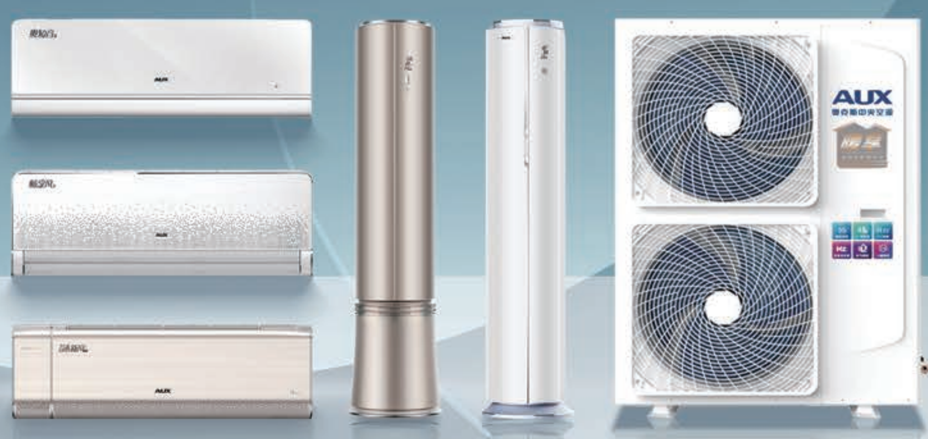
奥克斯电气有限公司

AUX ELECTRIC CO., LTD.

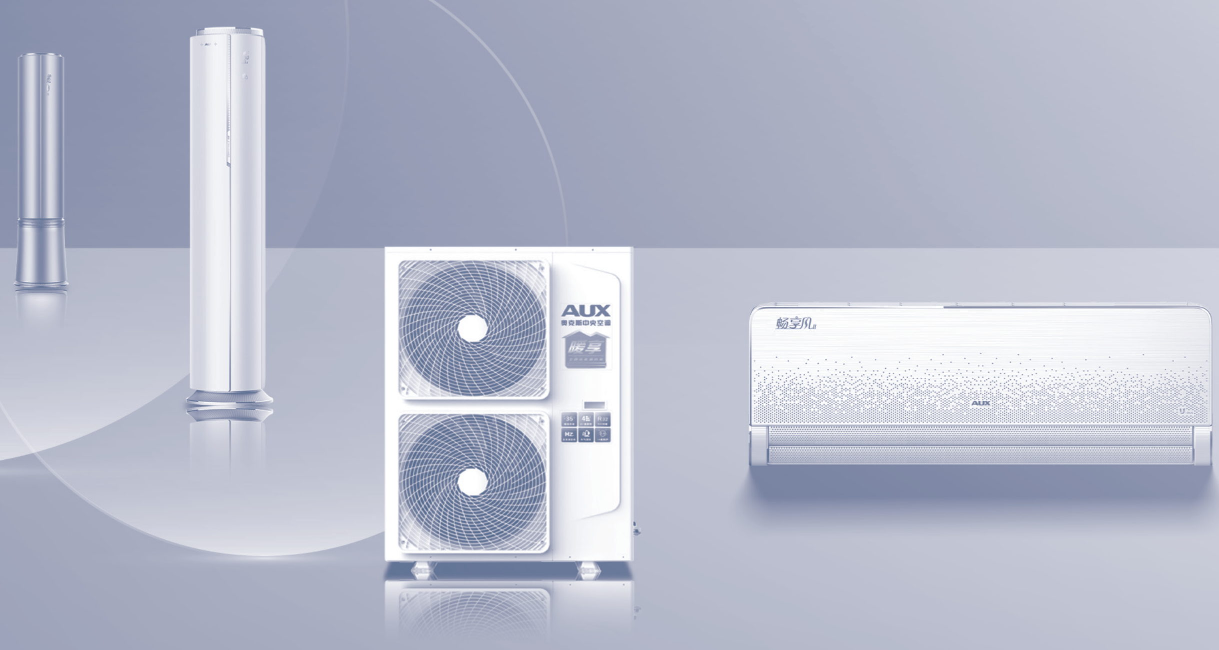
(Incorporated under the laws of the Cayman Islands with limited liability)

STOCK CODE : 2580

2025 INTERIM REPORT



CONTENTS



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. ZHENG Jianjiang *(Chairman)*
Mr. XIN Ning *(President)*

Non-executive Directors

Mr. ZHENG Jiang
Mr. HE Xiwan
Ms. LI Jian

Independent Non-executive Directors

Mr. XIANG Wei
Dr. JING Xian
Mr. TAO Shengwen

AUDIT COMMITTEE

Mr. XIANG Wei *(Chairperson)*
Dr. JING Xian
Ms. LI Jian

REMUNERATION COMMITTEE

Mr. XIANG Wei *(Chairperson)*
Ms. LI Jian
Mr. TAO Shengwen

NOMINATION COMMITTEE

Dr. JING Xian *(Chairperson)*
Ms. LI Jian
Mr. TAO Shengwen

AUTHORIZED REPRESENTATIVES

Mr. XIN Ning
Ms. LAU Yee Wa

JOINT COMPANY SECRETARIES

Mr. ZHANG Bo
Ms. LAU Yee Wa
(an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1166
Mingguang North Road
Jiangshan Town
Yinzhou District, Ningbo
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1912, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISOR OF THE COMPANY AS TO HONG KONG LAWS

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

COMPLIANCE ADVISOR

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
KY1-1102
Cayman Islands

PRINCIPAL BANK

Agricultural Bank of China, Ningbo Yinzhou Branch
188 Huifeng East Road, Yinzhou District
Ningbo, Zhejiang Province
PRC

COMPANY WEBSITE

www.aux-home.com

STOCK CODE

2580

LISTING DATE

September 2, 2025

Management Discussion and Analysis

BUSINESS REVIEW

BUSINESSES SUMMARY AND MAIN PRODUCTS

We are one of the world's top five air conditioner providers, with capabilities covering the design, R&D, production, sales, and related services of household and central air conditioners. Our operations have expanded from China to the world, covering over 150 countries and regions worldwide.

Leveraging advanced technology, innovative designs, and a distinctive sales model, we have gained broad market recognition and consumer loyalty, establishing ourselves as one of the fastest-growing air conditioner brands globally. It is the leading mass-market household air conditioner brand in China, where this segment serves as the primary growth driver for the sector, supported by rural revitalization policies, urbanization-driven demand in lower-tier markets, and increasing consumer focus on cost-effectiveness. By capitalizing on these industry trends through extensive sales coverage and cost-effective products, the Company has consistently strengthened its market share and brand influence. Furthermore, its multi-brand strategy allows it to address diverse consumer needs across different markets. We are an industry benchmark in intelligent air conditioning and the global leader in this category, maintaining industry-leading capabilities in technologies such as voice recognition and semantic understanding.

Reflecting its pioneering spirit, the Company adopted the name "AUX" as a transliteration of the English word "Ox". It has utilized the master brand "AUX" to build its presence in domestic and international markets, while further enhancing market penetration through a multi-brand portfolio that includes "Hutssom" (華蒜) and "AUFIT", with plans to introduce premium brands to reach a broader global consumer base.

The Company's product portfolio primarily consists of household and central air conditioners, with product development focused on four key attributes: efficiency, comfort, health, and intelligence. Its household air conditioners include wall-mounted, cabinet-style, and mobile units, while its central air conditioning systems comprise VRF systems, packaged units, heat pumps, chillers, and terminal devices. We rapidly iterate our products and continuously enrich offerings to serve a wide spectrum of applications, including residential homes, office buildings, shopping malls, hotels, hospitals, and industrial parks.

Grounded in quality and driven by innovation, we aim to deliver intelligent and outstanding living experiences. We aspire to become a leading home appliance brand worldwide.

INDUSTRY OVERVIEW AND BUSINESS OVERVIEW

1. Industry Overview of China Market

The continued momentum from the nationwide implementation of home appliance trade-in initiatives has driven high customer demand. Government policy continues to support the development of emerging consumer market, injecting strong momentum into the air conditioners industry through encouraging product upgrades and technology advancement. As a result, strengthening innovation remains a key direction for the industry.

Data from AVC shows that, in the first half of 2025, sales of air conditioner reached 38.5 million units, representing a year-on-year increase of 15.6%, and demonstrating a trend of increasing in both volume and price. The increase was primarily driven by the release of favorable policies, market price adjustments, and high summer temperatures. For pricing, fierce market competition has led to a continued decline in average prices, with a significant consumer stratification. For sales channel structure, emerging e-commerce channels are growing rapidly, with air conditioner sales on Douyin platform surging 92.5% year-on-year, becoming the core driving force for the growth on online platform. For product upgrades, driven by both policy initiatives and consumer upgrades, green energy conservation became a mainstream trend, with Class A energy-efficient models reaching 98% of online sales and more than 95% of the offline market. Health features continue to be more and more important, with fresh-air air conditioners achieving an offline penetration rate of nearly 10%. Health features such as sterilization and formaldehyde removal are becoming mainstream features in flagship products.

Household Air Conditioner

Demand for air conditioners was notably buoyed by prolonged high temperatures during the summer season and the expansion of household subsidy programs. According to AVC, retail sales volume in China's household air conditioner market surged by 15.6% to 38.45 million units in the first half of 2025, while total sales value increased by 12.4% to RMB126.3 million in the same period.

Amid intensified competition for market scale and share, companies launched aggressive pricing strategies. While market competition has intensified, customer preference has also gradually shifted. Customer demand for models in the lower pricing range increased, putting pressure on mid and higher price range models. While the customers favored lower pricing range products, consumers are also increasingly seeking AI-enabled systems that deliver integrated experiences across health, comfort, and energy management.

Central Air Conditioner

In the first half of 2025, the central air-conditioning industry faced considerable headwinds, with overall market capacity contracting by 15.9% year-on-year, as reported by HVAC Network. Despite the downturn, brand concentration continued to intensify, reflecting a flight to quality and scale among customers.

While demand from traditional and construction customers declined due to macroeconomic environment and delayed project cycles, growth opportunities emerged in industrial sectors such as pharmaceuticals, electronics, and data centers. Driven by heightened demand for precision climate control, clean room environments, and prioritization of energy efficiency, products with energy-saving technologies, including high-temperature heat pumps and high-efficiency multi-connected systems, exhibited accelerated market penetration.

2. Industry Overview of Overseas markets

According to the General Administration of Customs of the PRC, China's cumulative air conditioner export reached 41.1 million units in the first half of 2025, a year-on-year increase of 6.8%.

Driven by improving living standards and higher temperatures, demand for air conditioner market in Asia (excluding China) saw growth in countries and regions like India and Southeast Asia in the first half of 2025. In Europe, demand also rose significantly due to severe heatwaves. Many regions across Europe have been hit by unprecedented extreme heat, with temperatures soaring above 40°C in Spain, Portugal, France, Italy, and parts of Eastern Europe.

This heatwave has driven a sharp, short-term surge in demand for air-conditioning products. At the same time, Europe's accelerated environmental policies over the past two years have mandated the phase-out of older, less efficient air conditioner models. Together, these factors have created a powerful dual effect of replacement and incremental equipment demand across Europe market.

3. Business Overview

In the first half of 2025, although the "trade-in" subsidy policy continued to provide momentum, industry competition further intensified. Overseas operations remained under pressure due to trade protectionism and geopolitical conflicts. Nevertheless, the Group, with perseverance and determination, continued to focus on the air-conditioning business by actively expanding its overseas business, launching multiple high-quality products tailored to local needs, and steadily advancing its OBM (Own Brand Manufacturing) strategy. As a result, the Group achieved stable growth in operations. It was noted in the first half of 2025, that the total operating revenue reached RMB20 billion, representing a year-on-year increase of 16.7%. Net profit attributable to shareholders of the parent company was RMB1,872.7 million, an increase of 5.1% compared with the same period in 2024. This was driven by the following core strategies:

1. Quality-centred R&D driving technological innovation and rapid product iteration

We remain committed to continuous investment in core technologies and have achieved results in both residential and commercial air-conditioning technologies. The Group now operates two national-level science and innovation platforms: the State-certified Enterprise Technology Centre and the National Industrial Design Centre. In the first half of 2025, we received one provincial first prize and one recognition of internationally leading achievements, bringing our cumulative totals to 18 provincial/ministerial science and technology awards and 14 international recognitions. In industrial design, guided by the philosophy of "user-centred, innovation-driven", we continuously seek new air management solutions to provide global users with innovative products that are energy-saving, comfortable, healthy and intelligent. This has allowed us to build a product family meeting diverse scenarios. In 2025, we won 14 industrial design awards, including 6 German iF Design Awards, 2 Red Dot Awards, and 6 IDEA Awards in the United States. In the first half of 2025, we participated in the formulation or revision of 17 technical standards: 8 national standards, 3 industry standards, and 6 local or group standards. In total, we have now taken part in more than 172 technical standards. We continue to strengthen the transformation of innovation outcomes and our patent protection layout. In the first half of 2025, the Group obtained 593 new global authorised patents, including one overseas patent. As at June 2025, we had filed over 18,000 patent applications worldwide, with more than 2,900 invention patents granted. We continue to promote patent quality improvements, having cumulatively won 8 China Patent Awards, all at "Excellence Award" level.

2. Accelerating global expansion

In the first half of 2025, the Group accelerated the development and improvement of its overseas channel layout. As for the Middle East, to cope with ultra-high temperature and dusty environments, we launched the T3 inverter wall-mounted unit with R32 inverter refrigerant + refrigerant cooling technology. This overcame challenges such as performance degradation in high temperatures and inverter drive reliability, enabling 100% cooling output at 46°C and stable operation at 65°C. This supported the adoption of inverters and environmentally friendly refrigerants in the Middle East. In Saudi Arabia, sales of R32 inverter models exceeded 0.3 million units within six months of its launch, accounting for approximately 80% of total sales in the market. In the ASEAN market, we continuously upgraded products to address user needs and specific usage scenarios. For example, in Vietnam, to cope with sideways motorbike transportation and coastal salt/humidity conditions, we launched products with sixth-generation inverter control technology, anti-corrosion treatment for heat exchangers and electronic controls, greatly improving product reliability and durability. In terms of central air-conditioning, we launched a T3 high-efficiency inverter series for the Middle East, leading the market shift to R32 refrigerants. The entire series features refrigerant cooling, Class B high efficiency, 100% cooling capacity at 46°C, stable operation at 60°C, automatic constant-airflow technology, and modular electronic control design for easier installation and commissioning. Compared with the same period last year, overseas sales revenue increased by 28% to RMB10,839 million.

3. *Firm implementation of the own-brand strategy (OBM)*

In the first half of 2025, we established localised sales teams and started localised operations in Vietnam, UAE, Saudi Arabia. In Vietnam, we introduced a "365-day replacement-only (one-for-one)" after-sales policy, enhancing service quality and protecting consumer rights. In Saudi Arabia, we built a comprehensive local operation system covering sales, logistics and services. By strengthening localised operations, we significantly improved service capabilities through a professional team of local service providers, supported by standardised training. This greatly enhanced after-sales response speed and customer satisfaction. On the product side, we launched inverter air-conditioners designed for the Middle East's high-temperature, high-dust environment, ensuring reliability and durability. We also pioneered Arabic voice control, further improving product reputation. By efficiently integrating our Group and local channel and marketing resources, we successfully increased both market presence and market share for our brand.

Compared with the same period last year, overseas OBM revenue increased by 71%.

4. *Sales channel transformation: driving digitalisation, improving consumer reach and satisfaction*

The Group carried out transformation of its online wholesale and retail model, advancing data system construction. We integrated data across more than five core channels, including the Hello AUX direct sales app, Hello AUX Butler app, offline stores, the official website e-commerce platform, and after-sales systems, achieving a 360-degree user view and building a full-domain data system. User behaviour data coverage reached 98%, improving precision of operational decisions. Based on multi-channel user profiles, we launched personalised configurations. We introduced the "Hello AUX Classroom" online learning platform, covering the full product line with multi-dimensional courses, thereby ensuring efficient and flexible product knowledge delivery.

On marketing side, focusing on retail transformation, we worked across three areas: channel activities, service policies, and marketing innovation.

For user management, we have been working towards diversified and premium operations. We launched signature activities such as "Community Experience," "Caravan Roadshow," "Home Expo," and "Designer Club" to encourage user engagement. We also experimented with more "To-C" (consumer-facing) communication, breaking industry boundaries and rejuvenating the brand. For example, we partnered with KFC and other well-known consumer brands on co-branded campaigns. We fully embraced new retail transformation by entering key local lifestyle platforms such as Douyin, Meituan, Amap, and Kuaishou to increase brand awareness. Within the WeChat ecosystem, we adopted a "Mini Program + Social Commerce + Private Domain Operations" strategy to build our own traffic pool, boosting customer growth. Through systematic traffic operations, we effectively drove growth in both foot traffic and sales at physical stores.

Digital Empowerment at the Core: Dual Platforms Powering Channel Transformation and Global Expansion

In terms of domestic platform, the Group's "AUX App (小奥APP)", the result of digital innovation of 31 years in the air conditioner industry, is built around an intelligent B2B supply chain system. It has formed a closed-loop chain covering manufacturers, distributors and end-retailers. Through a digital service matrix – including dynamic pricing, ultra-fast cloud-based transactions, visualised logistics and a smart financial middle platform – the platform has significantly improved operational efficiency for its partners. In 2025, a strategic upgrade introduced new systems such as policy visualisation system and store inspection support system, delivering six key value propositions including over 90% accuracy in policy matching and rapid resolution of terminal issues, thereby comprehensively helping partners reduce costs and increase efficiency.

As for international, Hello AUX is our official B2B direct-sales platform for overseas distributors and retail outlets. By relying on a direct-from-manufacturer model, it eliminates intermediaries and enables efficient, transparent global transactions. The platform integrates all-scenario digital tools, including multi-language and multi-currency support, localised product displays and compliance adaptation, full order visibility, and dynamic inventory alerts. It is further supported by regional service centres providing localised services.

On the product side, we enhanced the integration of AI technology, cloud voice, and AIoT applications, establishing a comprehensive interactive ecosystem centred on "Air-conditioner + App + AI + N-ecosystem + N-smart terminals." This invites users to adapt into smart living. We developed an independent AI intelligent control system, integrating AUX's self-developed large model with DeepSeek AI technology, enabling multiple modes of interaction – such as offline/online voice, mobile app, etc. – making human-computer interaction more natural and user-friendly. According to Frost & Sullivan, from 2022 to 2024, the Group ranked No.1 nationwide in sales of smart voice-controlled air-conditioners for three consecutive years.

ENVIRONMENT, SOCIAL AND GOVERNANCE

We are committed to environmental sustainability, reflected in our robust environmental management system and proactive measures to minimise environmental impact. We have obtained ISO14001 environmental management certification, demonstrating our commitment to continuous improvement of environmental performance.

We have set clear targets for adopting green energy and reducing carbon emissions. By expanding solar utilisation and optimising the energy mix, we aim to increase the proportion of green electricity used in operations and production to 18% by 2025 and further to 30% by 2030. Specifically, we are building solar power facilities in Ningbo, Wuhu, Ma'anshan and Zhengzhou. The Ningbo and Wuhu projects are expected to be completed by the end of 2025, while the Ma'anshan project will be completed in three phases by 2026. The Zhengzhou project is also scheduled for completion by 2026. Our commitment further includes reducing greenhouse gas emission intensity per unit of output through improved energy efficiency and renewable energy adoption. We align with national climate goals of peaking carbon emissions by 2030 and achieving carbon neutrality by 2060. The Group has also established the AUX Charity and Poverty Alleviation Fund, actively contributing to poverty relief, assistance for the underprivileged, and medical support. Since its establishment, the fund has made donations totalling of RMB4 million.

DISCUSSION AND ANALYSIS ON OVERALL OPERATIONS

During the Reporting Period, in response to increasing competition and global economic turbulence, the Company continued its success in the overseas market. In the first half of 2025, the Company recorded sales revenue of RMB 20,085.1 million, a 16.7% increase compared to the same period in 2024. While the Company's performance in the domestic market remains resilient, the revenue growth was mainly attributable to the Company's success in the overseas markets, especially in the Asia (except China) market, the European market, and the South America market. Benefited from the Company's ongoing efforts in localized operations, its ability to quickly respond to market demand, and cooperation with its key ODM customers, revenue growth in the overseas market remains strong in the first half of 2025. In the first half of 2025, its revenue from Asia (excluding China), Europe, and South America increased by 34.5%, 27.8%, and 55.7% compared to the same period in 2024.

For the first half of 2025, the Company's gross profit margin was 19.5%, compared to 21.1% for the same period in 2024. The decrease was mainly because the Company strategically optimized its order mix and the proportion of sales through ODM increased which typically have lower gross profit margins.

While the Company continues to strengthen its brand awareness in overseas markets and enhance its sales and marketing team to support business expansion, selling and distribution expenses increased by RMB130.2 million or 19.3% in the first half of 2025 compared to the same period in 2024.

The administrative expenses increased by RMB37.9 million or 7.5% in the first half of 2025 as compared to the same period in 2024, mainly due to the increase of the Company's back office to support its business expansion.

The research and development expenses increased by RMB32.6 million or 11.7% in the first half of 2025 as compared to the same period in 2024, mainly due to the scaling up of research and development team.

During the Reporting Period, our selling expenses, administrative and research and development expenses increased as the Company continued to strengthen its organizational capabilities and accelerate innovation to support its business expansion. Despite the rise in absolute costs, the Company's rigorous cost-awareness and disciplined expense-control measures ensured that the ratio of these expenses to revenue remained stable, underscoring our commitment to efficient financial management and sustainable growth.

As a result, in the first half of 2025, the net profit attributable to the owners of the parent reached RMB1,872.7 million, representing a 5.1% increase from the same period in 2024.

FUTURE PROSPECTS OF THE COMPANY

1. Quality-centred R&D driving technological innovation and rapid product iteration

We remain firmly committed to quality-centred R&D, building an efficient and agile R&D system based on users' and global market needs. Maintaining a rhythm of annual product iterations and biannual innovations, we accelerate the transformation of key technological achievements and differentiated product innovation to create a competitive product portfolio that strengthens brand value. Guided by the belief that "the right people make the right company", we regard talent as the primary resource for technological innovation. Our R&D will focus on more efficient energy-saving technologies, intelligent interaction technologies, and health and comfort solutions. For example, we are developing new refrigerants to further improve air-conditioning efficiency, supporting green and low-carbon development. At the same time, we are advancing global R&D deployment, accelerating product adaptation and innovation in key regional markets, and building strong localised research teams with deep user insights to drive localised R&D operations.

2. Optimising brand and product matrix

We will continue to implement a multi-brand strategy, with AUX as the core brand across domestic and international markets, complemented by the subbrands "Hutssom (華蒜)", "AUFIT", and the premium brand "ShinFlow". We aim to meet the diverse needs and preferences of global consumers.

We focus on the mass market, distributing through offline stores and online channels. On our online channels, we improve e-commerce operations by leveraging big data to reach consumers. On the product side, we provide more comprehensive smart air-conditioning and integrated home solutions centred on intelligent interaction. On the service side, we are upgrading the brand store experience, offering whole-home design services, and enhancing membership benefits to boost repeat purchases and referrals. ShinFlow targets the high-end market. By sponsoring premium industry summits, art exhibitions and similar events, it enhances brand awareness and reputation. Its product development focuses on advanced energy-saving technologies, launching premium air-conditioners with superior performance. Hutssom and AUFIT target younger consumers and niche segments. They pursue differentiated product innovation, offer a wide range of product categories, and create smart and connected experiences. Marketing includes cross-sector collaborations with popular IPs and trendy e-sports brands, hosting interactive campaigns. Sales are concentrated on emerging online platforms, leveraging live streaming and social commerce to drive rapid growth.

3. Firm implementation of the own-brand strategy

The Group will continue to consolidate its position in mature European and Asian markets, while expanding into emerging markets such as Southeast Asia, the Middle East, Africa, and Europe. By building localised teams to gain deep insights into consumer needs, we will promote the adoption of premium smart products. At the same time, we will implement our global branding plan through participation in international exhibitions, strengthened online/offline promotion, and the establishment of overseas after-sales service centres to enhance service experience and brand image. We are deepening cooperation with overseas retailers and distributors, building wholly owned sales subsidiaries, and expanding cross-border e-commerce to boost channel efficiency and market reach. We are also developing overseas manufacturing bases to support local production, streamline global supply chain operations, and strengthen resilience against risks.

4. Continuous channel transformation

The Group will continue to strengthen its presence in the domestic market by adhering to product leadership, user satisfaction, and retail transformation, with a focus on user-centred, efficiency-driven retail upgrades. We are building direct-to-consumer channels (online self-operated + offline channels) and actively developing new retail models to steadily increase online business share. The Hello AUX direct sales platform empowers terminal transformation by directly connecting with users through digital tools, shifting from "selling products" to "delivering value experiences", and achieving advertisement digitalisation and enhancing its effectiveness. We are piloting cloud warehouses to simplify distribution channels and strengthen supply chain coordination, cutting out unnecessary intermediaries to reduce costs and speed up responses to end customers. Supported by the data middle platform, we integrate sales forecasting, inventory management and order fulfilment to achieve "one-click delivery". Through integration of user data tools, we link directly with consumers via membership systems and private-domain operations, accumulating consumer data to feed into product development and precision recommendations, forming a closed loop of "sales-feedback-iteration" to drive growth and efficiency. In user services, we are expanding after-sales service centres and increasing the manpower of service engineers, achieving 100% nationwide coverage. At the same time, through innovations in work-order systems and the construction of digital models, we are significantly improving service centres efficiency to deliver faster responses and better customer experiences. We are also building a technical support system for after-sales service, further enhancing engineers' capabilities to achieve first-visit problem resolution, thereby boosting customer satisfaction and brand reputation.

DEVELOPMENT FOR THE SECOND HALF OF THE YEAR

As we move into the second half of 2025, we recognized that the landscape remains complex and demanding. Navigating persistent headwinds from sluggish demand, fierce price competition, and shifting market dynamics, the Company will continue to focus on improving operational efficiency, driving efficiencies across every layer of the Company and benchmarking and product enhancement in the products.

Overseas Market

The Company will continue to enhance its international presence by expanding its worldwide sales network, actively pursuing diverse partnerships with renowned multinational companies, and promoting greater brand recognition for its products through leveraging and replicating the success of its online retail model in China and Southeast Asia.

Brand and product diversification

We will leverage our "AUX" brand and continue to develop a diversified and differentiated brand matrix to cater to the needs of different customers. We will continue to invest in our central air conditioner business and deepen our understanding of customer needs across traditional and emerging sectors, including energy storage and data centers. Thereby increasing the proportion of sales of central air conditioners.

FINANCIAL REVIEW

In the first half of 2025, the Group's revenue amounted to approximately RMB20,085.1 million, representing an increase of 16.7% from RMB 17,216.6 million in the first half of 2024.

Profit attributable to owners of the Company amounted to RMB 1,872.7 million, representing an increase of 5.1% from approximately RMB1,782.0 million in the first half of 2024.

REVENUE

The table below sets forth the absolute amounts and percentages of the Company's revenue by types of goods for the six months ended June 30, 2025 and 2024.

	For the Six Months Ended June 30,				
	2025		2024		Change
	RMB'000 (Unaudited)	**% of Revenue**	RMB'000 (Unaudited)	% of Revenue	%
Household air conditioners	**17,914,592**	**89.2**	15,266,658	88.7	17.3
– Wall-mounted units	**15,386,493**	**76.6**	13,039,756	75.7	18.0
– Cabinet-style units	**2,338,494**	**11.6**	2,075,923	12.1	12.6
– Mobile units	**189,605**	**1.0**	150,979	0.9	25.6
Central air conditioners	**1,921,724**	**9.6**	1,670,815	9.7	15.0
Others	**248,763**	**1.2**	279,153	1.6	(10.9)
Total	**20,085,079**	**100**	17,216,626	100	16.7

In the first half of 2025, the Company achieved revenue of RMB20,085.1 million, representing a period-on-period growth of 16.7%, of which revenue from household air conditioners amounted to RMB17,914.6 million, representing a year-on-year increase of 17.3%; revenue from central air conditioners reached 1,921.7 million, representing a year-on-year increase of 15.0%; and revenue from others amounted to RMB248.8 million, representing a year-one-year decrease of 10.9%.

The revenue from sales of household air conditioners increased by 17.3% from RMB15,266.7 million for the first half of 2024 to RMB17,914.6 million for the first half of 2025, primarily attributable to (i) the expansion of its distribution network; (ii) expansion of key customers in the Middle East and Southeast Asia; and (iii) introduction of several new products with enhanced intelligence and energy efficiency.

The revenue from sales of central air conditioners increased by 15.0% from RMB1,670.8 million for the first half of 2024 to RMB1,921.7 million for the first half of 2025, primarily attributable to (i) market expansion in Southeast Asia, Middle East and North America; (ii) launch of several new models that are tailored for certain overseas markets; and (iii) increase demand of heat pumps in selected European countries.

The revenue in the first half may be higher than that in the second half for every year, it is mainly due to the customers in overseas have higher demand from January to April and then it comes to warmer months in China so that distributors in China need to purchase air conditioners earlier than the peak summer months.

The table below sets forth the absolute amounts and percentages of the Company's revenue by brand for the six months ended June 30, 2025 and 2024.

	For the Six Months Ended June 30,				
	2025		2024		Change
	RMB'000 (Unaudited)	**% of Revenue**	RMB'000 (Unaudited)	% of Revenue	%
AUX	**9,955,544**	**49.6**	8,645,056	50.2	15.2
Hutssom	**503,216**	**2.5**	832,091	4.8	(39.5)
AUFIT	**516,215**	**2.6**	–	–	NA
ODM	**8,861,341**	**44.1**	7,460,326	43.4	18.8
Other business	**248,763**	**1.2**	279,153	1.6	(10.9)
Total	**20,085,079**	**100**	17,216,626	100	16.7

From a brand perspective, our revenue was mainly driven by product sales of AUX products, recorded revenue of RMB9,955.5 million, representing a year-on-year growth of 15.2%. During the six-month period ended June 30, 2025, we began generating revenue from the sales of AUFIT products and recorded revenue of RMB516.2 million.

The following table provides a breakdown of our revenue by geographical location, both in absolute amounts and as a percentage of total revenue, for the six months ended June 30, 2025, and 2024.

	For the Six Months Ended June 30,				
	2025		2024		Change
	RMB'000 (Unaudited)	**% of Revenue**	RMB'000 (Unaudited)	% of Revenue	%
China	**9,246,162**	**46.0**	8,742,342	50.8	5.8
Asia (except China)	**6,063,792**	**30.2**	4,510,039	26.2	34.5
Europe	**2,210,038**	**11.0**	1,729,492	10.0	27.8
North America	**1,105,502**	**5.5**	1,208,301	7.0	(8.5)
South America	**938,515**	**4.7**	602,807	3.5	55.7
Other countries/regions	**521,070**	**2.6**	423,645	2.5	23.0
Total	**20,085,079**	**100**	17,216,626	100	16.7

From a regional contribution perspective, revenue in the first half of 2025 increased by RMB2,868.5 million compared to the first half of 2024 was mainly due to increase in revenue of RMB 503.8 million, RMB 1,553.8 million and RMB480.5 million from China, Asia (except China) and European region respectively.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the breakdown of our gross profit and gross profit margin by types of goods for the six months ended June 30, 2025, and 2024.

	For the Six Months Ended June 30,			
	2025		2024	
	Gross profit RMB'000 (Unaudited)	**Gross profit margin %**	Gross profit RMB'000 (Unaudited)	Gross profit margin %
House air conditioners	**3,209,066**	**17.9**	2,961,048	19.4
Central air conditioners	**594,855**	**31.0**	543,485	32.5
Other	**118,961**	**47.8**	121,864	43.7
Total	**3,922,882**	**19.5**	3,626,397	21.1

The Company's overall gross profit margin for the first half of 2025 slightly decreased from 21.1% in the first half of 2024 to 19.5% which was mainly due to changes in the product mix. The gross profit margin for central air conditioners is generally higher than that of household air conditioners, and the gross profit margin for the OBM model is generally higher than that of the ODM model.

SELLING AND DISTRIBUTION EXPENSES

In the first half of 2025, the Company's selling and distribution expenses amounted to RMB806.6 million, representing a year-on-year increase of 19.3%. This increase was primarily due to business expansion, as selling and distribution expenses remained relatively stable when measured as a percentage of revenue. Selling and distribution expenses as a percentage of our revenue were approximately 4.0% and 3.9% in the first half of 2025 and in the first half of 2024 respectively.

ADMINISTRATIVE EXPENSES

In the first half of 2025, the Company's administrative expenses amounted to RMB542.1 million, representing a year-on-year increase of 7.5%. This increase was primarily due to increase in employee salaries and benefits as more administrative staff was hired to support our business expansion. Administrative expenses remained relatively stable when measured as a percentage of revenue, representing approximately 2.7% and 2.9% in the first half of 2025 and in the first half of 2024 respectively.

RESEARCH AND DEVELOPMENT EXPENSES

In the first half of 2025, the Company's research and development expenses amounted to RMB312.1 million, representing a year-on-year increase of 11.7%. This increase was primarily due to growth in number of R&D staffs and their compensation to cope with its business expansion.

IMPAIRMENT LOSS ON FINANCIAL ASSETS, NET

The net impairment loss on financial assets primarily consists of impairment loss for movement in loss allowance for trade receivables at amortized cost based on the expected credit loss model. In the first half of 2025, the Company's net impairment loss on financial assets amounted to RMB96.4 million, representing a year-on-year increase of 14.4%. This increase was primarily due to higher balance of trade receivable.

FINANCE COSTS

Finance costs primarily represent interest incurred on bank borrowings and interest on lease liabilities. In the first half of 2025, the Company's finance cost amounted to RMB35.5 million, representing a year-on-year increase of 33.8%. This increase was primarily due to increase bank borrowings.

PROFIT FOR THE PERIOD

For the foregoing reasons, the company's net profit increased by 5.1% from RMB1,782.0 million in the first half of 2024 to RMB1,872.7 million in the first half of 2025.

FINANCIAL POSITION

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Non-current assets	**8,227,398**	8,387,711
Current assets	**20,301,495**	15,783,261
Current liabilities	**21,053,239**	18,252,822
Non-current liabilities	**1,717,691**	2,082,444
Net Assets	**5,757,963**	3,835,706

The Company's non-current assets decreased from RMB8,387.7 million as of December 31, 2024 to RMB8,227.4 million as of June 30, 2025, primarily due to the decrease in pledged deposit of RMB639.4 million.

The Company's current assets increased from RMB15,783.3 million as of December 31, 2024 to RMB20,310.5 million as of June 30, 2025, primarily due to the increase in trade and bills receivable of RMB3,178.8 million.

The Company's current liabilities increased from RMB18,252,8 million as of December 31, 2024 to RMB21,053.2 million as of June 30, 2025, primarily due to the increase in current portion of interest-bearing bank borrowings of RMB1,102.7 million.

The Company's non-current liabilities decreased from RMB2,082.4 million as of December 31, 2024 to RMB1,717.7 million as of June 30, 2025 mainly due to the decrease in long-term interest-bearing bank borrowings.

The Company's net assets increased from RMB3,835.7 million as of December 31, 2024 to RMB5,758.0 million as of June 30, 2025, mainly due to the increase in the Company's net profit.

CASH FLOW

	For the Six Months Ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**1,482,319**	2,295,289
Net cash used in Investing activities	**(2,000,419)**	(4,027,102)
Net cash generated from financing activities	**676,240**	800,552
Net increase/(decrease) in cash and cash equivalents	**158,140**	(931,261)
Cash and cash equivalents at the beginning of the year	**2,907,756**	5,102,830
Effect of foreign exchange rate changes, net	**35,263**	18,797
Cash and cash equivalents at the end of the year	**3,101,159**	4,190,366

In the first half of 2025, the Company generated RMB1,482.3 million in net cash from operating activities. The difference between the net cash generated from operating activities and the profit before tax of RMB883.0 million was primarily due to: changes in working capital, mainly including a decrease of RMB2,356.2 million in inventories, and an increase of RMB1,364.5 million in trade and bills payable, partially offset by a decrease of RMB3,257.3 million in trade and bills receivable, an increase of RMB874.7 million in receivables at fair value through other comprehensive income and payment of income tax of RMB550.5 million.

In the first half of 2025, the Company's net cash used in investing activities amounted to RMB2,000.4 million, primarily due to net cash used in purchase of financial assets at fair value through profit or loss of RMB797.3 million (proceeds from the disposal of financial assets through profit or loss and purchase of financial assets through profit or loss), as well as a net payment of RMB633.6 million for the purchase of property, plant, and equipment, intangible assets, investment properties and leasehold land and placement of time deposit of RMB716.6 million.

In the first half of 2025, the Company's net cash generated from financing activities amounted to RMB676.2 million, mainly due to new bank loans of RMB2,174.1 million, partially offset by repayment of bank loans of RMB1,443.4 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group pays great attention to cash flow management and has been able to maintain a healthy financial and liquidity position. The Group has followed a set of funding and treasury policies to manage our capital resources and mitigate potential risks involved. As at June 30, 2025, the Group had a current ratio of 0.96 (December 31, 2024: 0.86).

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)
Cash and bank balances	**3,805,925**	2,907,756
Less:		
Interest-bearing borrowings	**(2,284,029)**	(1,553,334)
Net balance of cash and cash equivalents	**1,521,896**	1,354,422

As at June 30, 2025, approximately 100% of the interest-bearing borrowings balance was denominated in RMB. The variable rate and fixed rate interest-bearing borrowings were RMB534 million and RMB1,750 million respectively.

As at June 30, 2025, the Group's net balance of cash and cash equivalents amounted to RMB1,522 million (December 31, 2024: RMB1,354 million), representing an increase of 12.4% as compared to that as of the end of 2024.

In the first half of 2025, the financial return of cash and cash equivalents amounted to RMB47 million, representing a decrease of 35% as compared to RMB72 million in the first half of 2024.

The Group will continue to maintain stable liquidity in its operations in 2025 to ensure meeting its working capital requirements in the coming year, and also for constructing a super factory, as well as maintaining the financial flexibility for future strategic investment opportunities.

TRADE AND BILLS RECEIVANLES

The majority of our trade and bills receivables were in connection with the increase in our export revenue and its proportion. Our trade receivables increased from RMB3.0 billion as of December 31, 2024 to RMB6.2 billion as of June 30, 2025, primary along with the increase in our export revenue which led to the increase in trade and bills receivables.

TRADE AND BILLS PAYABLES

Trade payables mainly represent payments for purchasing materials. Our trade payables increased from RMB6.5 billion as of December 31, 2024 to RMB6.7 billion as of June 30, 2025 primarily due to the increase in purchased materials resulting from higher production volume.

GEARING RATIO

As at June 30, 2025, the Group's gearing ratio (defined as total liabilities divided by total assets of the Group) was 79.8% (December 31, 2024: 84.1%), representing a decrease of 4.3 percentage points mainly due to increased in trade and bills receivables during the Reporting Period.

CAPITAL EXPENDITURE

The Company's capital expenditures consist of construction in progress, machinery and equipment, office equipment and fixtures, buildings and motor vehicles. The Company's capital expenditure increased from RMB601.1 million in the first half of 2024 to RMB633.6 million in the first half of 2025, mainly due to the purchase of leasehold land.

CAPITAL COMMITMENT

The Group's capital commitments, contracted but not yet provided for, amounted to RMB754.5 million as of June 30, 2025 (December 31, 2024: RMB1,096.9 million), primarily associated with property, plant, and equipment related to the construction of manufacturing facilities.

CHARGE OF ASSETS

As of June 30, 2025, the net value of pledged assets to secure draw bills payable, interest-bearing bank borrowings and bank facilities of the Company is RMB890.2 million. These pledged assets primarily comprise certain buildings and land use rights.

FOREIGN EXCHANGE RISK AND HEDGING

A majority of our revenues and cost of sales is denominated in RMB. However, as we operate part of our business in foreign jurisdictions, we are subject to risks associated with foreign currency exchange fluctuations. In response to foreign exchange risks, we have established effective measures to eliminate potential risks. We use derivative financial instruments, such as forward currency contracts, future contracts for the purchase of copper and foreign currency swaps, to hedge our foreign currency risk and commodity price risk, respectively.

CONTINGENT LIABILITIES

As of June 30, 2025, save as the information disclosed in note 13 to the interim condensed consolidated financial information, the Group has no other significant contingent liabilities that is likely to have a material and adverse effect on our business, financial condition or results of operations.

EMPLOYEES AND REMUNERATION POLICY

The Group understands that employees are valuable assets and ensures that the remuneration packages for its employees remain competitive. The Group always strives to provide employees with comprehensive social benefits, a safe work environment and a wide range of career development opportunities. In addition, the Group has a thorough employee training and promotion mechanism that enables employees to continuously develop themselves. Furthermore, the Group is committed to strictly complying with applicable laws, regulations and standards in different countries and regions related to workplace safety, providing a safe and healthy workplace for the employees and implementing an effective management system to help ensure employee safety and well-being. The Group is also committed to establishing a competitive and fair remuneration. In order to effectively motivate the staff, the Group continually refines remuneration and incentive policies. The Group conducts performance evaluation for employees regularly to provide feedback on their performance. Compensation for staff typically consists of base salary and a performance-based salary. The Group decides the base salary of employees based on position value and evaluation performances and decides the performance-based salary based on performance of the Company and the employee. The remuneration distribution shows more consideration for strategic talent and ensures the market competitiveness in the salary of core talent. The Group makes dynamic adjustments to the staff remuneration policy based on various factors, including regional differences, talent supply, staff turnover, changes in the industry and financial conditions of our Company.

As of June 30, 2025, the Group had 15,637 employees (as of June 30, 2024: 17,893 employees). The total remuneration cost incurred by our Group for the six months ended June 30, 2025 was RMB1,240 million, as compared to RMB1,180 million for the six months ended June 30, 2024.

USE OF NET PROCEEDS

With the Shares of the Company listed on the Stock Exchange on September 2, 2025, the net proceeds from the Global Offering were approximately HK$3,993.5 million after deducting underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering, which will be utilized for the purposes as set out in the Prospectus.

The following table sets forth the breakdown of our expected uses of net proceeds from the Global Offering:

	Allocation of net proceeds from the Global Offering in the proportion disclosed in the Prospectus		Expected timeframe for unutilized net proceeds
	HK$ million	Percentage	
Worldwide research and development	**798.7**	**20%**	**within next five years**
Upgrading our intelligent manufacturing system and supply chain management	**1,996.8**	**50%**	**within next five years**
Enhancing our sales and distribution channels	**798.7**	**20%**	**within next five years**
Working capital and general corporate purposes	**399.4**	**10%**	**within next five years**
Total	**3,993.5**	**100%**	

Note:

(1) The figures may not add up to total due to rounding.

Since the Company had not been listed on the Stock Exchange as of June 30, 2025, the net proceeds from the Global Offering had not been utilized by the Company during the Reporting Period. As of the date of this interim report, there was no change in the intended use of net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, we will only deposit the unused net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). For further details of the use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

No net proceeds from the Global Offering were utilized as of the date of this interim report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of the date of this interim report, we had no specific future plan for material investments and acquisition of capital assets. The Group will continue to identify new investment opportunities in companies with principal businesses related to the Group's core business with a view to create synergies with the Group's existing core business and improve the Group's service and products to its customers.

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

The Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended June 30, 2025.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

The Shares of the Company were first listed on the Main Board of the Stock Exchange on September 2, 2025. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including the sale of treasury shares (as defined under the Listing Rules)) from the Listing Date up to the date of this interim report.

As at the date of this interim report, the Company did not hold any treasury shares (as defined under the Listing Rules).

EVENTS AFTER THE REPORTING PERIOD

The Shares of the Company were listed on the Main Board of the Stock Exchange on September 2, 2025. In connection with the Global Offering, 238,235,200 Shares of the Company were issued and allotted at the offer price of HK$17.42 per Offer Share (as defined in the Prospectus).

Save as otherwise disclosed in this interim report, there was no other significant event that may affect the Group since the end of the Reporting Period and up to the date of this interim report.

INTERIM DIVIDEND

Pursuant to the Hong Kong Underwriting Agreement (as defined in the Prospectus), the Company undertakes, from the date of the Hong Kong Underwriting Agreement until the date which is the 30th business days after the last day for lodging applications under the Hong Kong Public Offering (as defined in the Prospectus), not to declare, pay or otherwise make any dividend or distribution of any kind on its share capital. As such, the Board does not recommend the payment of any interim dividend for the six months ended June 30, 2025 (for the six months ended June 30, 2024: nil).

CORPORATE GOVERNANCE PRACTICES

Since the Shares of the Company were listed on the Main Board of the Stock Exchange on September 2, 2025, the Corporate Governance Code was not applicable to the Company during the Reporting Period.

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures, to enhance transparency of the work of the Board, and to strengthen accountability to all the Shareholders.

The Company has complied with all applicable code provisions set out in the Corporate Governance Code throughout the period from the Listing Date up to the date of this interim report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

As the Company's Shares were listed on the Stock Exchange since September 2, 2025, the Model Code and Company's code of conduct were not applicable to the Company during the Reporting Period.

The Company has adopted a code of conduct for securities transactions by Directors on no less exacting terms than the Model Code as set out in Appendix C3 to the Listing Rules for dealing in securities of the Company by the Directors since the Listing Date.

Specific enquiries have been made to all Directors, and they have confirmed that they have complied with our Company's code of conduct regarding Directors' securities transactions from the Listing Date to the date of this interim report.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company from the Listing Date to the date of this interim report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The unaudited consolidated results of our Group for the six months ended June 30, 2025 have been reviewed by our Company's external auditor, Ernst & Young, 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.

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control procedures of the Company. The Audit Committee had reviewed this report, including the accounting principles and practices adopted by the Group and discussed financial reporting matters concerning the unaudited consolidated results of the Group for the six months ended June 30, 2025 and the internal audit and controls and risk management with internal audit department, with no disagreement.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established the Nomination Committee and the Remuneration Committee.

CHANGES IN DIRECTORS' INFORMATION

From the Listing Date to the date of this interim report, there was no change in the Board and the information of Directors which was required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

INTEREST AND SHORT POSITION OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES

As the Company was listed on the Main Board of the Stock Exchange on September 2, 2025, As of the date of this interim report, the interests and/or short positions (as applicable) of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which have been taken or deemed to have been taken under such provisions of the SFO) or which is required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which is required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were set out as follows:

(i) Interest in our Company

Name	Nature of interest	Number of Shares[(1)]	Approximate percentage of interest in our Company[(1)]
Mr. ZHENG Jianjiang[(2)]	Interests in controlled corporation[(2)]	1,300,921,250 (L)	81.91%
		35,735,200 (S)	2.25%

Notes:

(1) *The letter "L" denotes for long position in the Shares. The letter "S" denotes for short position in the Shares. The calculation is based on the total number of 1,588,235,200 Shares in issue immediately after completion of the Global Offering.*

(2) *AUX Holdings directly holds 1,300,921,250 Shares as beneficial owner. As AUX Holdings is wholly owned by China Prosper, which is in turn owned as to 85.00% by Ze Hui. Ze Hui is wholly-owned by Mr. ZHENG Jianjiang. Therefore, Mr. ZHENG Jianjiang is deemed to be interested in the Shares held by AUX Holdings by virtue of the SFO. 35,735,200 Shares were lent by AUX Holdings to the stabilising manager pursuant to the stock borrowing agreement executed on August 29, 2025 for the sole purpose of covering any over-allocation prior to the exercise of the Over-allotment Option.*

(ii) Interest in associated corporations of our Company

Name	Name of associated corporation	Nature of interest	Number of shares[(1)]	Approximate percentage of shareholding interest
Mr. ZHENG Jianjiang	Ze Hui	Beneficial owner	1	100.00%
	China Prosper	Interests in controlled corporation[(1)]	8,500	85.00%
	AUX Holdings	Interests in controlled corporation[(2)]	2,000,000	100.00%
Mr. ZHENG Jiang	China Prosper	Interests in controlled corporation[(1)]	1,000	10.00%
Mr. HE Xiwan	China Prosper	Interests in controlled corporation[(1)]	500	5.00%

Notes:

(1) China Prosper was owned as to: (i) 85.00% by Ze Hui, a BVI company wholly owned by Mr. ZHENG Jianjiang, (ii) 10.00% by Ze Hong, a BVI company wholly owned by Mr. ZHENG Jiang and (iii) 5.00% by Ze Long, a BVI company wholly owned by Mr. HE Xiwan.

(2) AUX Holdings was wholly owned by China Prosper.

Save as disclosed above, as of the date of this interim report, none of the Directors or chief executive of the Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As the Company was listed on the Main Board of the Stock Exchange on September 2, 2025, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the substantial shareholders of the Company as of June 30, 2025. As of the date of this interim report, so far as the Directors are aware, other than the Directors and chief executive of the Company, the following person/entities had or were taken or deemed to have interests and/or short positions (as applicable) in the Shares, underlying Shares or debentures of the Company that fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares(1)	Approximate percentage of interest in our Company(1)
AUX Holdings(2)	Beneficial owner	1,300,921,250 (L)	81.91%
		35,735,200 (S)	2.25%
China Prosper(2)	Interest in controlled corporation	1,300,921,250 (L)	81.91%
		35,735,200 (S)	2.25%
Ze Hui(2)	Interest in controlled corporation	1,300,921,250 (L)	81.91%
		35,735,200 (S)	2.25%
Mr. ZHENG Jianjiang(2)	Interest in controlled corporation	1,300,921,250 (L)	81.91%
		35,735,200 (S)	2.25%

Notes:

(1) *The letter "L" denotes for long position in the Shares. The letter "S" denotes for short position in the Shares. The calculation is based on the total number of 1,588,235,200 Shares in issue immediately after completion of the Global Offering.*

(2) *AUX Holdings is as an exempted company with limited liability incorporated in the Cayman Islands wholly owned by China Prosper. China Prosper is a business company with limited liability incorporated in the BVI held as to 85% by Ze Hui, a business company with limited liability incorporated in the BVI wholly owned by Mr. ZHENG Jianjiang. Therefore, each of Mr. ZHENG Jianjiang, China Prosper and Ze Hui is deemed to be interested in the Shares held by AUX Holdings. 35,735,200 Shares were lent by AUX Holdings to the stabilising manager pursuant to the stock borrowing agreement executed on August 29, 2025 for the sole purpose of covering any over-allocation prior to the exercise of the Over-allotment Option.*

Save as disclosed above, as of the date of this interim report, the Directors were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares, underlying Shares or debentures of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent review report
To the board of directors of Aux Electric Co., Ltd.
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed financial information set out on pages 29 to 55, which comprises the condensed consolidated statement of financial position of Aux Electric Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at June 30, 2025 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and explanatory notes (the "Interim Financial Information"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibility is to express a conclusion on this Interim Financial Information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at December 31, 2024. The comparative information for the interim condensed consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows, and related explanatory notes, for the six months ended June 30, 2024 has not been audited or reviewed.

Ernst & Young
Certified Public Accountants
Hong Kong
August 29, 2025

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2025

	Notes	For the six months ended June 30, 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
REVENUE	4	**20,085,079**	17,216,626
Cost of sales		**(16,162,199)**	(13,590,229)
Gross profit		**3,922,880**	3,626,397
Other income and gains		**292,171**	216,298
Selling and distribution expenses		**(806,575)**	(676,328)
Administrative expenses		**(542,078)**	(504,180)
Research and development expenses		**(312,115)**	(279,471)
Other expenses		**(57,093)**	(68,083)
Impairment loss on financial assets, net		**(96,389)**	(84,285)
Finance costs		**(35,486)**	(26,518)
PROFIT BEFORE TAX	5	**2,365,315**	2,203,830
Income tax expense	6	**(492,568)**	(421,851)
PROFIT FOR THE PERIOD		**1,872,747**	1,781,979
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Receivables at fair value through other comprehensive income:			
Changes in fair value		**(4,778)**	(870)
Reclassification adjustments for impairment losses		**16,657**	8,544
Income tax effect		**(2,229)**	(2,144)
		9,650	5,530
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the period		**24,606**	102,953
Income tax effect		**(7,197)**	–
		17,409	102,953

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2025

	Note	For the six months ended June 30, 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Exchange differences on translation of foreign operations		**12,591**	2,477
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**39,650**	110,960
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**39,650**	110,960
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,912,397**	1,892,939
Profit attributable to:			
Owners of the parent		**1,872,747**	1,781,979
Total comprehensive income attributable to:			
Owners of the parent		**1,912,397**	1,892,939
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	**RMB1.39**	RMB1.37

Interim Condensed Consolidated Statement of Financial Position

June 30, 2025

	Notes	June 30, 2025 (Unaudited) RMB'000	December 31, 2024 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**5,134,868**	5,006,191
Investment property		**319,352**	331,489
Right-of-use assets	10	**1,610,600**	1,217,277
Intangible assets		**305,843**	322,203
Pledged deposits		**200,000**	839,453
Deferred tax assets		**495,720**	498,699
Prepayments		**161,015**	172,399
Total non-current assets		**8,227,398**	8,387,711
CURRENT ASSETS			
Inventories		**3,522,628**	5,878,841
Trade and bills receivables	11	**6,182,231**	3,003,430
Receivables at fair value through other comprehensive income		**1,834,768**	964,806
Prepayments, deposits and other receivables		**1,205,304**	1,448,033
Tax recoverable		**165,539**	155,413
Financial assets at fair value through profit and loss		**800,000**	–
Derivative financial instruments		**42,901**	–
Pledged deposits		**2,741,468**	1,424,909
Cash and bank balances		**3,805,925**	2,907,756
Amounts due from related parties	15	**731**	73
Total current assets		**20,301,495**	15,783,261
CURRENT LIABILITIES			
Trade and bills payables	12	**11,759,613**	10,395,125
Other payables and accruals		**4,452,474**	3,660,304
Contract liabilities		**2,517,232**	2,850,473
Derivative financial instruments		**932**	173,370
Interest-bearing bank borrowings		**1,760,502**	657,841
Lease liabilities		**26,305**	29,902
Income tax payable		**123,926**	126,736
Deferred income		**51,624**	57,317
Provision		**164,828**	159,864
Amounts due to related parties	15	**195,803**	141,890
Total current liabilities		**21,053,239**	18,252,822

Interim Condensed Consolidated Statement of Financial Position

June 30, 2025

	Notes	**June 30, 2025 (Unaudited) RMB'000**	December 31, 2024 (Audited) RMB'000
NET CURRENT LIABILITIES		**(751,744)**	(2,469,561)
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,475,654**	5,918,150
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**15,448**	54,045
Lease liabilities		**92,126**	88,000
Interest-bearing bank borrowings		**523,527**	895,493
Deferred income		**683,629**	573,637
Provision		**375,701**	362,229
Other payables		**27,260**	109,040
Total non-current liabilities		**1,717,691**	2,082,444
Net assets		**5,757,963**	3,835,706
EQUITY			
Share capital		**48**	48
Reserves		**5,757,915**	3,835,658
Total equity		**5,757,963**	3,835,706

Mr. Zheng Jianjiang
Director

Mr. Xin Ning
Director

Interim Condensed Statement of Changes in Equity

For the six months ended June 30, 2025

Six months ended June 30, 2025 (unaudited)

	Attributable to owners of the parent									
	Share Capital RMB'000	Capital reserve* RMB'000	Merger reserve* RMB'000	Reserve funds* RMB'000	Share award reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Financial assets revaluation reserve* RMB'000	Cash flow hedge reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
At January 1, 2025	48	177,809	815,144	547,763	94,044	1,130	4,157	(21,595)	2,217,206	3,835,706
Profit for the period	–	–	–	–	–	–	–	–	1,872,747	1,872,747
Other comprehensive income for the period:										
Changes in fair value of receivables at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	9,650	–	–	9,650
Cash flow hedges	–	–	–	–	–	–	–	17,409	–	17,409
Exchange differences on translation of foreign operations	–	–	–	–	–	12,591	–	–	–	12,591
Total comprehensive income for the period	–	–	–	–	–	12,591	9,650	17,409	1,872,747	1,912,397
Transfer of cash flow hedge reserve to inventories	–	–	–	–	–	–	–	4,186	–	4,186
Equity-settled share-based payment	–	–	–	–	5,674	–	–	–	–	5,674
At June 30, 2025 (unaudited)	48	177,809	815,144	547,763	99,718	13,721	13,807	–	4,089,953	5,757,963

Six months ended June 30, 2024 (unaudited)

	Attributable to owners of the parent							
	Merger reserve RMB'000	Reserve funds RMB'000	Share award reserve RMB'000	Exchange Fluctuation reserve RMB'000	Financial assets revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At January 1, 2024	508,442	129,724	89,799	(7,953)	3,693	–	3,518,574	4,242,279
Profit for the period	–	–	–	–	–	–	1,781,979	1,781,979
Other comprehensive income for the period:								
Change in fair value of receivables at fair value through other comprehensive income, net of tax	–	–	–	–	5,530	–	–	5,530
Cash flow hedges	–	–	–	–	–	102,953	–	102,953
Exchange differences on translation of foreign operations	–	–	–	2,477	–	–	–	2,477
Total comprehensive income for the period	–	–	–	2,477	5,530	102,953	1,781,979	1,892,939
Transfer of cash flow hedge reserve to inventories	–	–	–	–	–	(102,953)	–	(102,953)
Equity-settled share-based payment	–	–	10,889	–	–	–	–	10,889
At June 30, 2024 (unaudited)	508,442	129,724	100,688	(5,476)	9,223	–	5,300,553	6,043,154

* *These reserve accounts comprise the consolidated reserves of RMB5,757,915,000 as at June 30, 2025 (unaudited) in the interim condensed consolidated statement of financial position.*

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

	Notes	For the six months ended June 30, 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,365,315**	2,203,830
Adjustments for:			
Interest income	*5*	**(47,465)**	(83,421)
Fair value gains on financial assets at fair value through profit or loss		**(2,720)**	(5,516)
Impairment loss on financial assets, net	*5*	**96,389**	84,285
Losses on disposal of items of property, plant and equipment and intangible assets	*5*	**918**	3,329
Finance costs	*5*	**35,486**	26,518
Depreciation of property, plant and equipment	*5*	**238,762**	201,847
Depreciation of investment property	*5*	**12,553**	8,283
Depreciation of right-of-use assets	*5*	**34,394**	19,798
Amortization of intangible assets	*5*	**28,340**	29,041
Assets-related government grants released		**(30,804)**	(24,583)
Exchange gains, net		**(31,784)**	523
Changes on derivative financial instruments		**(186,547)**	64,113
Equity-settled share-based payment expenses		**5,674**	10,889
		2,518,511	2,538,936
Decrease/(Increase) in inventories		**2,356,213**	(1,066,759)
Increase in trade and bills receivables		**(3,257,321)**	(3,119,620)
Increase in receivables at fair value through other comprehensive income		**(874,740)**	(492,171)
Decrease/(increase) in prepayments, deposits and other receivables		**241,517**	(198,577)
(Increase)/decrease in pledged deposits		**(677,106)**	497,850
Increase in trade and bills payables		**1,364,488**	3,768,595
Decrease in contract liabilities		**(333,241)**	(306,680)
Increase in other payables and accruals		**575,418**	756,116
Increase in warranty provision		**18,436**	12,658
Increase in amounts due from related parties		**(658)**	(177)
Increase in amounts due to related parties		**53,913**	57,470
Cash flows generated from operations		**1,985,430**	2,447,641
Income tax paid		**(550,548)**	(224,313)
Interest received		**47,437**	71,961
Net cash flows generated from operating activities		**1,482,319**	2,295,289

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

		For the six months ended June 30,	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**28**	–
Purchases of items of property, plant and equipment		**(210,504)**	(502,430)
Purchases of intangible assets		**(11,912)**	(12,716)
Additions to investment property		**(416)**	–
Proceeds from disposal of items of property, plant and equipment		**73**	1,941
Purchase of leasehold land		**(410,745)**	(85,974)
Receipt of government grants for property, plant and equipment		**135,103**	2,969
Purchases of financial assets at fair value through profit or loss		**(4,600,000)**	(5,221,000)
Disposals of financial assets at fair value through profit or loss		**3,802,720**	2,562,516
Placement of time deposits		**(716,557)**	(1,546,434)
Withdrawal of time deposits		**11,791**	700,029
Repayments from related parties		**–**	73,997
Net cash flow used in investing activities		**(2,000,419)**	(4,027,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**2,174,095**	2,074,918
Repayment of bank loans		**(1,443,400)**	(1,200,444)
Interest paid		**(35,486)**	(26,518)
Principle portion of lease payments		**(16,629)**	(2,973)
Repayments to related parties		**–**	(44,431)
Listing expense paid		**(2,340)**	–
Net cash flows generated from financing activities		**676,240**	800,552

	Notes	For the six months ended June 30, 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**158,140**	(931,261)
Cash and cash equivalents at beginning of the period		**2,907,756**	5,102,830
Effect of foreign exchange rate changes, net		**35,263**	18,797
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**3,101,159**	4,190,366
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in interim condensed consolidated statement of financial position		**3,805,925**	5,544,320
Less: short-term bank deposits with original maturities of over three months and due within one year		**(704,766)**	(1,353,954)
Cash and cash equivalents as stated in interim condensed consolidated statement of cash flows		**3,101,159**	4,190,366

Notes to Interim Condensed Consolidated Financial Information

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 23, 2024. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the current period, the Group principally engaged in manufacturing and sales of household air-conditioners and central air-conditioners in mainland China and other countries/jurisdictions.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required for a complete set of financial statements prepared in accordance with HKFRS Accounting Standards and should be read in conjunction with the Group's consolidated financial statements as set out in the accountants' report (the "Accountants' Report") included in Appendix I to the Prospectus. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Accountants' Report.

The Group's net current liabilities amounted to approximately RMB752 million as at June 30, 2025. Taking into account the available facilities from banks and cash flows from operations for the twelve months from June 30, 2025, the directors of the Company believe that the Group will have sufficient financial resources to settle the borrowings and payments that will be due within next twelve months and consequently, the interim condensed consolidated financial information has been prepared on a going concern basis.

The interim condensed consolidated financial information is presented in Renminbi ("RMB"), which is also the functional currency of the Company and most of its subsidiaries, and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

3. OPERATING SEGMENT INFORMATION

Description of segments and principal activities

For management purposes, the Group is mainly engaged in manufacturing and sales of household air-conditioners and central air-conditioners in mainland China and other countries/jurisdictions, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	**9,246,162**	8,742,342
Asia (except for mainland China)	**6,063,792**	4,510,039
European Union	**2,210,038**	1,729,492
North America	**1,105,502**	1,208,301
South America	**938,515**	602,807
Other countries/jurisdictions	**521,070**	423,645
Total	**20,085,079**	17,216,626

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at June 30,	As at December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	
Mainland China	**7,181,008**	6,761,527
Other countries/jurisdictions	**350,670**	288,032
Total	**7,531,678**	7,049,559

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue from contracts with customers	**20,062,276**	17,186,223
Revenue from other sources		
Gross rental income from operating leases	**22,803**	30,403
Total	**20,085,079**	17,216,626

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Type of goods or services		
Sale of household air conditioners	**17,525,173**	14,817,640
Sale of central air conditioners	**1,897,873**	1,642,054
Installation services of household air-conditioners	**389,423**	449,029
Installation services of central air-conditioners	**23,851**	28,761
Others*	**225,956**	248,739
Total	**20,062,276**	17,186,223
Timing of revenue recognition		
Revenue recognized at a point in time:		
Sale of household air conditioners	**17,525,173**	14,843,507
Sale of central air conditioners	**1,897,873**	1,642,054
Installation services of household air-conditioners	**389,423**	423,162
Installation services of central air-conditioners	**23,851**	28,761
Others – sales of scrap and raw materials	**192,634**	219,979
Revenue recognized over time:		
Others	**33,322**	28,760
Total	**20,062,276**	17,186,223

* *Others mainly consist of the Group's sales of scrap and raw materials and royalty income.*

The revenue in the first half may be higher than that in the second half for every year, it is mainly due to the customers in overseas have higher demand from January to April and then it comes to warmer months in China so that distributors in China need to purchase air conditioners earlier than the peak summer months.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cost of inventories sold	**13,825,355**	11,977,796
Cost of services provided	**388,274**	451,923
Depreciation of property, plant and equipment	**238,762**	201,847
Depreciation of investment property	**12,553**	8,283
Depreciation of right-of-use assets	**34,394**	19,798
Amortization of software*	**8,868**	9,569
Amortization of patent*	**19,472**	19,472
Research and development costs	**312,115**	279,471
Lease payments not included in the measurement of lease liabilities	**60,432**	20,289
Auditor's remuneration	**691**	5,041
Listing expenses	**14,825**	–
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	**990,246**	947,605
Pension scheme contributions and social welfare	**240,225**	216,854
Equity-settled share-based payment expenses	**3,624**	8,839
Total	**1,234,095**	1,173,298
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment property	**1,894**	2,052
Foreign exchange differences, net	**6,009**	(32,935)
Fair value (gains)/losses of derivative financial instruments	**(33,480)**	43,589
Impairment loss of financial assets, net:		
Impairment loss of trade receivables, net	**78,520**	77,331
Impairment loss of receivables at fair value through other comprehensive income	**16,657**	8,544
Impairment loss/(reversal of impairment loss) of financial assets included in prepayments, deposits and other receivables	**1,212**	(1,590)
Total	**96,389**	84,285
Write-down of inventories to net realizable value	**22,271**	7,862
Interest income	**(47,465)**	(83,421)
Losses on disposal of items of property, plant and equipment and intangible assets	**918**	3,329

* *The amortization of software and patent for the period are included in "Administrative expenses" and "Research and development expenses", respectively, in the condensed consolidated statement of profit or loss and other comprehensive income.*

6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the countries or jurisdictions in which members of the Group are domiciled and operate.

Mainland China

Under the law of the PRC on corporate income tax (the "CIT Law") and the implementation regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

In 2021, Ningbo Aux Electric Co., Ltd. was accredited as a "High and New Technology Enterprise" (HNTE") and was entitled to a preferential income tax rate of 15% for a period of three years from December 2021 to December 2024. This subsidiary subsequently renewed its HNTE qualification in 2024 and was entitled to the preferential tax rate of 15% from December 2024 to December 2027.

Cayman Islands and British Virgin Islands

Under the current laws of the Cayman Islands and British Virgin Islands, the Company and its subsidiaries incorporated in the British Virgin Islands are not subject to tax on income or capital gains during the Reporting Period.

Hong Kong

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong for the Reporting Period, except for a subsidiary incorporated in Hong Kong which is a qualifying entity under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of the qualifying entity are taxed at 8.25% and the remaining profits are taxed at 16.5%.

Thailand

Under the current laws of Thailand, the Company's subsidiaries incorporated in Thailand are not subject to tax on income or capital gains during the Reporting Period.

Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Singapore, Japan, Malaysia, USA, UAE and KSA is calculated on the estimated assessable profit for the period at the respective rates prevailing in the relevant jurisdictions.

6. INCOME TAX *(continued)*

Corporate income tax in other jurisdictions *(continued)*

The income tax expense of the Group is analyzed as follows:

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax:		
Charge for the period	**521,711**	359,490
Overprovision in respect of prior periods	**15,902**	2,646
Deferred income tax	**(45,045)**	59,715
Total	**492,568**	421,851

7. DIVIDENDS

The directors of the Company did not recommend the declaration of any interim dividend for the six months ended June 30, 2025 (six months ended June 30, 2024: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares for both periods presented reflecting the aggregate of the weighted average number of the Company's ordinary shares which are outstanding after the completion of the reorganization as more fully explained in the paragraph headed "Pre-IPO Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus.

No adjustment has been made to the basic earnings per share amounts presented in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the six months ended June 30, 2025 and 2024.

The calculations of basic and diluted earnings per share are based on:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent:	**1,872,747**	1,781,979

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period	**1,350,000,000**	1,300,921,250

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2025, the Group acquired assets at a cost of RMB359,200,000 (June 30, 2024: RMB371,554,000).

Assets (other than those classified as held for sale) with a net book value of RMB1,130,000 were disposed by the Group during the six months ended June 30, 2025 (June 30, 2024: RMB4,944,000), resulting in a net loss on disposal of RMB1,057,000 (June 30, 2024: RMB3,329,000).

10. LEASES

During the six months ended June 30, 2025, the Group acquired leasehold land at a cost of RMB410,745,000 (June 30, 2024: RMB85,974,000) which had been paid upfront during the current period, and additions to right-of-use assets related to leased buildings of RMB19,054,000 (June 30, 2024: RMB4,072,000).

11. TRADE AND BILLS RECEIVABLES

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Trade receivables	**5,290,097**	2,221,953
Impairment	**(187,899)**	(109,379)
Trade receivables, net	**5,102,198**	2,112,574
Bills receivable	**1,080,033**	890,856
Trade and bills receivables	**6,182,231**	3,003,430

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the revenue recognition date and net of loss allowance, is as follows:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Within 3 months	**4,629,713**	1,987,016
3 to 6 months	**401,529**	84,672
6 to 12 months	**64,359**	39,772
1 to 2 years	**5,905**	1,114
2 to 3 years	**692**	–
Total	**5,102,198**	2,112,574

12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Within 3 months	**6,381,400**	6,292,210
3 to 6 months	**209,285**	125,223
6 to 12 months	**92,082**	20,721
1 to 2 years	**3,990**	4,600
2 to 3 years	**1,404**	2,922
Over 3 years	**1,394**	5,730
Total	**6,689,555**	6,451,406

13. CONTINGENT LIABILITIES

On December 8, 2022, a company (the "Plaintiff") filed a claim against Ningbo Aosheng Trading Co., Ltd. (an entity controlled by Mr. ZHENG Jianjiang), AUX Air Conditioner Co., Ltd. (a subsidiary of the Company) and five individuals, two of whom are the Group's current employees and three of whom are the Group's former employees, alleging infringement of the Plaintiff's business secrets and technical secrets related to eight patents. The Plaintiff's claims include (i) demanding that the defendants immediately cease infringing on the Plaintiff's trade secrets and transfer the eight involved patents to the Plaintiff; and (ii) seeking compensation from the defendants for economic losses and reasonable rights protection costs totaling RMB99.0 million.

In April 2025, the Group received the first-instance decision from the court, which decided, among others, that (i) Ningbo Aosheng Trading Co., Ltd. and two of the individual defendants shall compensate the Plaintiff for its economic losses and reasonable expenses in the amount of RMB3.5 million, and (ii) the Group shall transfer the eight involved patents, which were not used in the production activities of the Group and were not capitalized in the consolidated statements of financial position of the Group, to the Plaintiff. As of the date of this report, Ningbo Aosheng Trading Co., Ltd. has filed an appeal against the decision.

The directors of the Company, based on the aforementioned decision, believe it is not probable that an outflow of resources will be required. Accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

14. COMMITMENTS

The Group had the following contractual commitments at the end of the Reporting Period:

	June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000
Buildings	**619,029**	781,328
Machinery	**135,430**	315,555
Total	**754,459**	1,096,883

15. RELATED PARTY TRANSACTIONS

(a) Names of and relationships with related parties:

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group during the Reporting Period.

Name of the related party	**Relationship with the Group**
Mr. ZHENG Jianjiang	Director and controlling shareholder of the Company
Mr. ZHENG Jiang	Director of the Company
Mr. HE Xiwan	Director of the Company
AUX Holdings	Immediate parent company
China Prosper	Intermediate parent company
AUX Group Co., Ltd. (奧克斯集團有限公司)	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Mingzhou Hospital Co., Ltd.* 寧波明州醫院有限公司	Entity controlled by Mr. ZHENG Jianjiang
Hangzhou Aux Real Estate Co., Ltd.* 杭州奧克斯置業有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Yinzhou Mingao Pharmacy Co., Ltd.* 寧波市鄞州明奧大藥房有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Mingzhou Puhua Pharmaceutical Co., Ltd.* 寧波明州普華醫藥有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Aux Intelligent Technology Co., Ltd.* 寧波奧克斯智能科技股份有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Mingzhou Medical Group Co., Ltd.* 寧波明州醫療集團有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Aux Real Estate Co., Ltd.* 寧波奧克斯置業有限公司	Entity controlled by Mr. ZHENG Jianjiang

15. RELATED PARTY TRANSACTIONS *(continued)*

(a) Names of and relationships with related parties: *(continued)*

Name of the related party	Relationship with the Group
Ningbo Sanxing Medical Electric Co., Ltd.* 寧波三星醫療電氣股份有限公司	Entity controlled by Mr. ZHENG Jianjiang
Shu Yi Property Services Limited Co., Ltd.* 曙一物業服務有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo ShuYi Business Service Co., Ltd.* 寧波曙一商務服務有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Zezhong	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Fengtong Investment Co., Ltd.* 寧波豐通投資有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Shengyao Enterprise Management Co., Ltd.* 寧波聖耀企業管理有限公司	Entity controlled by Mr. ZHENG Jianjiang
Ningbo Aoneng Electric Co., Ltd* 寧波奧能電氣有限公司	Entity controlled by Mr. ZHENG Jianjiang
Jiangxi Longzhicheng Industry Co., Ltd.* 江西省龍之丞實業有限公司 ("Longzhicheng")	Entity controlled by relatives of Mr. He Xiwan
Anhui Jiahuikai Intelligent Technology Co., Ltd.* 安徽嘉匯凱智能科技股份有限公司 ("Jiahuikai")	Entity controlled by relatives of Mr. ZHENG Jianjiang
Ningbo Wenbang Electronics Co., Ltd.* 寧波文邦電子有限公司 ("Wenbang")	Entity controlled by relatives of Mr. ZHENG Jianjiang
Ningbo Dewei Electric Appliance Co., Ltd.* 寧波德偉電器有限公司 ("Dewei")	A relative of Mr. ZHENG Jiang hold 20% of the equity interest in this entity
Ningbo Furno HVAC Engineering Co., Ltd.* 寧波富諾暖通工程有限公司 ("Furno HVAC")	A relative of Mr. ZHENG Jianjiang hold 50% of the equity interest in this entity
Ningbo Yinzhou Rural Commercial Bank Co., Ltd.* 寧波鄞州農村商業銀行股份有限公司 ("Yinzhou Rural Commercial Bank")	Mr. ZHENG Jianjiang serves as a director in this entity
Ningbo Haishu Longguan Kunyuan Plastic Packaging Factory* 寧波市海曙龍觀坤源塑料包裝廠 ("Kunyuan")	Business operated by a relative of Mr. HE Xiwan

15. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties:

	Notes	For the six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Purchases of goods and services:			
Longzhicheng		**72,348**	103,973
Jiahuikai		**65,790**	67,482
Wenbang		**23,155**	23,740
Dewei		**17,610**	21,645
Entities controlled by Mr. ZHENG Jianjiang		**7,738**	3,646
Kunyuan		**2,552**	2,974
		189,193	223,460
Sales of goods			
Entities controlled by Mr. ZHENG Jianjiang		**11,764**	9,983
Furno HVAC		**2,001**	671
		13,765	10,654
Lease income:			
Entities controlled by Mr. ZHENG Jianjiang		**488**	1,619
Lease expense for short-term leases:			
Entities controlled by Mr. ZHENG Jianjiang		**177**	259
Interest income:			
Yinzhou Rural Commercial Bank		**301**	110
Rental payments:			
Entities controlled by Mr. ZHENG Jianjiang		**1,025**	1,591
Interest expense:			
Entities controlled by Mr. ZHENG Jianjiang		**77**	156
Purchase of property, plant and equipment:			
Entities controlled by Mr. ZHENG Jianjiang		**16,477**	–

The above transactions were carried out between the Group and its related parties during the Reporting Period at terms negotiated between the Group and the respective related parties.

15. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Group:

	For the six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**2,707**	2,045
Performance related bonuses	**1,582**	2,256
Pension scheme contributions and social welfare	**26**	23
Equity-settled share-based payment expenses	**2,050**	2,050
Total compensation paid to key management personnel	**6,365**	6,374

(d) Balances with related parties:

The following table sets forth the outstanding balances with related parties as of the dates indicated:

	As at June 30,	As at December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	
Bank balance*		
Yinzhou Rural Commercial Bank	**51,972**	43,031

* *The balance is included in the "cash and bank balances" in the interim condensed consolidated statement of financial position.*

	As at June 30,	As at December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	
Amounts due from related parties:		
Trade nature		
Entities controlled by Mr. ZHENG Jianjiang	**731****	73

** *The majority of the balances as at June 30, 2025 are prepayments.*

15. RELATED PARTY TRANSACTIONS *(continued)*

(d) Balances with related parties: *(continued)*

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Amounts due to related parties:		
Trade nature		
Longzhicheng	**60,626**	50,368
Jiahuikai	**71,949**	44,571
Wenbang	**28,609**	20,884
Dewei	**31,459**	21,923
Kunyuan	**2,381**	235
Entities controlled by Mr. ZHENG Jianjiang	**439**	3,591
Furno HVAC	**340**	318
Total	**195,803**	141,890

An ageing analysis of the amounts due to related parties–trade nature, based on the invoice date, is as follows:

	As at June 30, 2025 RMB'000 (Unaudited)	As at December 31, 2024 RMB'000
Within 3 months	**164,823**	110,536
3 to 6 months	**9,415**	13,611
6 to 12 months	**14,793**	9,443
1 to 2 years	**2,258**	4,506
2 to 3 years	**2,748**	2,245
Over 3 years	**1,766**	1,549
Total	**195,803**	141,890

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, pledged deposits, financial assets included in prepayments, deposits and other receivables, trade and bills receivables, amounts due from related parties, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to related parties and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each Reporting Period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Derivative financial instruments, including forward currency contracts, futures contracts for the purchase of copper and foreign currency swaps are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts, futures contracts for the purchase of copper and foreign currency swaps are the same as their fair values.

The fair values of the non-current portion of pledged deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of receivables at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The Group invests in unlisted investments, which represent structure deposits issued by a bank in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value:

As at June 30, 2025 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets				
Derivative financial instruments	–	42,901	–	42,901
Receivables at fair value through other comprehensive income	–	1,834,768	–	1,834,768
Financial assets at fair value through profit or loss	–	800,000	–	800,000
	–	2,677,669	–	2,677,669

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets				
Receivables at fair value through other comprehensive income	–	964,806	–	964,806

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments. *(continued)*

Liabilities measured at fair value:

As at June 30, 2025 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial liabilities				
Derivative financial instruments	–	932	–	932

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial liabilities				
Derivative financial instruments	–	173,370	–	173,370

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended June 30, 2024: Nil).

17. EVENTS AFTER THE REPORTING PERIOD

The director of the Company attend the Listing Committee hearing on July 31, 2025 and the Group issued the listing documents on August 25, 2025.

18. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on August 29, 2025.

Definition

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

"associated corporation(s)"	has the meaning ascribed to it under Part XV of the SFO
"Audit Committee"	the audit committee of the Board
"AUX Holdings"	AUX Holdings Group Co., Ltd. (奧克斯控股集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on August 9, 2011, a wholly-owned subsidiary of China Prosper and one of our controlling shareholders
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China and, except where the context requires and only for the purpose of this interim report, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan, China. "Chinese" shall be construed accordingly
"China Prosper"	China Prosper Enterprise Holding Co., Ltd., a business company with limited liability incorporated in the BVI on March 22, 2004, owned as to 85%, 10% and 5% by Ze Hui, Ze Hong, and Ze Long, respectively and one of our controlling shareholders
"Company", "our Company" or "the Company	Aux Electric Co., Ltd. (奥克斯电气有限公司), an exempted company with limited liability incorporated in the Cayman Islands on October 23, 2024
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Global Offering"	the global offering of the Company's Shares on the Stock Exchange
"Group", "our Group", "we", "us" or "our"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"HKFRS Accounting Standards"	include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on September 2, 2025
"Listing Date"	September 2, 2025, being the date on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"ODM"	original design manufacturer, a company that designs and manufactures products that will eventually be sold under third-party brands
"Over-allotment Option"	has the meaning ascribed to it in the Prospectus
"Prospectus"	the prospectus of the Company dated August 25, 2025
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six months ended June 30, 2025
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital the Company with a nominal value of US$0.000005 each
"Shareholder(s)"	holder(s) of the Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to this term under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"Ze Hong"	Ze Hong Limited, a business company with limited liability incorporated in the BVI on July 11, 2011, which is wholly owned by Mr. ZHENG Jiang
"Ze Hui"	Ze Hui Limited, one of our controlling shareholders, is a business company with limited liability incorporated in the BVI on July 11, 2011, which is wholly owned by Mr. ZHENG Jianjiang
"Ze Long"	Ze Long Limited, a business company with limited liability incorporated in the BVI on July 11, 2011, which is wholly owned by Mr. HE Xiwan
"%"	per cent

AUX 奥克斯