INTRON TECHNOLOGY HOLDINGS LIMITED
英恒科技控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1760)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS
(RMB in thousands, unless specified)

	31 December 2022	31 December 2021	Year-on-year Percentage Change
Financial Figures			
Revenue Breakdown:			
New Energy	**2,066,806**	1,082,102	91%
Body Control	**867,984**	578,518	50%
Safety	**635,996**	476,269	34%
Powertrain	**431,940**	308,857	40%
Automated & Connected Vehicles	**254,781**	101,378	151%
Cloud Server	**420,480**	549,814	-24%
Rendering of Services & Others	**151,956**	79,226	92%
Total Revenue	**4,829,943**	3,176,164	52%
Gross Profit	**1,040,613**	625,183	66%
Net profit	**411,107**	200,209	105%
Profit attributable to owners of the parent	**414,963**	200,606	107%
Earnings per Share *(RMB cents)*			
– Basic	**38.22**	18.58	106%
– Diluted	**37.81**	18.25	107%
Proposed Final Dividend per Share *(HK cents)*	**13.1**	6.8	93%
Financial Ratio (% of Total Revenue)			% point of change
Gross Profit	**21.5%**	19.7%	1.8
Research and Development Costs	**6.9%**	6.5%	0.4
Net Profit	**8.5%**	6.3%	2.2

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Intron Technology Holdings Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 (the "**Year**") together with selected explanatory notes and the relevant comparative figures for 2021.

In this announcement, "we", "us", "our" refer to the Company and where the context otherwise requires, the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

According to the data published by the China Association of Automobile Manufactures ("**CAAM**"), the overall sales of automotive vehicles in the PRC in 2022 increased by 2.1% year-on-year to 26.9 million units, continuing the upward momentum while marking the booming and rapid development of new energy vehicles. With favorable policies from Chinese government and increased awareness on environmental protection of consumers in China, the new energy vehicle market has witnessed an explosive growth. The retail sales of passenger vehicles for the Year in China reached 5.67 million units, representing an increase of 90% year-on-year, and the market share increased to 26%. New energy vehicles have further expanded their share in the overall automotive vehicle market, and this trend is expected to continue.

As a fast-growing automotive electronics solutions provider in China, the Group's business performance during the Year continued to benefit from the rapid growth of new energy vehicle business sector, and recorded robust business performance that outperformed the market by virtue of its own successful unique business model, leading R&D capabilities and execution in relevant sectors, as well as outstanding competitive advantages. For the year ended 31 December 2022, the total revenue of the Group grew significantly by 52% year-on-year to RMB4,829.9 million. In particular, the core solutions of new energy vehicles business continued to be main drivers for the Group's profit, and its revenue increased significantly by 91% year-on-year, accounting for 43% of the Group's overall revenue. Meanwhile, the automated & connected vehicles solutions business also performed well, and its revenue surged by 151% year-on-year. The Group made a head start by investing in the automated & connected vehicles business with leading technology in the market. With continuous development of advanced automotive technology, the market prospects of this business are promising, which will become a strong driving force for the business growth of the Group.

In order to maintain its competitive edge and leading position in the industry, the Group continued to allocate resources to R&D. The total R&D expenses in 2022 was RMB332.5 million, representing an increase of 61% year-on-year, while the R&D expenses accounted for 6.9% of the total revenue during the Year, representing a slight increase from 6.5% in the previous fiscal year.

BUSINESS REVIEW

The Group has entered a new stage of growth since 2022. China's automotive industry continued to develop in an innovative manner with emergence of technologies including new energy vehicle, intelligent driving and hydrogen fuel-cell vehicle. In addition, the Group has been actively exploring new business possibilities over the years, and has established the R&D technological platform and the commercialization platform ahead to service the market. The Group's major businesses recorded faster growth than the market, bringing the overall development of the Group to a new stage.

The global shortage of semiconductor, which has persisted for several years, has been exacerbated by the outbreak of pandemic, and the structural shortage will continue. However, the Group's leading technology provides customers with different solutions to address the structural semiconductor shortage, and the Group has established strong long-term business partnership with semiconductor suppliers. As a result, semiconductor supply has not been affected, and the Group's ability to meet customer needs has demonstrated its unique strength. The Group has attracted new customers while strengthening partnership with existing customers, allowing the Group to expand its customer base and facilitate its business development.

In order to enable shareholders and investors to better understand the Group's business priorities and development paths, the relevant business revenues have been reclassified as follows:

New Energy: Core solutions related to electric vehicles and hydrogen fuel-cell vehicles, including solutions related to core electric powertrain control systems and thermal management system;

Body Control: Electronic solutions for body control systems;

Safety: Solutions related to safety systems;

Powertrain: Solutions related to powertrain systems;

Automated & Connected Vehicles: Advanced Driver-assistance System/Automated Driving System (ADAS/AD), core solutions related to intelligent driving and connected automotive;

Cloud Server: Electronic solutions related to power management of data centers/cloud servers; and

Rendering of Services & Others: R&D services and other income

In 2022, the Group's overall revenue increased significantly to RMB4,829.9 million, representing a significant increase of 52% as compared with last year, mainly due to the increased demand arising from surging sales volume in China's new energy vehicle market, coupled with the emerging results of the automated & connected vehicles business in which the Group has invested for many years and gains from continuous growth of other automotive solutions. Gross profit was RMB1,040.6 million, representing an increase of 66% year-on-year, and gross profit margin also increased from 19.7% in last year to 21.5%. The Group will continue to provide customers with automotive electronics solutions of outstanding value and in mass production, and provide platform services for the industrial chain.

While expanding its business, the Group continues to invest in R&D to maintain its leading technology and innovation to address the future development of the market. In 2022, the Group's R&D expenses accounted for 6.9% of total revenue. The total investment in R&D has increased by 61% year-on-year as a result of the increase in total revenue. Despite the impact of the US interest rate hike cycle and interest rate fluctuations during the Year, net profit still surged by 105% to RMB411.1 million as compared with last year, and net profit margin increased by 2.2 percentage points to 8.5%, with efficient operation of the Group's overall business and the scale effect of R&D, especially in solutions development and technology research projects.

New Energy Vehicle Solutions

The impact of unstable oil prices and increasing awareness on environmental protection of consumers have increased the popularity of new energy vehicles. As an industry leader, the Group has seized the market opportunities, and has completed the development and testing of relevant solutions and products, and further achieved large scale delivery during the Year. The business performance of new energy vehicle solutions continued to outperform the overall market level, and the revenue increased significantly by 91% year-on-year to RMB2,066.8 million, which remained the main growth driver of the Group's business, accounting for 43% of the total revenue during the Year.

The Group provides advanced mass production solution services, and has developed different core technologies of Electronic Control Unit (ECU), including power electronics, embedded software, functional safety and system integration, allowing it to stand out in the rapidly changing market environment and meet the different needs of customers in a comprehensive manner. On the other hand, the Group continues to optimize and improve the core electric vehicle related three electronic control solutions (Battery Management System ("**BMS**"), Motor Control Unit, Vehicle Control Unit) and thermal management system to further increase market penetration.

During the Year, the Group's end customers continued to comprise automotive makers and automotive manufacturing brands (the "**OEMs**"), including the top ten renowned Chinese new energy passenger vehicles brands.

Body Control/Safety/Powertrain Solutions

For the year ended 31 December 2022, revenue from this business segment continued to grow steadily, the revenue from body control, safety and powertrain solutions increased by 50%, 34% and 40% year-on-year, respectively, as compared to the corresponding period last year. The body control system benefited from mass production of new projects, increased demand from key customers and more automotive lighting solutions; safety system mainly benefited from the increase in the number of customers and higher unit price, especially for braking and steering applications; and powertrain system benefited from the increased orders of diesel and gasoline Electronic Fuel Injection (EFI) solutions.

Automated & Connected Vehicles Solutions

Since 2022, the Group has officially re-classified the automated & connected vehicles solutions as a separate segment of business to present and analyze its business performance in a more accurate manner, and capture the market opportunities of automated driving, intelligent driving and connected vehicles. After such classification, the business recorded revenue growth of 151% to RMB254.8 million for the Year, mainly due to significant increase in installation rate and penetration rate.

During the Year, the Group collaborated with automotive makers and tier 1 suppliers on mass production projects, including ADAS controllers at L1-L2 level and domain controllers for L2+ automation level. The mass production projects of controllers in related fields have been delivered in batches, continuing to serve as the growth driver of this business and laying a solid foundation for future development. In addition, the Group completed two solutions based on Journey®5 of Horizon Robotics during the Year, namely the MADC2.0 and MADC2.5 products. In terms of connected vehicles, the segment benefited from the general trend of digital transformation in the automotive industry. Business growth mainly came from a number of new advanced driver-assistance/automated driving projects, as well as the continuously increasing penetration of the new generation of Electrical and Electronic Architecture in new energy vehicles. During the Year, the Group cooperated with customers on mass production projects, and the R&D projects cooperated with automotive makers included service-oriented gateway software development service projects, UISEE Internet of Vehicles intelligent terminal controller project and hybrid gateway controller project cooperated with Baidu, which have been tested on a specific road section, with small batch production at present, and it is planned to increase the mass production subsequently.

In terms of products and solutions development, the Group has maintained close cooperation with Beijing Horizon Robotics Technology R&D Co., Ltd. (北京地平線機器人技術研發有限公司) ("**Horizon Robotics**"), a leading artificial intelligence chip company in the PRC, for many years. During the Year, in terms of smart cockpit, the two parties cooperated on the development of new functions of new sensors, the development of access and functional scenarios of time of flight (ToF) sensor vehicles, the development of underlying software and the development of hardware platform. The Group also cooperated with end automotive makers, including a number of renowned Chinese new energy passenger vehicles brands and new electric car start-up brands.

Cloud Server Related Solutions

The Group's "Industrial Solutions" business has been reclassified to "Cloud Server Related Electronics Solutions" since 2022 with no change of its business nature, mainly to correctly reflect that the revenue categories include power management and electronic control solutions designed for high-performance CPUs and graphics processors used in data centers and cloud servers. During the Year, revenue from this business declined by 24% to RMB420.5 million, mainly due to a slowdown in new projects over the past year after significant growth and completion of the global server market during the earlier pandemic period.

Research and Development and Group Development

R&D has always been an integral part of the Group's business model. Electrification and intelligence are seen as a global trend of the automotive industry. The Group has maintained its technological advantages in this field and is confident in its long-term R&D strategy, which helps to expand its market share in the future and continuously promote its long-term business growth. During the Year, the Group continued to increase its investment in R&D to further consolidate its R&D capabilities. R&D expenses increased by 61% year-on-year to RMB332.5 million, accounting for 6.9% of annual revenue. As at 31 December 2022, the Group had 916 full-time R&D-related professionals, representing 67% of its total employees. As of 31 December 2022, the Group has secured 235 patents and 187 software copyrights, representing an increase of 64 patents and 45 software copyrights, respectively as compared with last year.

In terms of R&D, the Group has achieved a number of achievements, including the development of an 800V high-voltage BMS platform solution certified as a functional safety product, the automated driving domain controller unit technology platform solution developed based on the Journey®5 of Horizon Robotics, and 59 intellectual property rights that contain 6 invention patents. During the Year, the Group established and maintained a development system that meets the standards of ASPICE (Automotive Software Process Improvement and Capability Determination), ISO26262 and ISO21434; completed the digital transformation of the R&D system to ensure the project development process and quality; integrated the development tool chain to break the barriers of information transfer among the tool chains; built an industry-leading automotive software platform and R&D process system to meet a variety of development models and delivery methods; established platform-based development of products, and supported product project deformation development to speed up customer delivery; established standardized software and hardware module library, and utilized development and design experience and verification to improve product quality; and supported SOA (Service-oriented Architecture) development process, supported decomposition of product requirements to implementation, and established standard equipment abstraction layer and atomic service layer standard library to support application service customization.

Shanghai G-Pulse Electronics Technology Company Limited (上海金脈電子科技有限公司) ("**G-Pulse**"), the Group's wholly-owned subsidiary, was awarded the ISO/SAE 21434:2021 Automotive Network Security Management System Certificate by SGS, an international authoritative testing and certification organization. The G-Pilot3 intelligent driving system, independently developed with Journey®3 vehicle smart chip of Horizon Robotics, was also officially certified with Matrix standard hardware design of Horizon Robotics.

In addition, the Group's software platform addressed common functional components on the one hand, and focused on the compatibility of cross-processor platforms and cross-application system function support on the other hand. The Group has already completed the deployment on platforms of Infineon, Horizon Robotics and SemiDrive and applied them to the development of automated driving, netlink and certain regional controller products, which is expected to further increase its market penetration.

The large-scale R&D testing and validation center in Shanghai focuses on the development and introduction of new testing equipment design to cater for the development of the Group's product lines. During the Year, the center's testing and validation capabilities in four main business products of New Energy Vehicle Drivetrain Electronic Control Units, thermal management electric control, intelligent domain control and hydrogenated electric control have been steadily improved, and have begun to take shape. The current testing and validation capabilities and external cooperative testing institutions can meet the current demand of the Group's testing business. In addition, the center continued to plan testing and validation capabilities to meet new business trends and insist on the design, development and introduction of advanced testing methods and testing equipment to cater for the development of the Group's product lines. During the Year, the center undertook nearly 500 testing tasks within the Group, and the overall testing volume still exceeded that of 2021 despite the impact of the pandemic. To further enhance the testing and validation capabilities, the Group completed the phase I construction of its EMC (Electromagnetic Compatibility) testing facilities and controlled the R&D process and quality through the ASPICE development system. In late 2021, the Group has commissioned the phase II construction of EMC testing facilities, which was officially put into operation upon completion of delivery in the third quarter of 2022. At the same time, the Chengdu R&D center was officially put into operation, mainly responsible for expanding the R&D and service layout of intelligent automotive software platform solutions.

In the second half of 2022, the Group expanded its satellite R&D office space in Chengdu, Changchun and Shanghai by approximately 3,000 square meters in aggregate. On the other hand, the Group's automated driving standardization laboratory was officially launched to mainly promote the industrialization and batch delivery of automated driving solutions such as intelligent board domain controllers, front view camera controller and millimeter wave radars. In addition, the Group plans to set up a R&D center in Hong Kong, which will mainly be used for research and development of automated & connected vehicles software, advanced power semiconductor applications and collaborative robot solutions, and is expected to officially put into operation in 2023, preparing the Group to follow the Chinese automobile brands to expand overseas.

In terms of hydrogen energy development, Shanghai Qingheng Automotive Electronics Co., Limited (上海氫恒汽車電子有限公司) ("**Qingheng**"), a subsidiary of the Group, had secured multi-million RMB strategic investment in July 2022 from Huzhou Yongming Equity Investment Partnership (Limited Partnership) (湖州涌銘股權投資合夥企業(有限合夥)), a subsidiary fund of the strategic investor Shanghai Yonghua Investment Management Company Limited (上海涌鏵投資管理有限公司). The investment provided it the working capital required for the development and market expansion of innovative products, allowing it to build a technological development service platform for hydrogen energy and strengthening the Group's overall competitiveness in the market. While taking the lead in the development and validation of air compressor controllers in China, Qingheng has also officially achieved batch delivery, providing two heavyweight controllers for domestic leading hydrogen fuel cell system companies.

Outlook

The Group believes that the localization rate of the overall automobile market will continue to increase and the new energy vehicle market will continue to grow, with intensified market competition. However, the Group's management has a proactive sense of the industry's development, and maintains a leading position in R&D investment and solutions development. Therefore, the Group is still confident in the long-term development of the current business segments.

The CAAM forecasts that China's new energy vehicles will continue to grow rapidly in 2023, with sales expected to exceed 9 million units. As such, the Group believes that the long-term growth trend of new energy vehicle solutions and automated & connected vehicles will continue, and the Group will also continue to invest in R&D and enhance business economies of scale.

In terms of core solutions for new energy electric vehicles, the Group expects that these solutions will further drive the overall business performance of the Group in 2023 due to the market growth potential of this business, and continues to be optimistic about its future growth.

The Group remains optimistic about the outlook of the body control, safety and powertrain business segments. With increased local demand, more customers and orders as well as higher unit price, the Group believes that all these three businesses will continue to bring positive revenue contributions.

In terms of cloud server, the Group will be more prudent in this business as the global economy is still shadowed by interest rate hikes and the consumer market needs to recover, but believes that the impact will be fully made up by the satisfactory growth of the Group's other businesses.

In terms of the automated & connected vehicles, the Group is currently developing integrated driving and parking domain controller, as well as integrated cockpit and parking domain controller, which are expected to be launched in the second quarter of 2023. MADC2.0 and MADC2.5 products will launch OPEN-ECU project in 2023 to further expand their influence and empower product development of its customers. In addition, the Group will actively carry out technology R&D and localization solution development. For smart antenna controllers, a vehicle communication control unit incorporating V2X, UWB and 5G communication will be launched to the market in the second quarter of 2023. For digital key peripheral distance solutions, it will be integrated into smart terminal related solutions of the Internet of vehicles in the third quarter of 2023 to form intellectual property rights to enhance its competitiveness. For solutions that combine remote diagnosis with local diagnosis, it will be integrated into hybrid gateway products in the second quarter of 2023 to enhance its competitiveness. The Group is developing various cross-platform service-based connected products by cooperating with domestic semiconductor companies such as SemiDrive, and the products are expected to be launched in the second quarter of 2023 to widen the gateway solution spectrum.

R&D has always been the basis for the sustainable development of the Group's business. The Group's R&D will mainly focus on the automated & connected vehicles and the development of the third generation of semiconductor products in the future, so as to fully cater for the development of electrification and intelligence. On the one hand, the Group intends to expand its testing capacity in 2023 with planned investments in equipment, mainly for ADAS hardware in environment testing system, SOTIF (Safety of the Intended Functionality) scenario testing database, EMC design validation, HALT (Highly Accelerated Life Testing), environment reliability testing and other auxiliary testing equipment, so as to continue to meet the demand of the testing business and future development needs. On the other hand, the Group has set ADAS as the next major opportunity in the automotive market a few years ago, and the years of investment have been proven fruitful, with commencement of ADAS delivery in 2022, which will realize scale delivery in 2023.

In the future, the Group expects that Qingheng will work closely with leading semiconductor companies to optimize the model and design of SiC (silicon carbide) devices, develop more cost-effective solutions, enhance its market competitiveness and expand its market share to gain a presence.

On 14 February 2023, the Group announced that it had secured a syndicated loan of US$60,000,000 led by Hang Seng Bank, for a period of three years, demonstrating the confidence of the capital markets in the Group's prospects and greatly enhancing the liquidity of the Group, which is well positioned to capitalize on the promising automotive brand market in China.

Looking ahead, the market is full of challenges as well as opportunities. With years of experience in the industry, the management of the Group is able to observe the market trends by making substantial R&D investment, and continue to deliver business growth with a sound business foundation to generate consistent returns for the shareholders of the Company (the "**Shareholders**").

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, total revenue increased 52% year-on-year to RMB4,829.9 million (31 December 2021: RMB3,176.2 million) mainly due to the increases in all of the motor business segments of the Group. The New Energy Vehicle business performed particularly well and recorded continual strong growth. In addition, the Automated and Connected Vehicles Solutions recorded robust growth.

The following table sets out the Group's revenue breakdown by segments during the indicated years:

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*	Change
New Energy	**2,066,806**	1,082,102	**91%**
Body Control	**867,984**	578,518	**50%**
Safety	**635,996**	476,269	**34%**
Powertrain	**431,940**	308,857	**40%**
Automated & Connected Vehicles	**254,781**	101,378	**151%**
Cloud Server	**420,480**	549,814	**-24%**
Rendering of Services & Others	**151,956**	79,226	**92%**
Total	**4,829,943**	3,176,164	**52%**

Gross Profit and Gross Profit Margin

For the year ended 31 December 2022, the Group's gross profit increased by 66% to RMB1,040.6 million compared with the year before. The gross profit margin increased from 19.7% last year to 21.5%.

Other Income and Gains

The Group's other income and gains mainly included bank interest income, government grants, gains on financial assets and others. For the year ended 31 December 2022, other income and gains increased by 31% to RMB39.9 million, mainly due to the increase in gain on disposal of financial assets at fair value through profit or loss and fair value gain on financial assets at fair value through profit or loss.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of salaries, benefits and equity-settled share option expense for staff, insurance costs, warranty expenses, travelling expenses, marketing expenses, and administrative depreciation related costs. During the Year, the Group's selling and distribution expenses amounted to RMB106.3 million, up by 6% as compared with 2021. The increase was mainly attributable to the rise in labour costs and travelling expenses to support the business growth.

Administrative Expenses

Administrative expenses mainly consist of (a) R&D expenses; and (b) other administration expenses including salaries, benefits and equity-settled share option expense for the management, administrative and financial personnel, administrative costs, depreciation expenses relating to property, plant and equipment used for administrative purposes, amortisation expenses for the management information systems, other taxes and levies.

During the Year, administrative expenses amounted to RMB427.2 million, representing an increase of 36% as compared with 2021. In particular, (a) R&D expenses charged to administrative expenses amounting to RMB312.3 million, together with the amortisation of deferred development costs RMB20.2 million charged to cost of sales, the total R&D expenses amounted to RMB332.5 million accounting for 6.9% of revenue. The 61% increase in R&D expenses as compared with 2021 was beneficial to the development of solutions and products to capture the enormous market growth in future; and (b) other administrative expenses amounted to RMB114.9 million, representing an increase of 7% as compared with 2021, which was mainly due to higher labour costs, travelling expenses, office and other related expenses.

Other Expenses

During the Year, other expenses mainly consist of foreign exchange differences and others. These expenses amounted to RMB49.6 million in 2022, representing an increase of 2,511% as compared with 2021, which was mainly due to increase in foreign exchange losses.

Finance Costs

During the Year, finance costs, which mainly consist of interest expenses on acceptance bills and borrowings, amounted to RMB44.5 million, representing an increase of 89% as compared with 2021, which was due to the increase in bank borrowings to facilitate the business growth as well as the rise of bank borrowing rate.

Income Tax Expense

During the Year, income tax expense was RMB43.8 million, representing an increase of 165% year-on-year, which was mainly attributable to the significant growth in profit before tax.

Profit for the Year

The Group's net profit for the Year increased by 105% from RMB200.2 million for the year ended 31 December 2021 to RMB411.1 million for the year ended 31 December 2022 due to higher gross profit and net profit driven by significant business growth.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group continued to maintain a satisfactory and healthy liquidity position. As at 31 December 2022, the Group had total cash and cash equivalents of RMB336.9 million (31 December 2021: RMB571.7 million).

The Group recorded net current assets of RMB1,444.2 million (31 December 2021: RMB1,196.9 million). Capital expenditure for the Year was RMB78.7 million, which were mainly used for addition of R&D equipment and improvement of R&D infrastructures facilitating multi-location R&D supports and services to customers.

As at 31 December 2022, the gearing ratio of the Group was 41% (31 December 2021: 21%), which represents net debt divided by the equity attributable to owners of the parent plus net debt. Net debt includes interest-bearing bank and other loans, trade and notes payables, other payables and accruals, less cash and cash equivalents and pledged deposits.

As at 31 December 2022, the Group had outstanding bank loans amounting to RMB950.2 million (31 December 2021: RMB631.7 million).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company (the "**Share(s)**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 July 2018 with net proceeds received by the Company from the Global Offering (as defined in the prospectus of the Company dated 29 June 2018 (the "**Prospectus**")) amounted to HK$766.7 million (equivalent to RMB655.4 million), after deducting the underwriting fees, commissions and all related expenses (the "**Net Proceeds**").

As disclosed in the announcement of the Company dated 12 July 2019, having reassessed the funding needs for the enhancement of the Group's overall R&D infrastructure, the Board has resolved to amend the proposed use of part of the Net Proceeds originally allocated for the enhancement of the Group's R&D infrastructure by investing in and acquiring testing and other equipment, and technology software to accelerate the Group's solutions development cycle and thus increase exposure of the Group's solutions to customers to enhancement of the Group's R&D infrastructure by (i) investing in and acquiring testing and other equipment, and technology software to accelerate the Group's solution development cycle and thus increase exposure of the Group's solutions to customers; and (ii) investing in, acquiring and renovating properties for R&D purposes.

During the Year, the Net Proceeds have been used for the purpose consistent with the section headed "Future Plans and Use of Proceeds" as set out in the Prospectus and the announcement of the Company dated 12 July 2019.

Details of the planned applications of the Net Proceeds, original and revised allocation of the Net Proceeds, and the utilization of the Net Proceeds as at 31 December 2022 are set out below:

Use of proceeds		Planned applications *(RMB million)*	Percentage of total Net Proceeds *(%)*	Actual usage up to 31 December 2022 *(RMB million)*	Unutilized Net Proceeds as at 31 December 2022 *(RMB million)*	Expected timeframe for utilizing the remaining unused Net Proceeds
1.	For the expansion of research and development capabilities	196.6	30	196.6	0	N/A
2.	For the enhancement of research and development infrastructure	196.6	30	196.6	0	N/A
3.	For the acquisitions of research and development capabilities	196.6	30	116.3	80.3	Expected to be fully utilized by end of 2024
4.	General working capital	65.6	10	65.6	0	N/A
Total		655.4	100	575.1	80.3	

PLACING OF SHARES

On 26 January 2021, the Company and BNP Paribas Securities (Asia) Limited (the "**Placing Agent**") entered into a placing agreement (the "**Placing Agreement**"), pursuant to which and subject to the terms and conditions therein, the Company agreed to appoint the Placing Agent, and the Placing Agent agreed to act as placing agent for the purpose of procuring on a best efforts basis, as agent of the Company, placees to purchase up to 45,000,000 new Shares to be issued by the Company and to be placed pursuant to the Placing Agreement (the "**Placing Shares**") at HK$6.82 per Placing Share (the "**Placing Price**") on the terms and subject to the conditions set out in the Placing Agreement.

On 3 February 2021, an aggregate of 45,000,000 Placing Shares have been successfully allotted and issued to not fewer than six independent placees at the Placing Price (the "**Placing**") and the Placing was completed on the same day. The aggregate nominal value of the Placing Shares was HK$450,000 and the closing price as quoted on the Stock Exchange on 26 January 2021, being the date of the Placing Agreement, was HK$8.51 per Share. The net price per such Placing Share was approximately HK$6.73. The net proceeds from the Placing amounted to HK$302.8 million (equivalent to approximately RMB252.6 million). Immediately after completion of the Placing, the Shares held by the placees accounted for 4.15% of the issued share capital of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the placees and their respective ultimate beneficial owners are independent third parties of the Company. None of the placees has become a substantial Shareholder (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) immediately after completion of the Placing.

For details of the Placing, please refer to the announcements of the Company dated 26 January 2021 and 3 February 2021.

During the Year, the net proceeds from the Placing have been used for the purpose consistent with that disclosed on the aforementioned announcements. The planned applications of the net proceeds from the Placing, actual usage of such net proceeds up to 31 December 2022 and the expected timeframe for utilizing the remaining unused net proceeds from the Placing are set out below:

Use of proceeds		**Planned applications** *(RMB million)*	**Percentage of total net proceeds** *(%)*	**Actual usage up to 31 December 2022** *(RMB million)*	**Unutilized net proceeds as at 31 December 2022** *(RMB million)*	**Expected timeframe for utilizing the remaining unused net proceeds**
1.	Developing software platform towards intelligent driving solutions	62.0	25	43.0	19.0	Expected to be fully utilized by end of 2023
2.	Further developing software systems and electronic controls solutions for automotive electric vehicle	35.0	14	25.9	9.1	Expected to be fully utilized by end of 2023
3.	Application of higher power semiconductor solutions	35.0	14	29.2	5.8	Expected to be fully utilized by end of 2023
4.	Further developing the Group's testing and validation centre for intelligent driving	62.0	25	42.0	20.0	Expected to be fully utilized by end of 2023
5.	General working capital	58.6	22	58.6	0	N/A
Total		252.6	100	198.7	53.9	

CAPITAL COMMITMENT

As at 31 December 2022, the Group had capital commitments contracted, but not provided for, amounting to RMB4.8 million (31 December 2021: RMB3.1 million).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures (31 December 2021: Nil).

PLEDGE OF ASSETS

As at 31 December 2022, certain of the Group's bank loans, letter of guarantee and notes payable were secured by the pledge of certain of the Group's deposits amounting to RMB48,861,000 (2021: RMB32,246,000).

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group primarily operates in the PRC with a mixed currency revenue source. It is therefore exposed to foreign currency risk arising from fluctuations in exchange rates between the RMB and other currencies in which it conducts its business. The Group is subject to foreign currency risk attributable to its bank balances, trade and other receivables and payables as well as bank loans that are denominated in currencies other than the RMB. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position. The Group also minimises loss caused by foreign exchange fluctuations through cost transfer by adjusting prices offered to customers and considers supplementing with foreign exchange forward contracts when necessary.

During the Year, the Group managed foreign currency exchange rate fluctuations by the aforesaid means to mitigate such exposure. The Group will closely monitor the change in foreign exchange rates to manage currency risks and consider necessary actions as required.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 1,359 employees (31 December 2021: 1,098 employees). The Group's labour costs (including salaries, bonuses and equity-settled share option and award expense, pension and welfare but excluding directors' and co-chief executives' remuneration) were RMB481.3 million, equivalent to 10% of the Group's revenue for the Year (2021: RMB361.4 million).

The Group provides attractive salary packages, including competitive basic salary plus annual performance bonus, as well as arranging on-going special training to employees to facilitate their promotion within the organisation and enhance their loyalty to the Company. The Group's employees are subject to regular work performance appraisal to evaluate their promotion prospects and salary. The latter is decided with reference to market practice and the performance, qualifications and experience of the individual employee as well as the results of the Group.

As at 31 December 2022, the Group had a total of 60,278,050 outstanding share options granted to eligible employees under the share option scheme adopted on 22 June 2018, to enhance attractiveness in compensation as well as motivation for employee performance. For details, please refer to the announcements of the Company dated 21 January 2019, 30 September 2020, 18 May 2021 and 25 November 2022, respectively.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong. The Group did not record any forfeited contribution from the MPF Scheme for the year ended 31 December 2022 to reduce the existing level of contributions (for the year ended 31 December 2021: Nil).

The Group's employees in the PRC participate in various defined contribution schemes managed by local government authorities, pursuant to which the Group pays a stipulated percentage of payroll costs as contributions to the schemes. The Group has no obligations to pay further contributions and no forfeited contributions were available to the Group to reduce the existing level of contributions.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of its Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the Corporate Governance code ("**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Year, except for a deviation from the code provision C.2.1 of the CG Code that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Luk Wing Ming is our Chairman and co-CEO responsible for strategic development and business operations. The Board believes that this arrangement will improve the efficiency of our decision making and execution process. Further, the Group has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, our Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in the circumstance of the Group.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted written guidelines (the "**Written Guidelines**") on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code for securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines throughout the Year to the date of this announcement. No incident of non-compliance of the Written Guidelines by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of the subsidiaries during the year ended 31 December 2022.

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises all the three independent non-executive Directors, namely Mr. Tsui Yung Kwok, Mr. Jiang Yongwei and Mr. Yu Hong. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group, the annual results and the consolidated financial statements for the year ended 31 December 2022. The Audit Committee considered that the annual results are in compliance with all applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2022, but represents an extract from the consolidated financial statements for the year ended 31 December 2022 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information set out in this announcement has been reviewed by the Audit Committee and approved by the Board.

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting ("**2023 AGM**") will be held on Monday, 29 May 2023. A notice convening the 2023 AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK13.1 cents per share for the year ended 31 December 2022 (2021: HK6.8 cents) to the Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 9 June 2023. Subject to the approval by the Shareholders at the 2023 AGM to be held on Monday, 29 May 2023, the proposed final dividend is expected to be paid on or about Monday, 3 July 2023.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed during the following periods and during these periods, no transfer of shares of the Company will be registered:

(a) For determining the entitlement to attend and vote at the 2023 AGM

For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 23 May 2023 to Monday, 29 May 2023 both dates inclusive, during which period no transfer of shares of the Company will be registered.

To ensure that Shareholders are entitled to attend and vote at the 2023 AGM, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 22 May 2023.

(b) For determining the entitlement to the proposed final dividend

For determining the entitlement to the proposed final dividend subject to the approval by Shareholders at the 2023 AGM, the register of members of the Company will be closed from Monday, 5 June 2023 to Friday, 9 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the proposed final dividend for the year ended 31 December 2022, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 2 June 2023.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as being held by public.

PUBLICATION OF ANNUAL RESULT AND ANNUAL REPORT

The results announcement is required to be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.intron-tech.com), respectively. The annual report of the Company for the Year will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	4	**4,829,943**	3,176,164
Cost of sales		**(3,789,330)**	(2,550,981)
Gross profit		**1,040,613**	625,183
Other income and gains	4	**39,868**	30,470
Selling and distribution expenses		**(106,320)**	(100,710)
Administrative expenses		**(427,218)**	(313,332)
Other expenses		**(49,585)**	(1,899)
Finance costs		**(44,538)**	(23,524)
Share of profits and losses of associates		**2,100**	577
PROFIT BEFORE TAX	5	**454,920**	216,765
Income tax expense	6	**(43,813)**	(16,556)
PROFIT FOR THE YEAR		**411,107**	200,209
Attributable to:			
Owners of the parent		**414,963**	200,606
Non-controlling interests		**(3,856)**	(397)
		411,107	200,209
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	**RMB38.22 cents**	RMB18.58 cents
Diluted	8	**RMB37.81 cents**	RMB18.25 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**411,107**	200,209
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(79,105)**	25,175
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(79,105)**	25,175
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**2,325**	–
Income tax effect	**(380)**	–
	1,945	–
Exchange differences on translation of the Company	**77,745**	(23,410)
Net other comprehensive income/(loss)that will not be reclassified to profit or loss in subsequent periods	**79,690**	(23,410)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**585**	1,765
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**411,692**	201,974
Attributable to:		
Owners of the parent	**415,548**	202,371
Non-controlling interests	**(3,856)**	(397)
	411,692	201,974

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**195,156**	170,410
Right-of-use assets		**33,171**	32,659
Other intangible assets		**325,309**	223,972
Investments in associates		**12,666**	10,566
Financial assets at fair value through profit or loss		**85,218**	76,263
Equity investment designated at fair value through other comprehensive income		**3,324**	995
Deferred tax assets		**53,599**	41,807
Advance payments for property, plant and equipment		**15,616**	8,695
Total non-current assets		**724,059**	565,367
CURRENT ASSETS			
Inventories		**1,085,576**	497,904
Trade and notes receivables	*9*	**1,697,742**	1,163,373
Contract assets		**61**	791
Prepayments, other receivables and other assets		**181,668**	27,466
Pledged deposits		**48,861**	32,246
Cash and cash equivalents		**336,946**	571,747
Total current assets		**3,350,854**	2,293,527
CURRENT LIABILITIES			
Trade and notes payables	*10*	**330,658**	236,595
Other payables and accruals		**577,698**	194,307
Derivative financial instruments		**971**	598
Interest-bearing bank and other loans		**950,221**	631,670
Lease liabilities		**20,205**	14,738
Tax payable		**26,923**	18,470
Government grants		**–**	250
Total current liabilities		**1,906,676**	1,096,628
NET CURRENT ASSETS		**1,444,178**	1,196,899
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,168,237**	1,762,266

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2022

	Note	2022 RMB'000	2021 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		**12,735**	17,970
Government grants		**940**	1,080
Deferred tax liabilities		**5,925**	–
Total non-current liabilities		**19,600**	19,050
Net assets		**2,148,637**	1,743,216
EQUITY			
Equity attributable to owners of the parent			
Share capital	*11*	**9,241**	9,221
Reserves		**2,128,741**	1,733,402
		2,137,982	1,742,623
Non-controlling interests		**10,655**	593
Total equity		**2,148,637**	1,743,216

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, equity investments and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2022	2021
	RMB'000	*RMB'000*
Hong Kong	**23,753**	33,403
Mainland China	**4,795,684**	3,094,145
Other countries/regions	**10,506**	48,616
	4,829,943	3,176,164

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

(b) Non-current assets

	2022	2021
	RMB'000	*RMB'000*
Hong Kong	**45,148**	36,091
Mainland China	**624,828**	486,793
Other countries/regions	**484**	676
	670,460	523,560

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2022	2021
	RMB'000	*RMB'000*
Customer 1	**618,062**	N/A*
Customer 2	**N/A***	337,451

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for that year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers	**4,829,943**	3,176,164

Revenue from contracts with customers

(i) Disaggregation of revenue

	2022	2021
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time		
– Sale of products	**4,808,630**	3,151,613
– Rendering of consulting services	**21,313**	24,551
	4,829,943	3,176,164

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	**35,974**	12,102
Consulting services	**8,057**	2,310
	44,031	14,412

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Consulting services

The performance obligation is satisfied at the point in time when services are rendered and short-term advances are normally required before rendering the services. Consulting service contracts are for periods of one year or more and are billed based on the time incurred.

As at the end of the reporting period, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

	2022	2021
	RMB'000	*RMB'000*
Other income		
Government grants *(note a)*	**20,381**	20,457
Bank interest income	**4,254**	4,952
Commission income	**1,154**	1,197
Foreign exchange gains, net	**–**	2,873
Compensation income	**1,861**	886
Others	**158**	105
	27,808	30,470
Gains		
Gain on disposal of financial assets at fair value through profit or loss	**6,236**	–
Gain on derivative instruments	**470**	–
Fair value gain, net:		
Financial assets at fair value through profit or loss – mandatorily designated as such	**5,354**	–
	39,868	30,470

Note:

(a) The amount represents grants received by the subsidiaries of the Company from the local government where they reside. There are no unfulfilled conditions and other contingencies relating to these grants. These grants are mainly for the purposes of compensation for expenses arising from research activities, reward for financial contribution and capital expenditure incurred on certain projects.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold	**3,752,535**	2,539,177
Cost of services provided	**16,636**	11,804
Depreciation of property, plant and equipment	**39,154**	29,711
Depreciation of right-of-use assets	**19,222**	15,843
Gain on terminations of leases	**–**	(116)
Amortisation of patents and software*	**6,582**	4,367
Research and development costs:		
Deferred expenditure amortised*	**20,159**	9,696
Current year expenditure	**312,316**	196,275
	332,475	205,971
Lease payments not included in the measurement of lease liabilities	**4,273**	5,898
Auditor's remuneration	**3,184**	2,735
Employee benefit expense (excluding directors' and co-chief executives' remuneration *(note 8)*):		
Wages and salaries	**396,959**	293,650
Equity-settled share option and award expense	**18,275**	15,645
Pension scheme contributions***	**60,465**	44,471
Staff welfare expenses	**5,598**	7,618
Less: Amount capitalised	**(89,200)**	(88,821)
	392,097	272,563
Foreign exchange differences, net	**48,471**	(2,873)
(Reversal of impairment)/impairment of trade receivables, net	**(159)**	7,210
Write-down of inventories to net realisable value**	**6,322**	3,717
(Gain)/loss on derivative instruments at fair value through profit or loss	**(470)**	696
Gain on disposal of financial assets at fair value through profit or loss	**(6,236)**	–
Fair value gain, net:		
Financial assets at fair value through profit or loss - mandatorily designated as such	**(5,354)**	–
Bank interest income	**(4,254)**	(4,952)
Government grants	**(20,381)**	(20,457)
Donation	**–**	5
Loss on disposal of items of property, plant and equipment	**–**	16

* The amortisation of patents and software is included in "Administrative expenses" in the consolidated statement of profit or loss, and the amortisation of deferred development costs for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

** The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax in the Cayman Islands. The Company has registered with the Company Registry in Hong Kong on 22 December 2017 and recorded an interest income during the year. Since the provision of credit of the loan was in Hong Kong, the interest income received is subject to Hong Kong Profits Tax.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021:8.25%) and the remaining assessable profits are taxed at 16.5% (2021:16.5%).

The subsidiary in the Netherlands is entitled to a preferential income tax rate of 15% (2021: 15%) for the taxable income less than or equal to Euro395,000 and an income tax rate of 25.8% (2021: 25%) for the taxable income over Euro395,000. The subsidiary in the Chinese Taiwan is entitled to a tax exemption for the taxable income less than or equal to Taiwan dollar 120,000 and an income tax rate of 20% (2021: 20%) for the taxable income over Taiwan dollar 120,000. The subsidiary in Germany is entitled to a combined tax rate of 32.98% (2021: 32.98%), consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5% and a trade tax rate of 17.15%.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

Shanghai Intron Electronics Company Limited and Shanghai G-Pulse Electronics Technology Company are qualified as High and New Technology Enterprises and are subject to a preferential income tax rate of 15% (2021: 15%) during the year. In December 2022,Wuxi Maxdone Electronic Technology Company Limited is certified as High and New Technology Enterprises and is subject to a preferential income tax rate of 15% (2021: 25%). Guangzhou Intron Electronics Technology Company Limited, Beijing Maichuang Zhiheng Renewable Energy Technology Company Limited, and Shanghai Qingheng Automotive Electronics Company Limited are qualified as Small and Micro Enterprises and were subject to a preferential tax rate of 2.5%-20% during the year.

	2022	2021
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**33,492**	23,083
Current – Elsewhere		
Charge for the year	**16,568**	11,622
Deferred tax	**(6,247)**	(18,149)
Total tax charge for the year	**43,813**	16,556

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2022 *RMB'000*	2021 *RMB'000*
Profit before tax	**454,920**	216,765
Tax at the statutory income tax rate of 25%	**113,730**	54,191
Effect of tax rate differences in other jurisdictions	**(8,004)**	(2,111)
Preferential income tax rates applicable to certain subsidiaries	**(14,973)**	(4,291)
Additional deduction allowance for research and development costs	**(60,739)**	(32,435)
Profit attributable to associates	**(525)**	(117)
Expenses not deductible for tax	**3,337**	2,516
Income not subject to tax	**(2,576)**	(4,590)
Tax losses not recognised	**7,284**	5,485
Temporary differences not recognised	**688**	–
Recognition of deductible temporary differences brought forward from previous years	**(1,236)**	(2,092)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**5,000**	–
Effect on opening deferred tax of decrease in rates	**1,827**	–
Tax charge at the Group's effective rate	**43,813**	16,556

7. DIVIDENDS

	2022 *RMB'000*	2021 *RMB'000*
Proposal final – HK13.1 cents (2021: HK6.8 cents) per ordinary share	**126,163**	59,699

The proposed final dividend of HK$142,396,000 (equivalent to RMB126,163,000) for the year, which is based on the Company's total number of shares as at 28 February 2023, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,085,675,628 (2021: 1,079,777,792) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares under the share option scheme.

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

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**414,963**	200,606

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year	**1,085,675,628**	1,079,777,792
Effect of dilution – weighted average number of ordinary shares:		
Share options	**11,727,317**	19,177,569
	1,097,402,945	1,098,955,361

9. TRADE AND NOTES RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**1,490,181**	1,001,719
Notes receivable	**219,610**	174,056
	1,709,791	1,175,775
Impairment	**(12,049)**	(12,402)
	1,697,742	1,163,373

The Group's trading terms with its customers are mainly on credit. The credit period is generally within three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of RMB44,557,000 as at 31 December 2022 (2021: RMB65,369,000), which are repayable on credit terms similar to those offered to the other customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Less than 3 months	**1,384,454**	916,024
3 to 6 months	**42,037**	30,671
6 to 12 months	**31,380**	29,676
1 to 2 years	**20,097**	9,414
2 to 3 years	**164**	3,532
	1,478,132	989,317

10. TRADE AND NOTES PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**323,680**	231,153
Notes payable	**6,978**	5,442
	330,658	236,595

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Less than 3 months	**292,073**	229,528
3 to 6 months	**30,441**	856
6 to 12 months	**491**	475
1 to 2 years	**445**	287
Over 2 years	**230**	7
	323,680	231,153

Included in the trade and notes payables are trade payables of RMB42,000 (2021: Nil) due to the Group's related party, which are repayable on credit terms similar to those offered by the Group's related party to their major customers.

The trade payables are non-interest-bearing and are normally settled within three months.

11. SHARE CAPITAL

	2022	2021
	HK$'000	*HK$'000*
Authorised:		
2,400,000,000 (2021: 2,400,000,000) ordinary shares of HK$0.01 each	**24,000**	24,000

	2022	2021
	RMB'000	*RMB'000*
Issued and fully paid:		
1,086,969,900 (2021: 1,084,630,400) ordinary shares of HK$0.01 each	**9,241**	9,221

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB'000
At 1 January 2021	**1,035,975,000**	8,816
Issue of shares	**45,000,000**	375
Share options exercised	**3,655,400**	30
At 31 December 2021 and 1 January 2022	**1,084,630,400**	9,221
Share options exercised *(note (a))*	**2,339,500**	20
At 31 December 2022	**1,086,969,900**	9,241

Note:

(a) The subscription rights attaching to 1,914,500 share options were exercised at the subscription price of HK$2.662 per share, 200,000 share options were exercised at the subscription price of HK$2.810 and 225,000 share options were exercised at the subscription price of HK$4.250, resulting in the issue of 2,339,500 shares for a total cash consideration, before expenses, of HK$6,569,000 (equivalent to RMB5,669,000). An amount of HK$2,609,000 (equivalent to RMB2,244,000) was transferred from the share option reserve to share capital and share premium upon the exercise of the share options.

12. EVENTS AFTER THE REPORTING PERIOD

The Company and its subsidiaries have no significant subsequent events need to be disclosed.

By order of the Board
INTRON TECHNOLOGY HOLDINGS LIMITED
LUK WING MING
Chairman and executive Director

Hong Kong, 27 March 2023

As at the date of this announcement, the executive Directors are Mr. Luk Wing Ming, Mr. Chan Cheung Ngai, Mr. Chan Ming and Mr. Ng Ming Chee; and the independent non-executive Directors are Mr. Jiang Yongwei, Mr. Yu Hong and Mr. Tsui Yung Kwok.