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X.J. ELECTRICS (HU BEI) CO., LTD

湖北香江電器股份有限公司

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

(Stock Code: 2619)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue decreased by 11.7% from RMB614.4 million for the six months ended 30 June 2024 to RMB542.8 million for the six months ended 30 June 2025.
- Gross profit decreased by 21.7% from RMB137.4 million for the six months ended 30 June 2024 to RMB107.6 million for the six months ended 30 June 2025.
- Net profit amounted to RMB25.3 million for the six months ended 30 June 2025, representing a decrease of 58.2% from RMB60.5 million for the six months ended 30 June 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of X.J. ELECTRICS (HU BEI) CO., LTD (the “**Company**”, together with its subsidiaries, the “**Group**” or “**we**”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2024, which have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	<i>Notes</i>	Six months ended 30 June	
		2025 <i>RMB'000</i> (Unaudited)	2024 <i>RMB'000</i> (Unaudited)
Revenue	5	542,816	614,423
Cost of sales		(435,249)	(477,013)
		107,567	137,410
Gross profit		12,747	8,762
Other income			
Impairment losses under expected credit loss ("ECL") model, net of reversal		380	773
Other gains and losses, net		2,492	8,523
Selling expenses		(12,355)	(14,900)
Administrative expenses		(55,377)	(45,819)
Research and development expenses		(14,740)	(16,455)
Other expenses		–	(1,806)
Listing expenses		(1,881)	–
Finance costs		(8,083)	(5,561)
		30,750	70,927
Profit before tax			
Income tax expense	6	(5,437)	(10,388)
		25,313	60,539
		25,313	60,539
Other comprehensive income (expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		818	(200)
Fair value loss, net of ECL and reclassification adjustments upon derecognition of trade receivables at fair value through other comprehensive income ("FVTOCI")		(34)	–
		784	(200)
Other comprehensive income ("OCI") for the period			
		26,097	60,339
		26,097	60,339
Earnings per share			
– Basic and diluted (<i>RMB</i>)	8	0.12	0.30
		0.12	0.30

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		562,289	503,725
Right-of-use assets		89,531	100,004
Investment properties		12,781	13,166
Intangible assets		113	125
Deferred tax assets		13,189	14,482
Prepayments for non-current assets		17,625	17,682
Prepayments and other receivables		4,109	4,194
Pledged and restricted bank deposits		35,000	35,000
		734,637	688,378
Current assets			
Inventories		265,644	207,357
Income tax recoverable		2,927	2,491
Trade receivables	9(a)	181,647	235,640
Prepayments and other receivables		79,797	96,669
Trade receivables at FVTOCI	9(b)	9,218	2,145
Pledged and restricted bank deposits		28,481	145
Bank balances and cash		593,617	474,154
		1,161,331	1,018,601
Current liabilities			
Trade and bills payables	10	274,301	292,474
Other payables and accruals		62,931	58,906
Income tax payable		543	8,082
Borrowings	11	271,191	207,055
Lease liabilities		13,008	19,806
Contract liabilities		26,599	43,508
Deferred income		81	163
		648,654	629,994
Net current assets		512,677	388,607
Total assets less current liabilities		1,247,314	1,076,985

	<i>Notes</i>	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Borrowings	11	118,657	116,036
Lease liabilities		29,556	32,693
Deferred income		2,047	2,045
		<u>150,260</u>	<u>150,774</u>
Net assets		<u>1,097,054</u>	<u>926,211</u>
Capital and reserves			
Share capital	12	272,880	204,660
Reserves		824,174	721,551
Total equity		<u>1,097,054</u>	<u>926,211</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION

X.J. Electrics (Hu Bei) Co., Ltd 湖北香江電器股份有限公司 (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) as a joint stock company with limited liability. The controlling shareholder of the Company are Mr. Pan Yun and Mr. Guangshe Pan, son of Mr. Pan Yun (collectively the “**Controlling Shareholders**”). The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 June 2025 (the “**Listing**”).

During the six months ended 30 June 2025, the Company and its subsidiaries (the “**Group**”) is principally engaged in the businesses of research and development, design, manufacturing and sales of electric home appliances and non-electric household goods.

2. BASIS OF PREPARATION

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

3. APPLICATION OF AN IFRS ACCOUNTING STANDARD

In the current interim period, the Group has applied the following amendments to an IFRS Accounting Standard issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

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

4. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those adopted in the preparation of the underlying financial statements of the Group for the preparation of historical financial information for the three years ended 31 December 2024 as set out in the accountants’ report as set out in Appendix I to the prospectus of the Company dated 17 June 2025 in connection with the proposed global offering of H shares of the Company on the Main Board of the Stock Exchange.

5. REVENUE AND SEGMENT INFORMATION

Types of goods

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Electric home appliances		
– Electro-thermic appliances	275,694	296,238
– Motor-driven appliances	111,458	127,415
– Electronic appliances	51,385	43,885
	<u>438,537</u>	<u>467,538</u>
Non-electric household goods		
– Garden hose	97,628	135,033
– Others (<i>note</i>)	6,651	11,852
	<u>104,279</u>	<u>146,885</u>
	<u><u>542,816</u></u>	<u><u>614,423</u></u>

Note: Others include cookware, cleaning tools and other household goods etc.

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and performance assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures and geographic information are presented.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax	5,615	9,319
– Hong Kong	473	97
– U.S.	–	166
	<u>6,088</u>	<u>9,582</u>
Over provision in prior years:		
– PRC Enterprise Income Tax	(1,944)	–
	<u>4,144</u>	<u>9,582</u>
Deferred tax	<u>1,293</u>	<u>806</u>
	<u>5,437</u>	<u>10,388</u>

PRC Enterprise Income Tax

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The Company is accredited as High New Tech Enterprises and is subject to preferential tax rate of 15% during the accredited period.

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

U.S.

Pursuant to the applicable U.S. federal and state income tax laws, the U.S. subsidiaries have provided income taxes on their federal and state taxable income at the 21% U.S. federal statutory corporate income tax rate and states statutory corporate tax rates of up to 8.84% for both periods.

7. DIVIDENDS

No dividends were paid, declared or proposed during the current and prior reporting periods. The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

8. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for basic earnings per share (<i>RMB'000</i>)	25,313	60,539
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (<i>'000</i>)	206,921	204,660

The computation of diluted earnings per share for the period ended 30 June 2025 does not assume the exercise of over-allotment options as the exercise price of those options was higher than the average market price of the shares over the over-allotment period. No diluted earnings per share are presented as there were no potential dilutive ordinary shares in issue during the period ended 30 June 2024.

9. TRADE RECEIVABLES/TRADE RECEIVABLES AT FVTOCI

(a) Trade receivables

	At	At
	30 June	31 December
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	186,913	241,286
Less: allowance for ECL	(5,266)	(5,646)
	181,647	235,640

Ageing of trade receivables is prepared based on the dates of delivery of goods, which approximated the respective revenue recognition dates, as follows:

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Within 1 year	182,845	236,440
1–2 years	819	776
2–3 years	68	840
Over 3 years	3,181	3,230
	186,913	241,286

The normal credit term to the customers ranged between 30 to 135 days.

(b) **Trade receivables at FVTOCI**

The Group

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Trade receivables at FVTOCI	9,218	2,145

The amounts represent the trade receivables that were held under the “hold to collect and sell” business model, whose objective is achieved by both collecting contractual cash flows and factoring trade receivables to the banks without recourse. Hence these trade receivables are measured at FVTOCI. In the opinion of the directors of the Company, when the trade receivables are factored to banks, the Group transfers substantially all the risks and rewards of ownership to banks, and accordingly the related trade receivables are derecognised. All of the Group’s trade receivables at FVTOCI are aged within 1 year.

10. TRADE AND BILLS PAYABLES

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Trade payables	249,478	264,457
Bills payables	24,823	28,017
	274,301	292,474

The following is the ageing analysis of trade payables based on the date of goods and services received at the end of each reporting period:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 1 year	246,916	262,081
1–2 years	678	104
2–3 years	195	251
Over 3 years	1,689	2,021
	<u>249,478</u>	<u>264,457</u>

The credit period on purchases of goods and services of the Group is within 120 days. All the bills payable are matured within one year.

11. BORROWINGS

During the six months ended 30 June 2025, the Group obtained new bank loans amounting to RMB382,273,000 (six months ended 30 June 2024: RMB262,459,000). The new loans carry interest at fixed market rates of 2.55% to 5.00% and are repayable in instalments over a period of six months to 3 years.

During the six months ended 30 June 2025, the Group repaid borrowings of RMB315,335,000 (six months ended 30 June 2024: RMB226,474,000).

The Group's variable-rate bank borrowings carry interest at Loan Prime Rate adjusted by floating up or down a certain percentage. The interest rate is reset at regular intervals, ranging from 1 to 12 months.

12. SHARE CAPITAL

	Number of shares	Share capital RMB'000
Ordinary shares of RMB1 each		
Registered, issued and fully paid		
At 1 January 2024 (audited), 30 June 2024 (unaudited), and		
At 1 January 2025 (audited)	204,659,509	204,660
Issue of shares upon listing (<i>note</i>)	68,220,000	68,220
	<u>272,879,509</u>	<u>272,880</u>

Note: On 25 June 2025, upon listing on the Hong Kong Stock Exchange, the Company issued 68,220,000 H shares with par value of RMB1 each at HK\$2.86 (equivalent to approximately RMB2.61) each with gross proceeds of approximately HK\$195,109,000 (equivalent to approximately RMB178,092,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is a manufacturer of lifestyle household goods in the People's Republic of China (the "PRC" or "China"). The Group focuses on research and development, design, manufacturing and sales of electric home appliances and non-electric household goods. The Group's electric home appliances consist of three categories, namely (i) electro-thermic appliances, such as electric griddle, air fryer and kettle; (ii) motor-driven appliances, such as blender, mixer and electric can opener; and (iii) electronic appliances such as digital scale, humidifier and laser projector light. The Group also offers non-electric household goods such as garden hose and cookware.

Business Review

In the first half of 2025, ongoing uncertainties resulting from the U.S. trade policies such as the Reciprocal Tariff Policy promoted a more cautious, wait-and-see approach among the downstream customers of the Group. Consequently, the Group's sales volume decreased by 15.4% from 10.6 million units for the six months ended 30 June 2024 to 9.0 million units for the six months ended 30 June 2025, and its revenue decreased by 11.7% from RMB614.4 million for the six months ended 30 June 2024 to RMB542.8 million for the six months ended 30 June 2025. Despite the unfavourable conditions, the Group leveraged its strengths in product quality and service capabilities, capitalised on the strategic advantages of its production capacity layout and flexibly adjusted its sales strategies. In addition, the Group actively explored emerging markets and expanded its product offerings.

Meanwhile, affected by the decline in gross profit margins for certain products, the Group's gross profit margin decreased from 22.4% for the six months ended 30 June 2024 to 19.8% for the six months ended 30 June 2025. The Group recorded gross profit of RMB107.6 million in the first half of 2025, representing a decrease of approximately 21.7% as compared to RMB137.4 million for the corresponding period of 2024. With the gradual commissioning of the production facilities in the PRC and Indonesia, the Group incurred administrative expenses for the first half of 2025 of RMB55.4 million, representing an increase of 20.9% as compared to RMB45.8 million for the corresponding period of 2024. Due to overall exchange rate fluctuations during the period, foreign exchange gains for the first half of 2025 decreased by 49.2% to RMB4.5 million. As a result of these combined factors, the Company's net profit for the first half of 2025 declined by 58.2% as compared to the corresponding period of 2024.

Business Prospects

In an increasingly complex and dynamic operating environment, the Company will steadfastly focus on implementing its strategic objectives, and fully leveraging its strengths in intelligent manufacturing of household goods to continuously enhance its core competitiveness and market share. The Company will adopt several measures, including but not limited to:

(I) Advancing Overseas Production Capacity to Unlock Business Growth Opportunities

Amid the tense trade relations between the U.S. and China, the Company has proactively established overseas production bases. Since 2023, the Company established its first overseas production facility set up in Indonesia, and initiated the establishment of its second overseas production base in Thailand (with an investment covering 67 mu of land in 2024). Once both bases reach full production, the Company will achieve optimised resource allocation across its three major bases in China, Indonesia, and Thailand, establishing a globalised production network. This will effectively mitigate various trade risks, minimise the impact of tariffs on the Company's operations, and create new avenues for business growth.

(II) The Level of Automation and Digitalisation

To stay ahead of the competition and align with the digital trend, the Company has launched a smart manufacturing initiative and established a factory in Huizhou, the PRC (the "**XJ Intelligence Factory**"). The Company has procured more advanced automated equipment and machines to build smart production lines. In addition, the Company plans to implement a computerised manufacturing execution system at the XJ Intelligence Factory, supported by a robust information technology infrastructure to enable real-time monitoring of overall production operations. The modernised and digitalised production in the XJ Intelligence Factory are expected to contribute to the Company's sustainable growth.

(III) Strengthening R&D Investment to Build Core Competitiveness

The Company recognises that R&D innovation is the core driver of its development and will continue to increase investment in R&D and technological innovation. The Company intends to build a R&D centre in Qichun County, Hubei Province (the "**New R&D Centre**"), which occupies an aggregate construction area of approximately 6,000 sq.m for R&D of new products and testing laboratory. Additionally, by establishing close partnerships with universities (such as Southern University of Science and Technology) and research institutions, the Company will actively engage in cutting-edge technology research, exploring the application of new technologies, processes, and materials in the manufacturing of household goods. This will enhance the technological content and add value of its products, establishing the Company's unique core competitiveness.

Financial Review

Revenue

The revenue of the Group decreased by 11.7% from RMB614.4 million for the six months ended 30 June 2024 to RMB542.8 million for the six months ended 30 June 2025, primarily attributable to the reduction in sales as a result of the uncertainties caused by the U.S. tariff policies.

Gross profit and gross profit margin

The gross profit of the Group decreased by 21.7% from RMB137.4 million for the six months ended 30 June 2024 to RMB107.6 million for the six months ended 30 June 2025, primarily due to the decline in the Group's sales volume and overall gross profit margin.

The gross profit margin of the Group decreased by 2.6% from 22.4% for the six months ended 30 June 2024 to 19.8% for the six months ended 30 June 2025, mainly driven by the decline in the gross profit margin of certain products.

Cost of sales

The cost of sales of the Group decreased by 8.8% from RMB477.0 million for the six months ended 30 June 2024 to RMB435.2 million for the six months ended 30 June 2025, primarily due to a decline in sales volume as a result of the ongoing uncertainties arising from the U.S. trade policies.

Other income

The other income of the Group increased from RMB8.8 million for the six months ended 30 June 2024 to RMB12.7 million for the six months ended 30 June 2025, mainly attributable to the increase in government grants by 190.5% from RMB1.4 million for the six months ended 30 June 2024 to RMB4.1 million for the six months ended 30 June 2025.

Other gains and losses

The other gain of the Group decreased from RMB8.5 million for the six months ended 30 June 2024 to RMB2.5 million for the six months ended 30 June 2025, primarily due to a reduction in foreign exchange gains caused by exchange rate fluctuations.

Selling expenses

The selling expenses of the Group decreased by 17.1% from RMB14.9 million for the six months ended 30 June 2024 to RMB12.4 million for the six months ended 30 June 2025, mainly due to a reduction in sales personnel salaries resulting from decreased sales volume.

Administrative expenses

The administrative expenses of the Group increased by 20.9% from RMB45.8 million for the six months ended 30 June 2024 to RMB55.4 million for the six months ended 30 June 2025, primarily due to the increase in management personnel for our production facilities in the PRC and Indonesia.

Research and development expenses

The research and development expenses of the Group decreased by 10.4% from RMB16.5 million for the six months ended 30 June 2024 to RMB14.7 million for the six months ended 30 June 2025, primarily due to the decline in the number of R&D projects during the Reporting Period.

Other expenses

The Group did not record any other expenses for the six months ended 30 June 2025 as compared to other expenses of RMB1.8 million for the corresponding period of 2024, primarily due to the reduction in donation and termination of its previous A share listing attempt in 2024.

Financial costs

The Group's financial costs increased from RMB5.6 million for the six months ended 30 June 2024 to RMB8.1 million for the six months ended 30 June 2025, which was primarily due to the cessation of interest capitalisation following the completion of construction of the XJ Intelligence Factory.

Income tax expenses

The income tax expenses decreased from RMB10.4 million for the six months ended 30 June 2024 to RMB5.4 million for the six months ended 30 June 2025, mainly due to a decline in income before tax for the Reporting Period as compared to the corresponding period in 2024. The Group's effective tax rate increased from 14.6% for the six months ended 30 June 2024 to 17.7% for the Reporting Period.

Net profit

As a result of the foregoing, the Group recorded net profit of RMB25.3 million for the six months ended 30 June 2025, compared to net profit of RMB60.5 million for the six months ended 30 June 2024.

Financial position

Shareholders' equity increased from RMB926.2 million as at 31 December 2024 to RMB1,097.1 million as at 30 June 2025, mainly due to the increase in issued share capital and reserves from the Listing and an increase in reserves resulting from the profit recorded during the Reporting Period.

Liquidity and financial resources

As at 30 June 2025, the Group had a total of RMB593.6 million in bank balances and cash and pledged and restricted bank deposits of RMB63.5 million in aggregate, primarily due to proceeds from the Listing and increase in bank borrowings.

As at 30 June 2025, the Group had bank borrowings of approximately RMB389.8 million (31 December 2024: approximately RMB323.1 million).

As at 30 June 2025, the Group has not provided guarantees and pledges to related parties.

Gearing ratio

The Group's gearing ratio, being on total liabilities divided by total assets and multiplied by 100%, was 45.7% and 42.1% as at 31 December 2024 and 30 June 2025, respectively.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its debtors. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available in order to meet its funding requirements and commitment timely.

Market Risks

The Group is exposed to various types of market risks, including changes in interest rates and risk of change in industry policies.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the cash and bank deposits held by the Group, interest-bearing bank and other borrowings. The Group mainly controls its exposure to interest rate risks associated with certain cash holdings and bank deposits, interest-bearing bank and other borrowings by placing them in appropriate short-term deposits at fixed or floating interest rates and at the same time by borrowing loans at a mixture of fixed or floating interest rates.

The Group had not used any interest rate swaps to hedge its exposure to interest rate risk for the six months ended 30 June 2025.

Risk of change in industry policies

An array of laws, regulations and rules on the global lifestyle household goods industry, global small home appliance industry and global garden hose industry in China constitute the external regulatory and legal environment for the Company's ordinary and continuous operation and have great influence on the Company's business development, production and operation, domestic and foreign trade, and capital investment etc. Changes in relevant industry policies may have corresponding effects on the Company's production and operation.

Foreign exchange risk

Based on the global development of the Group's business and the establishment of overseas branches, our revenue is denominated in US dollars and Renminbi and the proceeds of initial public offering is denominated in Hong Kong dollars. As at 30 June 2025, the Group has not formulated any foreign currency hedging policies for foreign currency transactions, assets, and liabilities. The Group will regularly review foreign exchange risks and use derivative financial instruments to hedge such risks as necessary.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2025 (2024: Nil).

Information on Employees

As at 30 June 2025, the Group had 2,380 employees, including the executive Directors. Total staff costs (including Directors' emoluments) were approximately RMB103.3 million for the six months ended 30 June 2025, as compared to approximately RMB111.1 million for the six months ended 30 June 2024. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

The Group places high value on recruiting, training and retaining its employees. The Group maintains high recruitment standards and provide competitive compensation packages. Remuneration packages for the Group's employees generally include basic salaries, bonuses and other employee benefits such as medical insurance. The Group has adopted a training policy and also provides on-the-job training to its employees to enhance their technical and safety knowledge. As required under PRC regulations, the Group participates in various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

Use of proceeds from the Global Offering

The Company was listed on the Stock Exchange on 25 June 2025 (the “**Listing Date**”). The net proceeds raised from Global Offering were approximately HK\$155.6 million.

As at 30 June 2025, the total net proceeds of approximately HK\$155.6 million from the Global Offering remained unutilised since the Company was newly listed on the Listing Date. The net proceeds from the Listing will be utilised in accordance with the purposes and timetable previously disclosed in the section headed “Future Plans and Use of Proceeds” of the prospectus dated 17 June 2025 (the “**Prospectus**”). As at the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds.

Significant Investments Held

As at 30 June 2025, the Group did not hold any significant investment in equity interest in any other company.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus, as at 30 June 2025, the Group did not have plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures for the six months ended 30 June 2025.

Continuing Disclosure Obligations pursuant to the Listing Rules

Save as disclosed in this announcement, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Purchase, Sale or Redemption of the Company’s Listed Securities

During the period from the Listing Date to the date of this announcement, there was no purchase, sale or redemption of any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company by the Company or any of its subsidiaries. As at 30 June 2025, the Company did not hold any treasury shares.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors.

The Board is pleased to confirm that, after making specific enquiries with all Directors and Supervisors, all Directors and Supervisors have fully complied with the standards required according to the Model Code set out in Appendix C3 to the Listing Rules during the period from the Listing Date to 30 June 2025.

Corporate Governance

The Company aims to achieve high standards of corporate governance, which are crucial to the Company’s development and safeguard the interests of the Shareholders.

The Company has applied the principles of good corporate governance and adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as its own code of corporate governance. The Company has complied with all applicable code provisions set out in Part 2 of the CG Code since the Listing Date to 30 June 2025, save as the below.

Pursuant to code provision C.2.1 of Appendix C1 to the Listing Rules, the roles of chairperson and chief executive should be separate and should not be performed by the same individual. However, in view of Mr. Pan Yun’s extensive industry experience, personal profile and critical role in the Group’s historical development, the Board is of the view that it would be in the best interests of the Group for Mr. Pan Yun to hold both positions. In addition, the current composition of the Board, including three independent non-executive Directors, will play an active role in ensuring a balance of power and authority.

The Group will continue to review and monitor the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

Events after the Reporting Period

Subsequent to the six months ended 30 June 2025 and up to the date of this announcement, no significant events that are relevant to the business or financial performance of the Group have come to the attention of the Directors.

Audit Committee

As at 30 June 2025, the Audit Committee has three members comprising Dr. Gu Zhaoyang (chairman), Dr. Huang Hanxiong and Dr. Li Jiannan, all being independent non-executive Directors.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the unaudited interim financial information of the Group for the six months ended 30 June 2025 and this announcement. The Audit Committee is of the opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

Review of Interim Results

The Audit Committee has, together with the management, reviewed the accounting policies adopted by the Group. They also discussed risk management, internal controls of the Group and financial reporting matters, including having reviewed and agreed to the unaudited condensed consolidated financial information during the Reporting Period.

Publication of Results Announcement and Interim Report

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.xjgroup.com. The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be published on the above websites in due course.

By Order of the Board
X.J. Electrics (Hu Bei) Co., Ltd
Mr. Pan Yun
Chairman and Executive Director

Shenzhen, PRC, 26 August 2025

As at the date of this announcement, the executive Directors are Mr. Pan Yun, Mr. Guangshe Pan, Ms. Ji Ying, Ms. Li Youxiang, Mr. Xu Xiping and Ms. Hu Yan; and the independent non-executive Directors are Dr. Huang Hanxiong, Dr. Li Jiannan and Dr. Gu Zhaoyang.