return on total assets ⁽⁴⁾	1.1	7.0
	As of	As of
	30 June	31 December
	2025	2024
Liquidity ratio		
Current ratio ⁽⁵⁾	2.9 times	4.0 times
Capital adequacy ratio		
Gearing ratio ⁽⁶⁾	20.4%	6.5%

Notes:

- (1) Gross margin is calculated based on the gross profit for the period divided by revenue for the respective period and multiplied by 100%.
- (2) Net profit margin is calculated based on the net profit divided by revenue for the respective period and multiplied by 100%.
- (3) Return on equity is calculated based on the net profit for the year/period divided by the shareholders' equity as at the respective year/period end and multiplied by 100%.
- (4) Return on total assets is calculated based on the net profit for the year/period divided by the total assets as at the respective year/period end and multiplied by 100%.
- (5) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year/period end.
- (6) Gearing ratio is calculated based on the total debt divided by the total equity as at the respective year/period end and multiplied by 100%. For the purpose of this calculation, total debt includes bank and other loans and lease liabilities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited

(Expressed in RMB)

		Six months ended 30 June	
	Note	2025	2024
		RMB'000	RMB'000
Revenue	3	682,939	300,519
Cost of services		<u>(649,690)</u>	<u>(257,521)</u>
Gross profit		33,249	42,998
Other net (loss)/income	4	(177)	3,741
Selling and marketing expenses		(1,703)	(1,300)
General and administrative expenses		(14,861)	(10,817)
Impairment losses on trade and other receivables	5	<u>(3,165)</u>	<u>(3,520)</u>
Profit from operations		13,343	31,102
Finance costs	5	<u>(2,204)</u>	<u>(1,392)</u>
Profit before taxation	5	11,139	29,710
Income tax	6	<u>(488)</u>	<u>(1,150)</u>
Profit for the period		<u>10,651</u>	<u>28,560</u>
Other comprehensive income for the period			
(after tax)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange difference on the translation into presentation currency		<u>(284)</u>	<u>2,837</u>
Other comprehensive income for the period		<u>(284)</u>	<u>2,837</u>
Total comprehensive income for the period		<u>10,367</u>	<u>31,397</u>

		Six months ended 30 June	
	Note	2025	2024
		RMB'000	RMB'000
Profit for the period attributable to:			
Equity shareholders of the Company		10,651	28,274
Non-controlling interests		—	286
		<u> </u>	<u> </u>
Profit for the period		10,651	28,560
		<u> </u>	<u> </u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		10,367	31,111
Non-controlling interests		—	286
		<u> </u>	<u> </u>
Total comprehensive income for the period		10,367	31,397
		<u> </u>	<u> </u>
Earnings per share			
Basic and diluted (<i>RMB per share</i>)	7	0.02	0.06
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited

(Expressed in RMB)

	<i>Note</i>	As of 30 June 2025 RMB'000	As of 31 December 2024 RMB'000
Non-current assets			
Property and equipment		2,480	601
Right-of-use assets	8	31,513	3,751
Intangible assets		272	–
Deferred tax assets		480	397
		34,745	4,749
Current assets			
Trade and other receivables	9	835,892	661,484
Restricted bank deposit		–	7
Cash and cash equivalents		106,346	149,421
		942,238	810,912
Current liabilities			
Trade and other payables	10	200,895	148,949
Contract liabilities		21,322	8,809
Bank and other loans		91,919	36,657
Lease liabilities		6,063	2,664
Current taxation		5,257	5,398
		325,456	202,477
Net current assets		616,782	608,435

		As of 30 June 2025 RMB'000	As of 31 December 2024 RMB'000
	<i>Note</i>		
Total assets less current liabilities		651,527	613,184
Non-current liabilities			
Interest-bearing borrowings		2,800	–
Lease liabilities		25,873	640
Deferred tax liabilities		471	528
		29,144	1,168
Net assets		622,383	612,016
Capital and reserves			
Share capital	11	3,537	3,537
Reserves		618,846	608,479
Total equity		622,383	612,016

NOTES

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 June 2020 as an exempted company with limited liability.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganisation. The Group is principally engaged in the provision of mobile advertising services.

Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 March 2024 (the “**Listing**”).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“**IASB**”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2.2 Changes in accounting policies

The Group has applied the amendments to IAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability, issued by the IASB to this interim announcement for the current accounting period. The amendments do not have a material impact on this interim announcement as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new or revised standard that is not yet effective for the current accounting period.

3 REVENUE

The principal activities of the Group are providing mobile advertising solutions services and advertisement distribution services to customers. The amount of each significant category of revenue from contracts with customers within scope of IFRS 15 recognised at a point in time is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Mobile advertising solutions services (gross method)	680,218	285,989
Advertisement distribution services (net method)	2,721	14,530
	682,939	300,519

The operations of the Group are mainly located in the PRC. All of the revenue of the Group is generated from its external customers in the PRC and the non-current assets of the Group are mainly located in the PRC.

4 OTHER NET (LOSS)/INCOME

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Interest income	99	1,580
Government grant	150	2,144
Others	(426)	17
	(177)	3,741

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Interest expense	1,711	1,341
Interest on lease liabilities	493	51
	2,204	1,392

(b) Other items

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Depreciation charge	3,229	1,342
– owned property, plant and equipment	115	94
– right-of-use asset	3,114	1,248
Impairment losses on trade and other receivables	3,165	3,520
Listing expenses	–	2,008
	<u> </u>	<u> </u>

6 INCOME TAX

Taxation in the consolidated statement of comprehensive income represents:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current tax	628	1,526
Deferred tax	(140)	(376)
	<u> </u>	<u> </u>
	<u>488</u>	<u>1,150</u>

In accordance with the Enterprise Income Tax Law (“**Income Tax Law**”) of the PRC, the statutory income tax rate is 25%. The Group entities in the PRC are subject to PRC income tax at 25% unless otherwise specified.

Pursuant to the rules and regulations of Khorgos, certain subsidiaries of the Group are entitled to a tax-free period, or a reduced tax rate of 15% during the six months ended 30 June 2025 and 2024.

According to the Income Tax Law, a subsidiary of the Group is recognised as a high-tech enterprise and enjoyed a preferential tax rate of 15% in 2025 and 2024. In addition, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC income tax law and its relevant regulations.

Taxation for Group entities in other tax jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

The Group is in the process of making an assessment of the Group’s exposure from the enactment of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development and considers that the enactment of the rules is unlikely to have a significant impact on the consolidated financial statements.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB10,651,000 (six months ended 30 June 2024: RMB28,274,000) and the weighted average of 500,000,000 ordinary shares (2024: 477,397,000 shares, after adjusting for the capitalisation issue in 2024) in issue during the interim period.

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares for the six months ended 30 June 2025 and 2024.

8 RIGHT-OF-USE ASSETS

The right-of-use assets represented the leased office premises and staff quarters. During the six months ended 30 June 2025, the Group entered into new lease agreements, and recognised the additions to right-of-use assets of RMB33.4 million.

9 TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within 6 months	636,451	325,495
6 to 12 months	44,885	126,296
12 to 24 months	40,156	16
Trade receivables, net of loss allowance	721,492	451,807
Prepayments to suppliers	99,752	192,061
Rebates due from media partners	2	2,784
Deposits paid to media partners	3,483	5,750
Deductible input value added tax	6,488	6,179
Other deposits	3,669	1,963
Amount due from shareholder	28	28
Others	978	912
	835,892	661,484

Trade receivables are generally due within 90 days from the date of invoicing. The ageing analysis of trade receivables included in “trade and other receivables” is prepared based on the date of revenue recognition, net of loss allowance.

10 TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within 3 months	113,968	58,808
3 to 6 months	441	25,459
6 months to 1 year	245	36
1 to 2 years	23	29
2 to 3 years	29	–
Trade payables	114,706	84,332
Cost payable to media partners on behalf of customers	59,052	33,308
Other taxes and levies payables	16,968	17,572
Staff cost payables	3,528	4,547
Customers deposits	2,300	2,300
Amounts due to a company owned by certain directors of the Company	375	375
Other payables	3,966	6,515
	200,895	148,949

The ageing analysis of trade payables included in “trade and other payables” is prepared based on the date of recognition of purchase.

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The directors of the Group did not propose the payment of any dividend during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

(b) Share capital

	Six months ended 30 June 2025		Year ended 31 December 2024	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	500,000	3,537	20,000	130
Issuance of ordinary shares upon initial public offering	–	–	125,000	887
Capitalisation issue	–	–	355,000	2,520
At 30 June/31 December	500,00	3,537	500,000	3,537

OTHER INFORMATION

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the five largest customers and the largest customer of the Group accounted for approximately RMB495.3 million and RMB150.5 million, respectively, representing approximately 72.5% and 22.0%, respectively, of the total revenue of the Group for the six months ended 30 June 2025. Purchases attributable to the five largest suppliers and the largest supplier of the Group accounted for approximately RMB643.9 million and RMB583.1 million, respectively, representing approximately 99.1% and 89.7%, respectively, of the cost of services of the Group for the six months ended 30 June 2025.

None of the Directors, nor any of their close associates (as defined in the Listing Rules), nor any Shareholders (whom, to the best knowledge and belief of the Directors, own more than 5% of the total issued share capital of the Company), had material interest in the five largest customers or suppliers of the Group during the six months ended 30 June 2025.

EMPLOYEES

As at 30 June 2025, the Group had 226 full-time employees (as at 31 December 2024: 150), all of whom were based in the PRC. Total staff costs for the six months ended 30 June 2025 were approximately RMB14.7 million (six months ended 30 June 2024: approximately RMB11.1 million). As required under PRC regulations, the Group participates in various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans.

USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 8 March 2024. The gross proceeds from the Listing amounted to approximately HKD137.5 million (equivalent to approximately RMB124.8 million). The net proceeds from the Listing after deducting underwriting fees and commissions and other related Listing expenses amounted to approximately HKD85.5 million (equivalent to approximately RMB78.7 million) (the “**Net Proceeds**”).

As of 30 June 2025, the utilisation of the Net Proceeds is detailed as follows:

Future Plans	% of the Net Proceeds	HKD million	Expected timeline of fully utilise the use of Net Proceeds	Utilised Net	Utilised Net	Unutilised
				Proceeds as of 31 December 2024 <i>HKD million</i>	Proceeds during the six months ended 30 June 2025 <i>HKD million</i>	Net Proceeds as of 30 June 2025 <i>HKD million</i>
To expand our mobile advertising business in the PRC	40.0	34.1	By 31 December 2025	31.6	–	2.5
To expand our short video production capacities	20.0	17.1	–	3.4	13.7	–
To enhance and upgrade the functions of our self- developed platform	20.0	17.1	–	2.2	14.9	–
To explore business collaboration and merger and acquisition opportunities with well-established companies	10.0	8.6	By 31 December 2025	–	–	8.6
General working capital	10.0	8.6	–	8.6	–	–
Total	100.0	85.5		45.8	28.6	11.1

During the period from the date of Listing (i.e. 8 March 2024) and up to 30 June 2025, the Net Proceeds had been used according to the purposes as stated in the prospectus of the Company dated 29 February 2024 (the “**Prospectus**”), and there was no material change or delay in the use of the Net Proceeds except the Net Proceeds to be used in explore business collaboration and merger and acquisition opportunities with well-established companies due to the inability to acquire a suitable target company.

The Group will continue to utilise the Net Proceeds from the initial public offering as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed “Use of Net Proceeds from the Initial Public Offering” in this announcement, the Group did not have any plan for material investments and capital assets as of the date of this announcement.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

No significant investments were held, nor were there any material acquisitions or disposals by the Group or any of its subsidiaries, associates or joint ventures during the six months ended 30 June 2025.

EVENTS AFTER THE REPORTING PERIOD

In July 2025, a subsidiary of the Group entered into guarantee contracts with certain media platform suppliers, pursuant to which the subsidiary of the Group agreed to provide guarantee in favour of these suppliers to secure payment obligations of certain subsidiaries of the Group arising from acquisition of advertising space on such media platforms. In July 2025, Mr. Zhao Libing entered into a guarantee contract with these media platform suppliers and agreed to provide a guarantee in favour of these media platform suppliers to secure payment obligations of the Group in relation to the acquisition of advertising space from these media platform suppliers.

Save as disclosed above, no other material events happened subsequent to the Report Period and up to the date of this announcement.

INTERIM DIVIDEND

The Directors did not propose the payment of any dividend for the six months ended 30 June 2025.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company had complied with the requirements set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules during the six months ended 30 June 2025.

The Group will continue to review and monitor its corporate governance practices to ensure the compliance with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities (including treasury shares) of the Company during the six months ended 30 June 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) on 21 February 2024 with written terms of reference in compliance with the Listing Rules. The Audit Committee consists of three members, namely Mr. Hu Hui, Mr. Lu Yao and Ms. Zheng Hong, all of them are our independent non-executive Directors. The chairman of the Audit Committee is Mr. Hu Hui. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

This announcement is prepared by extracting the relevant information from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The interim results of the Company for the six months ended 30 June 2025 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose review report will be included in the interim report to be sent to shareholders. The Audit Committee has, together with the management, reviewed the accounting policies adopted by the Group. They also discussed risk management, internal controls of the Group and financial reporting matters, including having reviewed and agreed to the unaudited interim condensed consolidated financial information during the interim reporting period and this announcement.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lscx.com.cn). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be published on the above websites in due course.

By order of the Board
Lesi Group Limited
Zhao Libing
Chairman of the Board and Executive Director

Beijing, the PRC, 29 August 2025

As at the date of this announcement, the Board comprises Mr. Zhao Libing, Mr. Yu Canliang, Mr. Nie Jiang and Ms. Shu Qing as executive Directors, Ms. Chang Qing as non-executive Director, and Mr. Lu Yao, Ms. Zheng Hong and Mr. Hu Hui as independent non-executive Directors.