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## AuGroup (SHENZHEN) Cross-Border Business Co., Ltd.

### 傲基(深圳)跨境商務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2519)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “**Board**”) of AuGroup (SHENZHEN) Cross-Border Business Co., Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 as follows:

### FINANCIAL HIGHLIGHTS

Unit: RMB'000

#### Year ended 31 December

	2024	2023	2022	2021
Revenue	10,709,648	8,682,977	7,100,230	9,071,193
Gross profit	3,297,130	2,993,690	2,479,049	1,895,099
Profit/(loss) before income tax	630,643	639,908	232,002	(734,459)
Profit/(loss) for the year	521,196	520,101	223,169	(589,879)
Profit/(loss) attributable to owners of the Company for the year	<u>504,299</u>	<u>532,010</u>	<u>219,054</u>	<u>(580,797)</u>

Unit: RMB'000

#### As at 31 December

	2024	2023	2022	2021
<b>Assets</b>				
Non-current assets	4,011,030	2,031,731	2,226,484	1,447,579
Current assets	<u>4,768,520</u>	<u>3,145,796</u>	<u>2,731,460</u>	<u>3,011,439</u>
<b>Total assets</b>	<u>8,779,550</u>	<u>5,177,527</u>	<u>4,957,944</u>	<u>4,459,018</u>
<b>Liabilities</b>				
Non-current liabilities	2,994,458	1,100,888	972,055	466,425
Current liabilities	<u>2,675,779</u>	<u>1,803,872</u>	<u>2,204,371</u>	<u>2,473,744</u>
<b>Total liabilities</b>	<u>5,670,237</u>	<u>2,904,760</u>	<u>3,176,426</u>	<u>2,940,169</u>

	2024	2023	As at 31 December	
			2022	2021
<b>Equity</b>				
<b>Total equity</b>	<b>3,109,313</b>	2,272,767	1,781,518	1,518,849
Equity attributable to owners of the Company	<u><b>3,079,521</b></u>	<u>2,262,194</u>	<u>1,762,512</u>	<u>1,506,598</u>
<b>Total equity and liabilities</b>	<u><b>8,779,550</b></u>	<u>5,177,527</u>	<u>4,957,944</u>	<u>4,459,018</u>

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	4	10,709,648	8,682,977
Cost of sales		<u>(7,412,518)</u>	<u>(5,689,287)</u>
Gross profit		3,297,130	2,993,690
Other income		50,567	42,320
Impairment losses under expected credit loss model (“ECL”), net of reversal		(8,308)	(48,854)
Other gains and losses		67,662	12,432
Selling expenses		(2,071,846)	(1,830,619)
Administrative expenses		(390,297)	(287,645)
Research and development expenses		(130,016)	(119,153)
Other expenses		(15,933)	(26,004)
Listing expenses		(42,354)	(10,412)
Share of results of investments accounted for using the equity method		(3,507)	4,875
Finance costs		<u>(122,455)</u>	<u>(90,722)</u>
Profit before tax		630,643	639,908
Income tax expense	5	<u>(109,447)</u>	<u>(119,807)</u>
Profit for the year		<u><b>521,196</b></u>	<u>520,101</u>
<b>Other comprehensive (expense) income for the year</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value changes on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)		<u>(95,104)</u>	8,037

	NOTE	2024 RMB'000	2023 RMB'000
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(2,211)	620
Share of other comprehensive income of investments accounted for using the equity method, net of related income tax		<u>899</u>	<u>380</u>
		<u>(1,312)</u>	<u>1,000</u>
Other comprehensive (expense) income for the year		<u>(96,416)</u>	<u>9,037</u>
Total comprehensive income for the year		<u>424,780</u>	<u>529,138</u>
Profit (loss) for the year attributable to:			
Owners of the Company		504,299	532,010
Non-controlling interests		<u>16,897</u>	<u>(11,909)</u>
		<u>521,196</u>	<u>520,101</u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		409,340	540,561
Non-controlling interests		<u>15,440</u>	<u>(11,423)</u>
		<u>424,780</u>	<u>529,138</u>
Earnings per share			
– Basic and diluted	7	<u>RMB1.29</u>	<u>RMB1.37</u>

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
<b>Non-current Assets</b>			
Property, plant and equipment		728,140	626,752
Right-of-use assets		2,769,803	717,699
Intangible assets		26,034	778
Investments accounted for using the equity method		72,257	74,950
Financial assets at fair value through profit or loss (“FVTPL”)		9,075	9,075
Equity instruments at FVTOCI		101,825	198,207
Deferred tax assets		209,986	296,881
Deposit for acquisition of assets through acquisition of a subsidiary		–	3,541
Finance lease receivables		61,421	74,319
Pledged bank deposits		20,200	–
Deposit for acquisition of property, plant and equipment		2,289	19,529
Bank deposit with original maturity over three months		10,000	10,000
<b>Total Non-current Assets</b>		<b>4,011,030</b>	<b>2,031,731</b>
<b>Current Assets</b>			
Inventories		1,445,386	1,045,848
Trade receivables	8	1,269,396	807,469
Contract assets		22,290	7,322
Prepayments and other receivables		399,761	287,676
Financial assets at FVTPL		23,263	10,000
Finance lease receivables		14,007	12,752
Pledged bank deposits		230,665	164,891
Cash and cash equivalents		1,363,752	809,838
<b>Total Current Assets</b>		<b>4,768,520</b>	<b>3,145,796</b>

	<i>NOTES</i>	<b>2024</b> <i>RMB'000</i>	<b>2023</b> <i>RMB'000</i>
<b>Current Liabilities</b>			
Trade and other payables	9	1,523,741	1,159,004
Amount due to a non-controlling shareholder		–	1,123
Tax payable		24,781	32,791
Bank borrowings	10	716,626	386,595
Lease liabilities		231,345	155,363
Contract liabilities		155,003	48,199
Refund liabilities		24,283	20,797
<b>Total Current Liabilities</b>		<b>2,675,779</b>	<b>1,803,872</b>
<b>Net Current Assets</b>		<b>2,092,741</b>	<b>1,341,924</b>
<b>Total Assets less Current Liabilities</b>		<b>6,103,771</b>	<b>3,373,655</b>
<b>Non-current Liabilities</b>			
Bank borrowings	10	257,174	276,598
Lease liabilities		2,737,284	677,890
Contractual liabilities under issued written put option		–	46,400
Other payables		–	100,000
<b>Total Non-current Liabilities</b>		<b>2,994,458</b>	<b>1,100,888</b>
<b>Net Assets</b>		<b>3,109,313</b>	<b>2,272,767</b>
<b>Capital and Reserves</b>			
Share capital		415,206	386,865
Reserves		2,664,315	1,875,329
Equity attributable to owners of the Company		3,079,521	2,262,194
Non-controlling interests		29,792	10,573
<b>Total Equity</b>		<b>3,109,313</b>	<b>2,272,767</b>

# NOTES TO THE HISTORICAL FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 1. GENERAL INFORMATION

AuGroup (SHENZHEN) Cross-Border Business Co., Ltd. (previously known as Shenzhen Aukey E-Business Co., Ltd. and AuGroup Technology Co., Ltd.) (the “**Company**”) was incorporated in the PRC as a joint stock company with limited liability. Its ultimate controlling parties are Mr. Lu Haizhuan (“**Mr. Lu**”), who is also the co-founder, Chairman, Executive Director and Chief Executive Officer of the Company and Mr. Ze Kuaiyue (“**Mr. Ze**”), who is also the co-founder, Vice-Chairman, Executive Director and Chief financial Officer of the Company. The respective addresses of the registered office and the principal place of business of the Company is Room 106, Kangli Information Valley Building, No. 66 Pingji Avenue, Shanglilang Community, Nanwan Street, Longgang District, Shenzhen, Guangdong Province, PRC.

The principal activities of the Company and its subsidiaries (the “**Group**”) are (i) sales of goods and (ii) provision of logistic services, including warehousing services, express and freight delivery services and related value-added services.

The consolidated financial statements is presented in RMB, which is also the functional currency of the Company.

## 2. APPLICATION OF IFRS ACCOUNTING STANDARDS

The Group has consistently applied IFRS Accounting Standards issued by the International Accounting Standards Board, including those that are mandatorily effective for the Group’s annual period beginning on 1 January 2024, for the preparation of the consolidated financial statements.

### **New and amendments to IFRS Accounting Standards in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – Dependent Electricity <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvement to IFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

- 1 Effective for the Group's annual periods beginning on or after a date to be determined
- 2 Effective for the Group's annual periods beginning on or after 1 January 2025
- 3 Effective for the Group's annual periods beginning on or after 1 January 2026
- 4 Effective for the Group's annual periods beginning on or after 1 January 2027

Except for new IFRS Accounting Standard mentioned below, the directors of the Company (the “**Directors**”) anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 *Presentation of Financial Statements*. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 *Earnings per Share* are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard will not have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements has been prepared in accordance with IFRS Accounting Standards, For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment* (“**IFRS 2**”), leasing transactions that are accounted for in accordance with IFRS 16 *Leases* (“**IFRS 16**”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* (“**IAS 36**”).

#### 4. REVENUE AND OPERATING SEGMENTS

##### (i) Disaggregation of revenue from contracts with customers

###### Types of goods or service

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Furniture, home furnishings and home appliances	6,740,016	5,880,443
Electric tools	741,733	347,182
Other products (Note)	786,443	802,750
Logistic service	2,441,456	1,652,602
	<u>10,709,648</u>	<u>8,682,977</u>

Note: Other products include consumer electronics and others.

###### Sales channels

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from sales of goods		
– Through third party e-commerce platforms	7,410,840	6,656,918
– Through other channels (Note)	857,352	373,457
	<u>8,268,192</u>	<u>7,030,375</u>
Logistics revenue	2,441,456	1,652,602
	<u>2,441,456</u>	<u>1,652,602</u>
Total	<u>10,709,648</u>	<u>8,682,977</u>

Note: Other channels mainly represent self-operated online stores and offline channels.

##### (ii) Operating Segments

Information reported to the Mr. Lu and Mr. Ze, executive directors and beneficial shareholders of the Company, being the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s operating and reportable segments under IFRS 8 are as follows:

1. Sales of goods
2. Logistics



The following is an analysis of the Group's revenue and results by reportable segments:

**For the year ended 31 December 2024**

	<b>Sales of Goods RMB'000</b>	<b>Logistic services RMB'000</b>	<b>Eliminations RMB'000</b>	<b>Consolidated RMB'000</b>
Segment revenue	8,268,192	2,441,456	–	10,709,648
Inter-segment sales	–	599,063	(599,063)	–
	<u>8,268,192</u>	<u>3,040,519</u>	<u>(599,063)</u>	<u>10,709,648</u>
Segment profit	<u>931,969</u>	<u>297,468</u>	<u>(4,153)</u>	<u>1,225,284</u>
Share of results of investments accounted for using the equity method				(3,507)
Other income				50,567
Other gains and losses				67,662
Finance costs				(122,455)
Unallocated corporate expenses				(586,908)
Group's profit before tax				<u>630,643</u>

**For the year ended 31 December 2023**

	<b>Sales of Goods RMB'000</b>	<b>Logistic services RMB'000</b>	<b>Eliminations RMB'000</b>	<b>Consolidated RMB'000</b>
Segment revenue	7,030,375	1,652,602	–	8,682,977
Inter-segment sales	–	764,348	(764,348)	–
	<u>7,030,375</u>	<u>2,416,950</u>	<u>(764,348)</u>	<u>8,682,977</u>
Segment profit	<u>970,841</u>	<u>195,714</u>	<u>(3,484)</u>	<u>1,163,071</u>
Share of results of investments accounted for using the equity method				4,875
Other income				42,320
Other gains and losses				12,432
Finance costs				(90,722)
Unallocated corporate expenses				(492,068)
Group's profit before tax				<u>639,908</u>

### ***Geographical information***

The details of the Group's revenue from external customers by geographical location of the operations are set out in Note 4(i).

The Group's non-current assets, excluding financial instruments and deferred tax assets by geographical location of assets and details are below:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
PRC	<b>798,327</b>	764,002
United States	<b>2,749,331</b>	604,017
Germany	<b>50,850</b>	75,230
Vietnam	<b>15</b>	—
	<b>3,598,523</b>	1,443,249

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, listing expense, finance costs, directors' emoluments, share of results of investments accounted for using the equity method, other gains and losses, other income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset, segment liability and other segment information is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment.

## **5. INCOME TAX EXPENSE**

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Current tax:		
Hong Kong	<b>8,828</b>	—
PRC Enterprise Income Tax	<b>7,956</b>	2,565
United States	<b>12,797</b>	22,728
Under (over) provision in prior years:		
Hong Kong	<b>6,076</b>	(1,562)
PRC Enterprise Income Tax	<b>599</b>	(1,186)
United States	<b>(14,421)</b>	—
Deferred tax	<b>87,612</b>	97,262
Income tax expense	<b>109,447</b>	119,807

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective/enacted but not effective. However, the Group's estimated effective tax rates of all jurisdictions in which the Group operates are higher than 15% after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group is not liable to top-up tax under the Pillar Two Rules.

## 6. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company, nor has any dividend been proposed in both years.

Subsequent to the end of the reporting period, a special dividend of RMB0.25 per ordinary share, in aggregate of approximately RMB103,801,000 has been proposed by the directors of the Company and has been approved in the Extraordinary General Meeting on 7 February 2025.

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2024 RMB'000	2023 RMB'000
Profit for the year attributable to owners of the Company for basic and diluted earnings per share	<u>504,299</u>	<u>532,010</u>
<b>Number of shares</b>		
	2024	2023
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (Note)	<u>389,733,994</u>	<u>388,194,226</u>

Note: A total of 1,554,000 domestic shares with a written put option requiring the Company to repurchase these shares unconditionally and repurchased during the year ended 31 December 2024 are not included from the total number of shares in issue for the purpose of calculating basic earnings per share.

The computation of diluted earnings per share for the year ended 31 December 2023 does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in an increase in earnings per share.

The computation of diluted earnings per share for the year ended 31 December 2024 does not assume the exercise of over-allotment options as the exercise price of those options was higher than the average market price of the shares over the over-allotment period.

## 8. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables from third parties	1,311,157	876,395
Less: Allowance for credit losses	<u>(41,761)</u>	<u>(68,926)</u>
	<u>1,269,396</u>	<u>807,469</u>

At 1 January 2023, trade receivables from contracts with customers of the Group amounted to RMB467,450,000.

The Group grants the credit period ranging from 10 days to 90 days to its trade customers.

Aging of trade receivables, is prepared based on the date of transfer of goods or issue of invoice, which approximated the respective revenue recognition dates, as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
0 – 90 days	<b>1,187,111</b>	753,071
91 – 180 days	<b>43,820</b>	20,851
181 – 365 days	<b>11,174</b>	23,962
Over 365 days	<b>27,291</b>	9,585
	<b>1,269,396</b>	807,469

## 9. TRADE AND OTHER PAYABLES

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Trade payables from		
– third parties	<b>1,396,100</b>	919,612
– associates	<b>2,349</b>	18,384
	<b>1,398,448</b>	937,996
Bills payable	<b>39,996</b>	96,956
	<b>1,438,444</b>	1,034,952
Consideration payable (Note)	–	130,000
Accrued employees' benefits	<b>52,355</b>	47,291
Other tax payables	<b>5,413</b>	5,247
Deposits	<b>10,995</b>	11,279
Provisions	–	15,326
Accrued issue cost/listing expenses	<b>8,116</b>	10,197
Others	<b>8,418</b>	4,712
	<b>1,523,741</b>	1,259,004
	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Analysed as:		
Current	<b>1,523,741</b>	1,159,004
Non-current	–	100,000
	<b>1,523,741</b>	1,259,004

Note: As at 31 December 2023, it represented the remaining consideration due to the vendor upon the acquisition of a subsidiary in prior year. During the year ended 31 December 2024, all of such remaining consideration has been settled.

The following is the aging analysis of trade and bills payables based on the invoice date at the end of the reporting period.

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
0 – 90 days	<b>1,338,704</b>	965,208
91 – 180 days	<b>84,059</b>	50,521
181 – 365 days	<b>6,580</b>	11,906
Over 365 days	<b>9,101</b>	7,317
	<u><b>1,438,444</b></u>	<u>1,034,952</u>

## 10. BANK BORROWINGS

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Bank loans:		
Secured	<b>377,649</b>	377,753
Unsecured	<b>596,151</b>	285,440
	<u><b>973,800</b></u>	<u>663,193</u>
	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
The carrying amounts of the above bank borrowings that contain a repayable on demand clause (shown under current liabilities) and repayable within one year	–	43,435
The carrying amounts of the other bank borrowings are repayable*:		
Within one year	<b>716,626</b>	343,160
Within a year of more than one year but not exceeding two years	<b>17,852</b>	17,584
Within a year of more than two years but not exceeding five years	<b>239,322</b>	259,014
	<u><b>973,800</b></u>	<u>663,193</u>
Less: Amounts due within one year shown under current liabilities	<u><b>(716,626)</b></u>	<u>(386,595)</u>
Amounts shown under non-current liabilities	<u><b>257,174</b></u>	<u>276,598</u>

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group's borrowings are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Fixed-rate borrowings	580,409	202,437
Variable-rate borrowings	393,391	460,756
	<u>973,800</u>	<u>663,193</u>

At 31 December 2024, the borrowings amounting to approximately RMB100,311,000 (2023: RMB10,156,000) were secured by a pledge of time deposit of RMB113,577,000 (2023: RMB11,332,000).

At 31 December 2024, the borrowings amounting to approximately RMB6,007,000 were guaranteed by Aukey International Limited.

At 31 December 2024, the borrowings amounting to approximately RMB95,321,000 (2023: RMB93,159,000) were guaranteed by the Company.

At 31 December 2024, the borrowings amounting to approximately RMB397,593,000 were guaranteed by Aukey International Limited and the Company.

At 31 December 2024, the borrowings amounting to approximately RMB50,199,000 were jointly guaranteed by Shenzhen Allsight E-business Co., Ltd. and the Company.

At 31 December 2023, the borrowings amounting to approximately RMB73,147,000 were jointly guaranteed by Mr. Lu, Mr. Ze, Ms. Zhang and Aukey International Limited, and secured by a leasehold land of the Group included in right-of-use assets with carrying amount of RMB30,871,000. The borrowing has been settled during the year ended 31 December 2024 and the relevant guarantees were released.

At 31 December 2024, the borrowings amounting to approximately RMB45,038,000 were jointly guaranteed by Aukey International Limited and Shenzhen Allsight E-business Co., Ltd.

At 31 December 2024, the borrowings amounting to approximately RMB277,338,000 (2023: RMB294,450,000) were jointly guaranteed by Aukey International Limited and Shenzhen Jiajiu Logistics Co., Ltd. (2023: jointly guaranteed by Mr. Lu, Mr. Ze, Ms. Zhang and Aukey International Limited), and secured by a leasehold land and building of the Group with carrying amount of RMB527,399,000 (2023: RMB561,565,000).

At 31 December 2023, the borrowings amounting to approximately RMB5,271,000 were guaranteed by Mr. Yu. The borrowing has been settled during the year ended 31 December 2024 and the guarantees were released.

At 31 December 2023, the borrowings amounting to approximately RMB187,010,000 were jointly guaranteed by Mr. Lu, Mr. Ze, and Aukey International Limited, respectively. The guarantees have been released during the year ended 31 December 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY ENVIRONMENT AND TREND**

E-commerce, as one of the trade activities, digitalizes the whole process of trade, breaking away from the time and space constraints in conventional offline trade and connecting sellers and consumers around the world. E-commerce can be mainly divided by business model into (i) B2B e-commerce and (ii) B2C e-commerce. B2C e-commerce refers to a transaction activity in which individual consumers visit business sellers' websites or online third-party platforms, select goods, process payments and receive goods from sellers via logistics. Typically, this transaction involves a wide variety of industry participants, primarily including sellers, third-party platforms, self-operated websites, third-party payment service providers, logistics solutions providers and individual consumers. In particular, third-party platforms refer to marketplaces such as Amazon, Alibaba, Walmart and eBay, which provide platforms on which sellers sell their products. Self-operated websites refer to platforms that sell their products to consumers through their own websites or mobile apps.

In 2024, the global B2C e-commerce market continued to maintain its rapid growth trend. Since the outbreak of the COVID-19 pandemic, the demand for online shopping has increased in many developed regions such as the U.S. and Europe, driving the development of the global B2C e-commerce market. It was expected that GMV of the global B2C e-commerce market would reach US\$7,712.5 billion in 2028. Consumers' reliance on online shopping platforms was anticipated to increase, broadening the scope of the digital marketplace.

### **BUSINESS REVIEW**

The Group is an online retailer specializing in quality furniture and home furnishing. Leveraging robust supply chain management and effective logistics solutions, the Group offers consumers an enjoyable lifestyle experience across a broad range of "home and life" scenarios. It makes every effort to achieve excellence in brand promotion, market expansion and social responsibility fulfilment, in a bid to set an example for the industry and realize sustainable development.

Looking back to 2024, the Company has been committed to its mission of "Connecting the World to Create Betterment". By relying on the operation capability under a multi-brand system, the digital support capability of the whole business chain, the supply chain management capability, the sophisticated warehousing and logistics system as well as the flexible organizational structure, the Company has effectively penetrated into the "home and life" scenarios, elaborately creating a series of branded products, such as furniture and home furnishings as well as home appliances, and electric tools, with beautiful design, excellent quality and advanced functions and engaging in cross-border B2C business principally through third-party online platforms such as Amazon, Walmart and Wayfair.

In 2024, the Company continued to increase its market share and achieve sales breakthroughs in a number of categories, including: the practical upholstered bed series continued to rank at the top of the furniture category, power screwdrivers, inflatable pumps and other electric tools were stationed at COSTCO and became top-selling items in the channel, and the sales of refrigerators in the medium-to-large-sized home appliances grew significantly.



Upholstered Bed



Refrigerator



Power Screwdriver



Air Pump

In the same year, the Company successfully tapped into the capital market and was successfully listed on the Hong Kong Stock Exchange on 8 November 2024, further speeding up the progress of internationalization. In 2024, the Company was successively honored on the list of “Top 500 Service Enterprises in China” and “Top 500 Enterprises in Guangdong”, and was the only e-commerce enterprise recognized as “Provincial Cross-Border E-commerce Enterprise (Topmost)” by the Department of Commerce of Guangdong Province. Its three warehouses were accredited as the Public Overseas Warehouses of Guangdong Province. The Group was awarded with 3 iF Awards and 4 Red Dot Awards.



## Our Business Model

In 2024, our diverse product portfolio included furniture, home furnishings and home appliances as well as electric tools. We have achieved market leadership through strong brand building, quality products at affordable prices, strong product design and development capabilities, robust supply chain systems and a comprehensive warehousing and logistics chain.

We provided efficient logistics solutions globally under the pre-sale stocking model to customers, primarily sellers on e-commerce platforms, through Shenzhen Westernpost. Leveraging our industry expertise, we have formulated a warehousing network with tailored design based on proximity to end-consumers and delivery capabilities, as a strategic move to improve local logistics services to efficiently deliver products at low cost. The following table sets forth our revenue by business line for the years indicated:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% of Revenue</i>	<i>RMB'000</i>	<i>% of Revenue</i>
Sales of goods	8,268,192	77.2	7,030,375	81.0
Logistics solutions	2,441,456	22.8	1,652,602	19.0
<b>Total</b>	<b>10,709,648</b>	<b>100.0</b>	<b>8,682,977</b>	<b>100.0</b>

## Brands and Products

In 2024, the Group specialized in furniture, home furnishings under popular proprietary brands such as ALLEWIE, IRONCK, LIKIMIO, SHA CERLIN, HOSTACK and FOTOSOK.

As of 31 December 2024, some of our product categories (e.g. bed frames, bookcases, beds, food cabinets, refrigerators and power screwdrivers) have the highest market share on Amazon U.S. site.

### *Furniture, Home furnishings and Home Appliances*

In 2024, we continued to actively expand our offering of furniture, home furnishings and home appliances and strengthen our supply chain capabilities, especially logistics capabilities. Furniture, home furnishings and home appliances have been part of our product portfolio and we strategically focused more on furniture, home furnishings and home appliances. Our offering of furniture and home furnishings primarily consisted of beds, bookcases, dressers, chests of drawers, vanity tables and vanity benches, food cabinets, sideboards, sofas and outdoor furniture featuring a wide range of styles, including classic, contemporary, industrial and minimalist; and our offering of home appliances primarily consisted of refrigerators and juicers.

In addition to furniture, home furnishings and home appliances, our product portfolio also included:

- *Electric Tools.* During the Reporting Period, our offering of electric tools primarily consists of power screwdrivers, air pumps, jump starters and car vacuums, combining high-tech features and practicable designs.
- *Others.* In addition, during the Reporting Period, our offering of other products primarily consists of power banks, chargers and cables.

### **Supply Chain Management and Project Development Capabilities**

During the Reporting Period, we continued to expand and develop our supply chain capabilities and rapidly diversified our product offerings while maintaining product quality. We maintained stable collaboration relationship with a number of manufacturing partners. Such collaborations allowed us to effectively respond to the evolving market demand and offered diverse products. At the same time, by utilizing its self-developed supply chain management collaboration system, the Company achieved digital information connectivity with the manufacturing partners, synchronizing sales data, customer feedback and other key product information data to our manufacturing partners in real time for quick collaboration, thereby enabling us to better guide our manufacturing partners in order making and improving product quality.

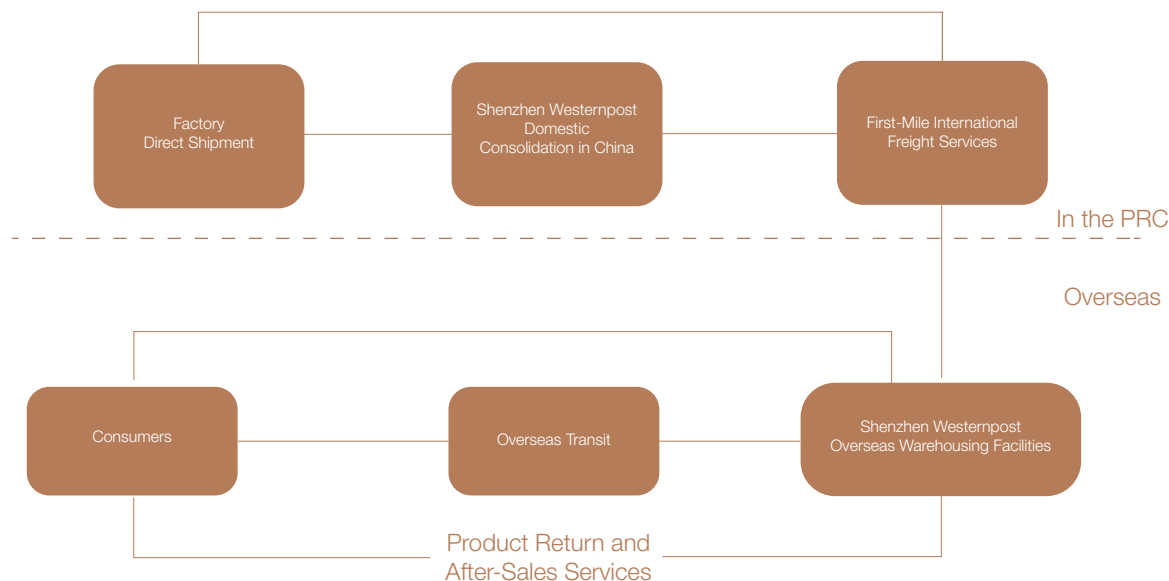
Meanwhile, we are committed to addressing customer needs with continual product development efforts. As of 31 December 2024, we held 622 patents, 145 patent applications and 183 software copyrights, with 72 international design awards received.

### **Logistics Solutions Focusing on Medium-to-Large Goods**

In 2024, we relied on the technological empowerment of Shenzhen Westernpost (a subsidiary of the Company) for our cross border logistics. With its help, we not only continued to provide smart logistics support for our own e-commerce business, but also made significant progress through the globalized layout of our pre-sale stocking model. Our innovative solutions have covered consolidation in China, international key route transport, overseas intelligent sorting, localized warehouse management and full-chain terminal distribution. Through the upgrading of our digital system and the enhancement of our global network density, we have successfully helped the cross-border e-commerce customers to improve their average logistics time efficiency, reduce their operating costs, and expand the scope of services of our overseas hubs and nodes. This has significantly strengthened our leading position in the cross-border supply chain.

In 2024, revenue from our logistics solutions grew 47.7% year-over-year. We have a total of 33 warehouses in North America and Europe with an aggregate area of 8.36 million square feet, of which an additional warehouse area of 3.18 million square feet was increased during the year, further strengthening the competitive advantage of our logistics solutions business.

The following flow chart illustrates the details of the main logistics solutions we provide:



## Our Sales Network

During the Reporting Period, the majority of our revenue was derived from sales of goods through third-party e-commerce platforms. We further maintained and deepened the collaboration with multiple world's leading e-commerce platforms such as Amazon, Walmart and Wayfair. We effectively utilized their respective strengths to broaden our customer reach and seize global market opportunities. We also provided products via other channels, including offline distributors, offline retailers and self-operated websites.

- *Amazon.* We enter into standard agreements with Amazon and directly sell products to consumers on Amazon. We may also utilize Amazon's services such as FBA to handle receipt, storage and processing of products, which includes storage, packaging and shipping.
- *Walmart.* We enter into standard agreements with Walmart and directly sell products to consumers on Walmart. We may also utilize Walmart's services such as Walmart Fulfillment Services for Walmart to handle orders on our behalf, which include storage, packaging and shipping.
- *Wayfair.* We enter into standard agreements with Wayfair and directly sell products to consumers on Wayfair. Distinct from Amazon and Walmart, where we determine prices for listings, we sell Wayfair our products and propose the suggested prices for listings and Wayfair has the discretion to determine the list prices.
- *Others.* In addition to Amazon, Walmart and Wayfair, we also sell our products via other third-party e-commerce platforms such as Shein, Temu and Tiktok.

## **Other Channels**

In 2024, we continued to engage in transactions with offline distributors as a further supplement to our strong online presence, to extend our coverage and flexibly respond to market demand. Our offline distributors typically buy products from us and then sell to their customers, including offline stores or local e-commerce platforms in countries and regions such as the United States and Southeast Asia. The relationship between us and our offline distributors is that of seller and buyer and the ownership of our products is transferred to them upon purchase. We recognized revenue when distributors accept our products.

## **Future Prospects**

Looking forward, with the emergence of a new generation of consumers, the global B2C e-commerce market demand will undergo a transformation in the future. Consumers now have multifaceted expectations concerning the quality, design and pricing of products. In terms of quality and pricing, consumers increasingly seek to acquire high-quality products at lower prices.

Additionally, consumers tend to favor innovative and unique design styles. Therefore, offering high-quality and cost-effective products with an innovative and unique design is poised to become a major development trend in the future. Meanwhile, as the supply chain gradually adopt automated equipment, the cost of products and the cost of logistics reduces, which will boost the growth of the global B2C e-commerce market.

Meanwhile, consumers' awareness of environmental protection and sustainable development increases. Consumers are increasingly focusing on the environmental credentials of products, including the materials used, the manufacturing processes, and the sustainability of packaging. In the future, eco-friendliness and environmental sustainability are becoming the major trends in the growth of the B2C e-commerce market.

## FINANCIAL REVIEW

For the year ended 31 December 2023 and the year ended 31 December 2024, our revenue was RMB8,683.0 million and RMB10,709.6 million, respectively. Our profit was RMB520.1 million for the year ended 31 December 2023, and RMB521.2 million for the year ended 31 December 2024.

### Revenue

Our revenue increased by 23.3% from RMB8,683.0 million for the year ended 31 December 2023 to RMB10,709.6 million for the year ended 31 December 2024, primarily because the sales of our goods continued to expand and we increased the provision of logistics solutions.

### *By Type of Goods or Services*

The following table sets forth a breakdown of our revenue by type of goods or services in absolute amount and as a percentage of revenue for the periods indicated:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% of Revenue</i>	<i>RMB'000</i>	<i>% of Revenue</i>
<b>Type of goods or services</b>				
<b>Sales of goods</b>	<b>8,268,192</b>	<b>77.2</b>	7,030,375	81.0
Furniture, home furnishings and home appliance	<b>6,740,016</b>	<b>62.9</b>	5,880,443	67.7
Electric tools	<b>741,733</b>	<b>6.9</b>	347,182	4.0
Other products	<b>786,443</b>	<b>7.3</b>	802,750	9.2
<b>Logistics solutions</b>	<b>2,441,456</b>	<b>22.8</b>	1,652,602	19.0
<b>Total</b>	<b>10,709,648</b>	<b>100.0</b>	8,682,977	100.0

*Note (1):* Other products include consumer electronics.

### *Sales of goods*

*Furniture, home furnishings and home appliances.* Our revenue from sales of furniture, home furnishings and home appliances increased by 14.6% from RMB5,880.4 million for the year ended 31 December 2023 to RMB6,740.0 million for the year ended 31 December 2024, primarily because of the expansion of our furniture and home furnishings as well as home appliances product offerings and increased sales orders of our furniture and home furnishings as well as home appliances.

*Electric tools.* Our revenue from sales of electric tools significantly increased by 113.6% from RMB347.2 million for the year ended 31 December 2023 to RMB741.7 million for the year ended 31 December 2024, primarily because of the expansion of sales our electric tools through a new offline sales channel in 2024.

*Others.* Our revenue from sales of other categories remained relatively stable at RMB802.8 million for the year ended 31 December 2023 and RMB786.4 million for the year ended 31 December 2024.

### *Logistics solutions*

Our revenue from logistics solutions increased by 47.7% from RMB1,652.6 million for the year ended 31 December 2023 to RMB2,441.5 million for the year ended 31 December 2024, primarily because we expanded our customer base and fulfilled more orders. We strategically collaborated with major customers and enhanced capabilities in last-mile services and warehousing facilities.

### **Cost of sales**

Our cost of sales consists of the cost of sales for sales of goods and the cost of sales for logistics solutions. Our cost of sales for sales of goods primarily consists of (i) procurement costs paid for OEM manufacturing services; (ii) logistics costs, representing the cost to acquire logistics services from third parties to sell our products as well as the cost of using the logistics solutions provided primarily by Shenzhen Westernpost; and (iii) write-down of inventories primarily due to the strategy of promoting new products at lower prices and clearing out certain products from inventory.

Our cost of sales increased by 30.3% from RMB5,689.3 million for the year ended 31 December 2023 to RMB7,412.5 million for the year ended 31 December 2024, which was generally in line with our revenue growth.

### **Gross profit and gross profit margin**

Our gross profit increased by 10.1% from RMB2,993.7 million for the year ended 31 December 2023 to RMB3,297.1 million for the year ended 31 December 2024. Our gross profit margin decreased from 34.5% for the year ended 31 December 2023 to 30.8% for the year ended 31 December 2024.

Our gross profit from sales of goods increased by 8.8% from RMB2,753.0 million in 2023 to RMB2,994.9 million in 2024. Our gross profit margin of sales of goods decreased from 39.2% for the year ended 31 December 2023 to 36.2% for the year ended 31 December 2024, primarily because of the increase in logistics costs.

Our gross profit from logistics solutions increased by 25.5% from RMB240.7 million in 2023 to RMB302.2 million in 2024. Our gross profit margin of logistics solutions decreased from 14.6% for the year ended 31 December 2023 to 12.4% for the year ended 31 December 2024, primarily because we started to operate new warehouses and temporarily adjusted the pricing for our solutions to attract new customers.

### **Other gains and losses**

Our other gains significantly increased from RMB12.4 million for the year ended 31 December 2023 to RMB67.7 million for the year ended 31 December 2024, primarily due to the movements in foreign exchange rates that resulted in increased foreign exchange gains from 2023 to 2024.

## **Impairment losses under expected credit loss model (“ECL”), net of reversal**

Our impairment losses reversed, under ECL, net of reversal decreased by 83.0% from RMB48.9 million for the year ended 31 December 2023 to RMB8.3 million for the year ended 31 December 2024, primarily because of a net reversal of impairment losses on trade receivables due to recovery of bad debts.

## **Selling expenses**

Our selling expenses increased by 13.2% from RMB1,830.6 million for the year ended 31 December 2023 to RMB2,071.8 million for the year ended 31 December 2024. The increase in selling expenses was generally in line with the growth in revenue, mainly for business promotion expenses, employee expenses and overseas warehouse leasing expenses. Through effective expenses control, the selling expenses ratio decreased from 21.1% in 2023 to 19.3% in 2024.

## **Administrative expenses**

Our administrative expenses increased by 35.7% from RMB287.6 million for the year ended 31 December 2023 to RMB390.3 million for the year ended 31 December 2024, which are generally in line with our revenue growth. The administrative expenses ratio increased from 3.3% in 2023 to 3.6% in 2024, primarily because of the increases in employee expenses, office expenses of Shenzhen Westernpost and insurance expenses.

## **Research and development expenses**

Our research and development expenses increased by 9.1% from RMB119.2 million for the year ended 31 December 2023 to RMB130.0 million for the year ended 31 December in 2024, primarily because of the increases in employee expenses resulting from an increase in the number of our research and development employees, as well as an increase in mould expenses for research and development.

## **Other expenses**

Our other expenses decreased by 38.7% from RMB26.0 million for the year ended 31 December 2023 to RMB15.9 million for the year ended 31 December 2024, primarily due to a decrease in cancellation fees paid to suppliers because of a decreased level of canceled procurement orders in 2024 as compared with the relatively higher level of canceled procurement orders in 2023.

## **Finance costs**

Our finance costs increased by 35.0% from RMB90.7 million for the year ended 31 December 2023 to RMB122.5 million for the year ended 31 December 2024, primarily due to a simultaneous increase in the relevant lease liabilities and finance costs because of Shenzhen Westernpost’s expanded operations and the addition of new warehouses in 2024.



## **Income tax expenses**

Our income tax expenses decreased by 8.6% from RMB119.8 million for the year ended 31 December 2023 to RMB109.4 million for the year ended 31 December 2024 primarily as a result of the effect of different tax rates of subsidiaries operating in other jurisdictions. See Note 5 to the consolidated financial statements for details.

## **Profit for the year**

As a result of the foregoing as well as our listing expense of RMB42.4 million in 2024, our net profit slightly increased from RMB520.1 million for the year ended 31 December 2023 to RMB521.2 million for the year ended 31 December 2024.

## **Right of use assets**

Our right-of-use assets significantly increased from RMB717.7 million as of 31 December 2023 to RMB2,769.8 million as of 31 December 2024, due to the expansion of our business activities in 2024. In particular, driven by increased warehousing activities, we increased the number of overseas warehouses and adjusted the leases of some overseas self-operated warehouses from short-term to long-term leases.

## **Inventories**

Our inventory increased from RMB1,045.8 million as of 31 December 2023 to RMB1,445.4 million as of 31 December 2024, primarily because of an increase in finished goods under the advance stocking model to meet the anticipated growth in demand for our products.

## **Trade receivables**

Our trade receivables represent the amounts due from our customers for the products sold or services performed in the ordinary course of our business. Our trade receivables net of allowance increased from RMB807.5 million as of 31 December 2023 to RMB1,269.4 million as of 31 December 2024, primarily attributable to an increase in trade receivables in line with our growth in our logistics solutions, offline business and business through Amazon Vendor Central.

## **Trade and other payables**

Our trade and other payables increased from RMB1,259.0 million as of 31 December 2023 to RMB1,523.7 million as of 31 December 2024, primarily due to an increase in trade payables to suppliers in line with our business growth.



## Liquidity and capital resources

We have historically funded our cash requirements principally from borrowings, cash from operations and equity financings.

As of 31 December 2024, we had cash and cash equivalents of RMB1,363.8 million. Taking into account the net proceeds from the Global Offering and the financial resources available to us, including cash and cash equivalents, bank borrowings and cash flows from operating activities, we have sufficient working capital for our present requirements.

### *Cash Flow*

The following table sets forth our cash flows for the periods indicated:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash from operating activities	<b>535,472</b>	586,360
Net cash from/(used in) investing activities	<b>(381,693)</b>	210,641
Net cash from/(used in) financing activities	<b>397,143</b>	(632,443)
Net increase in cash and cash equivalents	<b>550,922</b>	164,558
Cash and cash equivalents at the end of the year	<b><u>1,363,752</u></b>	<b><u>809,838</u></b>

#### *Net cash from operating activities*

In 2024, our net cash from operating activities was RMB535.5 million, which was primarily attributable to our profit before tax for the year of RMB630.6 million, as adjusted by (i) the add-back of non-cash items, primarily comprising depreciation of right-of-use assets of RMB229.6 million; (ii) changes in working capital, which primarily comprised less of change in trade receivables of RMB465.8 million, change in inventories of RMB424.9 million and add-back of change in trade and other payables of RMB394.5 million.

In 2023, our net cash from operating activities was RMB586.4 million, which was primarily attributable to our profit before tax for the year of RMB639.9 million, as adjusted by (i) the add-back of non-cash items, primarily comprising depreciation of right-of-use assets of RMB146.2 million; and (ii) changes in working capital, which primarily comprised less of change in trade receivables of RMB377.1 million.

#### *Net cash from/(used in) investing activities*

In 2024, our net cash used in investing activities was RMB381.7 million, which was primarily attributable to purchases of property, plant and equipment of RMB157.8 million, net cash outflow on acquisition of subsidiaries of RMB153.8 million, and net outflow pledged bank deposits of RMB86.0 million.

In 2023, our net cash from investing activities was RMB210.6 million, which was primarily attributable to net proceeds from withdrawals of pledged bank deposits of RMB155.7 million and net proceeds from disposal of financial assets at FVTPL of RMB60.0 million.

### *Net cash from/(used in) financing activities*

In 2024, our net cash from financing activities was RMB397.1 million, which was primarily attributable to the proceeds from the issuance of shares of RMB428.6 million and the payment of the distribution costs of RMB19.8 million.

In 2023, our net cash used in financing activities was RMB632.4 million, which was primarily attributable to the repayment of convertible loan notes and related equity of RMB430.5 million and repayment of lease liabilities of RMB143.1 million.

### **Contingent liabilities**

As of 31 December 2024, we did not have any material contingent liabilities.

### **Capital commitments**

As of 31 December 2024, the Group had capital commitments of RMB196.8 million that were contracted but not provided for, which was mainly for the future investment in property, plant and equipment.

### **Significant investments, material acquisitions and disposals**

In 2024, a subsidiary of the Group agreed to acquire entire equity interest in Flatiron Merchants Inc. (“**Flatiron**”) from an independent third party at a cash consideration of USD3,800,000 (equivalent to RMB27,316,000) which represented the fair value of the license, the only asset held by Flatiron at the date of acquisition. The Group paid a deposit of RMB3,541,000 in 2023 and the remaining has been paid in 2024.

As of the end of the Reporting Period, the Group did not have any significant investments as required to be disclosed in accordance with paragraph 32(4A) of Appendix D2 to the Listing Rules. Save as disclosed above, the Group had no other material acquisitions or disposals in 2024.

### **Future plans for material investments or capital assets**

As of 31 December 2024, save as disclosed in the section headed “Use of Proceeds from the Global Offering” in this announcement, the Group did not have any future plans for material investments or capital assets.

### **Foreign exchange risk**

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Foreign exchange risk is the risk of loss resulting from fluctuations in foreign currency exchange rates. Most of our sales of products are denominated and settled in U.S. dollars and Euros, with the remaining sales denominated and settled in currencies of the geographical markets to which we sell our products. We mainly pay our suppliers that are located in the PRC in Renminbi. The foreign exchange risk we are facing mainly comes from movements in USD/RMB and EUR/RMB.

We had net foreign exchange gains of RMB60.2 million in 2024 due to the foreign exchange rate fluctuations in connection with our outstanding trade and other receivables as well as trade and other payables denominated in foreign currencies. Additionally, the gains were also due to the exchange rate fluctuations when converting funds held in our foreign currency bank accounts into RMB.

### **Pledge of assets**

Our pledged/restricted bank deposits increased from RMB164.9 million as of 31 December 2023 to RMB250.9 million as of 31 December 2024, in line with an increase in our bank loans.

We have pledged owned properties with carrying amount of RMB527.4 million and RMB561.6 million to secure general banking facilities of the Group as at 31 December 2024 and 31 December 2023, respectively.

Save as disclosed above, the Group does not have any pledged assets as of 31 December 2024.

### **Gearing ratio**

The Group's gearing ratio equals total interest-bearing debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity, which increased from approximately 0.7 as of 31 December 2023 to approximately 1.3 as of 31 December 2024, primarily due to an increase in lease liabilities.

### **EMPLOYEES, TRAINING AND REMUNERATION POLICY**

As of 31 December 2024, we had a total of 2,040 employees, the majority of whom are based in Shenzhen, China. The following table sets out the number of our employees by function as of 31 December 2024:

<b>Function</b>	<b>Number of Employees</b>	<b>% of Total</b>
Product development, operation, sales and marketing	1,124	55.1
Procurement and supply chain management	384	18.8
Administrative	364	17.9
Warehousing	168	8.2
<b>Total</b>	<b>2,040</b>	<b>100.0</b>

Our business growth and development hinge on our capacity to attract, retain and motivate competent employees. During the Reporting Period, we recruited our staff through various means such as on-campus recruitment, job fairs, recruitment agencies and both internal and external referrals. We are devoted to offering fair and equal opportunities in all our employment practices and have implemented relevant policies and procedures. As part of our retention strategy, we provide competitive salaries, extensive insurance packages and merit-based incentives typically based on individual and overall business performance.

In terms of training, we conduct orientation programs for new employees to familiarize them with our company culture, business and industry, with the aim of enhancing their understanding of our company and facilitating their work performance. We also regularly offer bespoke in-house training to our existing employees to enhance their technical skills or arrange for them to attend third-party training sessions. Moreover, we offer management skills training to certain employees to assist them in transitioning into managerial roles.

For the year ended 31 December 2024, total employee compensation and benefit expenses amounted to RMB513.8 million.

### Use of Proceeds from the Global Offering

The Company was listed on the Main Board of the Stock Exchange on 8 November 2024, issuing 29,894,700 new shares at an offer price of HK\$15.60 per share. After deducting underwriting commissions, fees and other expenses related to the Global Offering, the net proceeds from the Listing were approximately HK\$387.5 million. The proceeds from the Listing will be utilized in accordance with the plan disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, namely:

Project	Percentage	Proceeds used for related purposes (HK\$ million)	Utilized proceeds during the Reporting Period (HK\$ million)	Unutilized proceeds at the end of the Reporting Period (HK\$ million)	Expected timetable for full utilization of unutilized proceeds
Business expansion	70.0%	271.3	0	271.3	As of 31 December 2027
Strengthening digitalization and further improving the information management systems	15.0%	58.1	0	58.1	As of 31 December 2027
Potential investment or mergers and acquisitions in the industry chain	10.0%	38.8	0	38.8	As of 31 December 2027
Working capital and general corporate uses	5.0%	19.4	0	19.4	As of 31 December 2027
<b>Total</b>	<b>100.0%</b>	<b>387.5</b>	<b>0</b>	<b>387.5</b>	

Notes: 1. We have placed the unutilized net proceeds in short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions. We will comply with the PRC laws in relation to foreign exchange registration and remittance of the proceeds.

2. Certain amounts and percentages in the table have been rounded. Accordingly, the arithmetic sum shown in certain tables may not be the total of the figures preceding them. Any discrepancies between the arithmetic sum shown and the total of the amounts listed are due to rounding.

## Dividends

At the second extraordinary general meeting for the year 2025 held on 7 February 2025 by the Company, the proposal regarding the proposed Special Dividend was approved by the Shareholders of the Company. Pursuant to the Company's dividend policy, the Company would distribute a cash dividend of RMB0.25 (tax inclusive) per Share for the Special Dividend to all Shareholders based on the total share capital of 415,205,916 Shares after the Listing and issuance of its H Shares, using its own funds (excluding the proceeds from the Listing) and subsequently a total amount of approximately RMB103,801,000 was paid out. Of which Shareholders holding the Company's H Shares pursuant to the H Share full circulation carried out by the Company upon the initial public offering of its overseas-listed foreign shares (H Shares) shall be paid in Renminbi; other H Shareholders shall be paid in Hong Kong dollars, the exchange rate of Hong Kong dollars will be calculated based on the benchmark exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on the date of the extraordinary general meeting at which the proposal for the Special Dividend is considered and approved, which is RMB1.00=HK\$1.08596. Accordingly, a cash dividend of HK\$0.27149 (inclusive of tax) per Share was paid; holders of Domestic Unlisted Shares shall be paid in Renminbi. Such Special Dividend is expected to be paid in cash on Monday, 7 April 2025 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 18 February 2025.

The Board of the Company does not recommend the payment of a final dividend for the year ended 31 December 2024.

## Corporate Governance Practices

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

Code Provision C.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lu Haizhuan is both the chairman of the Board and the chief executive officer of the Company. Notwithstanding the deviation from Code Provision C.2.1 of the CG Code, given Mr. Lu Haizhuan's extensive knowledge and experience of the Group's business, the Board considers that vesting the roles of both chairman of the Board and chief executive officer of the Company in the same person brings the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently. The Board will nevertheless continue to review the structure from time to time and consider the appropriate move to take when appropriate.

Except for the deviation from Code Provision C.2.1 mentioned above, the Board is of the view that during the period from 8 November 2024 (the “**Listing Date**”) to 31 December 2024, the Company has complied with all the applicable code provisions as set out in the CG Code. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

### **Model Code for Securities Transactions**

Since the Company’s Shares were listed on the Stock Exchange on the Listing Date, the provisions regarding compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules are only applicable to the Company since the Listing Date.

Following the Listing, the Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the supervisors of the Company (the “**Supervisors**”), and the Group’s employees who, because of his/her office or employment, are likely to possess inside information in relation to the Group or the Company’s securities. Specific enquiries have been made to all Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code from the Listing Date to 31 December 2024.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the period from the Listing Date to 31 December 2024.

### **Purchase, Sale or Redemption of Listed Securities of the Company**

During the period from the Listing Date to 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sales of treasury shares (as defined in the Listing Rules)). As of 31 December 2024, the Group did not hold any treasury shares.

### **Subsequent Events**

The Shareholders of the Company reviewed and approved the proposal to amend the Articles of Association at the 2025 first extraordinary general meeting held on 15 January 2025, and the amended Articles of Association took effect from 15 January 2025. Since 15 January 2025 and up to the date of this announcement, we have made no changes to the Articles of Association.

Save as disclosed in this announcement, no significant events have occurred for the Group from the end of the Reporting Period to the date of this announcement.

### **Audit Committee and Review of Annual Results**

The Company established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the provisions of the CG Code.

The Audit Committee consists of three members, namely Ms. Meng Rongfang, Mr. Xu Jinke and Mr. Chen Xiaohuan. All Audit Committee members are independent non-executive Directors. Ms. Meng Rongfang is the chairperson of the Audit Committee. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code and the PRC laws.



The Audit Committee, together with the Board and the auditors of the Company, has reviewed the accounting standards and practices adopted by the Group and the annual results of the Company for the year ended 31 December 2024.

### **Scope of Work of Messrs. Deloitte Touche Tohmatsu**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

### **Publication of Annual Results Announcement and Annual Report**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.augroup.com](http://www.augroup.com)). The annual report of the Company for the year ended 31 December 2024 will be despatched to shareholders who require a printed copy in due course and will be available on the websites of the Stock Exchange and the Company as mentioned above.

### **DEFINITIONS**

"Articles of Association"	the articles of association of the Company, effective as of the date of consideration and approval by the 2025 first extraordinary general meeting held on 15 January 2025, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this annual results announcement, Hong Kong, Macau and Taiwan
"Company," "our Company" or "the Company"	Augroup (SHENZHEN) Cross-Border Business Co., Ltd. (傲基(深圳)跨境商務股份有限公司), formerly known as AuGroup Technology Co., Ltd. (傲基科技股份有限公司), Shenzhen Aukey E-Business Co., Ltd. (深圳市傲基電子商務股份有限公司) and Shenzhen Aukey E-Business Co., Ltd. (深圳市傲基電子商務有限公司), a limited liability company established in the PRC on September 13, 2010, which was converted into a joint stock limited company in the PRC on 25 May 2015
"Director(s)"	director(s) of the Company

“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group,” “our Group,” “we” or “us”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange
“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing”	the listing of our H Shares on the main board of the Hong Kong Stock Exchange
“Reporting Period”	for the year ended 31 December 2024

By order of the Board  
**AuGroup (SHENZHEN) Cross-Border Business Co., Ltd.**  
**Mr. Lu Haizhuan**  
*Chairperson of the Board, Executive Director and  
Chief Executive Officer*

Shenzhen, PRC, 28 March 2025

*As at the date of this announcement, the Board comprises Mr. Lu Haizhuan, Mr. Ze Kuaiyue and Ms. Zhuang Liyan as executive directors; Ms. Zou Jiajia, Mr. Jin Hao and Mr. Lu Songdu as non-executive directors; and Ms. Meng Rongfang, Mr. Xu Jinke and Mr. Chen Xiaohuan as independent non-executive directors.*