

# AUX Electric Co., Ltd. HKEX: 2580

## INVESTOR SNAPSHOT

### BUSINESS MODEL

AUX designs and manufactures household and central air-conditioning systems, then sells them through distributors, installers and project channels.

### EVIDENCE NOW

In 1H2026 revenue fell 12.9% to RMB17.504bn and profit attributable to owners fell 40.8% to RMB1.108bn; at FY2025 it reported RMB5.05bn of cash equivalents alongside time deposits, structured products and pledged deposits, versus RMB1.46bn of debt.

### MAIN RISK

The central risk is that margin pressure persists while part of the apparent liquidity is restricted, structured or held away from the operating need.

### NEXT PROOF

The next test is the next filing's product margins, cash accessibility and working-capital conversion.

**Publication state: evidence library — Not Rated.** Information cutoff 28 August 2026. Latest complete financial period: 1H2026, unaudited. The 30 July profit warning was confirmed by the 28 August interim result; the integrated model, decision and factual catalyst/falsifier set have been rebuilt behind the private vault boundary. Figures are reported (R), issuer guidance (G), derived from reported inputs (D), or external/secondary (E).

## EVIDENCE BALANCE

### THE LIVE QUESTION

Does AUX's cash build come from collecting on sales, or from supplier payables, deposits pledged against bills and borrowing that must later reverse?

In 1H2026 profit after tax fell 40.8% to RMB1.108bn, yet cash and bank balances rose 12.5% while receivables jumped 82.5%, so the source of that cash matters now.

### WHAT IMPROVED

### WHAT BECAME MORE DEMANDING

AUFIT-brand revenue rose 79.0% while inventories fell 19.8%. Net impairment loss on financial assets fell 45.9%, which the issuer attributed to collection and customer mix, and finance costs fell 52.1%.

Trade and bills receivables rose 82.5% while the current ratio slipped to 1.05×, net current assets and contract liabilities both fell, total debt rose to RMB2,533.5m and pledged deposits securing bills reached RMB3,397.7m; June cash equivalents rose by RMB2.534bn, but total borrowings rose by about RMB1.071bn and pledged deposits by RMB770m.

#### **STRONGEST ALTERNATIVE EXPLANATION**

The company explains the receivable rise as normal first-half seasonality in overseas revenue and the payable rise as more material procurement alongside higher production; if June receivables collect and supplier balances reverse, the 82.5% jump could be timing, though that would not by itself establish the cash bridge.

#### **THE DECISIVE MISSING FACT**

A complete cash-flow statement showing whether June receivables collected, whether supplier balances reversed and how much of the higher cash came from operations rather than financing, plus cash, time deposits, structured deposits and pledged balances mapped by legal entity, currency and upstreaming constraint.

Drawn from the evidence on this page: the improvement, the constraint, the benign reading and the fact that would settle it. It states no view on the shares.

#### ► **About the private research record**

[Evidence balance](#)

[financial record](#)

[1H2026 result](#)

[liquidity](#)

[open questions](#)

[IPO proceeds](#)

[download](#)

[business anatomy](#)

[product and geographic economics](#)

[working capital](#)

[research and capacity](#)

[capital allocation](#)

[what you can watch yourself](#)

[sources and method](#)

## Components become cooling systems, then channel sales

AUX sits between component suppliers and household or commercial cooling markets: it designs, assembles and tests the equipment sold into those channels.

Follow the operating chain from demand or inputs to customer outcome and cash.



### INPUTS INPUTS ARRIVE

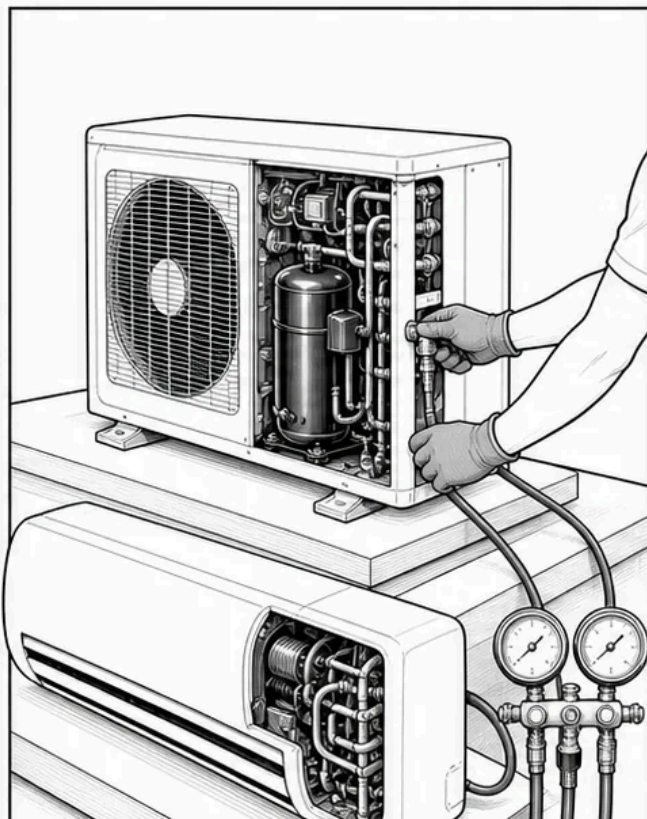
#### Gather the cooling parts

##### WHAT HAPPENS

Copper, aluminium, compressors, electronics and controls enter the manufacturing system.

##### CAPITAL AT WORK

This is the purchased-input and working-capital stage.



### COMPANY ACTION FACTORY FLOOR

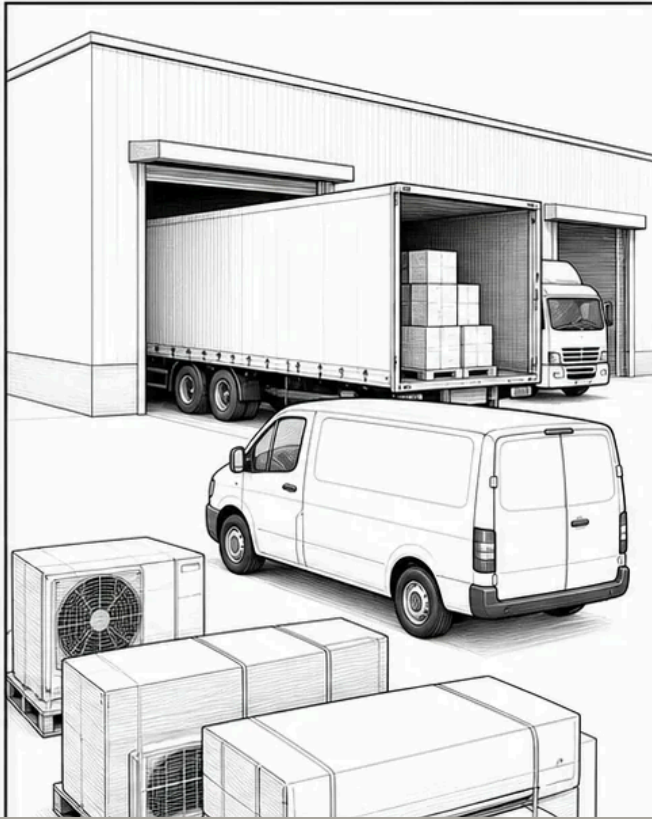
#### Design, assemble and test

##### WHAT HAPPENS

AUX turns the parts into household split air-conditioners and central-air equipment, then tests the finished systems.

##### VALUE CREATED

Manufacturing execution creates the saleable unit.



#### ROUTE TO MARKET

##### DISTRIBUTOR NETWORK

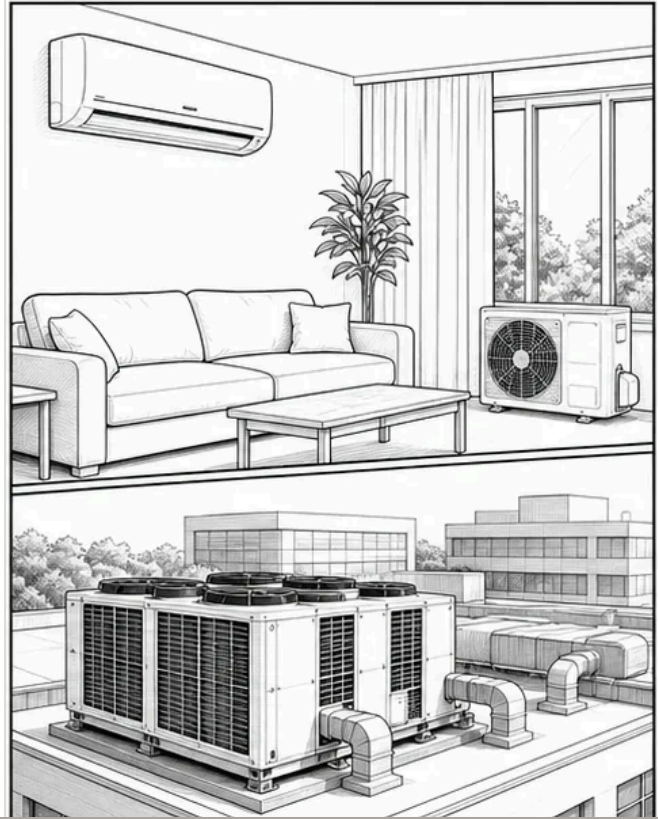
### Move through the channel

#### WHAT HAPPENS

Finished systems move to distributors, installers and project channels serving homes and commercial sites.

#### REVENUE TRIGGER

AUX records product revenue when the contracted customer takes the equipment.



#### CUSTOMER OUTCOME END USE

### Cool the building

#### WHAT HAPPENS

The installed system delivers cooling to households or commercial users, where replacement and construction demand begin.

#### WHO PAYS

The direct payer is the channel or project customer, not necessarily the end user.

**Original SMID Research comic.** AI-assisted, analyst-directed monochrome artwork depicts the evidenced operating steps of AUX Electric Co., Ltd.; deterministic captions and dated mix figures state the economics using issuer disclosures available to 2026-08-28. The drawings are representative—not issuer artwork, an exact product or site design, a statement of scale, or a company forecast.

#### INVESTOR TRANSLATION

### What matters after the operating picture

Four questions connect the business model to cash and balance-sheet risk.

#### VALUE LEVER

Normalized appliance margin and cash earned on each unit after copper, channel and warranty costs.

#### CASH BOTTLENECK

Receivables, pledged deposits and finished inventory build before distributors and project customers pay.

This is a factual reading aid, not a valuation or recommendation.

CREDIT BREAKPOINT

Unrestricted cash and committed facilities fall short of near-term debt and working-capital needs.

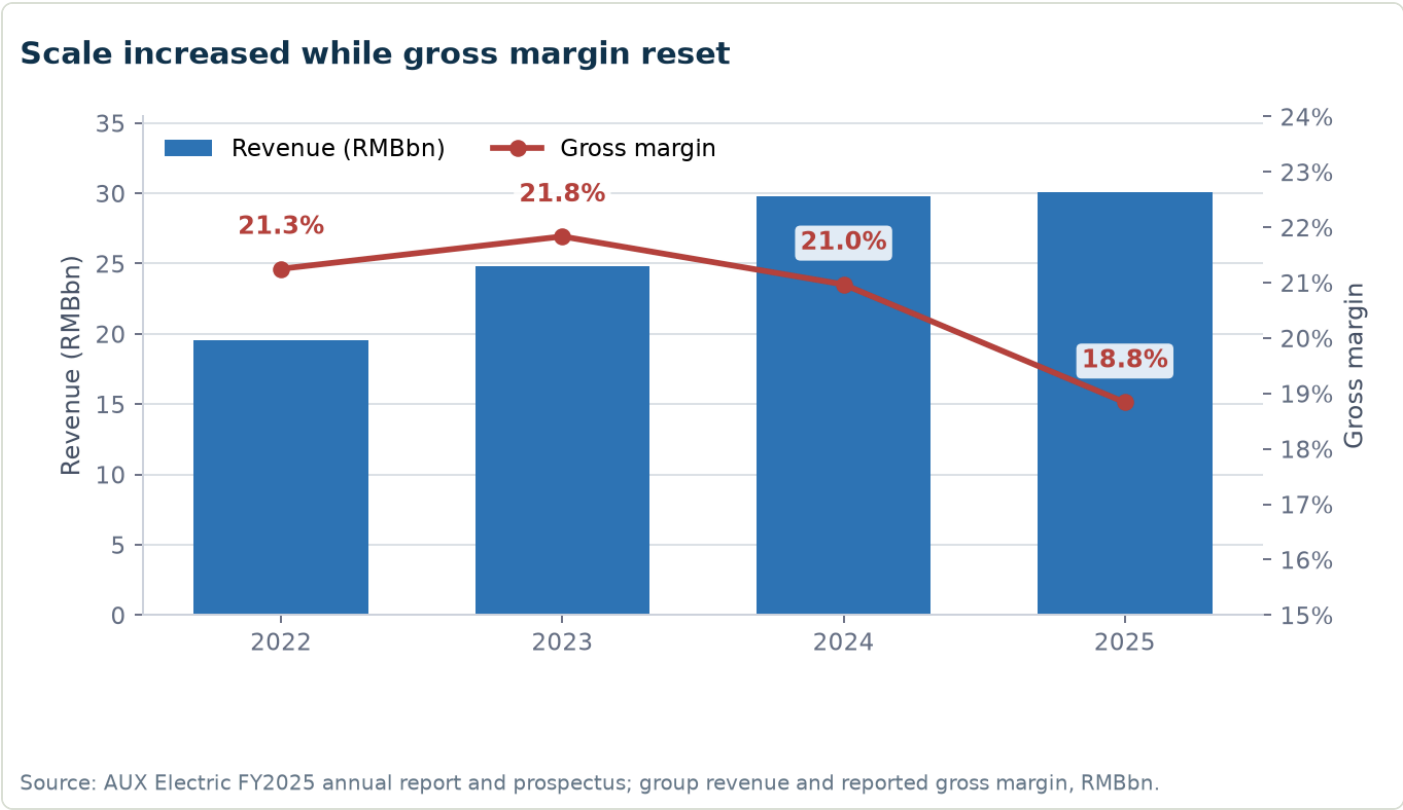
NEXT PROOF

A complete cash-flow statement, collections, inventory turns and accessible-cash disclosure.

► TEXT VERSION OF THIS COMIC

The financial record

Revenue rose from **RMB19.5bn in FY2022 to RMB30.0bn in FY2025**. Profit after tax rose from RMB1.44bn to RMB2.24bn, but peaked at RMB2.91bn in FY2024. Gross margin compressed from 21.3% in FY2022 to 18.8% in FY2025, so the latest year combined nearly flat revenue with a 23.2% decline in profit after tax. (R/D)



Scale increased, but the gross-margin reset became visible in FY2025. Source: prospectus and FY2025 annual report. (R/D)

| RMBM    | FY2022 | FY2023 | FY2024 | FY2025 |
|---------|--------|--------|--------|--------|
| Revenue | 19,528 | 24,832 | 29,759 | 30,049 |

| <b>RMBM</b>               | <b>FY2022</b> | <b>FY2023</b> | <b>FY2024</b> | <b>FY2025</b> |
|---------------------------|---------------|---------------|---------------|---------------|
| Gross profit              | 4,150         | 5,422         | 6,240         | 5,660         |
| Profit after tax          | 1,442         | 2,487         | 2,910         | 2,235         |
| Operating cash flow       | 4,004         | 4,631         | 2,518         | 2,887         |
| Gross capital expenditure | 260           | 415           | 1,030         | 1,820         |
| Gross margin              | 21.3%         | 21.8%         | 21.0%         | 18.8%         |

FY2025 operating cash flow was RMB2.89bn. Subtracting RMB1.82bn of gross capital expenditure leaves RMB1.07bn of simple free cash flow before financing. The RMB1.68bn final dividend was therefore covered by accounting earnings but not by that simple cash-flow measure. This is arithmetic, not a forecast of future dividends. (R/D)

The FY2025 earnings reset was not only a revenue problem. Gross profit fell RMB580.7m despite revenue increasing RMB289.3m. Selling and distribution expense then rose RMB326.1m as AUX established overseas sales companies and spent more on marketing; administrative expense increased RMB61.4m, partly on storage, logistics and depreciation at new bases. R&D expense fell RMB21.3m after a personnel-structure optimisation. (R/D)

| <b>LINE</b>                   | <b>FY2025</b>  | <b>FY2024</b>  | <b>CHANGE / READING</b>                      |
|-------------------------------|----------------|----------------|----------------------------------------------|
| Revenue                       | 30,048.6       | 29,759.3       | +1.0%                                        |
| Gross profit                  | 5,659.7        | 6,240.3        | −9.3%                                        |
| Gross margin                  | 18.8%          | 21.0%          | −2.2pp                                       |
| Selling and distribution      | 1,602.8 / 5.3% | 1,276.7 / 4.3% | Overseas sales companies and marketing       |
| Administrative                | 1,086.8 / 3.6% | 1,025.4 / 3.4% | Storage, logistics and new-base depreciation |
| Research and development      | 688.7 / 2.3%   | 710.0 / 2.4%   | −3.0%                                        |
| Profit attributable to owners | 2,235.0        | 2,910.2        | −23.2%                                       |

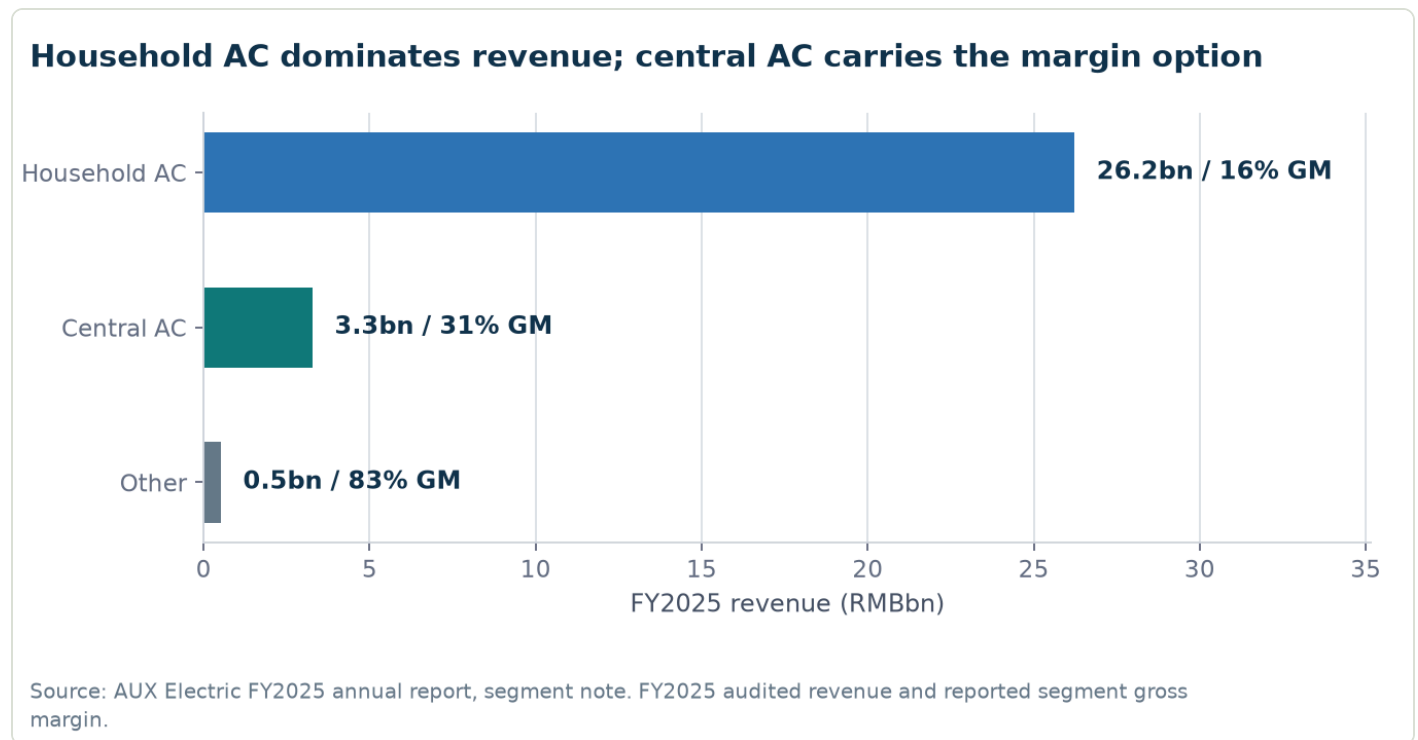
FY2025 operating-cost bridge, RMBm except ratios

The annual report attributes the 2.2-point margin fall to more intense competition, higher raw-material prices and elevated inventory in some regions. The expense lines show a second pressure: internationalisation required more channel and marketing spend before those investments produced group growth. The relevant test is therefore not simply whether

overseas revenue rises, but whether its gross profit covers the incremental sales infrastructure and currency exposure. (R)

## Product and geographic economics

Household air conditioners supplied RMB26.24bn, or 87.3%, of FY2025 revenue at a 16% gross margin. Central air conditioners supplied RMB3.29bn, or 10.9%, at a 31% gross margin. The difference makes central AC economically important despite its smaller scale. The residual category carries unusually high reported margin but is too small and heterogeneous to extrapolate. (R/D)



Household AC dominates the revenue base; central AC is the smaller, higher-margin line, so any shift toward it would lift the blended margin. Source: FY2025 annual report. (R/D)

Mainland China supplied RMB15.31bn, or 50.9%, of FY2025 revenue. Asia excluding China supplied RMB8.21bn, Europe RMB2.84bn, North America RMB1.45bn and South America RMB1.51bn. The top five customers represented 18.9% of revenue, while the top five suppliers represented 33.3% of cost of sales. Raw materials and components were more than 83% of cost of sales. (R/D)

| PRODUCT                    | REVENUE  | REVENUE SHARE | GROSS PROFIT | GROSS MARGIN | FY2024 MARGIN |
|----------------------------|----------|---------------|--------------|--------------|---------------|
| Household air conditioners | 26,235.4 | 87.3%         | 4,203.6      | 16.0%        | 19.2%         |
| Central air conditioners   | 3,284.6  | 10.9%         | 1,019.6      | 31.0%        | 30.4%         |
| Others                     | 528.6    | 1.8%          | 436.5        | 82.6%        | 44.5%         |
| Total                      | 30,048.6 | 100.0%        | 5,659.7      | 18.8%        | 21.0%         |

FY2025 product economics, RMBm except margins

Household AC produced almost three quarters of group gross profit because of its scale, despite its lower margin. Central AC produced 18.0% of gross profit from 10.9% of revenue. The small “others” category explains another 7.7% of gross profit, but its contents and unusually high margin make it unsuitable as a recurring group-margin assumption. (R/D)

| CUSTOMER LOCATION               | FY2025   | SHARE | FY2024   | CHANGE |
|---------------------------------|----------|-------|----------|--------|
| Chinese mainland                | 15,307.5 | 51.0% | 15,078.6 | +1.5%  |
| Asia excluding Chinese mainland | 8,208.2  | 27.3% | 7,339.9  | +11.8% |
| Europe                          | 2,835.5  | 9.4%  | 3,024.8  | −6.3%  |
| North America                   | 1,452.3  | 4.8%  | 2,095.1  | −30.7% |
| South America                   | 1,509.0  | 5.0%  | 1,507.0  | +0.1%  |
| Other countries / regions       | 736.0    | 2.4%  | 713.9    | +3.1%  |

FY2025 geographic revenue, RMBm

Asia outside mainland China added RMB868.4m and more than offset most of North America's RMB642.9m decline. That shift improved geographic diversity but increased exposure to currency translation, regional inventory and the Middle East. AUX says its products reach more than 160 countries and regions; the filed revenue table shows where customers are located, not the legal entity holding the cash or the final consumer's location. (R)

The brand table gives another view of channel economics. AUX-brand revenue rose 2.5% to RMB15.914bn; AUFIT generated RMB996.3m in its first disclosed year; Hutssom fell 39.0% to RMB829.3m; and ODM revenue declined 3.8% to RMB11.781bn. The self-owned and ODM mix matters because brand investment, pricing power, customer concentration and working-capital terms can differ even when the same factories supply the equipment. (R)

## The 1H2026 result confirmed the warning

AUX reported 1H2026 revenue of **RMB17.504bn, down 12.9%**, and profit after tax of **RMB1.108bn, down 40.8%**. Gross profit fell 19.2% to RMB3.170bn and gross margin narrowed to 18.1% from 19.5%. Household-air-conditioner revenue fell 14.1%; central-air-conditioner revenue fell 9.0%; ODM revenue fell 24.7%. Foreign-exchange losses increased to RMB342.1m from RMB6.0m. The numbers were broadly consistent with the 30 July guidance. (R/D)

| RMBM EXCEPT RATIOS          | 1H2026 | 1H2025 / DEC 2025 | CHANGE |
|-----------------------------|--------|-------------------|--------|
| Revenue                     | 17,504 | 20,085            | −12.9% |
| Gross profit                | 3,170  | 3,923             | −19.2% |
| Profit after tax            | 1,108  | 1,873             | −40.8% |
| Gross margin                | 18.1%  | 19.5%             | −1.4pp |
| Inventory                   | 5,157  | 6,431             | −19.8% |
| Trade and bills receivables | 5,470  | 2,997             | +82.5% |
| Cash and bank balances      | 7,737  | 6,879             | +12.5% |
| Current ratio               | 1.05×  | 1.12×             | lower  |

Income-statement comparatives are 1H2025; balance-sheet comparatives are 31 December 2025. (R/D)

The interim announcement does not include a complete cash-flow statement, so the operating-cash bridge remains unresolved. Management attributed the increase in cash and cash equivalents to operating and financing activities, while the balance sheet shows receivables rising sharply and the current ratio falling. A complete interim report is required to separate collection timing, dividend payment, capex and financing. (R/O)

| PRODUCT                    | REVENUE  | YOY CHANGE | GROSS PROFIT | GROSS MARGIN | 1H2025 MARGIN |
|----------------------------|----------|------------|--------------|--------------|---------------|
| Household air conditioners | 15,388.5 | −14.1%     | 2,364.0      | 15.4%        | 17.9%         |
| Central air conditioners   | 1,748.5  | −9.0%      | 481.8        | 27.6%        | 31.0%         |
| Others                     | 366.7    | +47.4%     | 323.9        | 88.3%        | 47.8%         |
| Total                      | 17,503.7 | −12.9%     | 3,169.7      | 18.1%        | 19.5%         |

1H2026 product revenue and margin, RMBm

Both core product lines lost margin. Household AC's 2.5-point fall had the larger group effect because it was 87.9% of revenue; central AC remained higher-margin but fell 3.4 points. Management cited weaker export gross profit, persistently elevated raw-material costs and renminbi appreciation. The residual category again carried an exceptional margin and should not be used to infer the economics of the core cooling units. (R/D)

| ITEM                     | 1H2026  | 1H2025  | CHANGE |
|--------------------------|---------|---------|--------|
| Chinese mainland revenue | 8,870.4 | 9,246.2 | -4.1%  |
| Asia ex mainland China   | 4,923.0 | 6,063.8 | -18.8% |
| Europe                   | 1,479.3 | 2,210.0 | -33.1% |
| North America            | 1,082.8 | 1,105.5 | -2.1%  |
| AUX brand                | 9,167.5 | 9,955.5 | -7.9%  |
| AUFIT brand              | 924.1   | 516.2   | +79.0% |
| ODM                      | 6,675.3 | 8,861.3 | -24.7% |

1H2026 geography and brand changes, RMBm

The regional decrease was broad rather than confined to one market. Asia outside mainland China accounted for RMB1.141bn of the RMB2.581bn group revenue decline, mainly in the Middle East; Europe fell RMB730.7m. AUFIT growth and the smaller decline in AUX-branded sales were not enough to offset the RMB2.186bn ODM contraction. (R/D)

| LINE                                    | 1H2026       | 1H2025       | READING                                              |
|-----------------------------------------|--------------|--------------|------------------------------------------------------|
| Selling and distribution                | 757.0 / 4.3% | 806.6 / 4.0% | Amount down 6.2%, ratio up                           |
| Administrative                          | 509.3 / 2.9% | 542.1 / 2.7% | Amount down 6.0%, ratio up                           |
| Research and development                | 368.4 / 2.1% | 312.1 / 1.6% | Up 18.0% on moulds, materials and new products       |
| Other expenses                          | 363.5        | 57.1         | Increase mainly from exchange losses                 |
| Net impairment loss on financial assets | 52.2         | 96.4         | Down 45.9%; issuer cited collection and customer mix |
| Finance costs                           | 17.0         | 35.5         | Down 52.1% with less forfeiting and borrowing        |

1H2026 operating expenses, RMBm except ratios

Fixed-cost absorption remained visible: selling and administrative amounts fell, but both rose as a percentage of lower revenue. R&D moved the other way, increasing while revenue contracted. Foreign exchange was the largest discrete step-up in other expenses, from an

approximately RMB6.0m loss to RMB342.1m. That identifies the location of the earnings shortfall more precisely than the profit-warning range alone. (R/D)

## Working capital expanded even as inventory fell

| BALANCE                     | 30 JUN 2026 | 31 DEC 2025 | CHANGE   |
|-----------------------------|-------------|-------------|----------|
| Inventories                 | 5,156.5     | 6,430.9     | −1,274.3 |
| Trade and bills receivables | 5,469.9     | 2,997.0     | +2,472.9 |
| Trade and bills payables    | 13,048.3    | 9,633.0     | +3,415.3 |
| Contract liabilities        | 1,730.9     | 4,181.9     | −2,451.0 |
| Net current assets          | 1,151.6     | 2,352.1     | −1,200.6 |
| Current ratio               | 1.05×       | 1.12×       | Lower    |

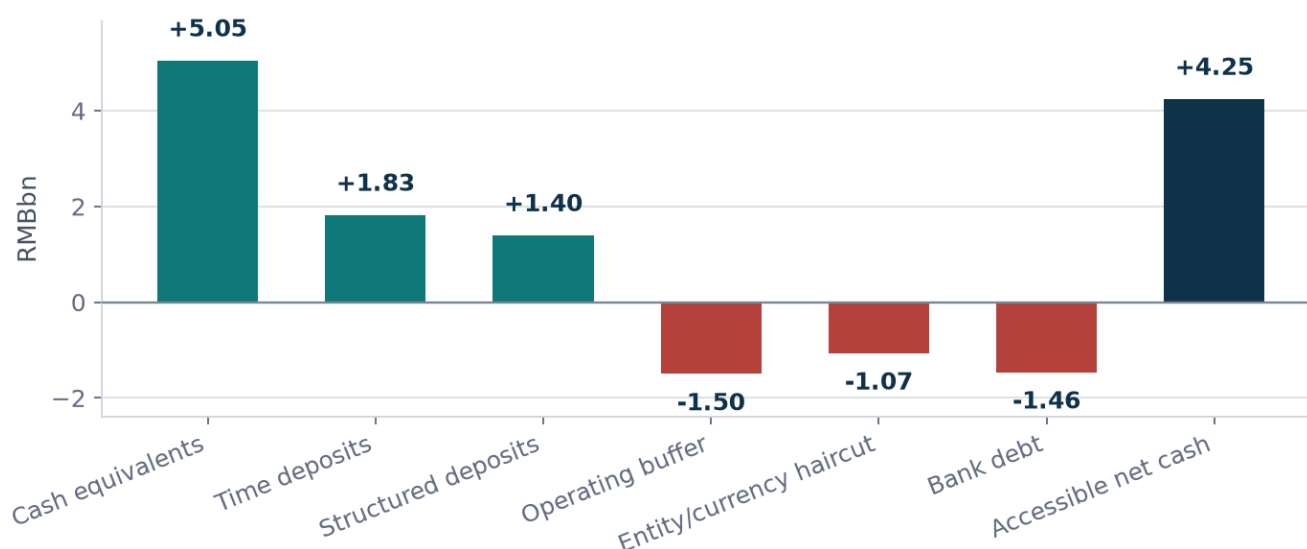
Working-capital and funding positions, RMBm

The company explains the receivable rise as normal first-half seasonality in overseas revenue, and the payable rise as more material procurement alongside higher production. Those explanations are compatible with the balances but do not complete the cash bridge: contract liabilities also fell sharply and the published interim package omits a full cash-flow statement. The next complete statements need to show whether June receivables collected, whether supplier balances reversed, and how much of the higher cash came from operations rather than financing. (R/O)

## Headline cash and accessible liquidity

At FY2025, the group reported RMB5.05bn of cash equivalents, RMB1.83bn of time deposits, RMB1.40bn of structured deposits and RMB2.63bn of pledged deposits, against RMB1.46bn of bank debt. These labels are not equally liquid or equally available to the listed parent. The chart applies an illustrative RMB1.50bn operating buffer and RMB1.07bn entity/currency haircut to the first three pools, then subtracts bank debt. The resulting RMB4.25bn is a derived accessibility case, not company guidance. (R/D)

## Accessible liquidity is smaller than headline cash



Source: AUX Electric FY2025 annual report. Accessible cash is stated after an operating buffer, an entity and currency access haircut and funded bank debt; pledged deposits are excluded.

Headline liquid balances require an entity, currency, operating-buffer and security analysis before they become deployable liquidity. Source: FY2025 annual report; SMID Research derivation. (R/D)

Other claims on liquidity include RMB2.13bn of contracted capital commitments and RMB9.63bn of trade and bills payables. Inventory was RMB6.43bn. Trade and bills receivables were RMB3.00bn, with the six-to-twelve-month ageing bucket rising to RMB294.8m from RMB39.8m. The statements disclose no public bond, public covenant package or externally imposed capital requirement. Absence of disclosure is not evidence that every facility is covenant-free. (R)

| ITEM                                  | 30 JUN 2026             | 31 DEC 2025                    | READING                                                       |
|---------------------------------------|-------------------------|--------------------------------|---------------------------------------------------------------|
| Cash and cash equivalents             | RMB7,586.6m             | RMB5,052.8m                    | Issuer says operating and financing cash flows drove increase |
| Cash and bank balances                | RMB7,736.6m             | RMB6,879.2m                    | Broader accounting line than cash equivalents                 |
| Variable / fixed-rate borrowings      | RMB658.5m / RMB1,875.0m | RMB602.8m / RMB860.0m          | Total debt rose to RMB2,533.5m                                |
| Pledged deposits securing bills       | RMB3,397.7m             | RMB2,627.7m                    | Restricted by security purpose                                |
| Pledged buildings and land-use rights | RMB629.9m               | RMB716.7m                      | Supports bank borrowings and facilities                       |
| Capital expenditure in period         | RMB960.4m               | RMB1,350.3m FY2025 MDA measure | Production-base construction                                  |

| ITEM                           | 30 JUN 2026 | 31 DEC 2025 | READING                                        |
|--------------------------------|-------------|-------------|------------------------------------------------|
| Contracted capital commitments | RMB1,695.5m | RMB2,124.6m | Manufacturing facilities; not yet provided for |

Liquidity, security and committed-spend perimeter

June cash equivalents rose by RMB2.534bn, but total borrowings rose by about RMB1.071bn and pledged deposits by RMB770m. The RMB1.684bn FY2025 final dividend was paid in August, after the balance-sheet date. A June liquidity snapshot therefore precedes that cash outflow and should not be treated as a clean post-dividend starting point. (R/D)

Two capex definitions appear in the filings. The FY2025 management discussion reports RMB1.350bn for construction in progress, machinery, fixtures, buildings and vehicles. The cash-flow-derived gross measure on this page totals about RMB1.822bn after including cash purchases of property, plant and equipment, intangibles, investment property and leasehold land. Both are useful, but they answer different questions and should not be mixed without reconciliation. (R/D)

## Research, manufacturing capacity and channel build-out

AUX reports three R&D centres in Ningbo, Zhuhai and Japan and a global R&D team of more than 1,600 people. It obtained 1,217 newly authorised patents in FY2025 and another 557 in 1H2026; by June, global applications exceeded 18,600 and maintained authorised invention patents exceeded 3,600. Patent counts demonstrate activity, not economic return, so they need to be read beside product mix, price, energy-efficiency claims and margin. (R)

| INDICATOR                | FY2025                      | 1H2026 / JUNE 2026   | READING                                         |
|--------------------------|-----------------------------|----------------------|-------------------------------------------------|
| R&D expense              | RMB688.7m / 2.3% of revenue | RMB368.4m / 2.1%     | 1H amount up 18.0% YoY                          |
| R&D network              | 3 centres; 1,600+ personnel | Unchanged disclosure | Ningbo, Zhuhai and Japan                        |
| Newly authorised patents | 1,217                       | 557 in the half      | Includes 6 and 4 overseas patents, respectively |
| Employees                | 15,631 at Dec 2025          | 15,246               | Versus 15,637 at Jun 2025                       |
| Capital expenditure      | RMB1,350.3m MDA measure     | RMB960.4m            | Mainly production-base construction             |

| INDICATOR                      | FY2025      | 1H2026 / JUNE<br>2026 | READING                            |
|--------------------------------|-------------|-----------------------|------------------------------------|
| Contracted capital commitments | RMB2,124.6m | RMB1,695.5m           | Manufacturing-facility commitments |

Operating investment indicators

The company is simultaneously funding self-owned brands, overseas sales operations, central AC, digital supply-chain systems and new manufacturing bases. Those initiatives can reinforce each other, but the public evidence does not yet isolate their returns. Useful disclosure would connect each major base or channel programme to commissioned capacity, utilisation, revenue, gross profit and cash payback rather than reporting patent, capex and geographic sales totals separately. (R/O)

## Questions for management

**What caused each part of the 1H2026 margin decline?** The result identifies weaker sales, cost pressure and RMB342.1m of FX losses, but does not quantify price, volume, mix, raw materials, freight and operating leverage as a complete bridge.

**How much cash is freely upstreamable?** Map cash, time deposits, structured deposits and pledged balances by legal entity, currency, operating need and upstreaming constraint.

**What protects cash during the capex and dividend cycle?** Reconcile the RMB2.13bn commitment book, capacity timetable, operating buffer and dividend policy under weaker earnings.

**Why did the older receivables bucket rise?** Identify whether the movement reflects customer mix, distributor support, geographic exposure, collection timing or a change in credit terms.

**Can central AC become material without diluting returns?** Provide order intake, utilisation, gross-margin durability, capital intensity and return-on-capital milestones.

**What is the commodity and currency sensitivity?** Publish a consistent bridge for copper, aluminium, plastics and renminbi movements, including the lag between input costs and

## What it does with the cash

Capital allocation, RMB billion. The two rows to read together are capital expenditure and the operating cash flow above it. **Capex rose sevenfold between 2022 and 2025, from RMB0.26bn to RMB1.82bn, while operating cash flow fell from RMB4.00bn to RMB2.89bn.** Capital spending absorbed 7% of operating cash flow in 2022 and 63% in 2025. The business is becoming materially more capital-intensive at the same time as it is generating less cash from trading.

| RMB BN                                | 2022        | 2023        | 2024        | 2025        |
|---------------------------------------|-------------|-------------|-------------|-------------|
| Revenue                               | 19.53       | 24.83       | 29.76       | 30.05       |
| Gross profit                          | 4.15        | 5.42        | 6.24        | 5.66        |
| ... gross margin                      | 21.3%       | 21.8%       | 21.0%       | 18.8%       |
| Net profit                            | 1.44        | 2.49        | 2.91        | 2.23        |
| Operating cash flow                   | 4.00        | 4.63        | 2.52        | 2.89        |
| Gross capital expenditure             | <b>0.26</b> | <b>0.42</b> | <b>1.03</b> | <b>1.82</b> |
| ... as a share of operating cash flow | <b>7%</b>   | <b>9%</b>   | <b>41%</b>  | <b>63%</b>  |
| Cash and bank balances                | 2.39        | 5.61        | 2.91        | 6.88        |

The margin rows say why that matters. Revenue was flat in 2025, up about 1% to RMB30.05bn, but gross profit *fell* from RMB6.24bn to RMB5.66bn and gross margin went from 21.0% to 18.8%; net profit fell 23% to RMB2.23bn and net margin from 9.8% to 7.4%. So the step-up in capital spending is being made out of a shrinking profit stream, not a growing one. **Provenance note:** the refreshed research pack retains 41 unique HKEX filing PDFs and 72 canonical claims. FY2025 revenue, gross profit, net profit, cash flows and share capital are linked to the audited annual report; the 30 July profit warning and 18 August board notice are also deep-read critical evidence.

The FY2025 final dividend was RMB1.06 per share, RMB1.684bn in aggregate. The annual report also states an intention for annual dividends from 2025 through 2027 to be no less than 75% of profit attributable to owners, subject to the stated conditions and approvals.

That policy competes with production-base commitments and working capital for the same operating liquidity; it is not a substitute for a cash-flow payout test. (R)

## IPO proceeds are funding a four-year build-out

AUX listed on 2 September 2025, issuing 238.235m shares at HK\$17.42 and receiving about **HK\$3.994bn** of net proceeds. By 31 December 2025 it had used HK\$1.381bn; by 30 June 2026 cumulative use reached HK\$2.027bn, leaving HK\$1.967bn. The plan remained unchanged, and the three investment buckets retain a stated four-year utilisation window. (R)

| PURPOSE                                        | PLANNED          | UNUTILISED 1<br>JAN | USED IN<br>1H2026 | UNUTILISED 30<br>JUN |
|------------------------------------------------|------------------|---------------------|-------------------|----------------------|
| Worldwide research and development             | 798.7 / 20%      | 584.4               | 151.8             | 432.6                |
| Intelligent manufacturing and supply chain     | 1,996.8 /<br>50% | 1,388.0             | 331.4             | 1,056.6              |
| Sales and distribution channels                | 798.7 / 20%      | 640.6               | 163.0             | 477.6                |
| Working capital and general corporate purposes | 399.4 / 10%      | —                   | —                 | —                    |
| Total                                          | 3,993.5          | 2,613.0             | 646.2             | 1,966.8              |

IPO proceeds use at 30 June 2026, HK\$m

The working-capital allocation had already been fully used by year-end 2025, mainly for salaries, with smaller amounts for freight, utilities, repairs, advertising, inland haulage and promotion. At June 2026, more than half of the remaining proceeds sat in intelligent manufacturing and supply-chain projects. The decision-useful follow-up is not only spend against budget, but commissioned assets, utilisation and incremental cash contribution from each programme. (R)

## What you can watch yourself

*Every other test on this page waits for the company to file. These do not. Each row is a series you can look up yourself, free, today — with its latest recorded value and date, source, and limitations. Market-price context is not a company-specific operating trigger.*

## LME copper three-month closing price, USD per tonne

In the LME Closing Prices table, read Copper in the 3-month column, in USD per metric tonne. Use the Data valid for date, not the page date or the separate copper-page headline.

LONDON METAL EXCHANGE

---

|                   |                                                                                |
|-------------------|--------------------------------------------------------------------------------|
| LAST RECORDED     | 14,768 US\$/t, 2026-09-09                                                      |
| THRESHOLD STATUS  | No calibrated operating threshold; No verified historical comparison retained. |
| HOW OFTEN TO LOOK | weekly (the series prints daily)                                               |

---

**WHAT IT POINTS TO.** Copper-bearing compressor parts, coils and tubing create input-cost exposure in cooling equipment manufacture.

*Direction only — this pack does not carry a coefficient from this series to reported earnings.*

**WHAT IT CANNOT TELL YOU.** The exchange closing price is market context, not the company's purchase cost. Procurement timing, inventories, hedges, product mix and customer pass-through can separate it from reported margins. The 10 September 2026 correction withdraws the former watch/alert bands: their sources were not verified on a comparable benchmark, and no company-specific cost threshold was established. Check the next margin disclosure and management's explanation before inferring an earnings effect.

---

Settled by the FY2026 results and gross-margin disclosure, due 2027-03-31. Lead time: depends on procurement, inventory and customer pricing terms.

---

Watchlist reviewed on 2026-09-10; each observation has its own date above. This watchlist date does not change the company research cutoff. A series moving past a level is a reason to re-read the case, not a recommendation. The same series across every company covered: [what you can watch](#).

## Download

---

A print-ready PDF of this page, for reading away from the screen: [AUX Electric evidence library \(PDF\)](#). It carries the same content as this page — the financial record, product and geographic economics, the 1H2026 result, working capital, liquidity, research and capacity, the IPO proceeds and questions for management — and the same omissions: no rating, no fair value, no forecast.

## Sources and method

---

**Where the primary sources are filed.** [HKEX issuer page for 2580](#) · [HKEXnews listed-company document search \(stock code 2580\)](#). Exchange portals re-file and purge documents over time; the text above cites each document by name and date so it can be found again. **Tables on this page as data:** [JSON](#) · [CSV](#) — the page's own as-filed and recomputed tables, cell for cell, with their section and caption.

This page uses the 2025 prospectus, FY2025 annual report, 1H2025 interim report, 30 July 2026 profit warning, 28 August 2026 interim result and the complete HKEX announcement tape through 28 August 2026. Reported values are retained as filed. The public page deliberately excludes forecasts, scenarios, recommendation, fair value and any conclusion about the share price or a credit letter grade.

[Primary source: FY2025 annual report](#) · [Primary source: 1H2026 interim results](#) · [Primary source: profit warning](#) · [HKEX announcement archive](#)

### Reader questions & corrections

---

Ask about this company, challenge a source or suggest a factual correction. Only selected questions that SMID Research has reviewed and answered are published.

[Discuss public information and ideas with readers](#). Posts are independent reader discussion, not SMID Research coverage.

No reader questions have been published yet.

#### BEHIND THE LOCK

The author-only working pack contains integrated equity and credit analysis, a model workbook and the full deck. It remains private, not for distribution and not approved for publication.

## 9 September 2026 corrections

---

These bounded retrospective corrections clarify specific published facts or calculations. They retain each report's existing research cutoff and do not represent a full refresh or a finding that all possible issues are resolved.

## AUX Electric Co., Ltd.

- **Internal Inconsistency.** The cited FY2025 cash-derived capex total is RMB1.822bn when the stated investment-property cash purchase is included. Source basis: existing published annual-report inputs. Limitation: This is not management's own capex definition.

## Price & events

---

No dedicated price & events section is published on this company page.

## Transcripts

---

Find available event transcripts in the transcript library.

[Browse company transcripts](#)

## Private vault

---

Forecasts, ratings and full initiation research are in the private research library.

[Open private vault](#)

---

SMID Research — a library of primary-source financial history for Singapore and Asian small and mid caps. Information only; not advice.

[Coverage](#) · [Methodology](#) · [Contact](#)

**Important.** This site is prepared for general circulation and information purposes only. It does not constitute investment advice or research recommendations and makes no recommendation to buy, sell or hold any security.

© SMID Research 2026