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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	Change
Revenue *(RMB'000)*	**956,853**	718,487	33.2%
Gross Profit *(RMB'000)*	**101,288**	87,706	15.5%
Gross profit margin	**10.6%**	12.2%	(1.6)ppt
Profit for the year attributable to equity shareholders of the Company *(RMB'000)*	**19,320**	11,268	71.5%
Net profit margin	**2.0%**	1.6%	0.4ppt
Basic and diluted earnings per share *(RMB cents)*	**2.4**	1.4	

The Board of Directors resolved to declare a final dividend of 2.0 HK cents per share for the year ended 31 December 2024 (2023: 1.5 HK cents per share) which is subject to the approval of the shareholders at the AGM to be held on 30 May 2025.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Ruifeng Power Group Company Limited (the "**Company**" or "**Ruifeng Power**") is pleased to announce the audited consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year**") and the audited consolidated statement of financial position of the Group as at 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024

(Expressed in Renminbi ("RMB"))

	Note	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*3(a)*	**956,853**	718,487
Cost of sales		**(855,565)**	(630,781)
Gross profit	*3(b)*	**101,288**	87,706
Other income	*4*	**25,366**	15,165
Selling expenses		**(13,183)**	(10,373)
Administrative expenses		**(81,915)**	(75,085)
Reversal of impairment losses on trade receivables	*5(c)*	**566**	5,348
Profit from operations		**32,122**	22,761
Finance costs	*5(a)*	**(10,659)**	(10,006)
Profit before taxation	*5*	**21,463**	12,755
Income tax	*6*	**(2,143)**	(1,487)
Profit for the year attributable to equity shareholders of the Company		**19,320**	11,268
Earnings per share			
Basic and diluted (RMB)	*7*	**0.024**	0.014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024
(Expressed in RMB)

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**19,320**	11,268
Other comprehensive income for the year (after tax):		
Item that will not be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of the Company into presentation currency	**6,893**	4,891
Item that may be reclassified subsequently to profit or loss:		
– Exchange difference on consolidation	**(5,528)**	(4,845)
Total other comprehensive income for the year (after tax)	**1,365**	46
Total comprehensive income for the year attributable to equity shareholders of the Company	**20,685**	11,314

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2024
(Expressed in RMB)

	Note	**2024**	2023
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**972,402**	838,377
Right-of-use assets		**100,946**	103,494
Deferred tax assets		**19,100**	20,113
Other non-current assets		**40,897**	39,291
		1,133,345	1,001,275
Current assets			
Inventories		**319,677**	273,116
Trade receivables, other receivables and prepayments	*8*	**324,432**	319,333
Prepaid income tax		**8,595**	4,861
Cash at bank and on hand		**57,538**	40,555
		710,242	637,865
Current liabilities			
Trade and other payables	*9*	**488,056**	377,008
Interest-bearing borrowings	*10*	**175,777**	101,199
Provision for warranties		**2,399**	4,652
		666,232	482,859
Net current assets		**44,010**	155,006
Total assets less current liabilities		**1,177,355**	1,156,281
Non-current liabilities			
Interest-bearing borrowings	*10*	**140,710**	142,325
Provision for warranties		**5,086**	–
Deferred income		**37,019**	27,499
Deferred tax liabilities		**–**	1,650
		182,815	171,474
NET ASSETS		**994,540**	984,807
CAPITAL AND RESERVES			
Share capital		**66,425**	66,425
Reserves		**928,115**	918,382
TOTAL EQUITY		**994,540**	984,807

1 CORPORATE INFORMATION

Ruifeng Power 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 "**Listing Date**"). The Company Group are principally engaged in the design, development, manufacture and sale of cylinder blocks, cylinder heads and ancillary cylinder block components and others.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

These consolidated financial statements have been prepared on a going concern basis, the Directors are of the opinion that the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. The Directors believe that according to the negotiation with the relevant banks, the major subsidiaries of the Group are able to renew its bank facilities upon maturity.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IAS 16	Lease Liability in a Sale and Leaseback

The nature and the impact of the revised IFRS Accounting Standards that are applicable to the Group are described below:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to IAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3 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:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sales of cylinder blocks	**716,830**	573,315
Sales of cylinder heads	**213,159**	138,451
Sales of ancillary cylinder block components and others	**26,864**	6,721
	956,853	718,487

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographical market is disclosed in Notes 3(b)(i) and 3(b)(ii).

(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 sale of cylinder blocks.

- Cylinder heads: this segment includes primarily the research, development, manufacture and sale 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.

(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 years ended 31 December 2024 and 2023. 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, impairment loss on trade receivables 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 years ended 31 December 2024 and 2023 is set out below.

	2024			
	Cylinder blocks *RMB'000*	**Cylinder heads** *RMB'000*	**Ancillary cylinder block components and others** *RMB'000*	**Total** *RMB'000*
Revenue from external customers recognised at a point in time	**716,830**	**213,159**	**26,864**	**956,853**
Reportable segment gross profit/(loss)	**91,190**	**11,154**	**(1,056)**	**101,288**

	2023			
	Cylinder blocks *RMB'000*	Cylinder heads *RMB'000*	Ancillary cylinder block components and others *RMB'000*	Total *RMB'000*
Revenue from external customers recognised at a point in time	573,315	138,451	6,721	718,487
Reportable segment gross profit/(loss)	79,954	8,652	(900)	87,706

(ii) Geographic information

The Group's revenue is substantially generated from 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.

4 OTHER INCOME

	2024 *RMB'000*	2023 *RMB'000*
Government grants (including amortisation of deferred income)	**9,265**	13,593
Interest income	**241**	63
Rentals receivable from operating leases	**2,145**	1,848
Loss on disposal of property, plant and equipment	**(126)**	(648)
Additional value-added tax ("**VAT**") input deduction (Note)	**8,341**	–
Others	**5,500**	309
	25,366	15,165

Note: Additional VAT input deduction amounted to RMB8,341,000 (2023: Nil) 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 PRC 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.*

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2024	2023
	RMB'000	*RMB'000*
Interest on interest-bearing borrowings	**10,592**	9,765
Bank charges and others	**67**	237
Interest on lease liabilities	**–**	4
	10,659	10,006

No borrowing costs have been capitalised for the year ended 31 December 2024 (2023: Nil).

(b) Staff costs

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**81,927**	78,079
Contributions to defined contribution retirement plan	**5,611**	5,392
	87,538	83,471

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

The Group also participates 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

	2024	2023
	RMB'000	*RMB'000*
Auditor's remuneration	**1,250**	1,950
Depreciation charge		
– owned property, plant and equipment	**105,072**	98,639
– right-of-use assets	**2,548**	2,636
Reversal of impairment losses on trade receivables	**(566)**	(5,348)
Short-term lease charges	**–**	210
Provision for warranties	**6,642**	4,943
Research and development costs	**27,261**	24,741
Cost of inventories#	**855,565**	630,781

\# Cost of inventories includes RMB149,665,000 (2023: RMB141,885,000) relating to staff costs, depreciation and lease expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2024	2023
	RMB'000	*RMB'000*
Current taxation – PRC Corporate Income Tax		
Provision for the year	**2,780**	5,359
Deferred taxation		
Origination and reversal of temporary differences	**(637)**	(3,872)
	2,143	1,487

(b) Reconciliation between tax expenses and accounting profits at applicable tax rates:

	2024	2023
	RMB'000	*RMB'000*
Profit before taxation	**21,463**	12,755
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Notes (i), (ii) and (iii))	**5,608**	3,601
Under-provision in prior years	**–**	3,959
Tax effect of non-deductible expenses	**2,655**	954
Tax concessions (Note (iv))	**(6,374)**	(5,281)
Tax effect of withholding tax in connection with the retained profits distributed by a subsidiary of the Group	**150**	(2,071)
Tax effect of unused tax losses not recognised	**104**	325
Actual tax expense	**2,143**	1,487

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 the years ended 31 December 2024 and 2023, 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 PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2024 (2023: 25%).

(iv) 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. Pursuant to the relevant tax regulations, this subsidiary is entitled to a preferential tax rate of 15%. In addition to the preferential PRC Corporate Income Tax rate, this subsidiary is also entitled to an additional tax deductible allowance calculated at 100% (2023: 100%) of its qualified research and development costs incurred.

7 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB19,320,000 (2023: RMB11,268,000) and the weighted average of 800,000,000 ordinary shares in issue during the year (2023: 800,000,000 ordinary shares).

(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 shares outstanding during the years ended 31 December 2024 and 2023.

8 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**223,695**	213,720
Less: loss allowance	**(38,405)**	(38,971)
	185,290	174,749
Bills receivable	**72,278**	95,772
Other receivables and prepayments	**43,857**	34,695
Deductible value added tax	**23,007**	14,117
	324,432	319,333

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

(a) Ageing analysis

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

	2024	2023
	RMB'000	*RMB'000*
Less than 1 month	**161,073**	129,044
1 to 3 months	**66,609**	108,044
3 to 6 months	**29,404**	33,088
Over 6 months	**482**	345
	257,568	270,521

The Group's customers are mainly automobile and engine manufacturers in the PRC.

(b) Transfer of financial assets

The Group receives short-term bank acceptance notes from its customers as a method of settlement of goods sold. The Group is entitled to receive the full amount of face values from the issuing banks upon the maturities of these notes, which generally range from 3 to 12 months from the dates of issuance.

During the year of 2024, the Group discounted certain bank acceptance notes at banks, and endorsed certain bank acceptance notes to its suppliers and other creditors for settlement of the Group's trade and other payables on a full recourse basis. Upon the above discounting or endorsement, the Group has derecognised the bills receivable in their entirety. These derecognised bank acceptance notes have maturity dates of less than six months from the end of the reporting period. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these notes and has discharged its obligation of the payables to its suppliers and other creditors. The Group assessed that the discounted and endorsed bank acceptance notes were issued by highly-rated banks, the credit risks were relatively insignificant and the Group was not exposed to the relative interest risk. At 31 December 2024, the Group's maximum exposure to loss and undiscounted cash outflow should the issuing banks fail to settle the bills on maturity dates amounted to RMB75,294,000 (2023: RMB76,891,000).

9 TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**347,043**	260,812
Bills payable	**26,000**	20,000
Trade and bill payables	**373,043**	280,812
Payables for construction of property, plant and equipment	**78,920**	67,828
Payables for staff related costs	**11,903**	7,823
Contract liabilities (Note (iii))	**10,024**	8,876
Others	**13,986**	11,412
Financial liabilities measured at amortised cost	**487,876**	376,751
Payables for other taxes	**180**	257
	488,056	377,008

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.

(ii) The ageing analysis of trade and bills payables, which are included in trade and other payables, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Less than 1 month	**147,996**	114,457
1 to 3 months	**109,001**	60,926
3 to 6 months	**66,929**	43,731
Over 6 months	**49,117**	61,698
	373,043	280,812

(iii) Contract liabilities represent advances from customers for the goods to be transferred by the Group. Movements in contract liabilities (excluding these arising from increases and decreases both occurred within the same year) are set out below:

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**8,876**	6,755
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(8,876)**	(6,755)
Advances received from customers	**10,024**	8,876
Balance at 31 December	**10,024**	8,876

10 INTEREST-BEARING BORROWINGS

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

	2024	2023
	RMB'000	*RMB'000*
Bank loans		
Unsecured	**3,500**	–
Secured by property, plant and equipment and right-of-use assets	**40,292**	84,202
Add: current portion of long-term bank and other borrowings (Note 10(b))	**131,985**	16,997
	175,777	101,199

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

	2024	2023
	RMB'000	*RMB'000*
Bank and other borrowings		
Unsecured	**20,000**	–
Secured by property and plant and equipment and right-of-use assets	**252,695**	159,322
Less: current portion of long-term bank and other borrowings (Note 10(a))	**(131,985)**	(16,997)
	140,710	142,325

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 year or on demand	**131,985**	16,997
After 1 year but within 2 years	**106,810**	112,825
After 2 years but within 5 years	**33,900**	29,500
	272,695	159,322

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

	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**199,436**	78,234
Right-of-use assets	**86,086**	73,319
	285,522	151,553

(d) Certain of the Group's interest-bearing borrowings are subject to the fulfilment of covenants relating to financial ratios commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the interest-bearing borrowings would become payable on demand. The Group regularly monitors its compliance with these covenants. At 31 December 2024, none of the covenants had been breached (2023: None).

11 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2024	2023
	RMB'000	*RMB'000*
Interim dividend declared and paid of Nil cents per ordinary share (2023: 1.5 HK cents per ordinary share)	**–**	11,039

The Board resolved to declare an interim dividend of 1.5 HK cents per share for the six months ended 30 June 2023 to those shareholders whose names are on the register of members of the Company on 27 October 2023.

Subsequent to the end of the reporting period, the Board resolved to declare a final dividend of HK$16,000,000 (equivalents to approximately RMB15,093,000), at 2 HK cents per share for the year ended 31 December 2024, which is subject to approval by the shareholders of the Company at the annual general meeting to be held on Friday, 30 May 2025 (2023: 1.5 HK cents). The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024	2023
	RMB'000	*RMB'000*
Final dividend in respect the previous financial year, approved and paid of 1.5 HK cents per ordinary share (2023: Nil)	**10,952**	–

A final dividend of 1.5 HK cents per share for the year ended 31 December 2023 was approved in the annual general meeting on 29 May 2024 and would be distributed to those shareholders whose names are on the register of members of the Company on 20 June 2024 and, which was settled during the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

2024 was a milestone year in the history of the PRC automobile industry. Against the backdrop of sluggish global economic recovery and intensified geopolitical rivalry, the PRC automobile industry has achieved counter-cycle growth against such trend and secured its position as the world's largest automobile exporter through three major drivers, namely electrification transformation, intelligent technology advancement and exponential export growth. The PRC automobile industry has maintained its status as the world's largest producer and seller of automobiles for 16 consecutive years, transitioning from a market participant to an industry pacesetter in the international arena.

According to the data issued by the China Association of Automobile Manufacturers ("**CAAM**") in relation to automobile production and sales in 2024, the cumulative total production and sales of automobile in China reached approximately 31.3 million units and approximately 31.4 million units in 2024, representing a year-on-year increase of approximately 3.7% and approximately 4.5%, respectively, reaching new heights in the volume of production and sales. Within the overall automotive sector, passenger vehicles continued their strong performance, with production reaching 27.5 million units (representing a year on year increase of approximately 5.2%) and sales totaling 27.6 million units (representing a year on year increase of approximately 5.8%), demonstrating sustained market demand; whereas the commercial vehicles market exhibited weakness, with both production and sales falling below the anticipated 4 million unit level. Meanwhile, the automobile export market continued its growth, with automobile exports hitting a new high, there were diversified consumption choices available for global consumers. The annual exports in 2024 amounted to 5.9 million units, representing a year-on-year increase of approximately 19.3%, of which approximately 5.0 million units of passenger vehicles were exported, representing a year-on-year increase of 19.7%, while 0.9 million units of commercial vehicles were exported, representing a year-on-year increase of approximately 17.5%.

The development of new energy vehicles has become an important driving force for the development of the PRC automobile industry. In 2024, the production and sales of new energy vehicles amounted to 12.9 million units and 12.9 million units, respectively, representing a year-on-year increase of 34.4% and 35.5%, respectively. As to sales of new models, new energy vehicles accounted for 40.9% of the total sales, representing an increase of 9.3 percentage points compared to that of 2023. Among which, sales of pure electric vehicles accounted for 60% of new energy vehicles, representing a decrease of 10.4 percentage points from last year; while sales of plug-in hybrid vehicles accounted for 40% of new energy vehicles, representing an increase of 10.4 percentage points from last year. The significant shift towards of plug-in hybrid vehicles has contributed significantly to the overall expansion of the new energy vehicle segment.

In 2024, the PRC government introduced a series of policies to boost the domestic economy and promote the development of the automobile industry, including;

- The Ministry of Industry and Information Technology revised the Fuel Consumption Limits for Passenger Cars, aiming to promote the reduction of energy consumption in the automobile industry through raising standards, thereby facilitating industrial transformation and upgrading.

- The Ministry of Commerce and seven other departments issued the Implementation Rules for Subsidies for Automobile Trade-ins, which provide subsidies of up to RMB20,000 to individual consumers who scrap old vehicles and purchase new energy vehicles, further stimulating the consumption of new energy vehicles.

These policies have made a continuous and significant impact on the automotive sector. The effective implementation of regional subsidy policies, the unabated promotional activities of enterprises, coupled with multiple measures designed to stimulate consumer demand in the automobile market, have all contributed to the steady improvement of the automobile market.

As the automobile industry moves towards electrification and intelligent vehicle technologies, the core components of the traditional internal combustion engines (e.g. cylinder blocks and cylinder heads) are undergoing technological innovation and strategic transformation. While the market share of new energy vehicles continues to grow, the demand persists for hybrid power systems, hydrogen-fueled engines, and high-efficiency internal combustion engines, offering considerable room for development for cylinder block and cylinder head technology. In 2024, the industry focused on material innovation, lightweight design, manufacturing process advancement, and enhanced compatibility improvements to accommodate diversified energy sources.

On the back of this transformative trend, the automobile industry chain has been gradually moving beyond traditional business models by forging deeper strategic alliances with suppliers and ancillary companies including service partners to realise resource sharing, foster complementary advantages, and construct a supply chain relationship of open cooperation and mutual growth. This has prompted traditional automobile companies to increase outsourcing efforts, generating new business opportunities for automobile ancillary companies.

In 2024, the PRC automobile industry has proved that electrification has transformed from a forward-looking strategy to a fundamental requisite for industry relevance. The leading advantages of joint venture brands are increasingly challenged, while independent car manufacturers leveraging the advantages of electrification and intelligence have been on the rise in all aspects. Intelligence and globalisation will become the key to retain market relevance in 2025. For the automobile industry, it is essential to strike a balance between internally-developed technology, cost control and regulatory compliance. The transition from "involution" to "expansion" will reshape the global landscape of the automobile industry. It is foreseeable that the next stage of the PRC automobile industry extends beyond attaining market leadership, but also to export its technical standards and industrial ecology globally.

BUSINESS REVIEW

In 2024, facing the challenges of accelerating development of new energy vehicles and intensifying competition in the industry chain, Ruifeng Power has achieved remarkable results in terms of customer scale, cost effectiveness and new market development, through its core strategy of "technology-driven, lean operations, and global deployment". For the year ended 31 December 2024, the revenue and profit of the Group amounted to approximately RMB956.9 million and approximately RMB19.3 million, respectively, representing an increase of approximately 33.2% and approximately 71.5%, respectively, as compared to the year ended 31 December 2023. The increase in revenue was mainly driven by the Group's deployment in the new energy vehicle market over the past few years and the growth in sales of industrial vehicle products manufactured in collaboration with overseas customers. At the same time, the Group ramped up its production capacity to accommodate the growing demand from customers and achieved simultaneous profit growth.

Optimizing Customer Base and Enhancing Core Customer Loyalty

Ruifeng Power has been formulating new development strategies since 2021 and is committed to the development of new energy vehicles and overseas customer markets. Through unremitting and dedicated efforts over the past few years, the Group has successfully optimized its customer portfolio and strengthened its core customer loyalty by centering on technology development and satisfying customers' product needs.

The Company successfully diversified its customer portfolio while maintaining strong relationships with established customers. The Group's revenue from new customers onboarded within the past four years accounted for approximately 46.3% of the total revenue for the year ended 31 December 2024. The proportions of revenue from passenger vehicles, commercial vehicles and industrial vehicles have also changed significantly over the period between 2021 and 2024, reaching approximately 31.7%, 25.6% and 17.6%, respectively for the year ended 31 December 2024, compared to approximately 19.5%, 47.5% and 9.9% for the year ended 31 December 2021. This change has resulted in a more balanced revenue stream for the Group.

Meanwhile, new energy vehicle products accounted for a significant portion of the total revenue of Ruifeng Power. For the year ended 31 December 2024, new energy vehicle products accounted for approximately 31.6% of the Group's total revenue, representing an increase of 18.9 percentage points as compared to approximately 12.7% for the corresponding period last year. This increase was primarily attributable to the Group's continuous investment and market expansion in the field of new energy vehicles. Ruifeng Power not only supplies products for traditional automobile manufacturers, but also offers products and components for new energy vehicles. Currently, Ruifeng Power is also negotiating with a number of new energy vehicle brands for potential collaborative ventures and aims to further expand its market share.

Global Deployment and Major Breakthroughs

Ruifeng Power's global deployment strategy has achieved outstanding results in 2024. The Group's cooperation with Deutz AG stimulated the sales of industrial vehicles and achieved a breakthrough in overseas sales. Through in-depth cooperation with overseas customers, the Group achieved a breakthrough in overseas markets and secured other customers across Europe and Middle East. Ruifeng Power not only provides high quality products for overseas customers, but also further enhances customer satisfaction and brand influence through localized production and after-sales services.

One-Stop Solution with Technology Empowerment and Service Upgrades

Lightweight vehicles has become one of the development trends in the automobile industry. Its advantage lies in environmental performance, which not only reduces energy consumption, but also reduces environmental pollution and emissions. Therefore, automobile lightweight technology has become the focus of research and development in the automobile industry.

The Group has been satisfying customers' demand for lightweight products by introducing advanced technologies. We have adopted high-pressure casting, precision casting and other processes to provide customers with one-stop lightweight material production and processing services. Our one-stop service model has attracted a growing number of customers to partner with us. The significant increase in customer orders has significantly propelled our sales and also gave us a favorable position in the competitive market. Meanwhile, leveraging our edge on excellent cost control, we have successfully increased our profit margins by continuing to satisfy our customers' needs. This virtuous cycle enables us to continue to invest in research and development, provide customers with higher quality products and services, and work together to create a brighter future for lightweight vehicles.

Reducing Costs and Increasing Efficiency with Lean Management

Over the past few years, the Group has continued to optimize its production processes and made significant investments in improving operational efficiency through automation and intelligence. In 2023 and 2024, the Group's capital expenditure amounted to approximately RMB108.9 million and RMB250.3 million, respectively, for the construction of 6 new processing production lines and 1 new casting line. As at 31 December 2024, the Group owns and operates a total of 5 precision casting lines and 38 mechanical processing lines (including 26 for cylinder blocks, 8 for cylinder heads and 4 for other ancillary cylinder block components).

All production facilities of the Group are located in Shenzhou City, Hebei Province, the PRC, with an aggregate production capacity of approximately 160 million units and a production efficiency of approximately 70%. The Group expects that the current production lines will be sufficient to meet the growth in customer orders in the coming years, which will effectively reduce the production costs in the future. Meanwhile, the Group will further enhance the efficiency of supply chain management and strengthen cost control to achieve an overall improvement in operational efficiency. The Group anticipates a reduction in capital expenditure in the coming years and the Company's cash flow is expected to improve.

FUTURE PROSPECTS

Looking forward, Ruifeng Power will remain committed to its core strategy of "technology-driven, lean operations and global deployment". The Company will further increase its investment in research and development in the field of new energy vehicles, and enhance the technological advancement and market competitiveness of its products. Meanwhile, the Group will continue to optimize its customer portfolio, enhance core customer loyalty, and further expand into the international market by strengthening its global deployment strategy.

Ruifeng Power also plans to increase its investment in intelligent manufacturing and digital management over the coming years to further enhance production efficiency and operation management. Through continuous technological innovation and market expansion, Ruifeng Power is expected to strengthen its foothold in the new energy vehicle market in the future and create greater value for its shareholders and customers.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately 33.2% from approximately RMB718.5 million for the year ended 31 December 2023 to approximately RMB956.9 million for the year ended 31 December 2024. This increase was primarily attributable to an increase in sales of cylinder blocks and sales of cylinder heads. The following table sets forth the revenue and sales volume by segment and major product type for the years ended 31 December 2024 and 2023:

	For the year ended 31 December					
	2024			2023		
	Revenue *RMB'000*	**As a percentage of total revenue** *%*	**Sales volume** *units*	Revenue *RMB'000*	As a percentage of total revenue *%*	Sales volume *units*
Cylinder blocks						
– passenger vehicles	**303,786**	**31.7**	**391,642**	172,199	24.0	241,534
– commercial vehicles	**244,849**	**25.6**	**370,847**	252,889	35.2	268,811
– industrial vehicles	**168,195**	**17.6**	**134,643**	148,227	20.6	113,789
Subtotal	**716,830**	**74.9**	**897,132**	573,315	79.8	624,134
Cylinder heads	**213,159**	**22.3**	**311,539**	138,451	19.3	218,766
Ancillary cylinder block components and others	**26,864**	**2.8**	**325,567**	6,721	0.9	348,908
Total	**956,853**	**100.0**		718,487	100.0	

Sales of Cylinder Blocks

Segment revenue from sales of cylinder blocks increased by approximately 25.0% from approximately RMB573.3 million for the year ended 31 December 2023 to approximately RMB716.8 million for the year ended 31 December 2024. Meanwhile, the sales volume of cylinder blocks increased by approximately 43.7% from approximately 624,000 units for the year ended 31 December 2023 to approximately 897,000 units for the year ended 31 December 2024. Such increase in revenue from sales of cylinder blocks and the corresponding increase in sales volume was primarily attributable to the sustained growth in demand for cylinder blocks for new energy vehicles and industrial vehicles, and in response the Group increased its production capacities to meet the demands.

Sales of Cylinder Heads

Segment revenue from sales of cylinder heads increased by approximately 54.0% from approximately RMB138.5 million for the year ended 31 December 2023 to approximately RMB213.2 million for the year ended 31 December 2024. The sales volume of cylinder heads increased by approximately 42.4% from approximately 219,000 units for the year ended 31 December 2023 to approximately 312,000 units for the year ended 31 December 2024. The increase in revenue from sales of cylinder heads and sales volume was primarily due to an increase in demand for cylinder heads for new energy vehicles.

Sales of Ancillary Cylinder Block Components and Others

Segment revenue from sales of ancillary cylinder block components and others increased by approximately 3.0 times from approximately RMB6.7 million for the year ended 31 December 2023 to approximately RMB26.9 million for the year ended 31 December 2024. The sales volume of ancillary cylinder block components and others decreased by approximately 6.7% from approximately 349,000 units for the year ended 31 December 2023 to approximately 326,000 units for the year ended 31 December 2024. The increase in revenue from the sales of ancillary cylinder block components, despite the decrease in sales volume, was primarily attributable to an increase in demands of automotive lightweighting products in relation to new energy vehicles which have a higher selling price.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 15.5% from approximately RMB87.7 million for the year ended 31 December 2023 to approximately RMB101.3 million for the year ended 31 December 2024, such increase was in line with increase in revenue. Meanwhile, the gross profit margin decreased from 12.2% for the year ended 31 December 2023 to 10.6% for the year ended 31 December 2024. The decrease in gross profit margin in sales of cylinder blocks was due to the lower margins on new energy vehicle products and the increased capital investments to expand production capacities in recent years, which have raised the production costs. The Group anticipates that an increase in sales orders will lead to improved production efficiency, thereby reducing production unit costs and in turn, improving gross profit margins.

Other Income

Other income increased by approximately 67.3% from approximately RMB15.2 million for the year ended 31 December 2023 to approximately RMB25.4 million for the year ended 31 December 2024. This increase was primarily due to the Group enjoying an additional value-added tax input deduction of approximately RMB8.3 million for the year ended 31 December 2024 as no such tax benefit was available to the Group for the year ended 31 December 2023.

Selling Expenses

Selling expenses increased by approximately 27.1% from approximately RMB10.4 million for the year ended 31 December 2023 to approximately RMB13.2 million for the year ended 31 December 2024. This increase was primarily attributable to an increase in provision for warranties of products sold.

Administrative Expenses

Administrative expenses increased by approximately 9.1% from approximately RMB75.1 million for the year ended 31 December 2023 to approximately RMB81.9 million for the year ended 31 December 2024. The increase in administrative expenses was attributable to an increase in research and development costs and professional fees.

Reversal of impairment losses on trade receivables

The Group recognised reversal of impairment losses on trade receivables of approximately RMB0.6 million for the year ended 31 December 2024, as compared to reversal of an impairment losses on trade receivables of approximately RMB5.3 million for the year ended 31 December 2023. The decrease in the reversal amount was primarily due to the Group's effective credit management and the reduction of long-outstanding receivables.

Finance Costs

Finance costs increased by approximately 6.5% from approximately RMB10.0 million for the year ended 31 December 2023 to approximately RMB10.7 million for the year ended 31 December 2024, primarily due to an increase in the balance of interest-bearing borrowings.

Income Tax

Income tax expenses increased by approximately 44.1% from approximately RMB1.5 million for the year ended 31 December 2023 to approximately RMB2.1 million for the year ended 31 December 2024, primarily due to a decrease in credit of deferred income tax. The effective tax rate decreased from approximately 11.7% for the year ended 31 December 2023 to approximately 10.0% for the year ended 31 December 2024, which was mainly attributable to the absence of an under-provision of current taxation in prior year for the year ended 31 December 2024 as compared to the under-provision of current taxation in prior year of approximately RMB4.0 million for the year ended 31 December 2023.

Profit for the Year

As a result of the foregoing, the profit for the year increased by approximately 71.5% from approximately RMB11.3 million for the year ended 31 December 2023 to approximately RMB19.3 million for the year ended 31 December 2024. The net profit margin increased from 1.6% for the year ended 31 December 2023 to 2.0% for year ended 31 December 2024, which was mainly attributable to the revenue growth primarily driven by an increase in sales volume and the value-added tax input deduction available to the Group for the current year that was not available to the Group in the prior year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The operation of the Group is primarily financed by cash generated from operating activities and interest-bearing borrowings. As at 31 December 2024 and 2023, cash at bank and on hand, denominated in Renminbi, of the Group amounted to approximately RMB57.5 million and approximately RMB40.6 million, respectively. The increase in cash balance is due to an increase in proceeds from the interest-bearing borrowings.

The Group monitors its cash flows and cash at bank and on hand balance on a regular basis and seeks to maintain optimal level of liquidity that can meet the working capital needs while supporting a healthy level of business 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 trade receivables and bills receivable decreased by approximately 4.8% from approximately RMB270.5 million as at 31 December 2023 to approximately RMB257.6 million as at 31 December 2024. The decrease was primarily due to the Group's strict monitoring of receivables settlement in financial management, including accelerated accounts receivable turnover and enhanced collection processes, which effectively reduced the amount of overdue receivables. The trade and bills receivables turnover day decreased from approximately 134 days as at 31 December 2023 to approximately 101 days as at 31 December 2024.

Trade and Bills Payables

The trade and bills payables increased by approximately 32.8% from approximately RMB280.8 million as at 31 December 2023 to approximately RMB373.0 million as at 31 December 2024, such increase was in line with an increase in costs of sales. The trade and bills payables turnover day decreased from approximately 154 days as at 31 December 2023 to approximately 139 days as at 31 December 2024.

Interest-bearing Borrowings and Charge on Assets

Interest-bearing borrowings increased from approximately RMB243.5 million as at 31 December 2023 to approximately RMB316.5 million as at 31 December 2024 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 RMB285.5 million (2023: approximately RMB151.6 million).

All interest-bearing borrowings as at 31 December 2024 and 31 December 2023 were denominated in Renminbi at fixed or floating interest rate. The following table sets forth the amount of indebtedness of the Group as at the date indicated:

	2024	2023
Repayment Schedule	***RMB'000***	*RMB'000*
Within 1 year or on demand	**175,777**	101,199
After 1 year but within 2 years	**106,810**	112,825
After 2 years but within 5 years	**33,900**	29,500
Total	**316,487**	243,524

Gearing Ratio

The gearing ratio increased from approximately 24.7% as at 31 December 2023 to approximately 31.8% as at 31 December 2024, primarily attributing to an increase in interest-bearing borrowings of approximately RMB73.0 million for the year ended 31 December 2024 compared with the year ended 31 December 2023.

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

Capital Expenditure

The capital expenditure of the Group was approximately RMB239.2 million for the year ended 31 December 2024 as compared with approximately RMB101.9 million for the year ended 31 December 2023. The capital expenditure incurred for the year ended 31 December 2024 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 31 December 2024, the capital commitments of the Group in respect of property, plant and equipment contracted for amounted to approximately RMB43.4 million as compared with approximately RMB22.5 million as at 31 December 2023.

Contingent Liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities or guarantees (2023: 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 Hong Kong office that are denominated in Hong Kong dollars. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect the fluctuation of Renminbi exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group. Therefore, the Group has not engaged in any hedging transactions to manage the potential fluctuation in foreign currencies during the year ended 31 December 2024.

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 year ended 31 December 2024 (2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group has no other future plans related to the material investments and capital assets.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 745 employees (2023: 766 employees). For the year ended 31 December 2024, the Group has incurred total staff costs of approximately RMB87.5 million (2023: RMB83.5 million), representing an increase of approximately 4.9% as compared with this for the year ended 31 December 2023.

The executive Directors agreed to waive their unpaid director's fees of approximately RMB1,784,000 (accrued for the period from 1 January 2018 to 31 December 2023).

The Group believes its success depends on its employees' provision of consistent, high-quality and reliable services. Most of the Group's employees were working at the manufacturing plant in Shenzhou, PRC. 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 and provide continuous training for its staff. 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 benchmark, financial results of the Group as well as the individual performance of employees.

MAJOR SUBSEQUENT EVENTS

Save for the disclosed in this announcement, there are no major subsequent events to 31 December 2024 which would materially affect the Group's operating and financial performance as of the date of this announcement.

KEY RISKS AND UNCERTAINTIES

The main activities of the Group include production and sales of cylinder blocks and cylinder heads as well as ancillary cylinder block components and others. The business operation of the Group is exposed to a variety of risks including operational, financial and market risks. Details of the risks as below:

(i) Operational risks

The top five customers of the Group, which primarily include large automobile manufacturers and engine producers located in the PRC, accounted for approximately 71.6%, of the total revenue for the year ended 31 December 2024. The largest customer of the Group accounted for approximately 31.3% of the total revenue for the year ended 31 December 2024. The largest customer for the year ended 31 December 2024 was an automobile manufacturer. The loss of a small number of our large customers, or the decrease in sales with one or more of these major customers, could have a significant adverse impact on our financial results.

(ii) Financial risks

The major financial risks faced by the Group are interest rate risk, credit risk and liquidity risk. Management of the Group meets regularly to analyse and formulate measures to manage the Group's exposure to these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest-bearing borrowings. The borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(b) ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bill receivables is limited because the counterparties are banks and financial institutions with high credit standings, for which the Group considers to be low. The Group does not provide any guarantees which would expose the Group to credit risk.

(c) ***Liquidity risk***

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(iii) Market risks

The Group operates in a market characterized by evolving industry standards, frequent new product launches and updates, rapidly-developing technologies, and changing customer demands and expectations. The continuing popularity of our products depends on the ability of the Group to adapt to these rapidly-changing technologies and industry standards as well as our ability to continually innovate in response to evolving customer demands and expectations and intense market competition. Any failure on our part to act effectively in any of these areas may materially and adversely affect our business and operating results.

With the rapid development of relevant technologies and a variety of policies issued by the government of the PRC to support the development of the new energy vehicle industry, new energy vehicles are likely to gain increasing acceptance and popularity in the future and resulting in encroaching on the market share of the traditional gasoline and diesel-powered vehicles. Currently, the traditional fuel vehicles still account for a significant share in the automobile market in the PRC. We would expect any significant decrease in demand for traditional fuel vehicles in the PRC would result in a corresponding decrease in sales of our existing products and the Group's operations and financial result would be materially and adversely affected. During the year, we have commenced the upgrading of new energy vehicle components plant and invested further resource to develop new products to be used for new energy vehicles in order to satisfy the market need.

The Group has put in place a set of internal control and risk management protocols to address various operational, financial and market risks. The risk management protocols and policies set forth procedures to identify, categorize, analyze and mitigate various risks and the relevant reporting hierarchy of risks identified in our operations. The Board has the general power to manage the operations and the overall risks of the Company and is responsible for considering, reviewing and approving any significant business decision involving material risk exposures. After due consideration, the Directors are of the view that our current risk management measures are adequate and effective.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2024 and up to the date of this announcement, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company (including sale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as at 31 December 2024.

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**") under Part 2 of the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2024, the Company has fully complied with the Code Provisions, except for the following deviation.

Pursuant to code provision C.2.1 of the CG code, the roles of the chairman and the chief executive officer should be segregated 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 year ended 31 December 2024. Our Directors will review the Group's corporate governance policies and compliance with the CG Code each financial year.

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 year ended 31 December 2024.

FINAL AND INTERIM DIVIDEND

No interim dividend was declared and distributed for the six months ended 30 June 2024 (2023: 1.5 HK cents per ordinary share). The Board has resolved to recommend the payment of final dividend of 2.0 HK cents per ordinary share of the Company (the "**Share**") for the year ended 31 December 2024 (2023: 1.5 HK cents per ordinary share). No Shareholder of the Company has waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 30 May 2025. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of the AGM and form of proxy accompanying thereto to be published on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.hbsgt.com.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholder's entitlement to attend and vote at the AGM to be held on Friday, 30 May 2025, the register of members of the Company will be closed from Monday, 26 May 2025 to Friday, 30 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 23 May 2025, being the business day before the first day of closure of the register of members.

The Board has resolved on 26 March 2025 to recommend the payment of a final dividend of 2.0 HK cents per share for the year ended 31 December 2024 (2023: 1.5 HK cents) to shareholders of the Company whose names appear on the register of members of the Company on Friday, 20 June 2025. The register of members will be closed from Wednesday, 18 June 2025 to Friday, 20 June 2025, both days inclusive, and the proposed final dividend is expected to be paid on or before Friday, 29 August 2025. The payment of dividends shall be subject to the approval of the shareholders of the Company at the AGM expected to be held on 30 May 2025. In order to qualify for the proposed dividend, shareholders of the Company should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by no later than 4:30 p.m. on Tuesday, 17 June 2025, being the business day before the first day of closure of the register of members.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been agreed by the Company's auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**"), *Certified Public Accountants*, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Forvis Mazars in this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Forvis Mazars on this results announcement.

AUDIT COMMITTEE

The audit committee of the Company has reviewed together with the management and external auditor of the Company the accounting principles and policies adopted by the Group, and discussed the internal control and financial reporting matters, including a review of the annual results of the Group for the year ended 31 December 2024.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.hbsgt.com and the annual report for the year ended 31 December 2024 containing all the information required by the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board
Ruifeng Power Group Company Limited
Meng Lianzhou
Chairman

Shenzhou, the PRC, 26 March 2025

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