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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board of directors (the "**Board**") of AuGroup (SHENZHEN) Cross-Border Business Co., Ltd. (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 as follows:

FINANCIAL HIGHLIGHTS

Unit: RMB'000

	Six months ended 30 June	
	2026	2025
Revenue	**7,220,594**	5,607,246
Gross profit	**1,886,553**	1,602,364
Profit before tax	**29,671**	143,640
Profit for the period	**28,333**	116,586
Profit attributable to owners of the Company for the period	**40,918**	107,872

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months Ended 30 June 2026

	Notes	Six Months Ended 30 June 2026 **2026** ***RMB'000*** **(Unaudited)**	 2025 *RMB'000* (Unaudited)
Revenue	*3*	**7,220,594**	5,607,246
Cost of sales		**(5,334,041)**	(4,004,882)
Gross profit		**1,886,553**	1,602,364
Other income	*4*	**24,636**	24,294
Impairment losses under expected credit loss model ("**ECL**"), net of reversal		**(4,242)**	3,944
Other gains and losses	*5*	**(50,728)**	(11,701)
Selling expenses		**(1,281,964)**	(1,071,004)
Administrative expenses		**(292,467)**	(195,185)
Research and development expenses		**(95,664)**	(80,146)
Other expenses		**(6,134)**	(8,571)
Share of results of investments accounted for using the equity method		**(9,480)**	6,936
Finance costs		**(140,839)**	(127,291)
Profit before tax		**29,671**	143,640
Income tax expense	*6*	**(1,338)**	(27,054)
Profit for the period	*7*	**28,333**	116,586
Other comprehensive (expense) income for the period			
Items that will not be reclassified subsequently to profit or loss:			
Fair value change on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(11,326)**	7,592

	Notes	Six Months Ended 30 June 2026	
		2026	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,846**	948
Share of other comprehensive income (expense) of investments accounted for using the equity method, net of related income tax		**332**	(923)
		2,178	25
Other comprehensive (expense) income for the period		**(9,148)**	7,617
Total comprehensive income for the period		**19,185**	124,203
Profit (loss) for the period attributable to:			
Owners of the Company		**40,918**	107,872
Non-controlling interests		**(12,585)**	8,714
		28,333	116,586
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**32,958**	115,285
Non-controlling interests		**(13,773)**	8,918
		19,185	124,203
Earnings per share			
– Basic and diluted	*9*	**0.10**	0.26

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**30 June 2026 2026 RMB'000 (Unaudited)**	31 December 2025 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*10*	**877,160**	889,331
Right-of-use assets	*10*	**2,556,021**	2,693,033
Intangible assets	*10*	**8,494**	10,173
Investments accounted for using the equity method		**220,476**	121,619
Financial assets at fair value through profit or loss ("**FVTPL**")		**137,081**	118,608
Equity instruments at FVTOCI		**46,416**	56,742
Deferred tax assets		**215,867**	196,680
Finance lease receivables		**3,094**	51,393
Total non-current assets		**4,064,609**	4,137,579
Current assets			
Inventories		**1,826,176**	1,627,440
Trade receivables	*11*	**1,499,645**	1,560,190
Contract assets		**18,008**	31,366
Prepayments and other receivables		**727,910**	532,695
Financial assets at FVTPL		**49,204**	101,790
Finance lease receivables		**6,021**	20,708
Pledged bank deposits		**673,727**	500,067
Bank deposit with original maturity over three months		**–**	10,000
Cash and cash equivalents		**1,293,448**	1,613,126
Total current assets		**6,094,139**	5,997,382

	Notes	30 June 2026 2026 RMB'000 (Unaudited)	31 December 2025 *RMB'000* (Audited)
Current liabilities			
Trade and other payables	*12*	**2,145,048**	1,854,820
Tax payable		**22,927**	22,978
Bank borrowings		**1,447,525**	1,555,416
Lease liabilities		**382,861**	366,623
Contract liabilities		**157,653**	147,225
Refund liabilities		**50,822**	66,700
Total current liabilities		**4,206,836**	4,013,762
Net current assets		**1,887,303**	1,983,620
Total assets less current liabilities		**5,951,912**	6,121,199
Non-current liabilities			
Bank borrowings		**230,396**	239,518
Lease liabilities		**2,577,831**	2,729,023
Total non-current liabilities		**2,808,227**	2,968,541
Net assets		**3,143,685**	3,152,658
Capital and reserves			
Share capital		**415,206**	415,206
Reserves		**2,722,631**	2,717,219
Equity attributable to owners of the Company		**3,137,837**	3,132,425
Non-controlling interests		**5,848**	20,233
Total equity		**3,143,685**	3,152,658

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2026

1. BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than changes in accounting policies resulting from application of amendments to International Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to an IFRS Accounting Standard, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The application of the amendments to an IFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to Mr. Lu Haizhuan and Mr. Ze Kuaiyue, 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 solutions

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

For the six months ended 30 June 2026

	Sales of goods *RMB'000*	**Logistics solutions** *RMB'000*	**Eliminations** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue	**4,799,762**	**2,420,832**	**–**	**7,220,594**
Inter-segment sales	**–**	**1,095,025**	**(1,095,025)**	**–**
	4,799,762	**3,515,857**	**(1,095,025)**	**7,220,594**
Segment profit	**431,004**	**173,494**	**91**	**604,589**
Share of results of investments accounted for using the equity method				**(9,480)**
Other income				**24,636**
Other gains and losses				**(50,728)**
Finance costs				**(140,839)**
Unallocated corporate expenses				**(398,507)**
Group's profit before tax				**29,671**

For the six months ended 30 June 2025

	Sales of goods *RMB'000*	Logistics solutions *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
Segment revenue	3,922,266	1,684,980	–	5,607,246
Inter-segment sales	–	335,421	(335,421)	–
	3,922,266	2,020,401	(335,421)	5,607,246
Segment profit	366,731	164,987	(358)	531,360
Share of results of investments accounted for using the equity method				6,936
Other income				24,294
Other gains and losses				(11,701)
Finance costs				(127,291)
Unallocated corporate expenses				(279,958)
Group's profit before tax				143,640

Type of goods or service

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue from sales of goods		
– Through third party e-commerce platforms	**4,483,083**	3,641,064
– Through other channels (Note)	**316,679**	281,202
	4,799,762	3,922,266
Logistics solutions income	**2,420,832**	1,684,980
Total	**7,220,594**	5,607,246

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

Geographical markets

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
PRC	**2,317,829**	1,493,979
United States	**3,936,848**	3,531,330
Other North American countries	**154,175**	69,578
Germany	**362,245**	221,601
Other European countries	**394,238**	238,161
Others	**55,259**	52,597
Total	**7,220,594**	5,607,246

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, 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 assets, segment liabilities and other segment information is presented as the CODM does not regularly review such information for the purposes of resource allocation and performance assessment.

4. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Bank interest income	**15,944**	13,677
Government grants	**7,683**	8,501
Interest income on finance lease receivables	**1,009**	2,000
Dividends from financial assets at FVTOCI	**–**	116
	24,636	24,294

Government grants mainly represented the government subsidies received from the local governments in the PRC to support the research, development, design activities and e-commerce operation development of the Group. There are no unfulfilled conditions relating to these grants.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
(Loss) gain on disposal of property, plant and equipment	**(41)**	41
Foreign exchange loss, net	**(89,584)**	(16,132)
Gain on changes in fair value of financial assets at FVTPL	**38,897**	4,390
	(50,728)	(11,701)

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	**3,870**	7,374
PRC Enterprise Income Tax	**3,704**	5,549
United States	**12,951**	21,549
Deferred tax	**(19,187)**	(7,418)
Income tax expense	**1,338**	27,054

7. PROFIT FOR THE PERIOD

Profit for the period from continuing operations has been arrived at after charging the following items:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period after charging the following items:		
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	**248,621**	231,656
Employee benefits expenses	**396,513**	336,427
Write-down of inventories included in cost of sales	**36,978**	25,673
Cost of inventories recognised as an expense excluding write-down of inventories	**3,061,379**	2,466,453

8. DIVIDENDS

The directors of the Company have determined that no dividend will be proposed in respect of the interim period (six months ended 30 June 2025: a special dividend of RMB0.25 per ordinary share).

9. 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:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Profit for the period attributable to owners of the Company for basic and diluted earnings per share	**40,918**	107,872

Number of shares

	Six months ended 30 June	
	2026	2025
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (Note)	**406,734**	412,445

Note:

During the six months ended 30 June 2026, the Company repurchased 8,040,500 shares (six months ended 30 June 2025: 2,487,600 shares) as treasury shares, which were not included in the total number of shares in issue for the purpose of calculating basic earnings per share.

No diluted earnings per share for the six months ended 30 June 2026 and 2025 were presented as there were no potential ordinary shares in issue for the period.

10. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the current interim period, the Group acquired property, plant and equipment and incurred construction costs of RMB58,268,000 (six months ended 30 June 2025: RMB88,571,000).

During the current interim period, the Group acquired intangible assets of RMB335,000 (six months ended 30 June 2025: RMB958,000).

During the six months ended 30 June 2026, the Group terminated one lease agreement, terminated one sublet lease agreement, and signed several new lease agreements with lease terms ranging from 2 to 10 years (six months ended 30 June 2025: 2 to 5 years). At the lease commencement date for the six months ended 30 June 2026, the Group recognized additional right-of-use assets of RMB96,299,000 and lease liabilities of RMB42,571,000 (six months ended 30 June 2025: right-of-use assets of RMB81,404,000 and lease liabilities of RMB97,019,000).

11. TRADE RECEIVABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables from third parties	**1,552,116**	1,611,740
Less: Allowance for credit losses	**(52,471)**	(51,550)
	1,499,645	1,560,190

The Group grants a 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:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0-90 days	1,378,395	1,409,084
91-180 days	**40,377**	97,859
181-365 days	**45,118**	19,719
Over 365 days	**35,755**	33,528
	1,499,645	1,560,190

12. TRADE AND OTHER PAYABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables from		
– third parties	**1,881,226**	1,572,026
– associates	**28,897**	9,640
	1,910,123	1,581,666
Bills payable	**78,985**	116,508
	1,989,108	1,698,174
Accrued employees' benefits	**66,454**	65,030
Other tax payables	**10,517**	9,838
Deposits	**4,786**	13,779
Others	**74,183**	67,999
	2,145,048	1,854,820

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0-90 days	**1,950,742**	1,646,626
91-180 days	**27,868**	36,871
181-365 days	**7,791**	10,179
Over 365 days	**2,707**	4,498
	1,989,108	1,698,174

The average credit period on purchases of goods is 90 days.

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. According to data released at the General Administration of Customs of the People's Republic of China's press conference on import and export performance for the first half of 2026, the export volume in the PRC reached RMB14.73 trillion in the first half of 2026, representing an increase of 13.40% and maintaining steady growth. With online penetration rates continuing to rise in developed countries and regions such as the United States and Europe, consumer reliance on online shopping platforms will continue to grow and the scope of the digital marketplace will continue to expand.

During the Reporting Period, the PRC and the United States reached a phased consensus on tariffs and initiated a reciprocal tariff reduction framework, bringing expectations of marginal improvement in cross-border trade. However, uncertainties surrounding relevant U.S. policies and potential adjustments may still affect export business to a certain extent.

BUSINESS REVIEW

Looking back to the Reporting Period, we have remained committed to our mission of "Empowering Connections, Inspiring a Better World", sticking to our core furniture and home furnishings categories. By relying on our operational capabilities under a multi-brand system, digital support capabilities across the entire business chain, supply chain management capabilities, sophisticated warehousing and logistics system and flexible organizational structure, we have effectively penetrated various "home and life" scenarios, elaborately creating a series of branded products, such as furniture, home furnishings and 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, Wayfair and Walmart.

Meanwhile, we provided efficient logistics solutions globally under the overseas warehouse model to customers, primarily sellers on e-commerce platforms, through WESTERN POST (SG) PTE. LTD. and its subsidiaries ("**Western Post Group**"). 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 periods indicated:

	For the six months ended 30 June			
	2026		2025	
	RMB'000	***% of Revenue***	*RMB'000*	*% of Revenue*
Sales of goods	**4,799,762**	**66.5**	3,922,266	69.9
Logistics solutions	**2,420,832**	**33.5**	1,684,980	30.1
Total	**7,220,594**	**100.0**	5,607,246	100.0

Main Products

During the Reporting Period, we continued to actively expand our offering of furniture, home furnishings and home appliances and insisted on strengthening and consolidating our supply chain and logistics capabilities while exploring additional subcategories within the furniture sector. We strategically focused more on furniture, home furnishings and home appliances. Our offering of furniture and home furnishings primarily consisted of beds, bookcases, wardrobes, chests of drawers, 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 ice makers.

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

- *Electric Tools.* During the Reporting Period, the sales volume of our electric tools further expanded. Our electric tools were designed around user scenarios, technological innovation and emotional resonance, forming a design philosophy that combines practicality and artistry and redefining the relationship between tools and users – from cold instruments into trustworthy "adventure companions". Our offering of electric tools primarily consisted of electric grinding pens, power screwdrivers, air pumps and car vacuums.

- *Others.* In addition, during the Reporting Period, our offering of other products primarily consisted of consumer electronics.

Review of Key Operating Initiatives: During the Reporting Period, we implemented a number of key operating initiatives. Driven by the dual engines of "efficiency enhancement of existing businesses" and "incremental breakthroughs", we achieved a leap in competitiveness amid a complex and volatile market environment. From defending and expanding the market shares of our core categories, lean operations of incubation businesses and full-scenario empowerment through AI technology, to intelligent upgrades of our global supply chain network, we are accelerating the establishment of a more resilient and efficient operating system and accumulating strong momentum for the Group's long-term development.

1. Market shares of key categories continued to increase, further strengthening our competitive advantages in niche markets. The market shares of our furniture subcategories and electric tools subcategories increased steadily, benefiting from our in-depth operational capabilities across the entire value chain. Starting from user needs, we achieved precise positioning at each stage of product definition, industrial design and supply chain management, thereby building differentiated competitive barriers through the refined and intensive cultivation of individual categories.

2. Losses from incubation businesses continued to narrow, with phased results achieved in loss reduction and efficiency enhancement. During the Reporting Period, the operating quality of a number of incubation business units improved significantly, with losses continuing to narrow and approaching breakeven. This represented not only an improvement in financial indicators, but also reflected the Company's proactive calibration of resource allocation efficiency and project operating pace. Our focus shifted from merely "getting operations underway" to "generating operating benefits", laying a foundation for profitability on a larger scale in the future.

3. AI technology was embedded into core business scenarios at an accelerated pace, enabling in-depth intelligent empowerment across the entire value chain. The Company established a dedicated AI team to systematically promote the application of artificial intelligence in demand forecasting, product design, content generation, operational management, business analysis and other scenarios. We adhered to a "value-oriented" implementation standard, under which the effectiveness of AI applications is not measured by the number of scenarios covered, but by whether business processes have been substantially optimized, efficiency indicators have improved significantly and decision-making quality has been effectively enhanced, with such improvements ultimately reflected in our operating results.

4. The global overseas warehouse network continued to be optimized, driving rapid growth in revenue from logistics solutions. Leveraging the technological empowerment and global layout of Western Post Group, the Company simultaneously enhanced the coverage and service capabilities of its overseas warehouse network. During the Reporting Period, our revenue from logistics solutions increased by 43.7% year-on-year. Through continuous upgrades to our digital systems, we attained intelligent coordination across the entire supply chain from consolidation and international trunk lines to overseas distribution, local warehousing and last-mile delivery. We successfully helped customers improve logistics timeliness and reduce operating costs, further solidifying the Group's competitive position in the cross-border supply chain sector.

5. Product capability construction was deepened to fortify market competitive barriers. In response to the dual challenges of policy uncertainty and homogeneous competition, the Company continued to increase its research and development investment to reinforce the unique advantages of its products in performance and quality. During the Reporting Period, the Company filed 130 new patent applications and secured 26 international design awards, including 14 Red Dot Awards and 12 iF Design Awards. Concurrently, through brand building, mid-to-high-end product line layout and user experience upgrades, the Company continued to enhance its brand premium capability and gain greater initiative amid complex market conditions.

6. Channels and market presence became more diversified, with continued enhancement in structural resilience. For our sales of goods business segment, we focused on advancing the diversification of our channel and market structures, with notable results. In terms of channels, emerging third-party platforms represented by TikTok performed particularly well, further optimising our overall channel structure. During the Reporting Period, our revenue from emerging third-party platforms increased by 82.2% year-on-year, primarily due to growth on the TikTok platform. In terms of markets, the North American market, as our core market, continued to serve as an anchor and contributed a solid business base, with revenue increasing by 17.1% year-on-year; the European market recorded the highest growth rate among all regions and is rapidly becoming another important source of growth. During the Reporting Period, our revenue from the European market increased by 65.2% year-on-year.

CORPORATE DEVELOPMENT STRATEGY AND OUTLOOK

Amid the complex and volatile global economic landscape, the Company has consistently formulated multi-dimensional development strategies based on long-term growth, encompassing supply chain optimization, brand building, logistics enhancement and digital empowerment, to build up our risk resilience and market competitiveness.

- ***Supply Chain Management: Building a Flexible and Efficient Global Supply Network***

  To proactively respond to cost pressures and operational uncertainties brought about by changes in the economic environment, we are accelerating the in-depth optimization of our supply chain from a global perspective. By accurately analysing regional policies, industrial support and logistics costs, we are actively promoting the global supply chain layout. Meanwhile, relying on the localized procurement system, we have established long-term strategic partnerships with high-quality suppliers possessing advantages in raw material quality, production capacity stability and cost control. The reconstruction of this supply chain model has not only significantly reduced supply chain risks, but has also leveraged the effects of mature industrial clusters to cut costs in intermediate links, thereby effectively safeguarding profits amid policy fluctuations and ensuring the resilience and efficiency of the supply chain.

- ***Brand Building: Erecting High-Value Brand Barriers by Core Competitiveness***

  In the face of changes in the market environment caused by policy fluctuations and increasingly fierce homogeneous competition, we have consistently deepened our brand strategies and built our brands into a core barrier against market risks. On the one hand, we have increased research and development investment with a focus on functional product innovation, enhanced product quality, performance and uniqueness, and consolidated and strengthened the core competitiveness of our products. On the other hand, we have systematically enhanced brand value in line with our brand positioning. Through precise market positioning, mid-to-high-end product design and premium user experiences, we have continuously strengthened the premium pricing power of our brands and products, striving for a steady elevation of our brands' industry standing and market influence amid intense market competition.

- ***Logistics Management: Creating the Logistics System Aligned with Efficient Service and Business Growth***

  As the critical step connecting production and consumption, logistics management will be enhanced through three material areas: efficiency improvement, infrastructure upgrading and service refinement, for the purpose of creating a logistics system highly aligned with business growth. In terms of efficiency optimization, intelligent logistics management systems will enable data-driven monitoring and scheduling across warehousing, transportation and distribution, thereby continuously improving core metrics including inventory turnover rates and delivery timeliness while reducing logistics operating costs. In terms of infrastructure construction, we will increase investment in logistics nodes including overseas warehouses and regional distribution centers. Based on the distribution of market demand, the optimized warehouse network layout will help enhance storage capacity and cargo turnover efficiency, while transportation fleets and delivery networks will be improved to ensure the quick and safe delivery of goods and provide robust logistical support for sustained future business growth. In terms of customer service, we will establish a more refined and responsive after-sales service system and achieve the rapid matching and resolution of consumer needs and issues by creating dedicated customer service teams and utilizing digital tools. Our services include offering installation guidance and returns and exchanges in a personalized and attentive manner, thereby further enhancing customer satisfaction and loyalty and improving customer retention.

- ***AI Empowerment: Facilitating Competitive Leap Through Full-Process Intelligent Upgrades***

  We are actively advancing the deep integration of AI technology across various business processes to achieve full-process intelligent upgrades from front-end market insights to back-end operational management, targeting higher synergy efficiency across processes and lower operating costs. On the one hand, leveraging the powerful multimodal data analysis capabilities of AI technology, we conduct in-depth analysis of market dynamics and consumer behavior data, enabling precise forecasting of market demand trends and analysis of the preferences and purchasing habits of different consumer groups. This enables us to forecast market needs more accurately, analyse consumer behavior and deliver personalized product recommendations, which are conducive to effectively enhancing the Company's market competitiveness. On the other hand, AI constructs dynamic predictive models by conducting in-depth analysis of multidimensional information, including back-end operational transaction data, real-time order fluctuations and market demand trends, to realize intelligent automation in procurement and inventory management procedures.

FINANCIAL REVIEW

For the six months ended 30 June 2025 and the six months ended 30 June 2026, our revenue was RMB5,607.2 million and RMB7,220.6 million, respectively. Our profit for the six months ended 30 June 2025 was RMB116.6 million, and RMB28.3 million for the six months ended 30 June 2026.

Revenue

Our revenue increased by 28.8% from RMB5,607.2 million for the six months ended 30 June 2025 to RMB7,220.6 million for the six months ended 30 June 2026, 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:

	For the six months ended 30 June				
	2026		**2025**		
	RMB'000	***% of Revenue***	*RMB'000*	*% of Revenue*	Year-on-year change
Type of goods or services					
Sales of goods	**4,799,762**	**66.5**	3,922,266	69.9	22.4%
Furniture, home furnishings and home appliances	**3,972,044**	**55.0**	3,276,838	58.4	21.2%
Products other than furniture, home furnishings and home appliances	**827,718**	**11.5**	645,428	11.5	28.2%
Logistics solutions	**2,420,832**	**33.5**	1,684,980	30.1	43.7%
Total	**7,220,594**	**100.0**	5,607,246	100.0	28.8%

Sales of Goods

Furniture, home furnishings and home appliances are our core product categories. Our revenue from sales of furniture, home furnishings and home appliances increased by 21.2% from RMB3,276.8 million for the six months ended 30 June 2025 to RMB3,972.0 million for the six months ended 30 June 2026, primarily benefiting from the continued expansion of our core product lines and steady growth in market orders.

Products other than furniture, home furnishings and home appliances mainly include electric tools and consumer electronics products. Our revenue from products other than furniture, home furnishings and home appliances increased by 28.2% from RMB645.4 million for the six months ended 30 June 2025 to RMB827.7 million for the six months ended 30 June 2026, while their proportion of revenue remained relatively stable. The growth in revenue from this category was primarily attributable to the rapid expansion of the electric tools business, which recorded a significant increase in sales scale. Meanwhile, the Company proactively adjusted its product mix and moderately reduced its resource allocation to consumer electronics products, further optimising the product mix within this category. Overall, as an important component of sales of goods, products other than furniture, home furnishings and home appliances continued to contribute stable incremental revenue to the Company.

Logistics Solutions

Our revenue from logistics solutions increased by 43.7% from RMB1,685.0 million for the six months ended 30 June 2025 to RMB2,420.8 million for the six months ended 30 June 2026, primarily because we expanded our customer base and fulfilled more orders.

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; and (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 by Western Post Group.

Our cost of sales increased by 33.2% from RMB4,004.9 million for the six months ended 30 June 2025 to RMB5,334.0 million for the six months ended 30 June 2026, primarily due to the increase in our costs in line with the growth in revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 17.7% from RMB1,602.4 million for the six months ended 30 June 2025 to RMB1,886.6 million for the six months ended 30 June 2026. Our gross profit margin decreased from 28.6% for the six months ended 30 June 2025 to 26.1% for the six months ended 30 June 2026.

Our gross profit from sales of goods increased by 19.0% from RMB1,430.2 million in 2025 to RMB1,701.5 million in 2026. Our gross profit margin from sales of goods decreased from 36.5% for the six months ended 30 June 2025 to 35.4% for the six months ended 30 June 2026, primarily due to the increase in our last-mile logistics costs.

Our gross profit from logistics solutions increased by 7.5% from RMB172.2 million in 2025 to RMB185.1 million in 2026. Our gross profit margin from logistics solutions decreased from 10.2% for the six months ended 30 June 2025 to 7.6% for the six months ended 30 June 2026, primarily because, as compared with the corresponding period of the previous year, the negative gross margin from the self-delivery business exerted a structural downward impact on the overall gross profit margin of our logistics solutions.

Other Gains and Losses

Our other losses significantly increased from other losses of RMB11.7 million for the six months ended 30 June 2025 to RMB50.7 million for the six months ended 30 June 2026, primarily due to the movements in foreign exchange rates, which resulted in increased foreign exchange losses.

Impairment Losses Under Expected Credit Loss Model (“ECL”), Net of Reversal

Our impairment losses under ECL increased by 207.6% from a reversal of RMB4.0 million for the six months ended 30 June 2025 to an impairment loss of RMB4.2 million for the six months ended 30 June 2026, primarily because, along with the growth in revenue from logistics solutions, the corresponding balance of trade receivables increased, which in turn resulted in an increase in the ECL.

Selling Expenses

Our selling expenses increased by 19.7% from RMB1,071.0 million for the six months ended 30 June 2025 to RMB1,282.0 million for the six months ended 30 June 2026. The increase in selling expenses was generally in line with the growth in revenue. Our selling expenses mainly comprised business promotion expenses and platform transaction fees.

Administrative Expenses

Our administrative expenses increased by 49.8% from RMB195.2 million for the six months ended 30 June 2025 to RMB292.5 million for the six months ended 30 June 2026, primarily due to the increase in employee remuneration and recognition of share-based payments.

Research and Development Expenses

Our research and development expenses increased by 19.4% from RMB80.1 million for the six months ended 30 June 2025 to RMB95.7 million for the six months ended 30 June 2026, primarily due to the increase in the remuneration of our research and development employees and the increase in mould expenses for research and development.

Finance Costs

Our finance costs increased by 10.6% from RMB127.3 million for the six months ended 30 June 2025 to RMB140.8 million for the six months ended 30 June 2026, primarily because, as compared with the corresponding period, the warehouse area of Western Post Group increased, resulting in a corresponding increase in the relevant lease liabilities and finance costs.

Profit for the Period

Due to (i) in respect of the logistics solutions business, the Company commenced the expansion of its self-delivery business in the second half of 2025, which continued to record losses as at the end of the Reporting Period; (ii) the self-owned factories were still in the ramp-up stage with insufficient capacity utilisation, and the sales revenue generated from existing orders was insufficient to cover the fixed costs and other operating expenses of the factories; and (iii) the Group incurred significant foreign exchange losses as a result of fluctuations in foreign exchange rates during the Reporting Period, our profit for the period decreased from RMB116.6 million for the six months ended 30 June 2025 to RMB28.3 million for the six months ended 30 June 2026.

Liquidity and Capital Resources

As of 30 June 2026, we had cash and cash equivalents of RMB1,293.4 million. Taking into account 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:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Net cash from operating activities	**387,502**	271,099
Net cash used in investing activities	**(223,898)**	(269,382)
Net cash used in financing activities	**(441,491)**	(45,631)
Net decrease in cash and cash equivalents	**(277,887)**	(43,914)
Cash and cash equivalents at end of the period	**1,293,448**	1,306,988

Net Cash from Operating Activities

For the six months ended 30 June 2026, our net cash from operating activities was RMB387.5 million, as compared with RMB271.1 million for the six months ended 30 June 2025.

Net Cash Used in Investing Activities

For the six months ended 30 June 2026, our net cash outflow used in investment activities was RMB223.9 million, which was primarily attributable to the combined effects of interest received and investment income of RMB54.8 million, the purchase of property, plant and equipment of RMB59.1 million, the net outflow of RMB173.7 million from placement of pledged bank deposits, the net proceeds of RMB34.1 million from the sale of wealth management products (financial assets at FVTPL), and other net cash outflows from investing activities of RMB80.1 million.

For the six months ended 30 June 2025, our net cash outflow used in investment activities was RMB269.4 million, which was primarily attributable to the combined effects of the purchase of property, plant and equipment of RMB89.0 million, the net outflow of RMB215.1 million from placement of pledged bank deposits, and the net proceeds of RMB16.0 million from the sale of wealth management products (financial assets at FVTPL).

Net Cash Used in Financing Activities

For the six months ended 30 June 2026, our net cash outflow used in financing activities was RMB441.5 million, which was primarily attributable to the combined effects of the net outflow of RMB117.0 million from bank borrowings, payment of bank interest of RMB20.0 million, finance costs of RMB120.8 million for the right-of-use assets of Western Post Group, repayment of lease liabilities of RMB139.5 million, and repurchase of shares of RMB43.5 million.

For the six months ended 30 June 2025, our net cash outflow used in financing activities was RMB45.6 million, which was primarily attributable to the combined effects of the net inflow of RMB299.3 million from new bank borrowings, payment of bank interest of RMB17.0 million, finance costs of RMB110.3 million for the right-of-use assets of Western Post Group, payment of dividends of RMB103.8 million, repayment of lease liabilities of RMB82.0 million, and repurchase of shares of RMB23.7 million.

Contingent Liabilities

As of 30 June 2026, we did not have any material contingent liabilities.

Capital Commitments

For the six months ended 30 June 2026, the Group had capital commitments of RMB153.9 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

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. The Group did not have any material acquisitions or disposals during the Reporting Period.

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 decreased from 1.6 as of 31 December 2025 to 1.5 as of 30 June 2026, primarily due to the decreases in bank borrowings and lease liabilities.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As of 30 June 2026, we had a total of 2,964 employees, the majority of whom are based in Shenzhen, China. The following table sets out the number of our employees by function as of 30 June 2026:

Function	Number of Employees	% of Total
Product development, operation, sales and marketing	1,576	53.2
Procurement and supply chain management	457	15.4
Administrative/function	560	18.9
Warehousing/production	371	12.5
Total	**2,964**	**100.0**

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 six months ended 30 June 2026, total employee compensation and benefit expenses amounted to RMB396.5 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. As disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the proceeds raised by the Company will be utilized in three years after the Listing, with 30% to be utilized in the first year, 50% to be utilized according to the plan disclosed therein in the second year after the Listing and 20% to be utilized in the third year after the Listing, respectively.

In accordance with the announcement dated 30 May 2025 and the circular dated 6 June 2025 of the Company, in view of the significant changes in the tariff policy, in order to proactively respond to the changes in the operating environment brought about by the policy changes and to safeguard the steady progress of the Company's established strategic objectives, the Company has synchronized the adjustments to the period for the use of the proceeds, which is scheduled to be systematically utilized by 30 June 2026 in accordance with the adjusted use of the proceeds. Details of the reasons for and the benefits of the change in the use of the net proceeds are set out in the circular of the Company dated 6 June 2025. The changes became effective upon consideration and approval at the annual general meeting on 30 June 2025. After the aforesaid changes, the plans for the use of the net proceeds are set out below:

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	80.0%	310.0	310.0	0.0	–
Enhancing digitalization and further improving the information management systems	5.0%	19.4	19.4	0.0	–
Working capital and general corporate uses	15.0%	58.1	58.1	0.0	–
Total	**100.0%**	**387.5**	**387.5**	**0.0**	

Note: 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.

As at 30 June 2026, the net proceeds from the Global Offering had been fully utilised.

INTERIM DIVIDENDS

The Board of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2026.

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 Reporting Period, 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

During the Reporting Period, the Company has adopted the Model Code (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 Group's employees who, because of their 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 the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, 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 at 30 June 2026, the Company did not hold any treasury shares.

SUBSEQUENT EVENTS

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 INTERIM 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. Chen Xiaohuan and Ms. Gao Yu. 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 relevant PRC laws.

The Audit Committee, together with the Board and the auditor of the Company, has reviewed the accounting standards and practices adopted by the Group and the interim results of the Company for the six months ended 30 June 2026.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Messrs. Deloitte Touche Tohmatsu, the independent auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2026 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.augroup.com). The interim report of the Company for the six months ended 30 June 2026 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 annual general meeting held on 30 June 2025, as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Company
"Authorized Representatives"	the authorized representatives 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 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 13 September 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 subscribed for and traded in HK dollars and are 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
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Listing"	the listing of our H Shares on the Main Board of the Hong Kong Stock Exchange
"Reporting Period"	the six months ended 30 June 2026

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

Shenzhen, the PRC, 28 August 2026

As at the date of this announcement, the Board comprises Mr. Lu Haizhuan, Mr. Ze Kuaiyue, Ms. Zhuang Liyan and Mr. Yu Fenglu as executive directors; Ms. Zhang Li as a non-executive director; and Ms. Meng Rongfang, Mr. Chen Xiaohuan, Ms. Gao Yu and Mr. Liu Yong as independent non-executive directors.