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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2025

To the board of directors of Fortior Technology (Shenzhen) Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial information set out on pages 2 to 25, which comprises the condensed consolidated statement of financial position of Fortior Technology (Shenzhen) Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) as at 31 March 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “*Interim Financial Reporting*” (“**IAS 34**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certificate Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants
Hong Kong
30 June 2025

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the Three Months Ended 31 March 2025

		Three months ended 31 March	
	Notes	2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
REVENUE	4	171,196	116,193
Cost of sales		<u>(82,216)</u>	<u>(53,712)</u>
Gross profit		88,980	62,481
Other income and gains	5	20,688	18,558
Selling and distribution expenses		(8,091)	(3,693)
Administrative expenses		(11,746)	(5,465)
Research and development costs		(35,086)	(19,346)
Impairment losses on financial assets, net		(39)	(72)
Other expenses		(917)	(369)
Finance costs		<u>(166)</u>	<u>(108)</u>
PROFIT BEFORE TAX	6	53,623	51,986
Income tax expense	7	<u>(3,210)</u>	<u>(1,425)</u>
PROFIT FOR THE PERIOD		<u>50,413</u>	<u>50,561</u>
Attributable to:			
Owners of the parent		<u>50,413</u>	<u>50,561</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– for profit for the period		<u>RMB0.55</u>	<u>RMB0.55</u>
Diluted			
– for profit for the period		<u>RMB0.54</u>	<u>RMB0.55</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 March 2025

	Notes	31 March 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	149,824	147,636
Right-of-use assets		15,029	16,150
Intangible assets		11,145	9,054
Investment in an associate	11	10,800	—
Equity investments designated at fair value through other comprehensive income		598	716
Debt investments at fair value through other comprehensive income	12	704,117	794,344
Deferred tax assets		27,589	15,603
Other non-current assets	13	30,346	29,567
Total non-current assets		949,448	1,013,070
CURRENT ASSETS			
Inventories	14	168,660	160,483
Trade receivables	15	6,905	5,638
Prepayments, deposits and other receivables	16	52,111	49,998
Financial assets at fair value through profit or loss	17	917,194	824,396
Debt investments at fair value through other comprehensive income	12	289,379	181,818
Time deposits		84,059	116,493
Cash and cash equivalents		253,960	297,355
Total current assets		1,772,268	1,636,181
CURRENT LIABILITIES			
Trade and bills payables	18	33,408	7,325
Contract liabilities	20	2,270	1,275
Other payables and accruals	19	29,461	66,461
Lease liabilities		4,344	3,640
Tax payable		4,755	253
Total current liabilities		74,238	78,954
NET CURRENT ASSETS		1,698,030	1,557,227
TOTAL ASSETS LESS CURRENT LIABILITIES		2,647,478	2,570,297

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended 31 March 2025

	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
At 31 December 2024 and 1 January 2025 (audited)	92,363	(193)	1,842,194*	25,788*	(165)*	(607)*	55,862*	537,693*	2,552,935
Profit for the period	-	-	-	-	-	-	-	50,413	50,413
Other comprehensive income for the period:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(106)	-	-	-	(106)
Exchange differences on translation of foreign operations	-	-	-	-	-	30	-	-	30
Total comprehensive income/(loss) for the period	-	-	-	-	(106)	30	-	50,413	50,337
Share-based payments	-	-	-	27,389	-	-	-	-	27,389
At 31 March 2025 (unaudited)	92,363	(193)	1,842,194*	53,177*	(271)*	(577)*	55,862*	588,106*	2,630,661

*These reserve accounts comprise the consolidated reserves of RMB2,538,491,000 and RMB2,460,765,000 in the condensed consolidated statements of financial position as of 31 March 2025 and 31 December 2024, respectively.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended 31 March 2025

		Three months ended 31 March	
	Notes	2025	2024
		RMB'000	RMB'000
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		53,623	51,986
Adjustments for:			
Bank interest income	6	(1,538)	(3,638)
Other interest income from debt investments at fair value through other comprehensive income	6	(6,774)	(3,446)
Finance costs		166	108
Fair value gains on financial assets at fair value through profit or loss	6	(4,819)	(4,652)
Investment income from financial assets at fair value through profit or loss	6	(1,210)	(2,896)
Foreign exchange losses/(gains)		292	(8)
Depreciation of property, plant and equipment	6	2,211	718
Depreciation of right-of-use assets	6	1,120	990
Amortisation of intangible assets	6	986	840
Impairment losses on financial assets	6	39	72
Write-down of inventories to net realisable value	6	902	859
Gain on disposal of a subsidiary		(167)	–
Equity-settled share-based payments		16,930	1,375
		61,761	42,308
(Increase)/decrease in inventories		(9,079)	20,658
Increase in trade receivables		(1,306)	(2,351)
Decrease/(Increase) in prepayments, deposits and other receivables		5,377	(2,372)
Increase/(decrease) in trade and bills payables		26,082	(6,643)
Decrease in other payables and accruals		(26,291)	(27,324)
Decrease in deferred income		(348)	(156)
Cash generated from operations		56,196	24,120
Interest received		383	2,299
Income tax paid		(663)	(164)
Net cash flows from operating activities		55,916	26,255

	Three months ended 31 March	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Notes		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(43,334)	(131,224)
Cash and cash equivalents at beginning of period	297,355	608,696
Effect of foreign exchange rate changes, net	(61)	(35)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>253,960</u>	<u>477,437</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	<u>253,960</u>	<u>477,437</u>

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the segment which principally engages in the development and commercialisation of BLDC (Brushless DC) motor control and drive products and solutions.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	Three months ended 31 March	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Mainland China*	158,942	108,612
Other countries/regions**	12,254	7,581
	<u>171,196</u>	<u>116,193</u>

The revenue information above is based on the locations of the customers.

* Mainland China means the People's Republic of China excluding Hong Kong, Macau and Taiwan.

** Other countries/regions primarily including (i) Taiwan, China, (ii) India and (iii) Hong Kong.

(b) Non-current assets

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of non-current assets is presented.

Information about major customers

During the three months ended 31 March 2025, revenues of approximately RMB23,775,000, and RMB18,617,000, was derived from respective single external customers each accounted for more than 10% of total revenue (Three months ended 31 March 2024: RMB13,561,000 and RMB12,122,000).

(ii) **Performance obligations**

Sale of products

The performance obligation is satisfied upon delivery and acceptance of the chips products and the payment in advance is normally required.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2025 and 31 December 2024 are as follows:

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within one year	84,240	60,167

All the performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. OTHER INCOME AND GAINS

	Three months ended 31 March	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Other income		
Bank interest income	1,538	3,638
Other interest income from debt investments at fair value through other comprehensive income	6,774	3,446
Investment income from financial assets at fair value through profit or loss	1,210	2,896
Government grants*	5,980	3,474
	<u>15,502</u>	<u>13,454</u>
Other gains		
Fair value gains on financial assets at fair value through profit or loss	4,819	4,652
Others	367	452
	<u>5,186</u>	<u>5,104</u>
	<u>20,688</u>	<u>18,558</u>

* The Group has received certain government grants related to assets and income. Certain of the grants have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions.

7. INCOME TAX

The major components of the income tax expense for the period are as follows:

	Three months ended 31 March	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Current tax expense		
Mainland China	4,755	402
Under provision in prior years from the Mainland China	—	—
	<u>4,755</u>	<u>402</u>
Deferred tax expense/(credit)		
Mainland China	(1,344)	1,059
Elsewhere	(201)	(36)
	<u>(1,545)</u>	<u>1,023</u>
Total tax charge for the period	<u>3,210</u>	<u>1,425</u>

8. DIVIDENDS

The directors did not recommend the payment of any dividend in respect of the period ended 31 March 2025 (31 March 2024: nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the three months ended 31 March 2025 and 2024.

The calculation of basic and diluted earnings per share are based on:

	Three months ended 31 March	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>50,413</u>	<u>50,561</u>
	Three months ended 31 March	
	2025 (unaudited)	2024 (unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted earnings per share calculation	<u>92,170,380</u>	<u>92,339,047</u>
Effect of dilution – weighted average number of ordinary shares:		
Type II restricted shares	<u>946,145</u>	<u>—</u>
Total	<u>93,116,525</u>	<u>92,339,047</u>

13. OTHER NON-CURRENT ASSETS

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Prepayment for outsourced processing fees	531	708
Prepayment for purchase of property, plant and equipment	4,198	3,242
Cooperative building construction*	25,617	25,617
	<u>30,346</u>	<u>29,567</u>

* It represented the payments for the construction costs of the land and the buildings which are jointly owned by the Group and other independent third parties. The allocated construction costs borne by the Group according to the joint purchase agreement are recognized as the assets.

14. INVENTORIES

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Raw materials	43,668	56,628
Finished goods	53,223	46,460
Outsourced Processing Materials	71,315	57,300
Goods in transit	454	95
	<u>168,660</u>	<u>160,483</u>

The inventories are net of a write-down of approximately RMB6,346,000 as at 31 March 2025 (31 December 2024: RMB5,800,000).

15. TRADE RECEIVABLES

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Trade receivables	7,118	5,812
Allowance for expected credit losses	(213)	(174)
	<u>6,905</u>	<u>5,638</u>

The Group's trading terms with its customers are mainly received in advance, and only a few customers are on credit. The credit period is generally within 30 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Wealth management products	20,133	41,913
Structured Deposits	897,061	782,483
	<u>917,194</u>	<u>824,396</u>

The wealth management products and structured deposits were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

18. TRADE AND BILLS PAYABLES

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Bills payable	5,609	68
Trade payables	27,799	7,257
	<u>33,408</u>	<u>7,325</u>

An aging analysis of the trade payable as at 31 December 2024 and 31 March 2025, based on the date of goods received from the suppliers, is as follows:

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within one year	<u>33,408</u>	<u>7,325</u>

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 days.

22. COMMITMENTS

The Group had the following capital commitments as at 31 March 2025 and 31 December 2024:

	As at 31 March 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Contracted, but not provided for:		
Property, plant and equipment	4,499	2,562
Cooperative building construction	64,952	64,952
	<u>69,451</u>	<u>67,514</u>

23. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group

	Three months ended 31 March 2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Salaries, allowances and benefits in kind	956	960
Performance related bonuses	–	–
Pension scheme contributions	68	63
Share-based payments	983	9
	<u>2,007</u>	<u>1,032</u>

Supervisors' emoluments are not included in the above amounts.

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2024 and 31 March 2025, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, time deposits, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the finance director and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance director. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group invests in unlisted investments, which represent wealth management products and structured deposits and negotiable certificate of deposits issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using an asset-based approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 March 2025 (unaudited)

	Quoted prices in active markets (Level 1) RMB'000	Fair value measurement using Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	598	598
Debt investments at fair value through other comprehensive income	–	993,496	–	993,496
Financial assets at fair value through profit or loss	–	917,194	–	917,194
Total	–	1,910,690	598	1,911,288