



**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**  
**2025**

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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 Yuxuan

#### Independent Non-Executive Directors

Mr. Wan Ming  
Mr. Ren Keqiang  
Mr. Wong Tak Chun (appointed on 30 June 2025)  
Mr. Yu Chun Kau (resigned on 30 June 2025)

### AUDIT COMMITTEE

Mr. Wong Tak Chun (Chairman) (appointed on 30 June 2025)  
Mr. Wan Ming  
Mr. Ren Keqiang  
Mr. Yu Chun Kau (resigned on 30 June 2025)

### NOMINATION COMMITTEE

Mr. Wan Ming (Chairman)  
Ms. Meng Lingjin (appointed on 30 June 2025)  
Mr. Wong Tak Chun (appointed on 30 June 2025)  
Mr. Meng Lianzhou (resigned on 30 June 2025)  
Mr. Yu Chun Kau (resigned on 30 June 2025)

### REMUNERATION COMMITTEE

Mr. Ren Keqiang (Chairman)  
Mr. Meng Lianzhou  
Mr. Wong Tak Chun (appointed on 30 June 2025)  
Mr. Yu Chun Kau (resigned on 30 June 2025)

### COMPANY SECRETARY

Mr. Lai Wai Leuk

### AUTHORISED REPRESENTATIVES

*(for the purpose of 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 1111, 11/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 Shenzhen Branch  
Industrial Commercial Bank of China  
Shenzhen Branch

## **CORPORATE INFORMATION**

### **REGISTERED OFFICE**

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

### **HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN PRC**

Middle of East Taishan Road  
Shenzhou  
Hebei Province  
PRC

### **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](http://www.hbsgt.com)

## COMPANY OVERVIEW

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, the People’s Republic of China (the “**PRC**”).

Production of cylinder blocks and cylinder heads in the PRC 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 PRC. As at 30 June 2025, 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 PRC;
- 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		
	2025 (Unaudited)	2024 (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)	2.17	1.76	



## FINANCIAL SUMMARY

	At 30 June 2025 (Unaudited)	At 31 December 2024 (Audited)
<b>Major Items of Consolidated Statement of Financial Position</b>		
Non-current assets (RMB'000)	<b>1,134,987</b>	1,133,345
Current assets (RMB'000)	<b>697,914</b>	710,242
Current liabilities (RMB'000)	<b>636,965</b>	666,232
Net current assets (RMB'000)	<b>60,949</b>	44,010
Non-current liabilities (RMB'000)	<b>200,481</b>	182,815
Net assets (RMB'000)	<b>995,455</b>	994,540
Gearing ratio (Note)	<b>37.0%</b>	31.8%

### 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

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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 Revenue RMB'000 (Unaudited)	As a percentage of total revenue %	Sales volume units	2024 Revenue RMB'000 (Unaudited)	As a percentage of total revenue %	Sales volume units
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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (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
	<b>367,838</b>	316,487



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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).

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 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 report, 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 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 2025 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 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 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 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.

### CHANGES IN DIRECTORS' INFORMATION

With effect from 30 June 2025, (1) 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; and (4) Ms. Meng Lingjin, an executive Director, was appointed as a member of the Nomination Committee.

# DIRECTORS' REPORT

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

As at 30 June 2025, 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 (“ <b>Mr. LZ Meng</b> ”) (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 (“ <b>Mr. ZW Liu</b> ”) (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 (“ <b>Mr. YX Zhang</b> ”) (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 (“ <b>Mr. EW Liu</b> ”) (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%

## DIRECTORS' REPORT

*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 2025, 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.

# DIRECTORS' REPORT

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

As at 30 June 2025, 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 (“ <b>Dragon Rise</b> ”)	Beneficial owner	411,042,000 Shares (L)	51.38%
Ms. Zhao Jingmei (趙敬梅) (“ <b>Ms. Zhao</b> ”) (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 (“ <b>Radiant Path</b> ”)	Beneficial owner	67,868,000 Shares (L)	8.48%
Mr. Wang Shiyong (王士英) (“ <b>Mr. Wang</b> ”) (Note 6)	Interest of controlled corporation	67,868,000 Shares (L)	8.48%
Ms. Yin Shujuan (尹淑娟) (“ <b>Ms. Yin</b> ”) (Note 7)	Interest of spouse	67,868,000 Shares (L)	8.48%
Great Ally Enterprises Limited (“ <b>Great Ally</b> ”)	Beneficial owner	46,864,000 Shares (L)	5.86%
Mr. Zhang Zhanbiao (張占標) (“ <b>Mr. ZB Zhang</b> ”) (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 (“ <b>Rosy Raise</b> ”)	Beneficial owner	46,864,000 Shares (L)	5.86%
Ms. Liu Meiling (劉美玲) (“ <b>Ms. ML Liu</b> ”) (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%



## DIRECTORS' REPORT

### 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 2025, 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 2025, 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 2025, other than the Share Option Scheme as set out in the paragraph headed “Share Option Scheme” below.

## DIRECTORS' REPORT

### 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 2025	At 30 June 2025
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.

## DIRECTORS' REPORT

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 2025, 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 2025.

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

Shenzhou, the PRC, 28 August 2025

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025

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

The notes on pages 30 to 48 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025

	Note	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	994,059	972,402
Right-of-use assets	11	99,672	100,946
Deferred tax assets	18	17,538	19,100
Other non-current assets	12	23,718	40,897
		<b>1,134,987</b>	1,133,345
<b>Current assets</b>			
Inventories	13	301,296	319,677
Trade receivables, other receivables and prepayments	14	360,959	324,432
Prepaid income tax		9,524	8,595
Cash at bank and on hand	15	26,135	57,538
		<b>697,914</b>	710,242
<b>Current liabilities</b>			
Trade and other payables	16	412,113	488,056
Interest-bearing borrowings	17	207,588	175,777
Dividends payable		14,588	—
Provision for warranties	19	2,676	2,399
		<b>636,965</b>	666,232
<b>Net current assets</b>		<b>60,949</b>	44,010
<b>Total assets less current liabilities</b>		<b>1,195,936</b>	1,177,355

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025

	Note	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Interest-bearing borrowings	17	160,250	140,710
Provision for warranties	19	6,123	5,086
Deferred income	20	34,108	37,019
		<b>200,481</b>	182,815
<b>Net assets</b>		<b>995,455</b>	994,540
<b>Capital and reserves</b>	21		
Share capital		66,425	66,425
Reserves		929,030	928,115
<b>Total equity</b>		<b>995,455</b>	994,540

Approved and authorised for issue by the board of directors on 28 August 2025.

**Meng Lianzhou**  
Chairman

**Liu Enwang**  
Director

The notes on pages 30 to 48 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025

	Attributable to equity shareholders of the Company					
	Share capital	Share premium	Statutory reserve	Exchange reserve	Retained profits	Total equity
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Balance at 1 January 2024	66,425	93,198	41,091	9,599	774,494	984,807
<b>Changes in equity for the six months ended 30 June 2024:</b>						
Profit for the period	-	-	-	-	14,062	14,062
Other comprehensive income for the period	-	-	-	258	-	258
Total comprehensive income	-	-	-	258	14,062	14,320
Appropriation to reserves	-	-	4,595	-	(4,595)	-
Final dividend declared (note 21(a))	-	(10,952)	-	-	-	(10,952)
	-	(10,952)	4,595	-	(4,595)	(10,952)
Balance at 30 June 2024	66,425	82,246	45,686	9,857	783,961	988,175
Balance at 1 January 2025	<b>66,425</b>	<b>82,246</b>	<b>46,009</b>	<b>10,964</b>	<b>788,896</b>	<b>994,540</b>
<b>Changes in equity for the six months ended 30 June 2025:</b>						
Profit for the period	-	-	-	-	17,350	17,350
Other comprehensive income 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 21(a))	-	(14,664)	-	-	-	(14,664)
	-	(14,664)	4,272	-	(4,272)	(14,664)
Balance at 30 June 2025	<b>66,425</b>	<b>67,582</b>	<b>50,281</b>	<b>9,193</b>	<b>801,974</b>	<b>995,455</b>

The notes on pages 30 to 48 form part of this interim financial report.



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		15,731	22,520
Income tax paid		(6,067)	(2,425)
<b>Net cash generated from operating activities</b>		<b>9,664</b>	<b>20,095</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment		(82,695)	(60,171)
Repayment of non-current assets		15,350	–
Other cash flows arising from investing activities		1,352	8,881
<b>Net cash used in investing activities</b>		<b>(65,993)</b>	<b>(51,290)</b>
<b>Cash flows from financing activities</b>			
Proceeds from interest-bearing borrowings		184,048	145,000
Repayment of interest-bearing borrowings		(132,697)	(88,190)
Other cash flows arising from financing activities		(6,407)	(5,244)
<b>Net cash generated from financing activities</b>		<b>44,944</b>	<b>51,566</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(11,385)</b>	<b>20,371</b>
<b>Cash and cash equivalents at the beginning of the period</b>	15	<b>31,538</b>	<b>20,555</b>
<b>Effect of foreign exchange rate changes</b>		<b>(18)</b>	<b>(22)</b>
<b>Cash and cash equivalents at the end of the period</b>	15	<b>20,135</b>	<b>40,904</b>

The notes on pages 30 to 48 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 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 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 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).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (continued)

### (a) Revenue

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 other components and cylinder heads and other components not covered by the Group's warranty policies.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 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 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 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (continued)

### (b) Segment reporting (continued)

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

	Six months ended 30 June 2025			
	Cylinder blocks	Cylinder heads	Ancillary cylinder block components and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(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	49,755	6,730	5,532	62,017

	Six months ended 30 June 2024			
	Cylinder blocks	Cylinder heads	Ancillary cylinder block components and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(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	50,146	2,186	(1,221)	51,111

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 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 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 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Government grants (including amortisation of deferred income)	3,797	11,908
Interest income	816	38
	<b>4,613</b>	<b>11,946</b>

## 6 OTHER GAINS AND EXPENSES

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (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
	<b>11,526</b>	<b>3,158</b>



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

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

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
	<b>42,845</b>	<b>48,703</b>

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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 7 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 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)	488,161	379,860

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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 8 INCOME TAX

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

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>Current tax</b>		
PRC Corporate Income Tax	3,033	1,585
Under provision in prior years	2,105	–
	<b>5,138</b>	1,585
<b>Deferred tax (Note 18)</b>		
Origination and reversal of temporary differences	1,562	1,510
	<b>6,700</b>	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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 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 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of plant and machinery with a cost of approximately RMB91,368,000 (six months ended 30 June 2024: RMB60,171,000). Items of plant and machinery with a net book value of approximately RMB9,430,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB8,881,000).

## 11 RIGHT-OF-USE ASSETS

The right-of-use assets represent the land use rights paid by the Group for land situated in the PRC. The lease terms of land use right range from 50 to 70 years.

## 12 OTHER NON-CURRENT ASSETS

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Other non-current assets	23,718	40,897

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 2025 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 China. As at 30 June 2025, the other non-current assets represents the payment made by the Group in relation to the transactions.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 12 OTHER NON-CURRENT ASSETS (continued)

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.

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.

With reference to the legal opinion of the Group's PRC lawyers and management's assessment, the directors of the Company opined that it is highly probable to claim the total investment amount paid to the Vendor and the Target Company and therefore no provision of impairment loss was made for the period ended 30 June 2025 and year ended 31 December 2024.

\* English name is for identification purpose only.

## 13 INVENTORIES

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

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Raw materials	60,659	81,270
Work in progress	122,907	126,149
Finished goods	142,888	139,931
	326,454	347,350
Less: write-down of inventories	(25,158)	(27,673)
	301,296	319,677

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 13 INVENTORIES (continued)

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

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Carrying amount to inventories sold (Reversal of write-down)/Write-down of inventories	490,676 (2,515) 488,161	376,372 3,488 379,860

## 14 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 14 TRADE AND OTHER RECEIVABLES (continued)

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:

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

## 15 CASH AT BANK AND ON HAND

	<b>At 30 June 2025 RMB'000 (Unaudited)</b>	<b>At 31 December 2024 RMB'000 (Audited)</b>
Cash and cash equivalents in condensed consolidated cash flow statement	<b>20,135</b>	31,538
Restricted deposit with a bank (Note (ii))	<b>6,000</b>	26,000
	<b>26,135</b>	57,538

Notes:

- (i) As at 30 June 2025, cash at bank and on hand situated in PRC approximately amounted to RMB20,015,000 (at 31 December 2024: RMB30,175,000). Remittance of funds out of PRC is subject to relevant rules and regulations of foreign exchange control.
- (ii) The Group issued short-term bank acceptance notes to its suppliers as a method of settlement of payment, which is guaranteed by the deposit amounted to RMB6,000,000 as at 30 June 2025 (at 31 December 2024: RMB26,000,000) in the issuing bank.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 16 TRADE AND OTHER PAYABLES

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (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 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (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



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 17 INTEREST-BEARING BORROWINGS

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
<b>Current</b>		
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	127,530	131,985
	<b>207,588</b>	<b>175,777</b>
<b>Non-current</b>		
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	(127,530)	(131,985)
	<b>160,250</b>	<b>140,710</b>

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

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (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	21,540	33,900
	<b>287,780</b>	<b>272,695</b>

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).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 18 DEFERRED TAX ASSETS AND LIABILITIES

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

	Assets						Liabilities		Total RMB'000
	Government grants and subsequent amortisation RMB'000	Provision for warranties RMB'000	Write-down of inventories RMB'000	Credit loss allowance RMB'000	Accumulated tax loss RMB'000	Depreciation allowances in depreciation RMB'000	Sub-total RMB'000	Retained profits to be distributed RMB'000	
At 1 January 2024 (Audited)	4,125	698	3,230	5,846	1,457	4,757	20,113	(1,650)	18,463
(Charged)/credited to the consolidated statement of profit or loss	1,428	425	921	(85)	(1,457)	(2,245)	(1,013)	1,650	637
At 31 December 2024 (Audited) and 1 January 2025	5,553	1,123	4,151	5,761	-	2,512	19,100	-	19,100
(Charged)/credited to the consolidated statement of profit or loss	(437)	197	(377)	114	-	(1,059)	(1,562)	-	(1,562)
At 30 June 2025 (Unaudited)	5,116	1,320	3,774	5,875	-	1,453	17,538	-	17,538

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 19 PROVISION FOR WARRANTIES

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
At 1 January	7,485	4,652
Provisions made	3,527	6,642
Provisions utilised	(2,213)	(3,809)
At 30 June/31 December	8,799	7,485
Less: Amount included under “current Liabilities”	(2,676)	(2,399)
	6,123	5,086

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 settlement 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.

## 20 DEFERRED INCOME

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
At 1 January	37,019	27,499
Addition	–	14,880
Credited to the consolidated statement of profit or loss	(2,911)	(5,360)
At 30 June/31 December	34,108	37,019

Deferred income represents government grants received to compensate the Group's cost of construction of property, plant and equipment, which are amortised over the useful lives of the related property, plant and equipment. As at 30 June 2025, included in the deferred income with carrying amounts of approximately RMB Nil (31 December 2024: RMB7,452,000) have not yet started to be amortised due to the corresponding unfulfilled conditions.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 21 CAPITAL, RESERVES AND DIVIDENDS

### (a) 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.

### (b) Share capital

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

	At 30 June 2025		At 31 December 2024	
	Number of shares	Nominal value of ordinary shares RMB'000 (Unaudited)	Number of shares	Nominal value of ordinary shares RMB'000 (Audited)
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	<b>800,000,000</b>	<b>66,425</b>	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 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 afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 22 COMMITMENTS

Except for information disclosed elsewhere in this unaudited condensed consolidated financial statements, capital commitments outstanding at 30 June 2025 not provided for in the financial statements were as follows:

	<b>At 30 June 2025 RMB'000 (Unaudited)</b>	<b>At 31 December 2024 RMB'000 (Audited)</b>
Commitments in respect of property, plant and equipment:		
– Contracted for	<b>40,498</b>	43,420

### 23 MATERIAL RELATED PARTY TRANSACTIONS

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

	<b>Six months ended 30 June</b>	
	<b>2025 RMB'000 (Unaudited)</b>	<b>2024 RMB'000 (Unaudited)</b>
Short-term employee benefits	<b>1,177</b>	1,104
Contributions to defined contribution retirement plan	<b>13</b>	5
	<b>1,190</b>	1,109