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

INTERIM REPORT 2026

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Meng Lianzhou
(Chairman and Chief Executive Officer)
Ms. Meng Lingjin
Mr. Liu Zhanwen
Mr. Liu Enwang
Mr. Zhang Yuexuan

Non-Executive Directors

Mr. He Feng (appointed on 1 July 2026)

Independent Non-Executive Directors

Mr. Wan Ming
Mr. Ren Keqiang
Mr. Wong Tak Chun

AUDIT COMMITTEE

Mr. Wong Tak Chun (Chairman)
Mr. Wan Ming
Mr. Ren Keqiang

NOMINATION COMMITTEE

Mr. Wan Ming (Chairman)
Ms. Meng Lingjin
Mr. Wong Tak Chun

REMUNERATION COMMITTEE

Mr. Ren Keqiang (Chairman)
Mr. Meng Lianzhou
Mr. Wong Tak Chun

COMPANY SECRETARY

Mr. Lai Wai Leuk

AUTHORISED REPRESENTATIVES

*(for the purpose of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"))*
Mr. Meng Lianzhou
Mr. Lai Wai Leuk

LEGAL ADVISOR

As to Hong Kong Law:
DeHeng Law Offices (Hong Kong) LLP
Head office:
28/F, Henley Building
5 Queen's Road Central
Hong Kong

Branch offices:
Room 3507, 35/F
Edinburgh Tower, The Landmark
15 Queen's Road Central
Central, Hong Kong

Room 2505-06, 25/F , New World Tower I
No. 16-18 Queen's Road Central
Central, Hong Kong

AUDITOR

Forvis Mazars
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
42/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

China Construction Bank Shenzhou Branch
Industrial and Commercial Bank of China Shenzhou Branch

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN CHINESE MAINLAND

Middle of East Taishan Road
Shenzhou
Hebei Province
Chinese Mainland

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 602, 6/F
Ha Lung Building
25-29 Ko Shing Street
Sai Ying Pun
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681 Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR BRANCH

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

STOCK CODE

Hong Kong Stock Exchange: 2025

WEBSITE

www.hbsgt.com

Ruifeng Power Group Company Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") is a specialized manufacturer of cylinder blocks and cylinder heads, a major structure in automobile engines, based in Shenzhou, Hebei Province, Chinese Mainland.

Production of cylinder blocks and cylinder heads in the Chinese Mainland has historically been split between internal production by manufacturers of automobiles and automobile engines and external outsourcing to specialized producers of automobile engine spare parts. The size of our business operations and significant production capacity allow us to secure the use of our products by some of the leading automobile manufacturers and engine producers located in the Chinese Mainland. As at 30 June 2026, we 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).

The main products are:

Cylinder Blocks – A main structure of the automobile engine in which combustion of fuel takes place. It provides space for the required number of cylinders along with the associated surrounding structures, including coolant passages, intake and exhaust passages and crankcases. As a central component of an automobile engine, defect acceptance levels for cylinder blocks need to be very low as it directly affects the engine performance, life and other important indicators.

Cylinder Heads – A major component of the engine which sits on top of the cylinder blocks and provides space for passages that feed air and fuel into a cylinder and allow the exhaust to escape. A cylinder head has to withstand high pressure and high temperatures while retaining its shape and form to seal the cylinder blocks via the head gasket.

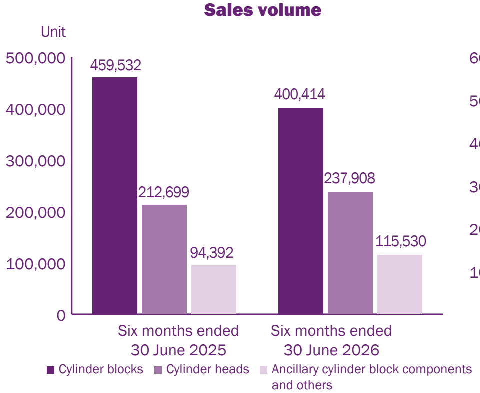
Ancillary cylinder block components and others – including main bearing cap and flywheel. Main bearing caps are used in piston engines to secure the crankshaft against the cylinder blocks. Our main bearing caps help prevent the forces created by the piston and transmitted to the crankshaft by forcing the crank to convert the reciprocating movement into rotation. A flywheel is designed to keep the crankshaft in the cylinder blocks turning smoothly during the periods when no power is being applied. Our flywheels are easy to install and highly resistant to rust and corrosion.

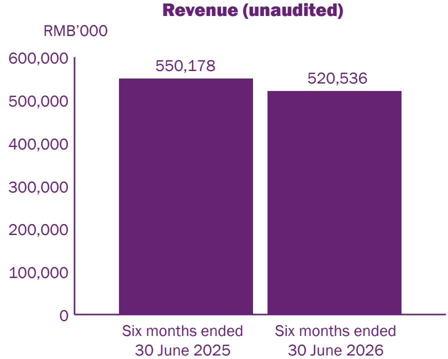
We believe that the following competitive strengths of the Group can bring our customers the most economical and reliable products:

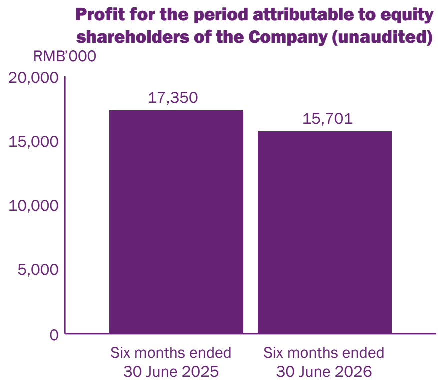
- Being a specialized manufacturer of cylinder blocks and an established producer of cylinder heads in the Chinese Mainland;
- A high level of flexibility in production facilities and processes to meet the specific needs of different customers;
- Continuous optimization and innovation of production processes and technologies; and
- Strong design and research and development capabilities.

FINANCIAL SUMMARY

	Six months ended 30 June		
	2026 (Unaudited)	2025 (Unaudited)	**Change**
Major items of Consolidated Statement of Profit or Loss			
Revenue (RMB'000)	**520,536**	550,178	**(5.4%)**
Gross profit (RMB'000)	**60,543**	62,017	**(2.4%)**
Gross profit margin	**11.6%**	11.3%	**0.3ppt**
Profit for the period attributable to equity shareholders of the Company (RMB'000)	**15,701**	17,350	**(9.5%)**
Net profit margin	**3.0%**	3.2%	**(0.2ppt)**
Basic and diluted earnings per share (RMB cent)	**1.96**	2.17	







FINANCIAL SUMMARY

	At 30 June 2026 (Unaudited)	At 31 December 2025 (Audited)
Major Items of Consolidated Statement of Financial Position		
Non-current assets (RMB'000)	**1,159,702**	1,151,119
Current assets (RMB'000)	**798,749**	704,617
Current liabilities (RMB'000)	**662,053**	612,770
Net current assets (RMB'000)	**136,696**	91,847
Non-current liabilities (RMB'000)	**301,428**	242,007
Net assets (RMB'000)	**994,970**	1,000,959
Gearing ratio (Note)	**42.6%**	36.9%

Note

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to data from the China Association of Automobile Manufacturers, the Chinese automobile industry experienced a striking divergence in the first half of 2026, characterized by downward pressure on overall sales coupled with counter-trend growth in new energy sector. Aggregate vehicle production and sales both stood at approximately 15 million units, down approximately 4% year-on-year. Within this total, sales of fuel vehicle plunged 27.8%, whereas production and sales of new energy vehicle both reached 7.4 million units, marking an approximate 7% year-on-year increase. The new vehicle penetration rate climbed to 49.6%, bringing it within striking distance of the 50% mark. Commercial vehicles served as another highlight, with both production and sales reaching approximately 2.3 million units, achieving year-on-year growth of over 8%.

During the first half of 2026, the automobile industry recorded a revenue of approximately RMB5.19 trillion, representing a slight increase of 1.8%, but operating costs grew at a faster pace (+2.8%), resulting in a total profit of only RMB195.4 billion, a sharp year-on-year decline of 20%. The slump in profit stemmed from four major pressures: the white-hot price war in the existing market (with 83 car models cutting prices in the first half of the year, and an average price reduction of approximately 12% for new models of new energy vehicles); persistently high research and development and material costs; the drag from excess inventory and production capacity; and overseas trade barriers coupled with high localised investment costs. Under such environment, original equipment manufacturers have passed the cost pressure onto upstream auto parts suppliers. Consequently, auto parts suppliers are facing "squeezes from both ends"–procurement prices were being compressed, while the costs of raw materials such as aluminium and cast iron had not decreased synchronously.

As core high-precision castings of engines, cylinder blocks and cylinder heads were undergoing profound structural divergence. The significant shrinkage in demand for traditional fuel vehicles directly impacted enterprises principally engaged in traditional automobile engine spare parts; however, the steady growth in the commercial vehicle sector provided resilient demand for relevant cylinder blocks and cylinder heads. Meanwhile, new energy plug-in hybrid electric vehicles (PHEVs) and extended-range electric vehicles still require high-efficiency engines, and impose higher requirements on the lightweighting (with a continuously rising application proportion of aluminium alloy) and precision casting (such as high compression ratio and complex water jacket design) of cylinder blocks and cylinder heads, driving auto parts suppliers to transition towards the provision of supporting facilities for new energy vehicles.

The prominent challenges of the industry lie in the upstream transmission of price war pressures and the rapid elevation of technological thresholds. Looking ahead, three major trends are expected in the industry: first, the application proportion of lightweight materials (such as aluminium alloy and magnesium alloy) will continue to increase; second, the complexity of casting processes would heighten, featuring more compact port geometries and more precise water jacket designs, thereby constantly raising technological barriers; and third, inefficient and obsolete production capacity will be eliminated at an accelerated pace, driving industry resources to concentrate towards high-quality enterprises with solid technological foundations and highly efficient operations.

Overall, in the first half of 2026, the automobile industry in the Chinese Mainland accomplished a structural reshaping amidst overall volume contraction. The cylinder block and cylinder head spare parts market serves as both a microcosm of the overall predicament and the forefront for breakthroughs in transformation. The shrinkage of traditional fuel vehicles forces enterprises to accelerate their transition towards the incremental space in new energy and commercial vehicles, while the imbalance in operating quality serves as a reminder to the industry that sales growth is unsustainable if it cannot translate into a win-win situation for all parties along the industry chain. For cylinder block and cylinder head enterprises, bidding farewell to low-price "involution" and moving towards technology-driven value competition is the inevitable path to navigate through industry cycles and achieve high-quality development. The entire industry is standing at a critical turning point shifting from "scale expansion" to "deep cultivation of value".

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 China. 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 2026, revenue and profit of the Group amounted to approximately RMB520.5 million and approximately RMB15.7 million, representing a decrease of approximately 5.4% and 9.5% as compared to the corresponding period in 2025, respectively. The decrease in revenue and profits of the Group was mainly attributable to the rise in raw material prices. Consequently, the Group adjusted its sales strategy to focus on products with high gross profit margins. At the same time, the decrease in profit was mainly due to a net gain on disposal of property, plant and equipment of approximately RMB7.4 million recorded by the Group in the corresponding period last year, whereas no such gain was recorded by the Group for the six months ended 30 June 2026. Excluding the impact of such gain, profit for the six months ended 30 June 2026 would have increased by approximately 57.7% from approximately RMB10.0 million to approximately RMB15.7 million as compared with the corresponding period in last year.

Cylinder Block and Cylinder Head Business

During the first half of 2026, the Group actively advanced its market expansion strategy and successfully established cooperative relationships with several new customers possessing significant growth potential, thereby laying a solid foundation for business growth in the second half of the year. Following adequate preliminary technical alignment and product verification, it is expected that the Group will officially commence the supply of its premium products to well-known domestic automobile manufacturers, namely Geely Automobile and Chery Automobile, starting from the second half of the year. This initiative not only signifies a further expansion of the Group's market share within the automobile industry chain, but also demonstrates that the Group's product technology and quality control capabilities have been recognised by tier-one automobile manufacturers, which is anticipated to make a significant contribution to the medium-to-long-term revenue.

Adhering to its "customer first" business philosophy, the Group continuously strengthened its strategic partnerships with existing customer base while intensively cultivating new customers. Through regular technical exchanges, joint research and development, and rapid-response service mechanisms, the Group not only consolidated its existing order base, but also proactively identified the potential needs of customers and actively participated in the early-stage development of their next-generation products. Benefiting from these efforts, it is expected that three newly designed products will be successively introduced into the supply chain systems of existing customers during the second half of this year. They will further enrich the Group's product portfolio and enhance the comprehensive supply proportion to individual customers, thereby achieving a profound extension of cooperative value.

Given the severe challenges posed by the continuous escalation of global raw material prices, the management of the Group has identified cost optimisation as one of its core annual priorities and introduced various targeted reform measures. On one hand, the research and development team has carried out systematic improvements to the manufacturing processes of mainstream products and increased automated production workflows, which effectively shortened the production cycle and reduced unit energy consumption and material wastage. Concurrently, by negotiating fixed supply prices with upstream suppliers, the Group has mitigated the impact of price fluctuations on gross profit margins. On the other hand, the Group decisively adjusted its product structure by proactively phasing out a batch of low-margin product categories possessing lower technological content and limited profit contributions. Instead, it concentrated its research and development resources, production capacity allocation, and sales efforts on high value-added, high-margin flagship products and core customer groups. This "streamlining and focusing" strategy not only has helped to enhance overall operational efficiency, but also strengthened the Group's competitive barriers within segmented markets, ensuring the maintenance of robust profitability and healthy cash flow levels despite cost pressures.

For the six months ended 30 June 2026, 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 2026 and 2025 respectively.

	For the six months ended 30 June					
	2026			2025		
	Revenue RMB'000 (Unaudited)	**As a percentage of total revenue %**	**Sales volume units**	Revenue RMB'000 (Unaudited)	As a percentage of total revenue %	Sales volume units
Cylinder blocks						
passenger vehicles	**84,315**	**16.2**	**150,348**	150,494	27.4	227,394
commercial vehicles	**157,326**	**30.2**	**176,617**	126,809	23.0	159,838
industrial vehicles	**107,386**	**20.6**	**73,449**	95,647	17.4	72,300
Subtotal	**349,027**	**67.0**	**400,414**	372,950	67.8	459,532
Cylinder heads	**146,060**	**28.1**	**237,908**	139,664	25.4	212,699
Ancillary cylinder block components and others	**25,449**	**4.9**	**115,530**	37,564	6.8	94,392
Total	**520,536**	**100.0**		550,178	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 27.4% of total revenue for the six months ended 30 June 2025 to approximately 16.2% of total revenue for the six months ended 30 June 2026. Sales volume of cylinder blocks for passenger vehicles decrease by approximately 33.9% from approximately 227,000 units for the six months ended 30 June 2025 to approximately 150,000 units for the six months ended 30 June 2026. Such decrease was primarily due to the Group's shift in market strategy to focus on high-margin products, as raw material costs rose.

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 increase from approximately 23.0% of the total revenue for the six months ended 30 June 2025 to approximately 30.2% of total revenue for the six months ended 30 June 2026. Meanwhile, sales volume of cylinder blocks for commercial vehicles slightly increase by approximately 10.5% from approximately 160,000 units for the six months ended 30 June 2025 to approximately 177,000 units for the six months ended 30 June 2026. Such increase was primarily due to a positive growth in the commercial vehicle market during the first half of 2026. Additionally, increased export sales from one of our customers led to higher demand for our cylinder blocks. The launch of a new product also contributed to the overall sales growth.

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 increase from approximately 17.4% of total revenue for the six months ended 30 June 2025 to approximately 20.6% of total revenue for the six months ended 30 June 2026. Meanwhile, sales volume of cylinder blocks for industrial vehicles increased by approximately 1.6% from approximately 72,000 units for the six months ended 30 June 2025 to approximately 73,000 units for the six months ended 30 June 2026. Such increase was primarily due to a stable growth in demand from two major customers over the past few years, along with the launch of new products.

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 China. The portion of revenue from sales of cylinder heads increased from approximately 25.4% of total revenue for the six months ended 30 June 2025 to approximately 28.1% of total revenue for the six months ended 30 June 2026. Meanwhile, sales volume of cylinder heads increased by approximately 11.9% from approximately 213,000 units for the six months ended 30 June 2025 to approximately 238,000 units for the six months ended 30 June 2026. Such increase was primarily due to an increase in demand for our products in relation to the new energy plug-in hybrid electric vehicles.

Production Facilities

All production facilities of the Group are located in Shenzhou City, Hebei Province, the China. As at 30 June 2026, 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 2026, 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 2026 or earlier.

Collaboration on Underwater Robotics

In May 2026, Hebei Ruifeng Technology Co., Ltd.* (河北瑞豐科技有限公司) (“**Hebei Ruifeng**”), a wholly-owned subsidiary of the Company, entered into a strategic collaboration agreement (the “**Strategic Collaboration Agreement**”) with Beijing Huizhi Guoke Technology Co., Ltd.* (北京滙智國科科技有限公司) (“**Beijing Huizhi**”, together with Hebei Ruifeng, the “**Parties**”), pursuant to which the Parties agreed to carry out strategic collaboration in the research and development, manufacturing and global sales of intelligent underwater cleaning and inspection robots. Currently, the global underwater robotics market is experiencing rapid growth. According to the data from the Fortune Business Insights, the global market for underwater robots reached US$5.8 billion in 2025 and is expected to grow to US$19.6 billion by 2034. According to the data from the Business Research Insights, the market for underwater hull-cleaning robots is also expected to grow from approximately US$140 million in 2026 to US$2.7 billion by 2035.

As a professional provider of intelligent underwater cleaning and inspection robots and intelligent inspection and patrol solutions in China, Beijing Huizhi has a core team comprising professionals from renowned universities and possesses proprietary core technologies, including underwater robot control, artificial intelligence-based vision, and cavitation jet technology. Leveraging the technological strengths, industry experience and capital market resources of both parties, this collaboration will facilitate technological breakthroughs for the Group in the field of underwater robotics and further expand opportunities for diversified development. Against the backdrop of rapid growth in the global underwater robotics market, continued release of policy incentives and accelerating inflows of industrial capital, this strategic collaboration is in line with industry development trends and national strategic directions, and is in the overall interests of the Company and its shareholders. For details, please refer to the announcements of the Company dated 22 May 2026 and 3 July 2026 in relation to the strategic collaboration.

FUTURE PROSPECTS

Looking ahead to the second half of the year, for the Group's traditional core cylinder block and cylinder head business, the Group will adopt a dual-track approach focusing on both new and existing customers, together with stringent control over costs and quality, as its overall strategy, with a view to seizing opportunities in a volatile market and achieving growth in revenue and profit. The management will also closely monitor raw material price trends and industry developments, flexibly adjust its business strategies, ensure the successful achievement of its full-year targets, and continuously strengthen its core competitiveness as it steadily advances towards a new era of intelligent manufacturing. The Company has been deeply engaged in the traditional manufacturing sector for many years, accumulating extensive process expertise and a well-established market network. In response to market volatility and industry challenges, the Group has proactively adjusted its strategy and actively expanded into the robotics business. By integrating its existing strengths in precision manufacturing with leading-edge emerging intelligent technologies in the industry, the Group is gradually developing automation solutions and proactively forming strategic alliances with enterprises across different sectors, combining cross-industry resources and technologies to jointly develop diverse application scenarios. This initiative not only effectively diversifies the risks associated with reliance on a single industry, but also successfully overcomes operational limitations, enabling the product portfolio to expand from traditional components to intelligent integrated systems and demonstrating the Company's resilience, adaptability and commitment to innovation.

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately 5.4% from approximately RMB550.2 million for the six months ended 30 June 2025 to approximately RMB520.5 million for the six months ended 30 June 2026. The decrease was primarily attributable to a decrease in sales of the cylinder block for the passenger vehicles.

Sales of Cylinder Blocks

Segment revenue from sales of cylinder blocks decreased by approximately 6.4% from approximately RMB373.0 million for the six months ended 30 June 2025 to approximately RMB349.0 million for the six months ended 30 June 2026. Meanwhile, the sales volume decreased by approximately 12.9% from approximately 460,000 units for the six months ended 30 June 2025 to approximately 400,000 units for the six months ended 30 June 2026. Such decrease in revenue from sales of cylinder blocks and sales volume was primarily attributable to a decrease in sales of the cylinder block for the passenger vehicles by approximately 44.0% to approximately RMB84.3 million for the six months ended 30 June 2026, which was partially offset by an increase in sales of cylinder blocks for the commercial vehicles and industrial vehicles by approximately 24.1% to approximately RMB157.3 million and approximately 12.3% to approximately RMB107.4 million, respectively, for the six months ended 30 June 2026, as compared with the corresponding period in the last year.

Sales of Cylinder Heads

Segment revenue from sales of cylinder heads increased by approximately 4.6% from approximately RMB139.7 million for the six months ended 30 June 2025 to approximately RMB146.1 million for the six months ended 30 June 2026. Meanwhile, the sales volume of cylinder heads increased by approximately 11.9% from approximately 213,000 units for the six months ended 30 June 2025 to approximately 238,000 units for the six months ended 30 June 2026. The increase in revenue from sales of cylinder heads and sales volume was primarily due to an increase in demands on our products in relation to the new energy plug-in hybrid electric vehicles.

Sales of Ancillary cylinder block components and others

Segment revenue from sales of ancillary cylinder block components and others decreased by approximately 32.3% from approximately RMB37.6 million for the six months ended 30 June 2025 to approximately RMB25.4 million for the six months ended 30 June 2026. However, the sales volume of ancillary cylinder block components and others increased by approximately 22.4% from approximately 94,000 units for the six months ended 30 June 2025 to approximately 116,000 units for the six months ended 30 June 2026. The decrease in sales of ancillary cylinder block components and others was primarily attributable to an increase in raw material costs, such as iron and aluminum, the Group reduced the production of products with lower profit margin for the six months ended 30 June 2026 as compared with the six months ended 30 June 2025.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately 2.4% from approximately RMB62.0 million for the six months ended 30 June 2025 to approximately RMB60.5 million for the six months ended 30 June 2026. The decrease is in line with a decrease in revenue. However, the gross profit margin slightly increased from 11.3% for the six months ended 30 June 2025 to 11.6% for the six months ended 30 June 2026, primarily due to the Group restructure the products mix and reduced production of products with lower profit margin as the raw material costs (i.e. iron and aluminum) increased for the six months ended 30 June 2026 as compared with the six months ended 30 June 2025.

Other Income

Other income decreased by approximately 23.8% from approximately RMB16.9 million for the six months ended 30 June 2025 to approximately RMB12.9 million for the six months ended 30 June 2026, which was primarily due to absence of a gain on disposal of property, plant and equipment for the six months ended 30 June 2026 as a gain on disposal of property, plant and equipment of approximately RMB7.4 million for the six months ended 30 June 2025.

Selling Expenses

Selling expenses increased by approximately 8.0% from approximately RMB6.8 million for the six months ended 30 June 2025 to approximately RMB7.3 million for the six months ended 30 June 2026, primarily attributable to an increase in provision for warranties of approximately RMB0.9 million for the six months ended 30 June 2026 as compared with the same period last year.

Administrative Expenses

Administrative expenses increased by approximately 3.8% from approximately RMB41.7 million for the six months ended 30 June 2025 to approximately RMB43.2 million for the six months ended 30 June 2026. The increase in administrative expenses was attributable to an increase in depreciation expenses in relation to the addition of right-of-use assets.

Finance Costs

Finance costs remained stable at approximately RMB6.5 million and RMB6.4 million for the six months ended 30 June 2026 and 2025, respectively.

Income Tax

Income tax decreased by approximately 89.9% from approximately RMB6.7 million for the six months ended 30 June 2025 to approximately RMB0.7 million for the six months ended 30 June 2026 primarily due to (i) a credit of deferred taxation of approximately RMB2.2 million for the six months ended 30 June 2026 as an expense of deferred taxation of approximately RMB1.6 million for the six months ended 30 June 2025; and (ii) absent of under-provision of the current corporate income tax for the six months ended 30 June 2026 as an under-provision of the current corporate income tax of approximately RMB2.1 million for the six months ended 30 June 2025. As a result, the effective income tax rate decreased from approximately 27.9% for the six months ended 30 June 2025 to approximately 4.1% for the six months ended 30 June 2026.

Profit for the Period

The profit for the period decreased by approximately 9.5% from approximately RMB17.4 million for the six months ended 30 June 2025 to approximately RMB15.7 million for the six months ended 30 June 2026, primarily attributable to absence of gains on disposal of the property, plants and equipment for the six months ended 30 June 2026 as such gains of approximately RMB7.4 million for the six months ended 30 June 2025. Excluding the effect of the gains on disposal of the properties, plants and equipment, the profit of the period increased from approximately RMB10.0 million for the six months ended 30 June 2025 to approximately RMB15.7 million for the six months ended 30 June 2026.

The net profit margin remained stable at approximately 3.0% and 3.2% for the six months ended 30 June 2026 and 2025, respectively.

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 2026 and 31 December 2025, cash at bank and on hand of the Group amounted to approximately RMB51.0 million and approximately RMB29.4 million, respectively. The increase is due to cash generated from operating activities increased from approximately RMB9.7 million for the six months ended 30 June 2025 to RMB58.0 million and an increase in cash generated from financing activities in relation to the interest-bearing borrowings, which partially offset by the payments for acquisition of property, plant and equipment.

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 8.2% from approximately RMB300.1 million as at 31 December 2025 to approximately RMB324.5 million as at 30 June 2026. The increase is primarily due to an increase in demands of our products in June 2026 as our customers have not yet settled before end of the period. The trade and bills receivables turnover day increased from approximately 92 days as at 31 December 2025 to approximately 109 days as at 30 June 2026.

Trade Payables

The trade payables increased by approximately 9.1% from approximately RMB299.7 million as at 31 December 2025 to approximately RMB327.1 million as at 30 June 2026 primarily due to increases in purchase volume and unit price of raw materials. The trade payables turnover day remained stable at approximately 124 days and 124 days as at 30 June 2026 and 31 December 2025, respectively.

Interest-bearing Borrowings

The interest-bearing borrowings increased by approximately 14.7% from approximately RMB369.8 million as at 31 December 2025 to approximately RMB424.0 million as at 30 June 2026 which were secured by pledged property, plant and equipment and right-of-use assets of the Group. The aggregate carrying amount of such pledged assets was approximately RMB250.6 million (as at 31 December 2025: approximately RMB273.8

million). All interest-bearing borrowings as at 30 June 2026 and 31 December 2025 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:

Repayment schedule	**At 30 June 2026 RMB'000 (Unaudited)**	At 31 December 2025 RMB'000 (Audited)
Within 1 year or on demand	**176,926**	165,948
After 1 year but within 2 years	**178,950**	157,390
After 2 years but within 5 years	**68,086**	46,419
	423,962	369,757

Gearing Ratio

The gearing ratio increased from approximately 36.9% as at 31 December 2025 to approximately 42.6% as at 30 June 2026, primarily attributable to an increase in interest-bearing borrowings of approximately RMB54.2 million as at 30 June 2026 as compared to 31 December 2025.

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 2026, the capital expenditure of the Group was approximately RMB88.6 million (six months ended 30 June 2025: approximately RMB82.7 million). The capital expenditure incurred for the six months ended 30 June 2026 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 2026, the capital commitments of the Group in respect of property, plant and equipment contracted for amounted to approximately RMB59.1 million (as at 31 December 2025: approximately RMB33.2 million).

Contingent Liabilities

As at 30 June 2026, the Group did not have any material contingent liabilities or guarantees (as at 31 December 2025: 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 2026 (six months ended 30 June 2025: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have detailed plans for material investment or capital assets as at 30 June 2026 (as at 31 December 2025: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2026, the Group had a total of 906 employees (as at 31 December 2025: 818 employees). For the six months ended 30 June 2026, the Group has incurred total staff costs of approximately RMB43.4 million (six months ended 30 June 2025: approximately RMB42.8 million), representing an increase of approximately 1.4% as compared to the six months ended 30 June 2025.

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 report, there are no major subsequent events after 30 June 2026 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 report.

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of Ruifeng Power Group Company Limited (the "**Company**") is pleased to submit the interim report together with unaudited consolidated financial statements of the Group for the six months ended 30 June 2026 which have been reviewed by the audit committee of the Company (the "**Audit Committee**").

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2026 and up to the date of this report, 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 2026.

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 five executive Directors, one non-executive director and three independent non-executive Directors. The Board has applied the principles and 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 2026, 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 2026. 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 2026.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2025 annual report of the Company are set out below:

With effect from 1 July 2026, Mr. He Feng has been appointed as a non-executive Director.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("**SFO**")) as recorded in the register of directors' and chief executive's interests and short positions required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Name of Entity	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Meng Lianzhou ("**Mr. LZ Meng**") (Note 2)	The Company	Interest of controlled corporation	411,042,000 Shares (L)	51.38%
	Dragon Rise	Beneficial owner	5,044 shares of US$1.00 each (L)	50.46%
Liu Zhanwen ("**Mr. ZW Liu**") (Note 2)	The Company	Interest of controlled corporation	411,042,000 Shares (L)	51.38%
	Dragon Rise	Beneficial owner	1,432 shares of US$1.00 each (L)	14.32%
Zhang Yuexuan ("**Mr. YX Zhang**") (Note 2)	The Company	Interest of controlled corporation	411,042,000 Shares (L)	51.38%
	Dragon Rise	Beneficial owner	2,235 shares of US$1.00 each (L)	22.36%
Liu Enwang ("**Mr. EW Liu**") (Note 2)	The Company	Interest of controlled corporation	411,042,000 Shares (L)	51.38%
	Dragon Rise	Beneficial owner	1,286 shares of US$1.00 each (L)	12.86%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.

(2) These 411,042,000 Shares are held by Dragon Rise Ventures Limited ("**Dragon Rise**"), the issued shares of which are owned as to approximately 50.46% by Mr. LZ Meng, approximately 14.32% by Mr. ZW Liu, approximately 22.36% by Mr. YX Zhang and approximately 12.86% by Mr. EW Liu, respectively. On 28 August 2017, Mr. LZ Meng, Mr. YX Zhang, Mr. EW Liu and Mr. ZW Liu entered into a concert party agreement to, among others, confirm their acting-in-concert agreement. Under the SFO, each of Mr. LZ Meng, Mr. YX Zhang, Mr. EW Liu and Mr. ZW Liu is taken to be interested in the Shares beneficially owned by Dragon Rise.

Save as disclosed above, as at 30 June 2026, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, the interests and short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of SFO and based on the information available were as follows:

Name of Shareholders	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Dragon Rise Ventures Limited ("**Dragon Rise**")	Beneficial owner	411,042,000 Shares (L)	51.38%
Ms. Zhao Jingmei (趙敬梅) ("**Ms. Zhao**") (Note 2)	Interest of spouse	411,042,000 Shares (L)	51.38%
Ms. Meng Dongdong (孟冬冬) (Note 3)	Interest of spouse	411,042,000 Shares (L)	51.38%
Ms. Xiao Zhiru (肖智茹) (Note 4)	Interest of spouse	411,042,000 Shares (L)	51.38%
Ms. Wang Sujuan (王素娟) (Note 5)	Interest of spouse	411,042,000 Shares (L)	51.38%
Radiant Path Holding Limited ("**Radiant Path**")	Beneficial owner	67,868,000 Shares (L)	8.48%
Mr. Wang Shiying (王士英) ("**Mr. Wang**") (Note 6)	Interest of controlled corporation	67,868,000 Shares (L)	8.48%
Ms. Yin Shujuan (尹淑娟) ("**Ms. Yin**") (Note 7)	Interest of spouse	67,868,000 Shares (L)	8.48%
Great Ally Enterprises Limited ("**Great Ally**")	Beneficial owner	46,864,000 Shares (L)	5.86%
Mr. Zhang Zhanbiao (張占標) ("**Mr. ZB Zhang**") (Note 8)	Interest of controlled corporation	46,864,000 Shares (L)	5.86%
Ms. Zhu Yunchuan (朱雲川) (Note 9)	Interest of spouse	46,864,000 Shares (L)	5.86%
Rosy Raise Limited ("**Rosy Raise**")	Beneficial owner	46,864,000 Shares (L)	5.86%
Ms. Liu Meiling (劉美玲) ("**Ms. ML Liu**") (Note 10)	Interest of controlled corporation	46,864,000 Shares (L)	5.86%
Mr. Li Xunye (李訓業) (Note 11)	Interest of spouse	46,864,000 Shares (L)	5.86%

Notes:

(1) The letter "L" denotes a long position (as defined under Part XV of the SFO) in the Shares.

(2) Ms. Zhao is the spouse of Mr. LZ Meng. Under the SFO, she is taken to be interested in the Shares in which Mr. LZ Meng is interested.

(3) Ms. Meng Dongdong (孟冬冬) is the spouse of Mr. ZW Liu. Under the SFO, she is taken to be interested in the Shares in which Mr. ZW Liu is interested.

(4) Ms. Xiao Zhiru (肖智茹) is the spouse of Mr. YX Zhang. Under the SFO, she is taken to be interested in the Shares in which Mr. YX Zhang is interested.

(5) Ms. Wang Sujuan (王素娟) is the spouse of Mr. EW Liu. Under the SFO, she is taken to be interested in the Shares in which Mr. EW Liu is interested.

(6) These 67,868,000 Shares are beneficially owned by Radiant Path, which is wholly owned by Mr. Wang. Under the SFO, he is taken to be interested in the Shares beneficially owned by Radiant Path.

(7) Ms. Yin is the spouse of Mr. Wang. Under the SFO, she is taken to be interested in the Shares in which Mr. Wang is interested.

(8) These 46,864,000 Shares are beneficially owned by Great Ally, which is wholly owned by Mr. ZB Zhang. Under the SFO, he is taken to be interested in the Shares beneficially owned by Great Ally.

(9) Ms. Zhu Yunchuan (朱雲川) is the spouse of Mr. ZB Zhang. Under the SFO, she is taken to be interested in the Shares in which Mr. ZB Zhang is interested.

(10) These 46,864,000 Shares are beneficially owned by Rosy Raise, which is wholly owned by Ms. ML Liu. Under the SFO, she is taken to be interested in the Shares beneficially owned by Rosy Raise.

(11) Mr. Li Xunye (李訓業) is the spouse of Ms. ML Liu. Under the SFO, he is taken to be interested in the Shares in which Ms. ML Liu is interested.

Save as disclosed above, as at 30 June 2026, other than the Directors and the chief executive of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, no person had interest or short position in the Shares or underlying Shares of the Company which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

EQUITY-LINKED AGREEMENT

During the six months ended 30 June 2026, the Company did not enter into any other equity-linked agreement, nor did any other equity-linked agreement exist during the six months ended 30 June 2026, other than the Share Option Scheme as set out in the paragraph headed "Share Option Scheme" below.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 11 December 2017. The purpose of the Share Option Scheme is to provide incentives or rewards to selected participants who contribute to the success of the Group's operations. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date with a remaining life until 10 December 2027.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date (the "**General Scheme Limit**"). As at the date of this report, the total number of Shares available for issue under the Share Option Scheme was 80,000,000 Shares, representing 10% of the issued share capital of the Company. The Company may renew the General Scheme Limit with Shareholders' approval provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the Shareholders' approval.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

The total number of Shares which could be allotted and issued upon exercise of the options that remain available to be granted under the General Scheme Limit as at the beginning and end of the Period under review are as below:

	At 1 January 2026	At 30 June 2026
Number of options granted	**–**	–
Number of Shares which could be allotted and issued upon exercise of the options that remain available to be granted under the existing General Scheme Limit	**80,000,000**	80,000,000

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of: (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and up to the date of this report. As no share options were granted during the six months ended 30 June 2026, the number of shares that may be issued in respect of options granted during the period, divided by the weighted average number of shares in issue for the period, is 0%.

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 2026.

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

Shenzhou, the PRC, 28 August 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	4	**520,536**	550,178
Cost of sales		**(459,993)**	(488,161)
Gross profit	4(b)	**60,543**	62,017
Other income	5	**12,875**	16,899
Selling expenses		**(7,318)**	(6,777)
Administrative expenses		**(43,248)**	(41,682)
Profit from operations		**22,852**	30,457
Finance costs	6(a)	**(6,472)**	(6,407)
Profit before taxation	6	**16,380**	24,050
Income tax	7	**(679)**	(6,700)
Profit for the period attributable to equity shareholders of the Company		**15,701**	17,350
Earnings per share			
Basic and diluted (RMB cent)	8	**1.96**	2.17
Profit for the period		**15,701**	17,350
Other comprehensive (loss)/income for the period (after tax):			
Item that will not be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements into presentation currency		**(6,830)**	(8,417)
Item that may be reclassified subsequently to profit or loss			
– Exchange difference on consolidation		**6,008**	6,646
Total other comprehensive loss for the period (after tax)		**(822)**	(1,771)
Total comprehensive income for the period attributable to equity shareholders of the Company		**14,879**	15,579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Note	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**1,017,921**	1,017,971
Right-of-use assets	10	**105,561**	98,398
Other non-current assets	11	**15,593**	16,340
Deferred tax assets	12	**20,627**	18,410
		1,159,702	1,151,119
Current assets			
Inventories	13	**329,688**	297,081
Trade receivables, other receivables and prepayments	14	**405,919**	366,849
Prepaid income tax		**12,179**	11,314
Cash at bank and on hand	15	**50,963**	29,373
		798,749	704,617
Current liabilities			
Trade and other payables	16	**457,618**	442,566
Amount due to a controlling shareholder		**1,330**	1,346
Amount due to a director		**887**	–
Interest-bearing borrowings	17	**176,926**	165,948
Lease liabilities		**1,792**	–
Dividends payable	20(a)	**20,868**	–
Provision for warranties	18	**2,632**	2,910
		662,053	612,770
Net current assets		**136,696**	91,847
Total assets less current liabilities		**1,296,398**	1,242,966

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Note	**At 30 June 2026 RMB'000 (Unaudited)**	At 31 December 2025 RMB'000 (Audited)
Non-current liabilities			
Interest-bearing borrowings	17	**247,036**	203,809
Lease liabilities		**2,784**	–
Provision for warranties	18	**8,326**	7,191
Deferred income	19	**43,282**	31,007
		301,428	242,007
Net assets		**994,970**	1,000,959
Capital and reserves	20		
Share capital		**66,425**	66,425
Reserves		**928,545**	934,534
Total equity		**994,970**	1,000,959

Approved and authorized for issue by the board of directors on 28 August 2026

Meng Lianzhou
Chairman

Liu Enwang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to equity shareholders of the Company					
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2025 (Audited)	66,425	82,246	46,009	10,964	788,896	994,540
Changes in equity for the six months ended 30 June 2025:						
Profit for the period	–	–	–	–	17,350	17,350
Other comprehensive loss for the period	–	–	–	(1,771)	–	(1,771)
Total comprehensive income	–	–	–	(1,771)	17,350	15,579
Appropriation to reserves	–	–	4,272	–	(4,272)	–
Final dividend declared (Note 20(a))	–	(14,662)	–	–	–	(14,662)
	–	(14,662)	4,272	–	(4,272)	(14,662)
Balance at 30 June 2025 (Unaudited)	66,425	67,584	50,281	9,193	801,974	995,457
Balance at 1 January 2026 (Audited)	**66,425**	**67,584**	**51,713**	**8,779**	**806,458**	**1,000,959**
Changes in equity for the six months ended 30 June 2026:						
Profit for the period	**–**	**–**	**–**	**–**	**15,701**	**15,701**
Other comprehensive loss for the period	**–**	**–**	**–**	**(822)**	**–**	**(822)**
Total comprehensive income	**–**	**–**	**–**	**(822)**	**15,701**	**14,879**
Appropriation to reserves	**–**	**–**	**4,028**	**–**	**(4,028)**	**–**
Final dividend declared (Note 20(a))	**–**	**(20,868)**	**–**	**–**	**–**	**(20,868)**
	–	**(20,868)**	**4,028**	**–**	**(4,028)**	**(20,868)**
Balance at 30 June 2026 (Unaudited)	**66,425**	**46,716**	**55,741**	**7,957**	**818,131**	**994,970**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 RMB'000 (Unaudited)	 2025 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		**61,746**	15,731
Income tax paid		**(3,761)**	(6,067)
Net cash generated from operating activities		**57,985**	9,664
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		**(84,485)**	(82,695)
Payments for acquisition of right-of-use assets		**(4,160)**	–
Repayment of non-current assets		**–**	15,350
Other cash flows arising from investing activities		**38**	1,352
Net cash used in investing activities		**(88,607)**	(65,993)
Cash flows from financing activities			
Proceeds from interest-bearing borrowings		**169,254**	184,048
Repayment of interest-bearing borrowings		**(110,580)**	(132,697)
Other cash flows arising from financing activities		**(6,370)**	(6,407)
Net cash generated from financing activities		**52,304**	44,944
Net increase/(decrease) in cash and cash equivalents		**21,682**	(11,385)
Cash and cash equivalents at the beginning of the period	15	**29,373**	31,538
Effect of foreign exchange rate changes		**(92)**	(18)
Cash and cash equivalents at the end of the period	15	**50,963**	20,135

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.

2. BASIS OF PREPARATION

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 Hong Kong Stock Exchange, including compliance with the IAS Standards ("**IASs**") 34, Interim financial reporting, issued by the International Accounting Standards Board (the "**IASB**"). It was authorised for issue on 28 August 2026.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 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 2025 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 IFRS Accounting Standards.

The financial information relating to the financial year ended 31 December 2025 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 2025 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in the audit report dated 31 March 2026.

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 2025, except for the adoption of the following revised IFRS Accounting Standards which are relevant to the Group and are effective from the Period.

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

The adoption of the 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

The Group is principally engaged in the design, development and manufacture and sale of cylinder blocks, cylinder heads and ancillary cylinder block components and others.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Sales of cylinder blocks	**349,027**	372,950
Sales of cylinder heads	**146,060**	139,664
Sales of ancillary cylinder block components and others	**25,449**	37,564
	520,536	550,178

4. REVENUE AND SEGMENT REPORTING (continued)

(a) Disaggregation of revenue (continued)

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 exceeded 10% of the Group's revenue are as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**172,070**	200,820
Customer B	**88,877**	91,637
Customer C	**74,010**	68,760

(b) Segment reporting

The Group manages its businesses by products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have 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: this segment includes primarily the manufacture and sale of ancillary cylinder block components used in cylinder blocks and cylinder heads not covered by the Group's warranty policies.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive 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 sales have occurred for the six months ended 30 June 2026 and 2025. 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 and selling and administrative 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 is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2026 and 2025 is set out below.

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

	Six months ended 30 June 2026			
	Cylinder blocks RMB'000 (Unaudited)	**Cylinder heads RMB'000 (Unaudited)**	**Ancillary cylinder block components and others RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Revenue from external customers recognised at a point in time	**349,027**	**146,060**	**25,449**	**520,536**
Reportable segment gross profit	**45,905**	**8,545**	**6,093**	**60,543**

	Six months ended 30 June 2025			
	Cylinder blocks RMB'000 (Unaudited)	Cylinder heads RMB'000 (Unaudited)	Ancillary cylinder block components and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue from external customers recognised at a point in time	372,950	139,664	37,564	550,178
Reportable segment gross profit	49,755	6,730	5,532	62,017

4. REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Geographic information

The Group's revenue is substantially generated from the sales to customers in the Chinese Mainland. The Group's operating assets are substantially situated in the Chinese Mainland. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (including amortisation of deferred income)	**4,433**	3,797
Interest income	**38**	816
Rentals receivable from operating leases	**108**	122
Gain on disposal of property, plant and equipment	**–**	7,392
Additional value-added tax ("**VAT**") input deduction (Note)	**1,633**	2,175
Others	**6,663**	2,597
	12,875	16,899

Note:

Additional VAT input deduction amounted to approximately RMB1,633,000 (six months ended 30 June 2025: approximately RMB2,175,000) was recognised in profit or loss due to a preferential VAT tax treatment. According to Announcement No. 43 by the Ministry of Finance and the State Taxation Administration of the Chinese Mainland in 2023, advanced manufacturing enterprises are eligible for additional VAT credits by 5% of the current period creditable input VAT with effect from 1 January 2023 to 31 December 2027. 河北瑞豐科技有限公司 (Hebei Ruifeng Technology Co., Ltd*) ("**Hebei Ruifeng**"), a subsidiary of the Company, is qualified for the additional deduction of input VAT.

* English name is for identification purpose only.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2026 **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
Interest on interest-bearing borrowings	**6,261**	6,202
Interest on lease liabilities	**72**	–
Bank charges and others	**139**	205
	6,472	6,407

No borrowing costs have been capitalised for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

(b) Staff costs (including directors' emoluments)

	Six months ended 30 June	
	2026 **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
Salaries, wages and other benefits	**40,649**	40,132
Contributions to defined contribution retirement plan	**2,749**	2,713
	43,398	42,845

The employees of the subsidiaries of the Group established in the Chinese Mainland 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 Chinese Mainland, from the above mentioned retirement plan at their normal retirement age.

6. PROFIT BEFORE TAXATION (continued)

(b) Staff costs (including directors' emoluments) (continued)

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. 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, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

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	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge		
– owned property, plant and equipment	**68,836**	60,281
– right-of-use assets	**2,390**	1,274
Provision of impairment losses on trade receivables	**679**	760
Provision for warranties	**3,023**	3,527
Research and development costs	**15,598**	16,837
Cost of inventories (Note)	**459,993**	488,161

Note:

Cost of inventories for the six months ended 30 June 2026 includes approximately RMB87,895,000 (six months ended 30 June 2025: approximately RMB79,651,000) relating to staff costs, and depreciation, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current taxation – Chinese Mainland Corporate Income Tax		
Provision for the period	**2,896**	3,033
Under-provision for prior years	**–**	2,105
	2,896	5,138
Deferred taxation (Note 12)		
Origination and reversal of temporary differences	**(2,217)**	1,562
	679	6,700

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) For six months ended 30 June 2026 and 2025, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime under which, the first HK$2 million assessable profits arising from Hong Kong of qualifying entity of the Group is taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2 million is taxed at 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group subject to Hong Kong Profits Tax will continue to be taxed at a flat rate of 16.5%.

(iii) The subsidiaries of the Group established in the Chinese Mainland are subject to Chinese Mainland Corporate Income Tax rate of 25% for the six months ended 30 June 2026 (six months ended 30 June 2025: 25%).

(iv) One of the Group's subsidiaries established in the Chinese Mainland 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. Pursuant to the relevant tax regulations, this subsidiary is entitled to a preferential tax rate of 15%. In addition to the preferential Chinese Mainland Corporate Income Tax rate, this subsidiary is also entitled to an additional tax deductible allowance calculated at 100% (six months ended 30 June 2025: 100%) of its qualified research and development costs incurred.

8. 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 RMB15,701,000 (six months ended 30 June 2025: approximately RMB17,350,000) and the weighted average of 800,000,000 ordinary shares (six months ended 30 June 2025: 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 2026 and 2025.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of plant and machinery with a cost of approximately RMB68,786,000 (six months ended 30 June 2025: approximately RMB91,368,000). None of plant and machinery were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: approximately RMB9,430,000).

10. RIGHT-OF-USE ASSETS

The right-of-use assets represent the land use rights paid by the Group for land situated in the Chinese Mainland and the leased office premises in Hong Kong. The lease terms of land use right range from 5 to 70 years (six months ended 30 June 2025: 50 to 70 years) and leased office premises is 3 years (six months ended 30 June 2025: Nil).

During the six months ended 30 June 2026, the Group acquired item of land use right with a cost of approximately RMB4,160,000 (six months ended 30 June 2025: Nil) and entered into a lease agreement regarding office premises effective from 1 January 2026 for three years, in which the right-of-use assets of approximately RMB5,382,000 (six months ended 30 June 2025: Nil) was recognised.

11. OTHER NON-CURRENT ASSETS

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Other non-current assets	**22,596**	23,343
Less: loss allowance	**(7,003)**	(7,003)
	15,593	16,340

In 2019 and 2020, the Company entered into several agreements with a target company (the "**Target Company**") and a vendor (the "**Vendor**"), which is the sole shareholder of the Target Company. The Target Company is mainly engaged in the design and manufacturing of power systems, braking systems, vehicle spare parts and components in China. Pursuant to the agreements, the Company will acquire 10.7% equity interests of the Target Company from the Vendor (the "**Transaction**") at a consideration of EUR5,000,000, which the Group have paid EUR3,000,000 as a consideration, and offer a loan with principal amount of EUR2,000,000 to the Target Company for operation use, which the Group have paid it in full. As at 30 June 2026 and up to the date of these financial statements, the Transaction has not yet been finalised due to the Target Company failure to update the register of the members in accordance with the Company Law in the Chinese Mainland. As at 30 June 2026, the other non-current assets represents the payment made by the Group in relation to the transactions.

During the year ended 31 December 2024, the Company initiated legal actions towards the Target Company with a view to facilitate the re-negotiation with the Vendor and attempted to finalise the Transaction but no mutual agreement with the Vendor or the Target Company was reached. The Company then submitted an application for civil case proceedings at Hebei Province Shenzhou City People's Court* (河北省深州市人民法院) (the "**Shenzhou Court**") for claiming the loan principal amount of EUR2,000,000 from the Target Company. On 4 March 2024, a court order was issued by the Shenzhou Court to freeze the Target Company's bank balances of RMB18,000,000 for 1 year or assets with equivalents value up to 3 years. On 21 February 2025, a court order was further issued by the Shenzhou Court to freeze the Target Company's bank balance of RMB18,000,000 again for 1 more year.

On 23 April 2025, a civil judgement was issued by the Shenzhou Court, pursuant to which the Target Company was liable to repay the loan principal amount of EUR2,000,000 together with an interest charge of approximately RMB582,000, and which a full settlement of the loan principal amount and the relevant interest charge was then received by the Company on 30 May 2025.

11. OTHER NON-CURRENT ASSETS (continued)

On 5 June 2025, the Company filed a request of arbitration to China International Economic and Trade Arbitration Commission Shanghai sub-commission* (中國國際經濟貿易仲裁委員會上海分會) for claiming a refund of the consideration of EUR3,000,000 and the relevant interests from the Vendor. No results of the arbitration was finalized yet up to the date of this report.

With reference to the legal opinion of the Group's Chinese Mainland lawyers and management's assessment, the directors of the Company opined that the credit risk of the total investment amount paid to the Vendor and the Target Company was increased significantly and thus impairment loss of approximately RMB7,003,000 which was measured equal to lifetime ECL was recognised during the year ended 31 December 2025. The directors of the Company considered there was no significant changes in the credit risk since 31 December 2025, and therefore no further provision of ECL was made during the six months ended 30 June 2026.

* English name is for identification purpose only.

12. DEFERRED TAX ASSETS

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

	Government grants and subsequent amortisation RMB'000	Provision for warranties RMB'000	Write-down of inventories RMB'000	Credit loss allowance RMB'000	Depreciation allowances in depreciation RMB'000	Total RMB'000
At 1 January 2025 (Audited)	5,553	1,123	4,151	5,761	2,512	19,100
(Charged)/Credited to the consolidated statement of profit or loss	(902)	392	600	279	(1,059)	(690)
At 31 December 2025 (Audited) and 1 January 2026	4,651	1,515	4,751	6,040	1,453	18,410
Credited to the consolidated statement of profit or loss	1,841	129	146	101	–	2,217
At 30 June 2026 (Unaudited)	**6,492**	**1,644**	**4,897**	**6,141**	**1,453**	**20,627**

13. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Raw materials	**76,330**	64,029
Work in progress	**138,248**	127,555
Finished goods	**147,756**	137,170
	362,334	328,754
Less: write-down of inventories	**(32,646)**	(31,673)
	329,688	297,081

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Carrying amount of inventories sold	**459,020**	490,676
Write-down/(Reversal of write-down) of inventories	**973**	(2,515)
	459,993	488,161

14. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Trade receivables	297,901	285,916
Less: loss allowance	(40,943)	(40,264)
	256,958	245,652
Bills receivable	67,578	54,412
Other receivables and prepayments	56,659	42,230
Deductible value added tax	24,724	24,555
	405,919	366,849

Notes:

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

(ii) The ageing analysis of trade receivables and bills receivable, included in the trade receivables, other receivables and prepayments, based on the invoice date and net of loss allowance of the Group is as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Less than 1 month	207,742	168,033
1 to 3 months	80,152	94,259
3 to 6 months	34,815	37,389
Over 6 months	1,827	383
	324,536	300,064

15. CASH AT BANK AND ON HAND

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Cash at bank	**50,886**	29,283
Cash on hand	**77**	90
	50,963	29,373

Note:

As at 30 June 2026, cash at bank and on hand situated in the Chinese Mainland amounted to approximately RMB50,722,000 (at 31 December 2025: approximately RMB26,941,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

16. TRADE AND OTHER PAYABLES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Trade payables	**327,054**	299,737
Payables for construction of property, plant and equipment	**102,690**	118,389
Payables for staff related costs	**10,102**	5,532
Contract liabilities	**1,569**	2,672
Others	**15,945**	16,020
Financial liabilities measured at amortised cost	**457,360**	442,350
Payables for other taxes	**258**	216
	457,618	442,566

Notes:

(i) All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

16. TRADE AND OTHER PAYABLES (continued)

Notes: (continued)

(ii) 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 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Less than 1 month	**106,494**	114,243
1 to 3 months	**102,415**	75,646
3 to 6 months	**32,936**	37,895
Over 6 months	**85,209**	71,953
	327,054	299,737

17. INTEREST-BEARING BORROWINGS

(a) The Group's short-term interest-bearing borrowings comprise:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Bank borrowings		
Unsecured	**34,323**	69,801
Add: current portion of long-term bank borrowings	**142,603**	96,147
	176,926	165,948

17. INTEREST-BEARING BORROWINGS (continued)

(b) The Group's long-term interest-bearing borrowings comprise:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Bank borrowings		
Unsecured	**103,786**	47,731
Secured by property, plant and equipment and right-of-use assets	**285,853**	252,225
Less: current portion of long-term bank borrowings	**(142,603)**	(96,147)
	247,036	203,809

The Group's long-term bank borrowings are repayable as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 1 year or on demand	**142,603**	96,147
After 1 year but within 2 years	**178,950**	157,390
After 2 years but within 5 years	**68,086**	46,419
	389,639	299,956

17. INTEREST-BEARING BORROWINGS (continued)

(c) The aggregate carrying amount of property, plant and equipment and right-of-use assets pledged for the Group's interest-bearing borrowings are as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Property, plant and equipment	**172,693**	189,986
Right-of-use assets	**77,879**	83,859
	250,572	273,845

18. PROVISION FOR WARRANTIES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
At 1 January	**10,101**	7,485
Provisions made	**3,023**	7,397
Provisions utilised	**(2,166)**	(4,781)
At 30 June/31 December	**10,958**	10,101
Current portion	**2,632**	2,910
Non-current portion	**8,326**	7,191
	10,958	10,101

Under the terms of the Group's sales agreements, the Group will rectify any product defects arising within the warranty period, which primarily ranges from one to three years from the date of customer acceptance. Provision is therefore made for the best estimate of the expected obligations under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

19. DEFERRED INCOME

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
At 1 January	**31,007**	37,019
Addition	**15,390**	–
Credited to the consolidated statement of profit or loss	**(3,115)**	(6,012)
At 30 June/31 December	**43,282**	31,007

Deferred income represents government grants received to compensate the Group's cost of construction of property, plant and equipment. The government grants are amortised over the useful lives of the related property, plant and equipment when all attaching conditions are compiled with.

20. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2026. A final dividend of HK$3 cents per share for the year ended 31 December 2025 was approved in the annual general meeting on 17 June 2026 and would distribute to those shareholders whose names are on the register of members of the Company on 30 June 2026, absorbing a total amount of HK$24,000,000 (equivalents to approximately RMB20,868,000) out of the share premium account of the Company, scheduled to be paid on 4 September 2026.

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, absorbing a total amount of HK$16,000,000 (equivalents to approximately RMB14,662,000) out of the share premium account of the Company, was distributed to the shareholders of the Company.

20. CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital

Movements in the Company's issued share capital are as follows:

	At 30 June 2026		At 31 December 2025	
	Number of shares	Nominal value of ordinary shares RMB'000 (Unaudited)	Number of shares	Nominal value of ordinary shares RMB'000 (Audited)
Ordinary shares, issued and fully paid:				
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	**800,000,000**	**66,425**	800,000,000	66,425

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security brought by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

21. COMMITMENTS

Capital commitments outstanding at 30 June 2026 not provided for in the financial statements were as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Commitments in respect of property, plant and equipment:		
Contracted for	**59,054**	33,162

22. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Short-term employee benefits	**1,217**	1,177
Contributions to defined contribution retirement plan	**13**	13
	1,230	1,190