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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

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 audited consolidated results of the Group for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023. The annual results for the year ended 31 December 2024 have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

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

FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended 31 December		Year-on-year Change
	2024	2023	
	RMB'000	RMB'000	
Revenue	681,511	628,026	8.5%
Gross profit	101,438	103,998	(2.5%)
Profit before income tax	75,514	68,415	10.4%
Profit for the year attributable to equity shareholders of the Company	72,489	65,231	11.1%

BUSINESS REVIEW AND OUTLOOK

In 2024, 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 both of the Group's revenue and profitability. Although the growth rate of the number of internet users in the PRC has slowed down in recent years, the overall internet penetration level in the PRC is high and is expected to further improve in the future. According to China Internet Network Information Center (“CNNIC”), as at the end of the year 2024, the number of internet users in the PRC was approximately 1,108 million, the number of mobile internet users was approximately 1,105 million and the penetration rate of mobile internet users to internet users was approximately 99.7%. As people rely more and more on smart phones and other smart devices, the penetration rate of mobile internet has been gradually increasing, nearly close to 100.0%. In addition, the use of resources on mobile apps permeates all aspects of daily life and mobile apps become important platforms for mobile online marketing.

We closely follows 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 5.3% from approximately RMB950.5 million for the year ended 31 December 2023 to approximately RMB1,000.5 million for the year ended 31 December 2024 and our total revenue increased by approximately 8.5% from approximately RMB628.0 million for the year ended 31 December 2023 to approximately RMB681.5 million for the year ended 31 December 2024. For the year ended 31 December 2024, we are a distributor of five media publishers, which are prominent technology companies in the PRC, and we can distribute mobile ads directly on 32 media platforms operated by them. These media platforms include leading short video platforms, search engine platforms, news and information content platforms, mobile browsers, app stores, and social media platforms. With a wide advertising distribution network, we could deliver mobile ads to a wide range of mobile users with different interests to market our customers' brands, products, and services.

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 31 December 2024, we have established business relationship with five media publishers, which are prominent technology companies in the PRC, and we can distribute mobile ads directly on 32 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 year ended 31 December 2024, we served 219 customers from various industries, covering technology and internet services, financial services and gaming industries in the PRC. Our revenue generated from mobile advertising solutions services increased by approximately 9.1% from approximately RMB602.1 million for the year ended 31 December 2023 to approximately RMB656.7 million for the year ended 31 December 2024. Revenue generated from mobile advertising solutions services accounted for approximately 96.4% of our total revenue for the year ended 31 December 2024.

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 slightly by approximately 4.1% from approximately RMB25.9 million for the year ended 31 December 2023 to approximately RMB24.9 million for the year ended 31 December 2024.

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 year ended 31 December 2024, we are a distributor of five media publishers, which are prominent technology companies in the PRC, and we can distribute mobile ads directly on 32 media platforms 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

The following table sets forth the audited consolidated financial results of the Group for the year ended 31 December 2024, together with the audited comparative figures for the year ended 31 December 2023.

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	681,511	628,026
Cost of services	(580,073)	(524,028)
Gross profit	101,438	103,998
Other net income	4,582	1,569
Selling and marketing expenses	(3,102)	(3,354)
General and administrative expenses	(27,146)	(29,020)
Impairment losses on trade and other receivables	2,505	(2,533)
Profit from operations	78,277	70,660
Finance costs	(2,763)	(2,245)
Profit before taxation	75,514	68,415
Income tax	(2,303)	(2,508)
Profit for the year	73,211	65,907

Revenue

Revenue of the Group increased by approximately RMB53.5 million or 8.5%, from approximately RMB628.0 million for the year ended 31 December 2023 to approximately RMB681.5 million for the year ended 31 December 2024. 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 years indicated are set forth in the table below:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mobile advertising solutions services (gross method)	656,652	602,109
Advertisement distribution services (net method)	24,859	25,917
	<u>681,511</u>	<u>628,026</u>

Revenue generated from mobile advertising solutions services

Revenue generated from mobile advertising solutions services increased by approximately RMB54.5 million or 9.1%, from approximately RMB602.1 million for the year ended 31 December 2023 to approximately RMB656.7 million for the year ended 31 December 2024. This increase was due to the increase in demand from customers under the enhanced marketing efforts of the Group.

Revenue generated from advertisement distribution services

Revenue generated from advertisement distribution services decreased slightly by approximately RMB1.0 million or 4.1%, from approximately RMB25.9 million for the year ended 31 December 2023 to approximately RMB24.9 million for the year ended 31 December 2024. Such decrease was mainly attributable to the migration of some customers from the advertisement distribution services to mobile advertising solutions services due to the change of marketing strategy of these customers.

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 RMB56.0 million or 10.7%, from approximately RMB524.0 million for the year ended 31 December 2023 to approximately RMB580.1 million for the year ended 31 December 2024. Such increase was mainly due to 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 RMB2.6 million or 2.5%, from approximately RMB104.0 million for the year ended 31 December 2023 to approximately RMB101.4 million for the year ended 31 December 2024, which was mainly due to the decrease in gross profit generated from provision of mobile advertising solutions services. The gross profit margin decreased from approximately 16.6% for the year ended 31 December 2023 to approximately 14.9% for the year ended 31 December 2024 mainly due to the decrease in rebates from media partners for placement of mobile ads with them and the change of rebate policies of media partners of the Group as their business plans may vary from time to time.

Other net income

Other net income of the Group primarily consists of interest income, additional deductible value-added tax (“VAT”) and others. The other net income increased significantly by approximately RMB3.0 million or 192.0%, from approximately RMB1.6 million for the year ended 31 December 2023 to approximately RMB4.6 million for the year ended 31 December 2024 mainly due to the increase in interest income and government subsidies partially offset the decrease in additional deductible VAT.

Selling and marketing expenses

Selling and marketing expenses of the Group primarily consists of employee benefit expenses, entertainment expenses, travelling expenses and others. The selling and marketing expenses decreased by approximately RMB0.3 million or 7.5%, from approximately RMB3.4 million for the year ended 31 December 2023 to approximately RMB3.1 million for the year ended 31 December 2024 mainly due to the decrease in employee benefit expenses resulted from the reduction of personnel for sales and marketing team.

General and administrative expenses

General and administrative expenses of the Group mainly consists of professional fees, research and development expenses, employee benefit expenses, depreciation, short-term rental, property utilities expenses, office expenses, entertainment expenses and others. The general and administrative expenses decreased by approximately RMB1.9 million or 6.5%, from approximately RMB29.0 million for the year ended 31 December 2023 to approximately RMB27.1 million for the year ended 31 December 2024. Such decrease was primarily attributed to the decrease in professional fees.

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 RMB5.0 million or 198.9%, from approximately RMB2.5 million for the year ended 31 December 2023 to approximately RMB2.5 million reversal for the year ended 31 December 2024. This decrease was mainly due to the decrease in aged trade and other receivables.

Finance costs

Finance costs of the Group consists of interest expense and interest on lease liabilities. The finance costs increased by approximately RMB0.5 million or 23.1%, from approximately RMB2.2 million for the year ended 31 December 2023 to approximately RMB2.8 million for the year ended 31 December 2024, primarily attributable to the increase in proceeds from bank and other loans and higher interest rate in current year end.

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 year ended 31 December 2024. The income tax expense was primarily attributable to the PRC Enterprise Income Tax. The income tax decreased by approximately RMB0.2 million or 8.2%, from approximately RMB2.5 million for the year ended 31 December 2023 to approximately RMB2.3 million for the year ended 31 December 2024. The effective tax rate were approximately 3.7% and 3.0% for the years ended 31 December 2023 and 2024, 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 years 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 years ended 31 December 2024 and 2023.

Profit for the year

As a result of the foregoing, the profit for the year of the Group increased by approximately RMB7.3 million or 11.1%, from approximately RMB65.9 million for the year ended 31 December 2023 to approximately RMB73.2 million for the year ended 31 December 2024. Net profit margin of the Group increased from approximately 10.5% for the year ended 31 December 2023 to approximately 10.7% for the year ended 31 December 2024 and such increase was generally in line with (i) the decrease in general and administration expenses, (ii) the reversal of impairment losses on trade and other receivables, (iii) the decrease in rebates from certain media partners and (iv) the increase in government grants.

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 year ended 31 December 2024, the Group principally financed our working capital and other liquidity requirements mainly through a combination of cash generated from our operating activities, and bank and other loans and proceeds of the initial public offering of the shares of the Company in March 2024 (the “**IPO Proceeds**”). As at 31 December 2024, the Group had bank borrowings of approximately RMB36.7 million (2023: approximately RMB57.5 million) while the effective annual weighted interest rates of the bank and other loans were approximately 5.5% (2023: 3.7%) per annum for the year ended 31 December 2024. The gearing ratio of the Group as at 31 December 2024, calculated based on total borrowings (including bank and other loans and lease liabilities) divided by total equity, was approximately 6.5% (2023: 13.6%).

The cash and cash equivalents of the Group increased significantly from approximately RMB76.8 million as of 31 December 2023 to approximately RMB149.4 million as of 31 December 2024, mainly due to the increased net proceeds from IPO proceeds.

CAPITAL EXPENDITURES

The capital expenditures of the Group are mainly consisted of expenditures on property, plant and equipment and right-of-use assets. The Group did not have any material capital commitments as at 31 December 2023 and 2024.

CONTINGENT LIABILITIES

As of 31 December 2024, the Group had no material contingent liabilities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note</i>		
Revenue	3	681,511	628,026
Cost of services		<u>(580,073)</u>	<u>(524,028)</u>
Gross profit		101,438	103,998
Other net income	4	4,582	1,569
Selling and marketing expenses		(3,102)	(3,354)
General and administrative expenses		(27,146)	(29,020)
Impairment losses on trade and other receivables		<u>2,505</u>	<u>(2,533)</u>
Profit from operations		78,277	70,660
Finance costs	5(a)	<u>(2,763)</u>	<u>(2,245)</u>
Profit before taxation	5	75,514	68,415
Income tax	6(a)	<u>(2,303)</u>	<u>(2,508)</u>
Profit for the year		<u>73,211</u>	<u>65,907</u>
Other comprehensive income for the year (after tax)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange difference on the translation into presentation currency		<u>3,654</u>	<u>(1,989)</u>
Other comprehensive income for the year		<u>3,654</u>	<u>(1,989)</u>
Total comprehensive income for the year		<u>76,865</u>	<u>63,918</u>

		Year ended 31 December	
		2024	2023
	<i>Note</i>	RMB'000	<i>RMB'000</i>
Profit for the year attributable to:			
Equity shareholders of the Company		72,489	65,231
Non-controlling interests		722	676
		<hr/>	<hr/>
Profit for the year		73,211	65,907
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:			
Equity shareholders of the Company		76,143	63,242
Non-controlling interests		722	676
		<hr/>	<hr/>
Total comprehensive income for the year		76,865	63,918
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic and diluted (<i>RMB</i>)	7	0.15	0.17
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	Year ended 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property and equipment		601	519
Right-of-use assets		3,751	837
Deferred tax assets		397	129
		<u>4,749</u>	<u>1,485</u>
Current assets			
Trade and other receivables	9	661,484	507,033
Restricted bank deposit		7	7
Cash and cash equivalents		149,421	76,846
		<u>810,912</u>	<u>583,886</u>
Current liabilities			
Trade and other payables	10	148,949	91,324
Contract liabilities		8,809	4,998
Bank and other loans	11	36,657	57,500
Lease liabilities		2,664	575
Current taxation		5,398	4,789
		<u>202,477</u>	<u>159,186</u>
Net current assets		<u>608,435</u>	<u>424,700</u>
Total assets less current liabilities		<u>613,184</u>	<u>426,185</u>
Non-current liabilities			
Lease liabilities		640	–
Deferred tax liabilities		528	493
		<u>1,168</u>	<u>493</u>
Net assets		<u>612,016</u>	<u>425,692</u>

	Year ended 31 December	
	2024	2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity		
Share capital	3,537	130
Reserves	<u>608,479</u>	<u>423,631</u>
Total equity attributable to equity shareholders of the Company	612,016	423,761
Non-controlling interests	<u>–</u>	<u>1,931</u>
Total equity	<u>612,016</u>	<u>425,692</u>

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 below. The Group is principally engaged in the provision of mobile advertising services.

The Shares were listed on the Main Board of the Stock Exchange on 8 March 2024 (the “**Listing Date**”). The gross proceeds from the Listing amounted to approximately HKD137.5 million (equivalent to approximately RMB124.8 million).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2.2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current accounting period reflected in these financial statements.

2.2 Changes in accounting policies

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- Amendments to International Accounting Standards (“**IAS**”) 1, Presentation of financial statements – Classification of liabilities as current or non-current (“**2020 amendments**”) and amendments to IAS 1, Presentation of financial statements – Non-current liabilities with covenants (“**2022 amendments**”)
- Amendments to International Financial Reporting Standards (“**IFRS**”) 16, Leases – Lease liability in a sale and leaseback
- Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

None of these developments have had a material effect on how the Group’s results and financial position for the current period have been prepared or presented. The Group has not applied any new or amended standard that is not yet effective for the current accounting period.

2.3 New standard and interpretations not yet adopted

The IASB has issued a number of amendments, which are not yet effective for the year ended 31 December 2024 and which have not been adopted by the Group:

	Effective for accounting periods beginning or after
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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 year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Mobile advertising solutions services (gross method)	656,652	602,109
Advertisement distribution services (net method)	24,859	25,917
	<u>681,511</u>	<u>628,026</u>

The customer base of the Group includes two customers (2023: two customers) with whom transactions have exceeded 10% of the revenue of the Group. Revenues from each of these two customers amounted to approximately RMB159,924,000 and RMB78,344,000, respectively (2023: RMB216,190,000 and RMB76,036,000 for each of the two customers, respectively).

Geographic information

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 located in the PRC.

Contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the advertising services are yet to be provided.

All contract liabilities at the beginning of each reporting period were recognised as revenue in the respective reporting period.

4 OTHER NET INCOME

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	2,477	138
Additional deductible VAT	–	2,514
Others	2,105	(1,083)
	<u>4,582</u>	<u>1,569</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense	2,621	2,153
Interest on lease liabilities	142	92
	<u>2,763</u>	<u>2,245</u>

(b) Staff costs

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	19,686	19,588
Contributions to defined contribution retirement plan	2,628	2,598
	<u>22,314</u>	<u>22,186</u>

Employees of the Group's subsidiaries in the PRC are required to participate in defined contribution retirement schemes administered and operated by the local municipal governments. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal governments to the schemes to fund the retirement benefits of the employees. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(c) **Other items**

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Auditors' remuneration	2,154	800
Depreciation of property and equipment and right-of-use asset	2,826	2,145
Impairment loss on trade and other receivables	(2,505)	2,533
Listing expenses	2,008	10,777
	<u>2,008</u>	<u>10,777</u>

6 INCOME TAX

(a) **Taxation in the consolidated statement of comprehensive income represents:**

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current tax	2,536	2,432
Deferred tax	(233)	76
	<u>2,303</u>	<u>2,508</u>

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates**

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before taxation	<u>75,514</u>	<u>68,415</u>
Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions	19,570	18,422
Tax effect of:		
Non-deductible expenses	78	479
Additional deductible allowance for research and development expenses	(1,491)	(1,373)
Utilisation of temporary differences previously not recognised	–	(32)
Statutory tax concession	(15,793)	(15,027)
Others	(61)	39
Actual tax expense	<u>2,303</u>	<u>2,508</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, one subsidiary of the Group is entitled to a tax-free period from 2020 to 2024, and another subsidiary of the Group enjoys a preferential tax rate of 15% from 2022 to 2026.

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 2024 and 2023.

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 equity Shareholders of RMB72,489,000 (2023: RMB65,231,000), and the weighted average of 477,397,000 ordinary Shares (2023: 375,000,000 ordinary shares) deemed to be in issue during the year ended 31 December 2024.

Pursuant to the written resolution passed by the shareholders of the Company on 21 February 2024, the Company capitalised an amount of US\$355,000 from share premium and issued 355,000,000 shares to the Company's existing shareholders on 8 March 2024, immediately prior to the listing of the Company's shares. Accordingly, the weighted average number of shares has been adjusted retrospectively from 1 January 2023 for such capitalisation issue.

Weighted average number of ordinary shares

	2024 No. of shares ('000)	2023 No. of shares ('000)
Shares in issue on 1 January	20,000	20,000
Effect of capitalisation issue	355,000	355,000
Effect of issuance of ordinary shares upon initial public offering	<u>102,397</u>	<u>–</u>
Shares deemed to be in issue on 31 December	<u><u>477,397</u></u>	<u><u>375,000</u></u>

(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 years ended 31 December 2024 and 2023.

8 DIVIDENDS

The directors of the Group did not propose the payment of any dividend during the year (2023: Nil).

9 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade debtors and bills receivable, net of loss allowance	451,807	155,269
Prepayments to suppliers	192,061	307,282
Deposits paid to media partners	5,750	7,792
Deductible input VAT	6,179	6,345
Listing expenses to be capitalised	–	6,214
Rebates due from media partners	2,784	21,226
Amounts due from a shareholder	28	123
Other deposits	1,963	1,949
Others	912	833
	661,484	507,033

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis of trade receivables

As of the end of each reporting period, the ageing analysis of trade receivables, based on the date of revenue recognition and net of loss allowance, is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	325,495	114,693
6 to 12 months	126,296	30,409
12 to 24 months	16	10,167
	451,807	155,269

The credit terms agreed with customers are normally 0–90 days from the date of invoicing. No interests are charged on the trade receivables.

(b) Prepayments to suppliers

Prepayments to suppliers mainly represented the traffic acquisition costs prepaid for the customers of the Group.

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Prepayments to suppliers	196,434	314,884
Provision made	(4,373)	(7,602)
	<u>192,061</u>	<u>307,282</u>
Expected loss rate	2.2%	2.4%

10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	84,332	25,969
Cost payable to media partners on behalf of customers	33,308	20,447
Other taxes and levies payables	17,572	14,962
Staff cost payables	4,547	7,073
Customers deposits	2,300	2,325
Interest payable	–	128
Listing expense payable	2,533	17,217
Amounts due to a director	–	9
Amounts due to a company owned by certain directors of the Company	375	–
Other payables	3,982	3,194
	<u>148,949</u>	<u>91,324</u>

All trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 3 months	58,808	19,734
3 to 6 months	25,459	6,191
6 months to 1 year	36	–
1 to 2 years	29	44
	<u>84,332</u>	<u>25,969</u>

11 BANK AND OTHER LOANS

At 31 December 2024, the bank loans were repayable within one year and secured as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans		
– Secured	–	10,000
– Guaranteed	–	20,000
– Unsecured	36,657	27,500
	<hr/>	<hr/>
	36,657	57,500
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OTHER INFORMATION

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the five largest customers and the largest customer of the Group accounted for approximately RMB367.8 million and RMB159.9 million, respectively, representing approximately 54.0% and 23.5%, respectively, of the total revenue of the Group for the year ended 31 December 2024. Purchases attributable to the five largest suppliers and the largest supplier of the Group accounted for approximately RMB546.5 million and RMB255.7 million, respectively, representing approximately 94.2% and 44.1%, respectively, of the cost of services of the Group for the year ended 31 December 2024.

None of the Directors, nor any of their close associates (as defined in the Listing Rules), nor any shareholders of the Company (the “**Shareholder(s)**”) (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 year ended 31 December 2024.

EMPLOYEES

As at 31 December 2024, the Group had 150 full-time employees (2023: 118), all of whom were based in the PRC. Total staff costs were approximately RMB22.3 million (2023: RMB22.2 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 29 February 2024 (the “**Prospectus**”) and in the section headed “Use of Proceeds” 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 year ended 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

No material events happened subsequent to 31 December 2024 and up to the date of this announcement.

DIVIDEND

The Directors did not propose the payment of any dividend for the year ended 31 December 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold an annual general meeting (the “AGM”) on Wednesday, 28 May 2025. Notice of the AGM will be published and despatched to the Shareholders in accordance with the articles of association of the Company and the Listing Rules as soon as practicable. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 22 May 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 has adopted the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

During the period from the Listing Date to the date of this announcement, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code. 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 (the “**Model Code**”), as amended from time to time, 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 from the Listing Date, being 8 March 2024, to the date of this announcement.

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 of the Company since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the Audit Committee on 21 February 2024 with written terms of reference in compliance with the Corporate Governance Code, as set out in Appendix C1 to 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.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements and annual results of the Group for the year ended 31 December 2024.

SCOPE OF WORKS OF KPMG

The figures in respect of the consolidated statement of financial position, consolidated statement of comprehensive income of the Group and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been agreed by the auditor of the Company, KPMG, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by KPMG on this results announcement.

USE OF PROCEEDS

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 HKD52.0 million (equivalent to approximately RMB47.2 million) (the “**Net Proceeds**”). As of 31 December 2024, 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	Unutilised
				net Proceeds during the year ended 31 December 2024	net proceeds as of 31 December 2024
				HKD million	HKD million
To expand our mobile advertising business in the PRC	40.0	34.1	By 30 June 2025	31.6	2.5
To expand our short video production capacities	20.0	17.1	By 30 June 2025	3.4	13.7
To enhance and upgrade the functions of our self-developed platform	20.0	17.1	By 30 June 2025	2.2	14.9
To explore business collaboration and merger and acquisition opportunities with well-established companies	10.0	8.6	By 30 June 2025	–	8.6
General working capital	10.0	8.6		8.6	–
Total	<u>100.0</u>	<u>85.5</u>		<u>45.8</u>	<u>39.7</u>

During the period from the Listing Date up to 31 December 2024, the Net Proceeds had been used according to the plans 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.

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.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.lscx.com.cn>). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders and 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, 28 March 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.