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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 2019

FINANCIAL HIGHLIGHTS

(RMB in thousands, unless specified)

	31 December 2019	31 December 2018	Year-on-year Percentage Change
Financial Figures			
Revenue Breakdown:			
New Energy	**1,011,828**	713,381	42%
Body Control	**318,102**	381,416	-17%
Safety	**373,747**	362,366	3%
Powertrain	**230,058**	219,457	5%
Industrial	**310,845**	231,624	34%
Rendering of Services & Others	**64,719**	108,446	-40%
Total Revenue	**2,309,299**	2,016,690	15%
Gross Profit	**466,125**	449,800	4%
Profit for the Year	**118,714**	162,274	-27%
Earnings per Share *(RMB cents)*			
– Basic	**11.46**	18.41	-38%
– Diluted	**11.41**	18.41	-38%
Proposed Final Dividend per Share *(HK cents)*	**3.8**	5.5	-31%
			% Point of Change
Financial Ratio (% of Total Revenue)			
Gross Profit	**20.2%**	22.3%	-2.1
Research and Development Costs	**6.6%**	5.9%	0.7
Net Profit	**5.1%**	8.0%	-2.9

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 annual result and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**Year**") together with selected explanatory notes and the relevant comparative figures for 2018.

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

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

For the year of 2019, the automotive industry of the People's Republic of China (the "**PRC**") has experienced negative growth and multiple challenges in the overall business environment since the second half of 2018. Despite the difficult environment, the Group was able to continue to deliver revenue growth with overall better-than-market performance. This was mainly driven by the new energy vehicle ("**NEV**") related business thereby maintaining our leading position in the market.

According to the data published by the China Association of Automobile Manufacturers ("**CAAM**"), the overall sales of automotive vehicles in the PRC in 2019 decreased by 8% as compared to 2018, of which the NEV decreased by 4%. Within the severe market conditions, the Group accomplished continual business growth with sizable expansion in NEV business, benefiting from our leading technology in the NEV related business and better-than-market performance in the overall traditional vehicle business segment. For the year ended 31 December 2019, total revenue of the Group continued to grow, recorded a year-on-year increase of 15%, whereby the NEV business improved by 42%, Safety and Powertrain business from the traditional vehicle segment increased by 3% and 5% respectively, and the Industrial related business grew by 34%. The gross profit of the Group continued to expand compared to the year before. The Group's gross profit margin decreased slightly and maintained at 20.2% despite harsh market operating environment. In addition to growing the business, the Group continued its strategy in research and development ("**R&D**") investment for leading technology and innovation to cater to development needs for the future. In 2019, the R&D expenses accounted for 6.6% of revenue, representing an increase of 27% compared to the year before. With a lower profit margin and higher investment in R&D, the Group's net profit decreased by 27% compared to the year before in 2019. The net profit margin as a result was 5.1% of revenue.

BUSINESS REVIEW

Although the overall PRC automotive market experienced a year-on-year decrease in 2019, as a fast-growing automotive electronics solutions provider in the PRC, leveraging its leading technology level and market position, the Group reported continuous growth of revenue. For the year ended 31 December 2019, the revenue reported a year-on-year increase by 15% to RMB2,309.3 million while gross profit increased by 4% to RMB466.1 million.

During the Year, the Group's key customers continued to comprise automotive makers and brands that manufacture motors vehicles ("**OEMs**") in the PRC, including the top ten renowned Chinese new energy passenger vehicles brands, such as BYD and BAIC BJEV.

New Energy Vehicle Solutions

In 2019, the Chinese government further lowered the subsidy level for the NEVs while lifted the technological threshold qualification for the industry. The indicators include driving distance, battery power system, energy density and vehicle energy consumption of the NEVs. This had led to requirement for higher technology-content product from automotive OEMs, who in-turn raised the technical standard requirements for automotive parts and solutions from its suppliers and collaborative partners. Given that the Group is well-positioned in the market with its advanced technology and R&D capabilities as well as outstanding NEV solutions, the trend abovementioned has enabled the Group to further expand its market share in the NEV business, driving the segment revenue and recorded a better-than-market increase of 42% compared to 2018, reaching RMB1,011.8 million.

Body Control, Safety and Powertrain Solutions

Automotive electronics is one of the pillars of automotive industry. With the continuous development and trend of electrification, intelligent and connected vehicles, the automotive electronics market in the PRC continued to expand in 2019 particularly in Safety and Powertrain related businesses. The Group achieved revenue growth of 3% and 5% in the Safety and Powertrain businesses respectively, reaching RMB373.7 million and RMB230.1 million. However, for Body Control business, the Group recorded a revenue decrease of 17% resulting in RMB318.1 million, in line with the overall weak automotive market performance.

Industrial Solutions

The Group's industrial-related solutions for applications business mainly includes power solutions designed for high-performance CPUs and graphics processors in cloud servers. Its performance in the first half of 2019 was affected by the fact that enterprises around the world took a prudent approach in their investments in data centres and cloud servers against the backdrop of the Sino-U.S. trade tensions. However, the performance picked up strongly with increased business demand and investment gathered momentum in the second half of the year, generating high demand for the Group's advanced product solutions. In 2019, segmental revenue rose by 34% to RMB310.8 million as compared to 2018.

For the year ended 31 December 2019, the Group provided 181 solutions to 1,044 customers. Delivering comprehensive solutions has enabled the Group to stand out among its industry peers, gain market share and command a leading presence in the field.

Research and Development

R&D has always been an important part of the Group's business model. With the continual trend on electrification and intelligent development of automotive vehicles, the Group is fully confident of pursuing long-term R&D strategy, which will enable the Group to expand its market share in the future and facilitates long-term business growth. During the Year, the Group continued to invest to strengthen its R&D capabilities. R&D expenses increased by 27% year-on-year to RMB151.9 million, accounting for 6.6% of revenue. As at 31 December 2019, the Group had 547 full-time R&D-related professionals, making up 65% of its total employees. As at 31 December 2019, the Group had secured 66 patents and 102 software copyrights, representing an increase of 17 patents and 13 software copyrights, respectively.

With a view to provide timely and professional services to the OEMs, the Group has completed R&D expansion projects in 2019 for Shanghai, Nanjing, Guangzhou, Chengdu, Wuhan and Chongqing successively adhering to its service principle of "staying close to customers with multi-location R&D facilities". In addition, the Group expects to complete the first phase construction of a brand new R&D Testing and Validation Centre in Shanghai in the second half of 2020. Upon the launch of the centre, it will strengthen the Group's delivery capabilities to facilitate customers' mass production in addition to testing and validation functions. Such further solidify the implementation of the Group's strategy will deepen its ability to support its customer and on market penetration. Outside the PRC, the Group has commenced setting up operation base in Europe to strengthen communication and cooperation with top automotive electronics enterprises in the world. The Group expects to complete establishment of a subsidiary in Germany in the first half of 2020.

Outlook

Technology is the foundation for the Group's future strategic development and business expansion. The Group is confident on its long-term development and delivery of future business results. It remains optimistic on the long-term development of automotive and industrial segments it operates in, in particular, the Group strongly believes the trend of electrification and intelligent development of automotive vehicles will continue in the long run.

In February 2020, the National Development and Reform Commission of the People's Republic of China (the "**NDRC**") issued the national innovation development strategy for intelligent vehicles which clearly supports the accelerated promotion and innovative development of intelligent vehicles. As automotive electronics is an important underlying technology for intelligent vehicles, the demand for the products is expected to increase sharply with the support of such favourable national policy. The Group believes that electrification and intelligent development of automotive vehicles would stimulate the demand for its leading automotive electronics solutions, supporting future business expansion for the Group.

With regards to NEV, adjustments for subsidy levels were lowered and the technological threshold was raised in 2019. These changes offered the Group opportunity to demonstrate its technological advantages in area of the NEV and offer the leading NEV technological solutions to OEMs. This has enabled the Group to deliver better-than-market results in 2019. The Group believes that the above trend continues, which contributes to the NEV solutions business as a major growth momentum for the Group.

The Group positions advanced driver assistance system ("**ADAS**") as another focus of R&D and the next growth engine in the automotive market. The Group has increased resources for R&D in this area and made progress in developing a variety of related products, working with customers to conduct quality and safety tests. The Group expects customers' mass production of its ADAS-related product solutions in 2021.

In addition, the Group is optimistic about the outlook of long-term development of Industrial Solutions business, mainly benefitting from the constantly growing demand for cloud computing, big data services and artificial intelligence ("**AI**") computing. The recent outbreak of coronavirus disease (COVID-19) created demand for online video conferences and classes, stimulating corporate investments in data centres and cloud servers. The Group believes that with the coming of 5G era, demand in this respect will continue to grow, creating opportunities for the development of the Group's Industrial Solutions business.

At the same time, the Group will continue to seek strategic acquisitions and explore possibility in extending its business presence to expand coverage and seize opportunities in the market.

Looking ahead, the Group believes that with the electrification and intelligent development of automotive vehicles, increasing popularity of ADAS and the investment in data centres and cloud servers driven by technological development, there will be considerable development opportunities in every business area of the Group. With years of industry and operation experience, leading position in the industry and substantial investment in R&D to strengthen its technological advantages, the Group is confident to achieve long-term sustainable growth and generate satisfactory returns for the shareholders of the Company (the "**Shareholders**").

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, total revenue increased by 15% or RMB292.6 million from RMB2,016.7 million recorded the year before to RMB2,309.3 million in 2019. The growth was mainly driven by the sales increase of the Group's solutions, in particular applications in the New Energy category. Among the growth, NEV business achieved a growth of 42%, Safety and Powertrain business from the traditional vehicle segment experienced year-on-year increase of 3% and 5% respectively, and industrial-related business even reached a growth rate of 34%.

The following table sets out the Group's revenue breakdown by product category during the indicated year.

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*	*Change*
New Energy	**1,011,828**	713,381	42%
Body Control	**318,102**	381,416	-17%
Safety	**373,747**	362,366	3%
Powertrain	**230,058**	219,457	5%
Industrial	**310,845**	231,624	34%
Rendering of Services & Others	**64,719**	108,446	-40%
Total	**2,309,299**	2,016,690	15%

Gross Profit and Gross Profit Margin

For the year ended 31 December 2019, the Group's gross profit continued to grow by 4% to RMB466.1 million compared to the year before. Due to adverse market conditions, the gross profit margin decreased slightly but maintained at 20.2%.

Other Income and Gains

The Group's other income and gains mainly included bank interest income, government grants and others. For the year ended 31 December 2019, other income and gains increased by 12% to RMB23.1 million, mainly due to the increase of interest income from increased bank deposits in 2019 compared to the year before.

Sales and Distribution Expenses

Sales and distribution expenses mainly consist of salaries and benefits for staff, transportation and insurance costs, maintenance and repair expenses, travelling expenses, office utility expenses, marketing expenses, and depreciation costs. During the Year, the Group's sales and distribution expenses amounted to RMB66.7 million, representing an increase of 44% as compared to 2018. The increase was mainly due to increased number of sales and distribution staffs and higher travelling expenses in 2019 incurred to support a bigger business.

Administrative Expenses

Administrative expenses mainly consist of (a) R&D expenses; and (b) other administration expenses including salaries and benefits 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, and the equity-settled share option expenses.

During the Year, administrative expenses amounted to RMB239.8 million, representing an increase of 20% as compared to 2018. Among which, (a) R&D expenses increased by 27% to RMB151.9 million, which was mainly attributable to the increase in the headcount of the R&D team from 415 employees in 2018 to 547 employees in 2019; and (b) other administrative expenses increased by 10%, which was mainly due to compliance costs after listing, listing-related advisory, legal and equity-settled share option expenses.

Other Expenses

During the Year, other expenses mainly consist of losses on exchange including operational exchange and different functional book currencies applied outside the PRC. This amounted to RMB18.5 million in 2019, representing an increase of 22% as compared to 2018.

Finance Costs

During the Year, finance costs amounted to RMB35.0 million, representing an increase of 33% as compared to 2018, which was mainly due to short-term trade financing facilities incurred to support a bigger business.

Income Tax Expense

During the Year, income tax expense was RMB9.5 million, representing a decrease of 54% year-on-year, which was mainly attributable to lower income before tax and lower tax of the Group benefitted from the implementation of favourable tax policy allowing additional tax deduction for R&D expenses in the PRC.

Profit for the Year

The Group's profit for the Year decreased by 27% from RMB162.3 million recorded for the year ended 31 December 2018 to RMB118.7 million for the year ended 31 December 2019 due to lower gross margin and higher expenses for R&D.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group continued to maintain a satisfactory and healthy liquidity position. As at 31 December 2019, the Group had cash and cash equivalents of RMB497.3 million (31 December 2018: RMB625.7 million).

The Group recorded net current assets of RMB1,018.9 million (31 December 2018: RMB1,080.3 million). Capital expenditure for the Year was RMB116.4 million, which was mainly used for acquisition of the R&D facility in Shanghai, addition of R&D equipment and improvement of R&D infrastructures facilitating multi-location R&D support and services to our customers.

As at 31 December 2019, the gearing ratio of the Group was 27% (31 December 2018: 13%), which represents net debt divided by the total equity plus net debt. Net debt includes interest-bearing bank and other loans, trade payables, other payables and accruals, less cash and cash equivalents and pledged deposits.

As at 31 December 2019, the Group had outstanding bank loans amounting to RMB454.0 million (31 December 2018: RMB374.7 million).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company 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 to (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 2019 are set out below:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total Net Proceeds** *(%)*	**Actual usage up to 31 December 2019** *(RMB million)*	**Unutilized Net Proceeds as at 31 December 2019** *(RMB million)*	**Expected timeframe for utilizing the remaining unused Net Proceeds**
1. For the expansion of research and development capabilities	196.6	30	103.3	93.3	Expected to be fully utilized by end of 2020
2. For the enhancement of research and development infrastructure	196.6	30	117	79.6	Expected to be fully utilized by end of 2021
3. For the acquisitions of research and development capabilities	196.6	30	10	186.6	Expected to be fully utilized by end of 2021
4. General working capital	65.6	10	65.6	0	N/A
Total	655.4	100	295.9	359.5	N/A

CAPITAL COMMITMENT

As at 31 December 2019, the Group had capital commitments contracted, but not provided for, amounting to RMB2.8 million (31 December 2018: RMB12.3 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group did not have any material investments, material acquisitions or disposals of subsidiaries, associates and joint ventures (31 December 2018: nil except for those in relation to the reorganisation of the Group for the Listing as disclosed in the Prospectus).

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities (31 December 2018: 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 2019, the Group had 844 employees (31 December 2018: 640 employees). The Group's labour costs (including salaries, bonuses, pension and welfare but excluding directors' and co-chief executives' remuneration and equity-settled share option expenses) were RMB154.7 million, equivalent to 6.7% of the Group's revenue in the Year.

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 2019, the Group had a total of 29,282,600 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 announcement of the Company dated 21 January 2019.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 A.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. Our 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 A.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

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 2019. 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.

ANNUAL GENERAL MEETING

The 2020 Annual General Meeting ("**2020 AGM**") will be held on Thursday, 28 May 2020. A notice convening the 2020 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 HK cents: 3.8 per share for the year ended 31 December 2019 (2018: HK cents: 5.5) to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 10 June 2020. Subject to the approval by the Shareholders at the 2020 AGM to be held on Thursday, 28 May 2020, the proposed final dividend is expected to be paid on or about Thursday, 2 July 2020.

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 2020 AGM

For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 25 May 2020 to Thursday, 28 May 2020, 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 2020 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 Friday, 22 May 2020.

(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 2020 AGM, the register of members of the Company will be closed from Thursday, 4 June 2020 to Wednesday, 10 June 2020, 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 2019, 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 Wednesday, 3 June 2020.

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 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	4	**2,309,299**	2,016,690
Cost of sales		**(1,843,174)**	(1,566,890)
Gross profit		**466,125**	449,800
Other income and gains	4	**23,068**	20,601
Selling and distribution expenses		**(66,679)**	(46,294)
Administrative expenses		**(239,844)**	(199,696)
Other expenses		**(18,514)**	(15,223)
Finance costs		**(34,999)**	(26,254)
Share of loss of an associate		**(974)**	–
PROFIT BEFORE TAX	5	**128,183**	182,934
Income tax expense	6	**(9,469)**	(20,660)
PROFIT FOR THE YEAR		**118,714**	162,274
Attribute to:			
Owners of the parent		**118,714**	162,274
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	**RMB11.46 cents**	RMB18.41 cents
Diluted	8	**RMB11.41 cents**	RMB18.41 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**118,714**	162,274
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(145)**	5,973
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(145)**	5,973
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**14,740**	17,332
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**14,740**	17,332
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**14,595**	23,305
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**133,309**	185,579
Attribute to:		
Owners of the parent	**133,309**	185,579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**126,624**	37,022
Right-of-use assets		**29,559**	–
Other intangible assets		**51,170**	13,957
Investment in an associate		**9,026**	–
Deferred tax assets		**15,781**	9,605
Advance payments for property, plant and equipment		**5,617**	4,248
Total non-current assets		**237,777**	64,832
CURRENT ASSETS			
Inventories		**617,074**	464,234
Trade and notes receivables	*9*	**787,056**	723,395
Prepayments, other receivables and other assets		**99,005**	63,446
Financial assets at fair value through profit or loss		**500**	–
Pledged deposits		**33,896**	31,031
Cash and cash equivalents		**497,331**	625,718
Total current assets		**2,034,862**	1,907,824
CURRENT LIABILITIES			
Trade and notes payables	*10*	**170,035**	171,502
Other payables and accruals		**360,207**	275,105
Derivative financial instruments		**262**	191
Interest-bearing bank and other loans		**453,960**	374,727
Lease liabilities		**14,173**	–
Tax payable		**15,884**	5,530
Government grants		**1,456**	456
Total current liabilities		**1,015,977**	827,511
NET CURRENT ASSETS		**1,018,885**	1,080,313
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,256,662**	1,145,145

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ***(Continued)***
31 December 2019

	Note	**2019**	2018
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**16,012**	–
Government grants		**802**	2,407
Total non-current liabilities		**16,814**	2,407
Net assets		**1,239,848**	1,142,738
EQUITY			
Equity attributable to owners of the parent			
Share capital	*11*	**8,816**	8,816
Reserves		**1,231,032**	1,133,922
Total equity		**1,239,848**	1,142,738

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 other comprehensive income 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease,* HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

<u>New definition of a lease</u>

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16
The Group has lease contracts for various items of property and motor vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition
Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease payments recognized previously under finance leases of RMB592,000 that were reclassified from property, plant and equipment.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application.

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

As a lessee – Lease previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e. finance lease payables) measured under HKAS 17.

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	Increase/(decrease) *RMB'000*
Assets	
Increase in right-of-use assets	22,166
Decrease in property, plant and equipment	(592)
Increase in total assets	21,574
Liabilities	
Decrease in finance lease payables	(375)
Increase in lease liabilities	21,949
Increase in total liabilities	21,574

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	27,646
Less: Commitments relating to short-term lease	1,530
Weighted average incremental borrowing rate as at 1 January 2019	4.75%
Discounted operating lease commitments as at 1 January 2019	21,574
Add: Finance lease liabilities recognised as at 31 December 2018	375
Lease liabilities as at 1 January 2019	21,949

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation 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 resources allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2019	2018
	RMB'000	*RMB'000*
Hong Kong	**42,733**	29,406
Mainland China	**2,254,415**	1,976,330
Other countries/regions	**12,151**	10,954
	2,309,299	2,016,690

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

(b) Non-current assets

	2019	2018
	RMB'000	*RMB'000*
Hong Kong	**13,609**	7,490
Mainland China	**207,615**	47,737
Other countries/regions	**772**	–
	221,996	55,227

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:

	2019 RMB'000	2018 RMB'000
Customer 1	**278,075**	N/A*
Customer 2	**267,084**	N/A*
Customer 3	**260,392**	206,763
Customer 4	**N/A***	263,182

* 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 the years.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 RMB'000	2018 RMB'000
Revenue from contracts with customers	**2,309,299**	2,016,690

Revenue from contracts with customers

(i) Disaggregation of revenue

Timing of revenue recognition

	2019 RMB'000	2018 RMB'000
Revenue from contracts with customers		
Sale of products	**2,295,996**	1,996,758
Rendering of consulting services	**13,303**	19,932
	2,309,299	2,016,690

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:

	2019 RMB'000	2018 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	**3,329**	1,072
Consulting services	**2,231**	4,858
	5,560	5,930

Revenue from contracts with customers (Continued)

(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.

The amounts of transaction price allocated to the remaining performance obligations of sale of products and consulting services (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2019	2018
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**925,639**	1,131,266

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2019	2018
	RMB'000	*RMB'000*
Other income		
Government grants *(note a)*	**11,537**	11,756
Bank interest income	**8,344**	4,755
Investment income from financial assets at fair value through profit or loss	**17**	50
Commission income	**2,068**	2,550
Others	**219**	929
	22,185	20,040
Gains		
Gain on bargain purchase	**–**	79
Fair value gains, net:		
Derivative instruments – transaction not qualifying as hedges	**659**	316
Gain on disposal of items of property, plant and equipment	**224**	166
	883	561
	23,068	20,601

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.

5. PROFIT BEFORE TAX

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

	2019 *RMB'000*	2018 *RMB'000*
Cost of inventories sold	**1,841,340**	1,557,111
Cost of services provided	**1,834**	9,779
Depreciation of property, plant and equipment	**17,282**	9,474
Depreciation of right-of-use assets	**14,665**	–
Amortisation of other intangible assets*	**5,566**	4,362
Research and development costs	**151,927**	119,546
Minimum lease payments under operating leases	**–**	13,138
Lease payments not included in the measurement of lease liabilities	**7,363**	–
Listing expenses	**–**	18,493
Auditor's remuneration	**2,394**	1,757
Employee benefit expense (excluding directors' and co-chief executives' remuneration):		
Wages and salaries	**127,160**	111,632
Equity-settled share option expense	**12,321**	–
Pension scheme contributions	**12,250**	7,288
Staff welfare expenses	**2,941**	1,614
	154,672	120,534
Foreign exchange losses, net	**17,246**	14,087
Recognition/(reversal) of impairment of trade receivables	**1,923**	(78)
Write-down of inventories to net realisable value**	**6,331**	2,650
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	**(659)**	(316)
Investment income from financial assets at fair value through profit or loss	**(17)**	(50)
Bank interest income	**(8,344)**	(4,755)
Government grants	**(11,537)**	(11,756)
Gain on disposal of items of property, plant and equipment	**(224)**	(166)
Gain on bargain purchase	**–**	(79)

* *The amortisation of other intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.*

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

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 derived an interest income during 2019. 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% (2018: 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 effective from the year of assessment 2018/2019. The first HK$2,000,000 (2018: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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 Limited are qualified as High and New Technology Enterprises and were subject to a preferential income tax rate of 15% (2018: 15%) during the year. Guangzhou Intron Electronics Technology Company Limited, Beijing Maichuang Zhiheng Renewable Energy Technology Company Limited, Intron Intelligent Technology (Shanghai) Company Limited and Wuxi Maxdone Electronics Technology Company Limited are qualified as small and micro enterprises and were subject to a preferential tax rate of 10% during the year.

	2019	2018
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the year	**191**	8,414
Current – Hong Kong		
Charge for the year	**15,454**	14,766
Deferred tax	**(6,176)**	(2,520)
Total tax charge for the year	**9,469**	20,660

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:

	2019	2018
	RMB'000	*RMB'000*
Profit before tax	**128,183**	182,934
Tax at the statutory income tax rate of 25%	**32,046**	45,733
Effect of tax rate differences in other jurisdictions	**(8,383)**	(6,196)
Preferential income tax rates applicable to certain subsidiaries	**2,066**	(3,772)
Additional deduction allowance for research and development costs	**(20,924)**	(18,074)
Loss attributable to an associate	**243**	–
Expenses not deductible for tax	**1,066**	2,330
Income not subject to tax	**(1,261)**	(5)
Tax losses not recognised	**4,616**	644
Tax charge at the Group's effective rate	**9,469**	20,660

7. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
Proposal final – HK3.8 cents (2018: HK5.5 cents) per ordinary share	**35,891**	50,090

The proposed final dividend of HK$39,367,000 (equivalent to RMB35,891,000) for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 18 January 2018, Intron Technology (China) Limited, a subsidiary of the Group, declared and approved a dividend of US$6,200,000 (equivalent to RMB39,929,000) to the then shareholders. On 25 January 2018, Shanghai Intron Electronics Company Limited declared and approved a dividend of RMB100,000,000 to the shareholders.

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 1,035,975,000 (2018: 881,321,000) 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:

	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**118,714**	162,274

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year	**1,035,975,000**	881,321,000
Effect of dilution – weighted average number of ordinary shares: share options	**4,500,567**	–
	1,040,475,567	881,321,000

9. TRADE AND NOTES RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**563,045**	564,744
Notes receivable	**227,058**	160,065
	790,103	724,809
Impairment	**(3,047)**	(1,414)
	787,056	723,395

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 and notes receivables are amounts due from the Group's related parties of RMB35,374,000 as at 31 December 2019 (2018: RMB21,796,000), which are repayable on credit terms similar to those offered to the other customers of the Group.

None of the Group's trade receivables was pledged to secure the bank loan and bank facilities granted to the Group as at 31 December 2019 (2018: RMB13,621,000).

As at 31 December 2019, the Group has pledged notes receivable of RMB100,000,000 (2018: Nil) to secure notes payable of RMB70,212,000 (2018: Nil) (note 10).

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:

	2019	2018
	RMB'000	*RMB'000*
Less than 3 months	**491,720**	501,426
3 to 6 months	**28,275**	56,149
6 to 12 months	**14,588**	4,079
1 to 2 years	**24,810**	1,550
2 to 3 years	**605**	126
	559,998	563,330

10. TRADE AND NOTES PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**99,823**	171,502
Notes payable	**70,212**	–
	170,035	171,502

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

	2019	2018
	RMB'000	*RMB'000*
Less than 3 months	**96,988**	156,952
3 to 6 months	**2,428**	11,753
6 to 12 months	**306**	2,719
1 to 2 years	**74**	65
Over 2 years	**27**	13
	99,823	171,502

Included in the trade payables are trade payables of RMB802,000 (2018: RMB349,000) due to a related party which are repayable within 30 days, which represents credit terms similar to those offered by the related parties to their major customers.

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

As at 31 December 2019, the Group's notes payable were secured by the Group's notes receivable with a carrying amount of RMB100,000,000 (2018: Nil) (note 9).

11. SHARE CAPITAL

Shares

	2019	2018
	HK$'000	*HK$'000*
Authorised:		
2,400,000,000 (2018: 2,400,000,000) ordinary shares of HK$0.01 each	**24,000**	24,000

	2019	2018
	RMB'000	*RMB'000*
Issued and fully paid:		
1,035,975,000 (2018: 1,035,975,000) ordinary shares of HK$0.01 each	**8,816**	8,816

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

	Notes	Number of shares in issue	Share capital *RMB'000*
At 1 January 2018	*(a)*	200	–
Capitalisation issue of shares	*(b)*	749,999,800	6,376
Issuance of shares on 12 July 2018	*(c)*	250,000,000	2,126
Over-allotment on 1 August 2018	*(d)*	35,975,000	314
At 31 December 2018, 1 January 2019 and 31 December 2019		1,035,975,000	8,816

Notes:

(a) On 3 January 2017, one share was allotted and issued as fully-paid and at par to Kevin Butler, the initial subscriber and an independent third party. On the same day, the said one Share was transferred to Heroic Mind. On the same day, an additional 100 and 99 Shares were allotted and issued as fully-paid and at par to Treasure Map and Heroic Mind, respectively.

(b) On 22 January 2018, an additional 700 and 100 Shares were allotted and issued, as fully-paid and at par, to Magnate Era and Zenith Benefit, respectively. And on 22 June 2018, 749,999,000 ordinary shares of HK$0.01 each were allotted and issued, credits as fully paid at par, by way of capitalisation from the capital reserve account to the holders of shares whose names appear on the register of members of the Company at the close of business on 12 July 2018 in proportion to their respective shareholdings.

(c) In connection with the Company's initial public offering, 250,000,000 ordinary shares of HK$2.90 each were issued at HK$0.01 per share for a total cash consideration, before expenses, of HK$725,000,000.

(d) In connection with the Company's over-allotment, 35,975,000 additional shares were allotted at HK$2.90 each and issued at HK$0.01 per share, for a total cash consideration, before expenses, of HK$104,327,500.

12. EVENTS AFTER THE REPORTING PERIOD

At present, the Group expects the COVID-19 outbreak to have limited impact on its business. However, it is difficult to estimate the full impact in the coming months given the dynamic nature of these circumstances. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts.

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

Hong Kong, 26 March 2020

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.