

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Ruifeng Power Group Company Limited 瑞豐動力集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 2025)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL SUMMARY

	Six months ended 30 June		
	2025	2024	
	(Unaudited)	(Unaudited)	Change
Major items of Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Revenue (RMB'000)	550,178	430,971	27.7%
Gross profit (RMB'000)	62,017	51,111	21.3%
Gross profit margin	11.3%	11.9%	(0.6 ppt)
Profit for the period attributable to equity shareholders of the Company (RMB'000)	17,350	14,062	23.4%
Net profit margin	3.2%	3.3%	(0.1 ppt)
Basic and diluted earnings per share (RMB cent)	<u>2.17</u>	<u>1.76</u>	

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

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ruifeng Power Group Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”) and the unaudited consolidated statement of financial position of the Group as at 30 June 2025 which have been reviewed by the audit committee of the Company (the “**Audit Committee**”) together with the comparative figures for the same period of 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	550,178	430,971
Cost of sales		<u>(488,161)</u>	<u>(379,860)</u>
Gross profit	4(b)	62,017	51,111
Other income	5	4,613	11,946
Selling expenses		(6,777)	(4,069)
Administrative expenses		(40,922)	(39,745)
Other gains and expenses	6	<u>11,526</u>	<u>3,158</u>
Profit from operations		30,457	22,401
Finance costs	7(a)	<u>(6,407)</u>	<u>(5,244)</u>
Profit before taxation	7	24,050	17,157
Income tax	8	<u>(6,700)</u>	<u>(3,095)</u>
Profit for the period attributable to equity shareholders of the Company		<u>17,350</u>	<u>14,062</u>
Earnings per share			
Basic and diluted (RMB cent)	9	<u>2.17</u>	<u>1.76</u>
Profit for the period		17,350	14,062
Other comprehensive income for the period (after tax):			
Item that will not reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements into presentation currency		(8,417)	258
Item that may be reclassified subsequently to profit or loss			
– Exchange difference on consolidation		<u>6,646</u>	<u>–</u>
Total other comprehensive income for the period (after tax)		(1,771)	258
Total comprehensive income for the period attributable to equity shareholders of the Company		<u>15,579</u>	<u>14,320</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025

		At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		994,059	972,402
Right-of-use assets		99,672	100,946
Deferred tax assets		17,538	19,100
Other non-current assets		23,718	40,897
		<u>1,134,987</u>	<u>1,133,345</u>
Current assets			
Inventories		301,296	319,677
Trade receivables, other receivables and prepayments	10	360,959	324,432
Prepaid income tax		9,524	8,595
Cash at bank and on hand		26,135	57,538
		<u>697,914</u>	<u>710,242</u>
Current liabilities			
Trade and other payables	11	412,113	488,056
Interest-bearing borrowings	12	207,588	175,777
Dividends payable		14,588	—
Provision for warranties		2,676	2,399
		<u>636,965</u>	<u>666,232</u>
Net current assets		<u>60,949</u>	<u>44,010</u>
Total assets less current liabilities		<u>1,195,936</u>	<u>1,177,355</u>
Non-current liabilities			
Interest-bearing borrowings	12	160,250	140,710
Provision for warranties		6,123	5,086
Deferred income		34,108	37,019
		<u>200,481</u>	<u>182,815</u>
Net assets		<u>995,455</u>	<u>994,540</u>
Capital and reserves			
Share capital		66,425	66,425
Reserves		929,030	928,115
Total equity		<u>995,455</u>	<u>994,540</u>

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 2 May 2017 as an exempted company with limited liability under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 January 2018. The Group is principally engaged in the design, development, manufacture and sales of cylinder blocks and cylinder heads and ancillary cylinder block components and others.

2 BASIS OF PREPARATION

The unaudited interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Company and the Group but is extracted from the unaudited interim financial report.

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including compliance with the International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "**IASB**"). It was authorised for issue on 28 August 2025.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to develop an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The financial information relating to the financial year ended 31 December 2024 that is included in the unaudited interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2024 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in the audit report dated 26 March 2025.

3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in preparing the condensed consolidated financial statements for the Period are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2024, except for the adoption of the following new/revised IFRS Accounting Standards which are relevant to the Group and are effective from the Period.

Amendments to IAS 21 Lack of Exchangeability

The adoption of the new/revised IFRS Accounting Standards did not result in substantial changes to the Group's accounting policies and amounts reported for the Period and prior years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents mainly the sale of cylinder blocks, cylinder heads and ancillary cylinder block components and others. Further details regards the Group's revenue are disclosed in Note 4(b).

Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by major products is as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Sales of cylinder blocks	372,950	342,600
Sales of cylinder heads	139,664	84,411
Sales of ancillary cylinder block components and others	37,564	3,960
	550,178	430,971

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographical market is disclosed in Note 4(b)(i) and 4(b)(ii).

Revenue from customers with whom transactions have exceeds 10% of the Group's revenue are as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Customer A	200,820	85,345
Customer B	91,637	72,312
Customer C	68,760	50,135
Customer D	note	49,675

Note: That customer contributed less than 10% of the total revenue of the Group for the six months ended 30 June 2025.

(b) Segment reporting

The Group manages its businesses by products. The Group has presented the following three reportable segments in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment. No operating segment has been aggregated to form the following reportable segments.

- Cylinder blocks: this segment includes primarily the research, development, manufacture and sales of cylinder blocks.
- Cylinder heads: this segment includes primarily the research, development, manufacture and sales of cylinder heads.
- Ancillary cylinder block components and others: includes primarily the manufacture and sales of ancillary cylinder block components and others used in cylinder blocks and cylinder heads and other components not covered by the Group's warranty policies.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sale has occurred for the six months ended 30 June 2025 and 2024. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses (such as other income, selling and administrative expenses and other gains and expenses), and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses are presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as in-information regarding the Group's reportable segments as provided to the Group's senior management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below.

Six months ended 30 June 2025				
	Cylinder blocks	Cylinder heads	Ancillary cylinder block components and others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers recognised at a point in time	372,950	139,664	37,564	550,178
Reportable segment gross profit	<u>49,755</u>	<u>6,730</u>	<u>5,532</u>	<u>62,017</u>
Six months ended 30 June 2024				
	Cylinder blocks	Cylinder heads	Ancillary cylinder block components and others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers recognised at a point in time	342,600	84,411	3,960	430,971
Reportable segment gross profit	<u>50,146</u>	<u>2,186</u>	<u>(1,221)</u>	<u>51,111</u>

(ii) Geographic information

The Group's revenue is substantially generated from the sales to customers in The People's Republic of China (the "PRC"). The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

5 OTHER INCOME

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Government grants (including amortisation of deferred income)	3,797	11,908
Interest income	816	38
	<u>4,613</u>	<u>11,946</u>

6 OTHER GAINS AND EXPENSES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Impairment losses on trade and other receivables	(760)	(1,220)
Rentals income from operating leases	122	1,971
Net gain on sales of scrap materials	3,554	2,330
Net gain/(loss) on disposal of property, plant and equipment	7,392	(38)
Others	1,218	115
	<u>11,526</u>	<u>3,158</u>

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Interest on bank and other borrowings	6,202	5,106
Finance charges and others	205	138
	<u>6,407</u>	<u>5,244</u>

No borrowing costs have been capitalised for the six months ended 30 June 2025 and 2024.

(b) Staff costs (including directors' emoluments)

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Salaries, wages and other benefits	40,132	46,054
Contributions to defined contribution retirement plan	2,713	2,649
	<u>42,845</u>	<u>48,703</u>

The employees of the PRC subsidiaries of the Group (other than Hong Kong) participate in a defined contribution retirement benefit plan managed by the local government authority. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the defined salaries level in the PRC (other than Hong Kong), from the above mentioned retirement plan at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong Dollar (“HK\$”) 30,000. Contributions to the MPF Scheme vest immediately.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Depreciation charge		
– owned property, plant and equipment	60,281	51,651
– right-of-use assets	1,274	1,283
Operating lease charges of short-term leases	–	88
Provision for warranties	1,314	1,643
Research and development costs	16,837	11,198
Cost of inventories (Note)	<u>488,161</u>	<u>379,860</u>

Note:

Cost of inventories for the six months ended 30 June 2025 includes approximately RMB79,651,000 (six months ended 30 June 2024: RMB74,798,000) relating to staff costs, and depreciation, which amount is also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

8 INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Corporate Income Tax	3,033	1,585
Under provision in prior years	2,105	—
	5,138	1,585
Deferred tax		
Origination and reversal of temporary differences	1,562	1,510
	6,700	3,095

Notes:

- (i) The Company was incorporated in the Cayman Islands and a subsidiary of the Group was incorporated in the British Virgin Islands (the “BVI”) which are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (ii) The Company and a subsidiary of the Group was incorporated in Hong Kong which are subject to Hong Kong Profits Tax according to the two-tiered profits tax rates regime for the year of assessment 2025/2026. The profits tax rate for the first HK\$2,000,000 of profits is taxed at 8.25%, and profits above that amount is subject to a tax rate of 16.5%. The provision for the Hong Kong Profits Tax for the Company and the subsidiary were calculated at the same basis for the period ended 30 June 2024.
- (iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25%. The provision for the PRC Corporate Income Tax for the Group’s subsidiaries were calculated at the same basis for the period ended 30 June 2024.

One of the Group’s subsidiaries established in the PRC has obtained approval from the relevant tax bureau to be taxed as an advanced and new technology enterprise for the calendar years from 2024 to 2027. The Group’s subsidiary is in the process of renewal its advanced and new technology enterprise recognition. Pursuant to the relevant tax regulations, the subsidiary is entitled to a preferential tax rate of 15%. In addition to the preferential PRC Corporate Income Tax rate, the subsidiary is also entitled to an additional tax deductible allowance calculated at 100% (six months ended 30 June 2024: 100%) of its qualified research and development costs incurred.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to equity shareholders of the Company of approximately RMB17,350,000 (six months ended 30 June 2024: RMB14,062,000) and the weighted average of 800,000,000 ordinary shares (six months ended 30 June 2024: 800,000,000) in issue during the interim period.

(b) Diluted earnings per share

There was no difference between basic and diluted earnings per share as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2025 and 2024.

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Trade receivables	264,798	223,695
Bills receivables	64,541	72,278
Less: loss allowance	(39,165)	(38,405)
Net trade and bill receivables	290,174	257,568
Other receivables and prepayments	45,470	43,857
Deductible value added tax	25,315	23,007
	360,959	324,432

All of the trade receivables and other receivables are expected to be recovered or recognized as expenses within one year.

At the end of reporting period, the ageing analysis of net trade and bills receivables, included in trade and other receivables, based on the invoice date and net of loss allowance of the Group is as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 1 month	170,234	161,073
1 to 3 months	98,294	66,609
3 to 6 months	21,214	29,404
Over 6 months	432	482
	290,174	257,568

11 TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Trade payables	299,288	347,043
Bills payable	6,000	26,000
Trade and bill payables	305,288	373,043
Payables for construction of property, plant and equipment	87,593	78,920
Payables for staff related costs	5,143	11,903
Contract liabilities	1,445	10,024
Others	12,479	13,986
Financial liabilities measured at amortised cost	411,948	487,876
Payables for other taxes	165	180
	412,113	488,056

At the end of the reporting period, the ageing analysis of trade payables, which are included in trade and other payables, based on the invoice date, is as follows:

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Within 1 month	69,332	147,996
1 to 3 months	61,092	109,001
3 to 6 months	102,392	66,929
Over 6 months	72,472	49,117
	305,288	373,043

12 INTEREST-BEARING BORROWINGS

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Current		
Unsecured	19,766	3,500
Secured bank loans by property, plant and equipment and right-of-use assets	60,292	40,292
Current portion of non-current secured bank loans by property, plant and equipment and right-of-use assets	<u>127,530</u>	<u>131,985</u>
	<u>207,588</u>	<u>175,777</u>
Non-current		
Unsecured	16,000	20,000
Secured bank loans by property, plant and equipment and right-of-use assets	271,780	252,695
Less: Current portion of non-current secured bank loans	<u>(127,530)</u>	<u>(131,985)</u>
	<u><u>160,250</u></u>	<u><u>140,710</u></u>

The current portion and non-current portion of the Group's non-current bank loans were repayable as follows:

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Within 1 year or on demand	127,530	131,985
After 1 year but within 2 years	138,710	106,810
After 2 years but within 5 years	<u>21,540</u>	<u>33,900</u>
	<u><u>287,780</u></u>	<u><u>272,695</u></u>

As at 30 June 2025, the aggregate carrying amount of property, plant and equipment and right-of-use assets pledged for the Group's bank loans is approximately RMB273,943,000 (at 31 December 2024: RMB285,522,000).

13 DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2025. A final dividend of HK\$2 cents per share for the year ended 31 December 2024 was approved in the annual general meeting on 30 May 2025 and would distribute to those shareholders whose names are on the register of members of the Company on 20 June 2025, absorbing a total amount of HK\$16,000,000 (equivalent to RMB14,664,000) out of the share premium account of the Company, scheduled to be paid on 31 October 2025.

The Board resolved on 29 May 2024 that a final dividend of HK\$1.5 cents per share for the year ended 31 December 2023, absorbing a total amount of HK\$12,000,000 out of the share premium account of the Company, was distributed to the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2025, China's automobile industry continued the positive momentum of 2024, bringing about profound changes. The rise of new energy vehicles drove the reshaping of the overall market landscape. With the clear development trends of electrification and automotive intelligentization, domestic brands leveraged their technological advantages and product innovations to continuously increase their market share, becoming an important growth engine for the automobile industry. According to production and sales data released by the China Association of Automobile Manufacturers, China's automobile production reached approximately 15.6 million units in the first half of 2025, with sales of approximately 15.7 million units, both achieving double-digit growth compared to the same period last year. In particular, production and sales of new energy vehicles reached approximately 7.0 million units and 6.9 million units, respectively, with an annual growth rate exceeding 40%. The penetration rate of new energy vehicles has surpassed 44%, with new energy passenger vehicles and commercial vehicles accounting for over half or one-quarter of their respective markets.

The fuel vehicle market continues to shrink, leading to a significant decline in demand for traditional grey cast iron cylinder blocks. However, the rise of plug-in hybrid electric vehicles (PHEVs) and hybrid vehicles has allowed internal combustion engine systems to retain their market share. The demand for lightweight cylinder heads specifically designed for hybrid vehicles has increased significantly, with the penetration rate of aluminium alloy cylinder heads exceeding 70%. The application of new materials, such as multi-material composite designs—cast iron at the bottom and aluminium alloy at the top—has achieved a balance between cost and performance, becoming an industry benchmark for innovation.

In terms of the domestic market, the “trade-in” policy has been highly effective, with domestic automobile sales reaching 12.57 million units in the first half of 2025, representing a year-on-year increase of 11.7%. In June alone, domestic automobile sales saw both month-on-month and year-on-year growth. New energy passenger vehicles accounted for over half of domestic sales in June for the first time, while new energy commercial vehicles reached one-quarter of the market.

As the penetration rate of new energy vehicles continues to increase, traditional cylinder components will evolve towards high-end, lightweight, and integrated designs. The transitional demand for hybrid vehicles provides cylinder head manufacturers with a buffer period for market expansion. Additionally, the exploration of new power sources such as hydrogen and biofuels opens up more innovative application scenarios for cylinder bodies and cylinder heads.

Smart manufacturing, materials science, and system integration capabilities will determine whether companies can break through in times of change. The ability to deeply integrate traditional casting technology with new materials and new processes to improve thermal management efficiency and optimise costs will be the core of future competition.

BUSINESS REVIEW

The Group is principally engaged in the design, development, manufacture and sales of cylinder blocks, as well as cylinder heads and certain ancillary cylinder block components and others, to automobile manufacturers and engine manufacturers in the PRC. The Group works closely with its customers to provide a set of high-quality and customized products. The Group conducts manufacturing operations for the major products through a closely integrated cycle.

For the six months ended 30 June 2025, revenue and profit of the Group amounted to approximately RMB550.2 million and approximately RMB17.4 million, representing an increase of approximately 27.7% and 23.4% as compared to the corresponding period in 2024, respectively. The increase in revenue and profits of the Group was mainly attributable to an increase in sales to the major customers and a larger share in their supply chains as well as enhanced production capacities.

For the six months ended 30 June 2025, as major international clients increased their purchases of products from the Group, it provided a sustained growth momentum for the Group's sales revenue. This clearly demonstrates that the Group's customers have full confidence in the quality of the Group's products and delivery capabilities. The Group will continue to make efforts to increase investment in existing customers in order to secure more orders and cooperation opportunities. At the same time, the Group is actively developing new markets, such as the front trunk and body shell for automobiles, to diversify its product range, shifting from a previous focus on specific product models or customers to a broader range of product types and a wider customer base.

Due to the expansion of new production lines and the Group's sales scale, in the first half of the year, the Group's management decided to restructure the subsidiary structure to optimize company management and implement more targeted responsibility indicators and responsibility assessments for each employee. All evaluations will be based on performance, with a focus on improving staff efficiency and enhancing internal competitiveness to face the complex business environment, both internally and externally.

For the six months ended 30 June 2025, the Group was principally engaged in the manufacturing of cylinder blocks used for a wide variety of vehicles, including passenger vehicles, commercial vehicles and industrial vehicles. The Group also manufactures cylinder heads as well as certain other structural components of cylinder blocks. The following table sets forth the revenue and sales volume by segment and major product types for the six months ended 30 June 2025 and 2024 respectively.

	For the six months ended 30 June					
	2025			2024		
	As a percentage of total			As a percentage of		
	Revenue	revenue	Sales volume	Revenue	total revenue	Sales volume
	RMB'000	%	units	RMB'000	%	units
	(Unaudited)			(Unaudited)		
Cylinder blocks						
Passenger vehicles	150,494	27.4	227,394	127,852	29.7	155,078
Commercial vehicles	126,809	23.0	159,838	124,363	28.8	161,408
Industrial vehicles	95,647	17.4	72,300	90,385	21.0	69,541
Subtotal	372,950	67.8	459,532	342,600	79.5	386,027
Cylinder heads	139,664	25.4	212,699	84,411	19.6	124,552
Ancillary cylinder block components and others	37,564	6.8	94,392	3,960	0.9	193,273
Total	550,178	100.0		430,971	100.0	

Cylinder blocks for Passenger Vehicles

The cylinder blocks for passenger vehicles are normally used in light-weight engines of 1.0-1.6 liters. These cylinder blocks for passenger vehicles are produced either from grey cast iron alloy which provides high strength and wear resistance, or from aluminium alloy which is lighter in weight and can be used in more fuel-efficient engines. The portion of revenue from sales of cylinder blocks for passenger vehicles decreased from approximately 29.7% of total revenue for the six months ended 30 June 2024 to approximately 27.4% of total revenue for the six months ended 30 June 2025. Sales volume of cylinder blocks for passenger vehicles increased by approximately 46.6% from approximately 155,000 units for the six months ended 30 June 2024 to approximately 227,000 units for the six months ended 30 June 2025. Such increase was primarily due to rising sales to our major customer, BYD Company Limited, driven by their increasing demands and the expansion of our production capacity to fulfill these orders. The sales volumes of aluminium cylinder blocks increased more than double, which outweighed a 23.3% decline in sales volumes of iron cylinder blocks for the six months ended 30 June 2025 as compared to the same period in 2024. As the Group increased its sales of cylinder blocks in lighting to satisfy the electric vehicle market demand.

Cylinder Blocks for Commercial Vehicles

The cylinder blocks for commercial vehicles are normally used in engines of 1.5 liters or above. The cylinder blocks for commercial vehicles are made from grey cast iron alloy. The portion of revenue from sales of cylinder blocks for commercial vehicles decreased from approximately 28.8% of the total revenue for the six months ended 30 June 2024 to approximately 23.0% of total revenue for the six months ended 30 June 2025. Meanwhile, sales volume of cylinder blocks for commercial vehicles slightly decreased by approximately 1.0% from approximately 161,000 units for the six months ended 30 June 2024 to approximately 160,000 units for the six months ended 30 June 2025. Such decrease in sales volume of the cylinder blocks for commercial vehicles was primarily attributable to a reduction in demand for commercial vehicles associated with lower overall business activities.

Cylinder Blocks for Industrial Vehicles

The cylinder blocks for industrial vehicles are designed for use in a variety of industries, such as farming, urban construction and landscape engineering. The cylinder blocks for industrial vehicles are made from grey cast iron alloy and are normally used in engines of 2.1 liters or above. The portion of revenue from sales of cylinder blocks for industrial vehicles decreased from approximately 21.0% of total revenue for the six months ended 30 June 2024 to approximately 17.4% of total revenue for the six months ended 30 June 2025. Meanwhile, sales volume of cylinder blocks for industrial vehicles increased by approximately 4.0% from approximately 70,000 units for the six months ended 30 June 2024 to approximately 72,000 units for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in sales orders from Deutz AG as compared with the corresponding period in last year.

Cylinder Heads

The cylinder heads are primarily used in commercial vehicles and often sold together with cylinder blocks to automobile manufacturers and engine manufacturers in the PRC. The portion of revenue from sales of cylinder heads increased from approximately 19.6% of total revenue for the six months ended 30 June 2024 to approximately 25.4% of total revenue for the six months ended 30 June 2025. Meanwhile, sales volume of cylinder heads increased by approximately 70.8% from approximately 125,000 units for the six months ended 30 June 2024 to approximately 213,000 units for the six months ended 30 June 2025. Such an increase was primarily attributable to higher demand for the cylinder heads used in new energy vehicles.

Production Facilities

All production facilities of the Group are located in Shenzhou City, Hebei Province, the PRC. As at 30 June 2025, the Group added a mechanical processing line and owned and operated a total of 5 precision casting lines and 37 mechanical processing lines (including 25 for cylinder blocks, 8 for cylinder heads and 4 for other ancillary cylinder block components and others).

As of 30 June 2025, new production lines under construction of the Group included a new mechanical processing line, which has reached the testing stage, and is expected to be officially put into operation by the end of December 2025 or earlier.

FUTURE PROSPECTS

The automobile parts industry is transitioning from quantitative expansion to qualitative leap. Although cylinder blocks and cylinder heads face the challenge of electrification, they still hold vast development potential and new value in the tide of technological innovation and industrial upgrading. In past few years, the Group have seize the opportunities to develop products used in the new energy vehicles. In the future, the Group believed that through continuous innovation and flexible adaptability can new opportunities be explored in the transition from traditional to new power sources. The Group will increase investments in research and development and innovation to meet the markets demands and our business growth.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately 27.7% from approximately RMB431.0 million for the six months ended 30 June 2024 to approximately RMB550.2 million for the six months ended 30 June 2025. The increase was primarily attributable to business growth across each segment.

Sales of Cylinder Blocks

Segment revenue from sales of cylinder blocks increased by approximately 8.9% from approximately RMB342.6 million for the six months ended 30 June 2024 to approximately RMB373.0 million for the six months ended 30 June 2025. Meanwhile, the sales volume increased by approximately 19.0% from approximately 386,000 units for the six months ended 30 June 2024 to approximately 460,000 units for the six months ended 30 June 2025. Such increase in revenue from sales of cylinder blocks and sales volume was primarily attributable to the continuous increase in demands for cylinder blocks for new energy vehicles but partially offset by lower average selling price.

Sales of Cylinder Heads

Segment revenue from sales of cylinder heads increased by approximately 65.5% from approximately RMB84.4 million for the six months ended 30 June 2024 to approximately RMB139.7 million for the six months ended 30 June 2025. Meanwhile, the sales volume of cylinder heads increased by approximately 70.8% from approximately 125,000 units for the six months ended 30 June 2024 to approximately 213,000 units for the six months ended 30 June 2025. The increase in revenue from sales of cylinder heads and sales volume was primarily due to an increase in the use of cylinder heads in new energy vehicles.

Sales of Ancillary Cylinder Block Components and others

Segment revenue from sales of ancillary cylinder block components and others increased by approximately 848.6% from approximately RMB4.0 million for the six months ended 30 June 2024 to approximately RMB37.6 million for the six months ended 30 June 2025. However, the sales volume of ancillary cylinder block components and others decreased by approximately 51.2% from approximately 193,000 units for the six months ended 30 June 2024 to approximately 94,000 units for the six months ended 30 June 2025. The increase in sales of ancillary cylinder block components and others was primarily attributable to higher sales of new, innovative and high-margin components, while the Group strategically phased out low-value products, leading to a decline in sales volumes of ancillary cylinder block component.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 21.3% from approximately RMB51.1 million for the six months ended 30 June 2024 to approximately RMB62.0 million for the six months ended 30 June 2025. The increase is in line with an increase in revenue. The gross profit margin slightly decreased from 11.9% for the six months ended 30 June 2024 to 11.3% for the six months ended 30 June 2025, primarily due to a decrease in gross profit margin in the sale of cylinder blocks from 14.6% for the six months ended 30 June 2024 to 13.3% for the six months ended 30 June 2025. The decrease in gross profit margin in sales of cylinder blocks reflects the Group's strategic decision to obtain and secure additional sales orders from prominent automobile manufacturers for cylinder blocks and cylinder heads at more competitive prices in order to expand our market share.

Other Income

Other income decreased by approximately 61.4% from approximately RMB11.9 million for the six months ended 30 June 2024 to approximately RMB4.6 million for the six months ended 30 June 2025, which was primarily due to a decrease in government grants from approximately RMB11.9 million for the six months ended 30 June 2024 to approximately RMB3.8 million for the six months ended 30 June 2025.

Selling Expenses

Selling expenses increased by approximately 66.6% from approximately RMB4.1 million for the six months ended 30 June 2024 to approximately RMB6.8 million for the six months ended 30 June 2025, primarily attributable to an increase in provision for warranties of approximately RMB1.3 million for the six months ended 30 June 2025 as compared with the same period last year as the overall sales volume and revenue have increased.

Administrative Expenses

Administrative expenses increased by approximately 3.0% from approximately RMB39.7 million for the six months ended 30 June 2024 to approximately RMB40.9 million for the six months ended 30 June 2025. The increase in administrative expenses was attributable to an increase in research and development costs for development of new products and enhancement of production process.

Other Gains and Expenses

Other gains and expenses increased by approximately 265.0% from a gain of approximately RMB3.2 million for the six months ended 30 June 2024 to a gain of approximately RMB11.5 million for the six months ended 30 June 2025, which was primarily attributable to the Group recorded a net gain on disposal of property, plant and equipment amounting to approximately RMB7.4 million for the six months ended 30 June 2025, while the Group recorded a net loss on disposal of property, plant and equipment amounting to approximately RMB38,000 for the six months ended 30 June 2024.

Finance Costs

Finance costs increased by approximately 22.2% from approximately RMB5.2 million for the six months ended 30 June 2024 to approximately RMB6.4 million for the six months ended 30 June 2025, which was primarily attributable to an increase in interest-bearing borrowings during the six months ended 30 June 2025.

Income Tax

Income tax increased by approximately 2.2 times from approximately RMB3.1 million for the six months ended 30 June 2024 to approximately RMB6.7 million for the six months ended 30 June 2025 primarily due to an increase in current corporate income tax as the assessable profits of the Group increased and an under-provision of corporate income tax in prior years of approximately RMB2.1 million for the six months ended 30 June 2025. As a result, the effective income tax rate increased from approximately 18.0% for the six months ended 30 June 2024 to approximately 27.9% for the six months ended 30 June 2025.

Profit for the Period

As a result of the foregoing, the profit for the period increased by approximately 23.4% from approximately RMB14.1 million for the six months ended 30 June 2024 to approximately RMB17.4 million for the six months ended 30 June 2025. However, the net profit margin decreased slightly from 3.3% for the six months ended 30 June 2024 to 3.2% for six months ended 30 June 2025, which was mainly attributable to a decrease in gross profit margins.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The operation of the Group is primarily financed by cash generated from operating activities and bank borrowings. As at 30 June 2025 and 31 December 2024, cash at bank and on hand of the Group amounted to approximately RMB26.1 million and approximately RMB57.5 million, respectively. The decrease is due to payments for acquisition of property, plant and equipment which was offset by an increase in interest-bearing borrowings.

The Group monitors its cash flows and cash and cash equivalents balance on a regular basis and seeks to maintain an optimal level of liquidity to meet the working capital needs while supporting a healthy level of business activities and its various growth strategies. In the future, the Group intends to finance its operations through cash generated from operating activities, as well as bank and other borrowings. Other than normal bank borrowings that the Group obtains from commercial banks and potential debt financing plans, the Group does not expect to have any material external debt financing plan in the near future.

Trade and Bills Receivables

The net of trade and bills receivables increased by approximately 12.7% from approximately RMB257.6 million as at 31 December 2024 to approximately RMB290.2 million as at 30 June 2025. The increase is primarily due to an increase in revenue. The trade and bills receivables turnover day decreased from approximately 101 days as at 31 December 2024 to approximately 91 days as at 30 June 2025.

Trade Payables and Bills payables

The trade and bills payables decreased by approximately 18.2% from approximately RMB373.0 million as at 31 December 2024 to approximately RMB305.3 million as at 30 June 2025 primarily due to an increase in costs of sales. The trade and bills payables turnover day decreased from approximately 139 days as at 31 December 2024 to approximately 127 days as at 30 June 2025.

Interest-bearing Borrowings

The interest-bearing borrowings increased by approximately 16.2% from approximately RMB316.5 million as at 31 December 2024 to approximately RMB367.8 million as at 30 June 2025 which were pledged by property, plant and equipment, right-of-use assets and bills receivables of the Group. The aggregate carrying amount of such pledged assets was approximately RMB273.9 million (as at 31 December 2024: RMB285.5 million). All interest-bearing borrowings as at 30 June 2025 and 31 December 2024 were denominated in Renminbi at fixed or floating interest rates. The following table sets forth the amount of indebtedness of the Group as at the date indicated:

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Repayment schedule		
Within 1 year or on demand	207,588	175,777
After 1 year but within 2 years	138,710	106,810
After 2 years but within 5 years	21,540	33,900
	<u>367,838</u>	<u>316,487</u>

Gearing Ratio

The gearing ratio increased from approximately 31.8% as at 31 December 2024 to approximately 37.0% as at 30 June 2025, primarily attributable to an increase in interest-bearing borrowings of approximately RMB51.4 million as at 30 June 2025 as compared to 31 December 2024.

Gearing ratio equals total debts divided by total equity as at the end of the reporting period. Total debt includes all interest-bearing borrowings.

Capital Expenditure

For the six months ended 30 June 2025, the capital expenditure of the Group was approximately RMB82.7 million (six months ended 30 June 2024: RMB60.2 million). The capital expenditure incurred for the six months ended 30 June 2025 was primarily related to the construction of new mechanical processing lines for the new products and purchases of additional equipment and machinery used for improvement of the existing production lines.

Capital Commitments

As at 30 June 2025, the capital commitments of the Group in respect of property, plant and equipment contracted for amounted to approximately RMB40.5 million (as at 31 December 2024: RMB43.4 million).

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities or guarantees (as at 31 December 2024: Nil).

Fluctuation of Renminbi Exchange Rate and Foreign Exchange Risks

The majority of the Group's business and all interest-bearing borrowings are denominated and accounted for in Renminbi, except for certain payables to professional parties and administrative expenses in the Hong Kong office that are denominated in Hong Kong dollars. Therefore, the Group does not have a significant exposure to foreign exchange fluctuation. The Board does not expect the fluctuation of Renminbi exchange rate and other foreign exchange fluctuations will have a material impact on the business operations or financial results of the Group. The Group currently has no hedging policy with respect to the foreign exchange risks, therefore, the Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies.

SIGNIFICANT INVESTMENTS HELD, AND MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments held or material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have detailed plans for material investment or capital assets as at 30 June 2025 (as at 31 December 2024: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2025, the Group had a total of 742 employees (as at 31 December 2024: 745 employees). For the six months ended 30 June 2025, the Group has incurred total staff costs of approximately RMB42.8 million (six months ended 30 June 2024: RMB48.7 million), representing a decrease of approximately 12.0% as compared to the six months ended 30 June 2024.

The Group believes its success depends on its employees' provision of consistent, high-quality and reliable services. In order to attract, retain and develop the knowledge and skill level of its employees, the Group places a strong emphasis on training for employees. In addition, the Group offers a competitive remuneration package to retain elite employees, including basic salary and performance-based monthly and annual bonuses, and reviews the remuneration package annually according to industry benchmarks, financial results of the Group as well as the individual performance of employees.

MAJOR SUBSEQUENT EVENTS

Save as disclosed in this announcement, there are no major subsequent events after 30 June 2025 which would materially affect the Group's operating and financial performance since the end of the reporting period and up to the date of this announcement.

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2025 and up to the date of this announcement, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company (including sale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as at 30 June 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance and protecting the interests of its Shareholders in an open manner. The Board comprises four executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code (“**CG Code**”) set out in Part 2 of Appendix C1 to the Listing Rules. Throughout the six months ended 30 June 2025, the Company has fully complied with the Code Provisions, except for the following.

Pursuant to Code Provision C.2.1 of the CG code, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. However, Mr. Meng Lianzhou currently performs the roles of chairman and chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board regularly reviews the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

Save as disclosed above, the Company has strictly complied with the CG Code during the six months ended 30 June 2025. The Directors will review the Group's corporate governance policies and compliance with the CG Code from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. Upon specific enquiries, all Directors confirmed that they have complied with the relevant provisions of the Model Code throughout the six months ended 30 June 2025.

CHANGE IN DIRECTOR'S INFORMATION

With effect from 30 June 2025, (i) Mr. Yu Chun Kau has resigned as an independent non-executive Director, the chairman of the audit committee (the “**Audit Committee**”) and a member of each of the nomination committee (the “**Nomination Committee**”) and the remuneration committee (the “**Remuneration Committee**”) of the Company; (2) Mr. Wong Tak Chun has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee; (3) Mr. Meng Lianzhou, an executive Director, ceased to be a member of the Nomination Committee; (4) and Ms. Meng Lingjin, an executive Director, was appointed as a member of the Nomination Committee.

AUDIT COMMITTEE

The Company has established the Audit Committee, which comprises three independent non-executive Directors, namely Mr. Wong Tak Chun, Mr. Wan Ming and Mr. Ren Keqiang.

The Audit Committee, together with the management, has reviewed the accounting principles and policies adopted by the Group and discussed the internal control and financial reporting matters, including a review of the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025.

PUBLICATION OF THE UNAUDITED CONSOLIDATED INTERIM RESULTS AND 2025 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.hbsgt.com> and the interim report for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched (if requested) to the shareholders of the Company and published on the aforesaid websites of the Stock Exchange and the Company in due course.

On behalf of the Board
Ruifeng Power Group Company Limited
Meng Lianzhou
Chairman

Shenzhen, the PRC, 28 August 2025

As of the date of this announcement, the Board comprises Mr. Meng Lianzhou, Ms. Meng Lingjin, Mr. Liu Zhanwen, Mr. Zhang Yuexuan and Mr. Liu Enwang, as executive Directors; and Mr. Wan Ming, Mr. Ren Keqiang and Mr. Wong Tak Chun, as independent non-executive Directors.