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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 2021**

**AND**

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**FINANCIAL HIGHLIGHTS**

*(RMB in thousands, unless specified)*

	31 December 2021	31 December 2020	Year-on-year Percentage Change
<b><u>Financial Figures</u></b>			
Revenue Breakdown:			
New Energy	1,082,102	467,183	132%
Body Control	578,518	421,936	37%
Safety	577,647	490,539	18%
Powertrain	308,857	244,037	27%
Industrial	549,814	302,974	81%
Rendering of Services & Others	79,226	66,521	19%
Total Revenue	3,176,164	1,993,190	59%
Gross Profit	625,183	358,246	75%
Profit for the Year	200,209	94,800	111%
Profit attributable to owners of the parent	200,606	94,800	112%
Earnings per Share <i>(RMB cents)</i>			
– Basic	18.58	9.15	103%
– Diluted	18.25	9.15	99%
Proposed Final Dividend per Share <i>(HK cents)</i>	6.8	3.2	113%
<b><u>Financial Ratio (% of Total Revenue)</u></b>			
Gross Profit	19.7%	18.0%	1.7
Research and Development Costs	6.5%	6.7%	-0.2
Net Profit	6.3%	4.8%	1.5

## 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 annual results and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) together with selected explanatory notes and the relevant comparative figures for 2020.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY

Although the automotive industry of the People’s Republic of China (the “**PRC**”) was still restrained by unfavourable market conditions such as shortage of semiconductors and continuous higher price of raw materials, the production and sales of automotive vehicles however had increased steadily throughout 2021. According to the data published by the China Association of Automobile Manufacturers (“**CAAM**”), the overall sales of automotive vehicles in the PRC in 2021 increased by 3.8% year-on-year to 26,275 thousand units, putting an end to the decline for the three consecutive years since 2018. New energy vehicle (“**NEV**”) performed exceptionally well during the Year. The sales volume of NEV expanded 1.6 times year-on-year to 3,521 thousand units, ranking it the first in the world for the seventh consecutive year.

The global shortage of semiconductors has caused significant impact on the automotive market. The Group, having over 20 years of experience and leading position in the industry, with its stable and close long-standing partnership with semiconductor suppliers, not only achieved top performance in the industry during difficult market conditions, but also succeeded in seizing opportunities leveraging its strengths in the industry. During the Year, the Group further strengthened its business and relationship with the existing customers and added new customers building new business and collaboration projects, resulting in stronger business results in 2021. This achievement could not be attained without the Group’s unique and irreplaceable market position. The year 2021 was indeed a harvesting year and get start the Group on a solid foundation for greater future growth.

For the year ended 31 December 2021, the total revenue of the Group grew significantly by 59% year-on-year. With the general market recovery of the NEV business and the surge in sales volume of NEV in the consumer market, the revenue for NEV business of the Group increased substantially by 132%. In addition, the Body Control, Safety and Powertrain Solutions businesses under the traditional automotive electronics segment of the Group grew year-on-year by 37%, 18% and 27%, respectively. The revenue from industrial-related business also increased significantly by 81% compared with last year.

On growing popularity of the “Carbon Neutrality” in the PRC and the expansion of the NEV market, the Group, with its unique business model, strong research and development (“R&D”) capabilities and long-standing solid market position, will play an increasingly important role in this high growth potential market.

## **BUSINESS REVIEW**

In 2021, the Group recorded satisfactory growth as the market rebounded. The Group’s revenue amounted to RMB3,176.2 million, representing a significant increase of 59% as compared with last year. Gross profit margin had increased from last year’s 18.0% to 19.7%. Net profit amounted to RMB200.2 million, representing a year-on-year upsurge of 111%.

The Group, favoured by the development of the automotive market, recorded growth in all of its business segments with particularly satisfactory performance in its NEV Solutions business during the Year. The Group further consolidated its market share with increasing number of products and solutions acquired by the Chinese automotive makers and entering the stages of mass production successively.

Meanwhile, the Group continued its investment in R&D to ensure that its level of technology and innovation maintained a leading position in the industry. In 2021, the R&D expenses of the Group accounted for 6.5% of its total revenue, approximately at the same level of last year. The Group’s net profit of the Year increased by 111% as compared with last year, and the net profit margin was 6.3%, demonstrating the Group’s operational efficiency.

During the Year, the products and solutions of the Group were increasingly recognised and adopted by automotive makers, and satisfactory growth was witnessed in both the number of customers and orders. The mass production projects in 2022 and 2023 will further accelerate the Group’s business growth. With the increase in production volume and product portfolios, the Group will further improve its economies of scale, which will be reflected in its future results.

During the Year, the Group’s key end customers continued to comprise automotive makers and brands that manufacture motor vehicles (“OEMs”), including the top ten renowned Chinese new energy passenger vehicles brands, such as BYD, SAIC, GWM, GAC Aion, etc., in addition included new electric car start-up brands such as XPeng, Li Auto, and Leapmotor.

### **New Energy Vehicle Solutions**

Under the severe macroenvironment, leveraging on its advanced mass production solutions and consistently stable supply chain strength advantage, the Group achieved impressive results in its NEV Solutions business during the Year. The revenue from this business surged 132% year-on-year from RMB467.2 million last year to RMB1,082.1 million. The outstanding performance of this business was mainly attributable to the Group’s extensive knowledge and experience and domestically leading position in the core technology areas of kernel Electronic Control Unit (ECU) for new energy vehicle, functional safety, power electronics technology and embedded software. At the same time, the Group maintained strong and long-standing strategic partnership with all NEV manufacturers in the PRC. The continuous investment of the Group in various new technologies, including the new Electronic & Electrical Architecture (EEA), domain controller and SiC applications, continued to satisfy the need of NEV manufacturers for fast model updates.

In regards to the Group's NEV business, mass production of solutions related to smart vehicles has ramped up and such solutions will be delivered in scale from 2023 onwards. In 2021, the Group continued to enter into a number of joint projects with multiple customers, including the top ten NEV makers, laying a sound foundation for the Group's results for the upcoming years. The Group's efforts in electrification have attained good progress. Currently, the Group has invested more resources in the smart vehicle related area focusing on improving the application of Artificial Intelligence ("AI"), big data and automotive embedded software. Since the Group entered into strategic cooperation in 2020 with Beijing Horizon Robotics Technology R&D Co., Ltd. ("**Horizon Robotics**"), a leading AI chip company in the PRC, both parties have been cooperating in the R&D of domestic high-performance AI processors. In April 2021, the Group joined Horizon Robotics at the 19th Shanghai International Automobile Industry Exhibition, where the two companies unveiled for the first time a series of jointly-developed intelligent automotive electronics products and solutions. Four intelligent automotive products and solutions were displayed at the exhibition, satisfying L1 to L4 automated driving requirements and covering products and solutions from Advanced Driver-assistance System ("**ADAS**") to automated driving functions.

Separately, the Group established a subsidiary named Shanghai Qingheng Automotive Electronics Co., Limited\* (上海氫恒汽車電子有限公司) ("**Qingheng**") in the second half of 2021. Qingheng originated from the Group's fuel cell control business unit and is specialised in the provision of relevant solutions and services. Qingheng will provide customers with a wide range of core control units for fuel cell systems, including "Fuel Cell Control Units" (FCU), "Air Compressor Control Units" (ACU), "Hydrogen Circulating Pump Control Units" (HCU), DC/DC Converter for Fuel Cell Engines, "Water Pump Control Units" (WPU) and "Extended Fuel Cell Control Units" (XCU). Two of the products, namely XCU and ACU, have been accredited for mass production from a leading fuel cell system company in China and also passed the stringent EMC Class 3 tests. These products outperform their national peers in various performance indicators and are highly competitive internationally.

### **Body Control, Safety and Powertrain Solutions**

As the PRC's automotive market gradually bottomed out in 2021, the Group's automotive electronics business continued to outperform the market and recorded satisfactory growth. In particular, the revenue of Body Control Solutions business for the Year reached RMB578.5 million, representing an increase of 37% year-on-year. The growth in segment revenue was mainly benefited from the low power consumption and intelligent technological requirements of LED vehicle light control. The growth of the Group's Body Control Solutions business was also driven by a number of favourable factors, including an increase in matching rate of body domain controllers at automotive makers, rising product unit prices and increased coverage of body control solutions for commercial vehicles. Through effective implementation of the Group's forward-looking R&D and strategic plans for the anticipated development above, the Group successfully captured the additional business opportunities and succeeded in extending its leading position in the industry.

As for Safety and Powertrain Solutions businesses, segment revenue amounted to RMB577.6 million and RMB308.9 million, respectively, representing year-on-year increase of 18% and 27%, respectively. The revenue growth in Safety Solutions business was mainly attributed to the wide recognition and increased number of product orders supplied by the Group to component manufacturers, which gained popularity and orders from OEMs. The growth has also benefited from the continual rise in the installation of automated driving systems by OEMs for their new car models. As for powertrain segment, the Group benefitted from its improved market share in smart motor control solutions (e.g. electric water pump) and engine control system solutions during the Year. The Group has entered into development agreements with multiple enterprises in relation to ADAS. The related mass production projects will be delivered in batches from 2022 or 2023, securing future revenue in the above segments.

## **Industrial Solutions**

During the Year, the Industrial Solutions business of the Group continued to benefit from the popularity of home offices under the epidemic situation. Driven by the continual increase in demand for data centres and cloud computing, the overall scale and market share of the key customers of the Group expanded, and the share of the Group's solutions and business had also increased as a result. During the Year, the revenue from the Industrial Solutions business of the Group amounted to RMB549.8 million, representing a significant increase of 81% as compared with last year.

For the year ended 31 December 2021, the Group provided 279 solutions to 1,234 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**

During the Year, the Group continued to invest in the areas of new energy, semiconductor applications and ADAS to further strengthen its R&D capabilities and facilitate its business development. During the Year, R&D expenses was RMB206.0 million, accounting for 6.5% of the Group's revenue.

As at 31 December 2021, the Group had 700 full-time R&D-related professionals, making up 64% of its total employees. The Group has secured 171 patents and 142 software copyrights, representing an increase of 55 patents and 13 software copyrights as compared with last year. During the Year, the Group completed developing three Level-2 and automated driving technologies, including G-Pilot 3J3 driving domain controller, 3J3 integrated driving and parking domain control and Multi-function front camera.

In September 2021, the Group led the Series A funding in Beijing Greenstone Software Technology Co., Ltd., which totaled several tens of millions of RMB, and the two companies agreed to engage in in-depth strategic cooperation. By consolidating their advantageous resources, industry experience and technical knowhow, both parties aim at providing comprehensive and leading intelligent driving solutions to customers and accelerating the commercialisation of technological innovation of smart vehicles and automated driving in the PRC with a focus on the intelligent driving software platform.

Moreover, the Group obtained the Capability Level 3 certificate of ASPICE V3.1, the latest automotive software process improvement and capability verification standard in December 2021. This certification proves that the Group has stable and controllable system development capability, can effectively shorten product delivery period and optimise project time and cost, as well as complete the delivery of products with quality and quantity assured.

The Group's new large-scale R&D Testing and Validation Centre in Shanghai has commenced full operation. During the Year, the R&D Testing and Validation Centre supported the Group in more than 450 projects. To cope with the business development of the Group, apart from optimising the testing capability on existing mature electrified products, including NEV drivetrain ECUs, thermal management and auxiliary controllers, the centre also completed building its testing facility on intelligent products and hydrogen fuel cell automobile products, including automated driving domain, mmWave Radar and intelligent cockpit controllers. This facility included new products and technologies, such as Zonal Control Unit (ZCU).

The R&D Testing and Validation Centre continued to refine testing methods and introduce new testing equipment designs to accommodate the development of the Group's product lines. With a view to further enhancing its testing and validation capability, the Group completed the phase one construction of its EMC testing facilities, strengthened the data management and digitalisation of the centre, and controlled the R&D process and quality through the ASPICE development system.

## **Outlook**

The year of 2021 was full of challenges, while the year of 2022 is expected to be filled with uncertainties. Supported by its leading technology and market position, the Group managed to achieve stable development despite all the challenges in the Year and recorded satisfactory growth.

The market penetration of NEV in the PRC is growing. According to the CAAM, the total sales volume of vehicles is expected to reach 27.5 million units by 2022, representing a year-on-year increase of approximately 5%. In particular, the sales volume of passenger vehicles is expected to go up by 7% year-on-year to 23 million units, whereas the sales volume of NEV is expected to reach 5 million units, representing a year-on-year increase of 42%, with a global market share of over 18%. While the "Development Plan of New Energy Vehicle Industry (2021-2035) (《新能源汽车产业发展规划(2021-2035年)》)" issued by the State Council of the PRC sets a target of approximately 20% share for NEV in new vehicle sales by 2025, the CAAM estimates that this goal might be realised as early as in 2022.

Upholding the vision of “expediting product upgrades and creating value for customers”, the Group has consolidated an advanced technological platform to support its broad customer base in quickly upgrading their electric and intelligent products and application solutions through multiplexed platform technology. The Group has also gained the trust of customers by virtue of its comprehensive service platform and become a preferred partner for many customers in the bulk delivery of new products. The Group will increase its investment in the development of underlying technology and engage in deep cooperation with domestic semiconductor leaders, including Horizon Robotics, to launch domestically-made platform solutions on multiple platforms in order to achieve growth in economies of scale.

The Group took the lead years ago in strategic planning for the research and development in ADAS solutions, which now covering all major areas, including electric vehicles, fuel cell vehicles and commercial vehicles, and will be gradually put into mass production from 2022 to 2023. In future, the Group will strengthen its testing and validation capability to meet the growing demand for mass production and product delivery. In light of the continual increase in NEV software and applications, the Group will upgrade its software platform to support diversified customer applications and cross-platform deployment.

In the Industrial Solutions segment, the increasing market demand for cloud servers and data centres will benefit the Group and create enormous future opportunities. With a stable customer base and in view of the profound impact of the pandemic on the living and working habits of the general public, the Group believes that the demand for cloud servers and data centres will continue to climb. The Group’s highly competitive solutions will be able to secure stable growth for the Industrial Solutions segment. Taking advantage of the bulk application of AI semiconductors in the intelligent connected sector, the Group has introduced this application to the Industrial segment to capture the market share with its advanced power management solutions. The technology and solution development in the Group’s Industrial Solutions segment and automotive business segments have high common application and relevant complementary development. For example, the technology and solutions in the leading power management solutions in AI server CPU is applicable to develop automotive AI semiconductors. The Group’s R&D efforts will complement both business segments. Further growth in the Industrial Solutions business will include the area of robotic motor control units applications

In R&D, the Group has completed R&D expansion projects for Chongqing, Xi’an, Wuhan and Chengdu, and the investment commitment in the phase two construction of EMC testing facilities at the large-scale R&D Testing and Validation Centre in Shanghai has commenced. The facilities are expected to be put into use during the first half of 2022. The testing capability of the centre will be further expanded in 2022 by acquiring various types of testing and auxiliary equipment and instruments. In addition, the Group will increase investment in software services and its applications development, and will recruit additional engineers to improve user experience.

Looking ahead, in tandem with the expansion of the NEV market, electrification and intelligent development of automotive vehicles, as well as the rising demand for AI, big data, data centres and cloud servers, the Group will continue R&D investment in these areas to seize additional market opportunities. With its extensive industry experience, leading core technologies and strong relationship with customers, the Group is confident to achieve long-term sustainable growth and generate satisfactory returns for the shareholders of the Company (“Shareholders”).

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2021, total revenue increased 59% year-on-year to RMB3,176.2 million (31 December 2020: RMB1,993.2 million) mainly due to the increases in all of the business segments of the Group. The NEV business performed particularly well and recorded a significant growth.

The following table sets out the Group’s revenue breakdown by product category during the indicated years:

	<b>31 December 2021 RMB’000</b>	31 December 2020 RMB’000	<i>Change</i>
New Energy	<b>1,082,102</b>	467,183	132%
Body Control	<b>578,518</b>	421,936	37%
Safety	<b>577,647</b>	490,539	18%
Powertrain	<b>308,857</b>	244,037	27%
Industrial	<b>549,814</b>	302,974	81%
Rendering of Services & Others	<b>79,226</b>	66,521	19%
Total	<b><u>3,176,164</u></b>	<u>1,993,190</u>	<u>59%</u>

### Gross Profit and Gross Profit Margin

For the year ended 31 December 2021, the Group’s gross profit increased by 75% to RMB625.2 million compared with the year before. The gross profit margin increased from 18.0% last year to 19.7%.



## **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 2021, other income and gains decreased by 38% to RMB30.5 million, mainly due to the drop in foreign exchange gains.

## **Sales and Distribution Expenses**

Sales and distribution expenses mainly consist of salaries, benefits and equity-settled share option expense for staff, insurance costs, maintenance and repair expenses, travelling expenses, marketing expenses, and administrative depreciation related costs. During the Year, the Group's sales and distribution expenses amounted to RMB100.7 million, up by 47% as compared with 2020. The increase was mainly attributable to the rise in labour costs as well as the increase in maintenance and repair expenses, and travelling and marketing expenses, which were in line with 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 RMB313.3 million, representing an increase of 44% as compared with 2020. In particular, (a) R&D expenses amounted to RMB206.0 million, accounting for 6.5% of sales revenue. The 54% increase in R&D expenses as compared with 2020 was beneficial to the development of products and solutions so as to capture the enormous market growth in future; and (b) other administrative expenses amounted to RMB107.3 million, representing an increase of 27% as compared with 2020, which was mainly due to higher labour costs, advisory fees, travelling and other related expenses.

## **Other Expenses**

During the Year, other expenses mainly consist of loss on financial instruments and others. These expenses amounted to RMB1.9 million in 2021, representing an increase of 22% as compared with 2020, which was due to a loss on financial instruments.

## **Finance Costs**

During the Year, finance costs, which mainly consist of interest expenses on acceptance bills and borrowings, amounted to RMB23.5 million, representing a slight increase of 18% as compared with 2020.

## **Income Tax Expense**

During the Year, income tax expense was RMB16.6 million, representing an increase of 401% year-on-year, which was mainly attributable to the significant growth in profit before tax.

## **Profit for the Year**

The Group's profit for the Year increased by 111% from RMB94.8 million for the year ended 31 December 2020 to RMB200.2 million for the year ended 31 December 2021 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 2021, the Group had total cash and cash equivalents of RMB571.7 million (31 December 2020: RMB388.3 million).

The Group recorded net current assets of RMB1,196.9 million (31 December 2020: RMB948.2 million). Capital expenditure for the Year was RMB55.7 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 2021, the gearing ratio of the Group was 21% (31 December 2020: 19%), which represents net debt divided by the total equity 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 2021, the Group had outstanding bank loans amounting to RMB631.7 million (31 December 2020: RMB433.1 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 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 2021 are set out below:

<b>Use of proceeds</b>	<b>Planned applications</b> <i>(RMB million)</i>	<b>Percentage of total Net Proceeds</b> <i>(%)</i>	<b>Actual usage up to 31 December 2021</b> <i>(RMB million)</i>	<b>Unutilized Net Proceeds as at 31 December 2021</b> <i>(RMB million)</i>	<b>Expected timeframe for utilizing the remaining unused Net Proceeds</b>
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	94.3	102.3	Expected to be fully utilized by end of 2022
4. General working capital	65.6	10	65.6	0	N/A
<b>Total</b>	<b>655.4</b>	<b>100</b>	<b>553.1</b>	<b>102.3</b>	

## 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, places 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 in 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 2021 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 2021 (RMB million)	Unutilized net proceeds as at 31 December 2021 (RMB million)	Expected timeframe for utilizing the remaining unused net proceeds
1. Developing software platform towards intelligent driving solutions	62.0	25	6.6	55.4	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	6.8	28.2	Expected to be fully utilized by end of 2023
3. Application of higher power semiconductor solutions	35.0	14	13.6	21.4	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	3.4	58.6	Expected to be fully utilized by end of 2023
5. General working capital	58.6	22	58.6	0	N/A
<b>Total</b>	<b>252.6</b>	<b>100</b>	<b>89.0</b>	<b>163.6</b>	

## **CAPITAL COMMITMENT**

As at 31 December 2021, the Group had capital commitments contracted, but not provided for, amounting to RMB3.1 million (31 December 2020: RMB7.5 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 2020: nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2021, the Group did not have any significant contingent liabilities (31 December 2020: 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 2021, the Group had 1,098 employees (31 December 2020: 921 employees). The Group's labour costs (including salaries, bonuses and equity-settled share option expenses, pension and welfare but excluding directors' and co-chief executives' remuneration) were RMB361.4 million, equivalent to 11.4% of the Group's revenue for the Year (2020: RMB231.5 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 2021, the Group had a total of 50,741,300 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 and 18 May 2021, 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 2021 to reduce the existing level of contributions (for the year ended 31 December 2020: RMB20,000).

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 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.

## PROPOSED AMENDMENTS TO THE ARTICLES

The Board has proposed to make certain amendments (the “**Proposed Amendments**”) to the existing Articles of Association of the Company (the “**Articles**”) in order to, among others, (i) conform to the Core Shareholder Protection Standards as set out in Appendix 3 to the Listing Rules and the applicable laws of the Cayman Islands; and (ii) make other housekeeping amendments.

The major Proposed Amendments are summarised as follows:

- (a) to update the definition of the “Companies Law” to bring it in line with the latest Companies Act of the Cayman Islands and to update relevant provisions in the Articles in this regard;
- (b) to provide that an annual general meeting of the Company shall be held in each financial year and such annual general meeting must be held within six months after the end of the Company’s financial year;
- (c) to allow meetings of Shareholders to be held by means of telephone, electronic or other communication facilities;
- (d) to provide for Shareholders right to speak and vote at a general meeting except where a Shareholder is required by the Listing Rules to abstain from voting to approve the matter under consideration;
- (e) to provide that any person appointed by the directors to fill a casual vacancy on or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment, and shall then be eligible for re-election;
- (f) to provide that Shareholders may at any general meeting remove the auditor by ordinary resolution at any time before the expiration of his term;
- (g) to provide that the financial year end of the Company shall be 31 of December in each year, unless otherwise determined by the Directors; and
- (h) to make other amendments to update or clarify provisions where the Board considers appropriate in accordance with or to better align with the wording in the applicable laws of the Cayman Islands and the Listing Rules.

The Proposed Amendments will be subject to the approval of the Shareholders by way of a special resolution at the forthcoming annual general meeting of the Company (the “**2022 AGM**”). A circular containing, among other matters, further details of the Proposed Amendments and the notice of the 2022 AGM will be despatched to the Shareholders in due course.

## **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 2021.

## **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 2021. 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 2021, but represents an extract from the consolidated financial statements for the year ended 31 December 2021 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 2022 AGM will be held on Monday, 30 May 2022. A notice convening the 2022 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 HK6.8 cents per share for the year ended 31 December 2021 (2020: HK3.2 cents) to the Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 10 June 2022. Subject to the approval by the Shareholders at the 2022 AGM to be held on Monday, 30 May 2022, the proposed final dividend is expected to be paid on or about Monday, 4 July 2022.



## **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 2022 AGM**

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Wednesday, 25 May 2022 to Monday, 30 May 2022, 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 2022 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 Tuesday, 24 May 2022.

### **(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 2022 AGM, the register of members of the Company will be closed from Monday, 6 June 2022 to Friday, 10 June 2022, 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 2021, 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 Thursday, 2 June 2022.

## **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](http://www.hkexnews.hk)) and the website of the Company ([www.intron-tech.com](http://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 2021*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>REVENUE</b>	4	<b>3,176,164</b>	1,993,190
Cost of sales		<u>(2,550,981)</u>	<u>(1,634,944)</u>
Gross profit		<b>625,183</b>	358,246
Other income and gains	4	<b>30,470</b>	49,022
Selling and distribution expenses		<b>(100,710)</b>	(68,318)
Administrative expenses		<b>(313,332)</b>	(218,307)
Other expenses		<b>(1,899)</b>	(1,551)
Finance costs		<b>(23,524)</b>	(19,948)
Share of profits and losses of associates		<u>577</u>	<u>(1,037)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>216,765</b>	98,107
Income tax expense	6	<u>(16,556)</u>	<u>(3,307)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>200,209</b></u>	<u>94,800</u>
Attributable to:			
Owners of the parent		<b>200,606</b>	94,800
Non-controlling interests		<u>(397)</u>	<u>–</u>
		<u><b>200,209</b></u>	<u>94,800</u>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
Basic	8	<u><b>RMB18.58 cents</b></u>	<u>RMB9.15 cents</u>
Diluted	8	<u><b>RMB18.25 cents</b></u>	<u>RMB9.15 cents</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***Year ended 31 December 2021*

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<u><b>200,209</b></u>	<u>94,800</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u><b>25,175</b></u>	<u>18,104</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u><b>25,175</b></u>	<u>18,104</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	<u><b>(23,410)</b></u>	<u>(30,000)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u><b>(23,410)</b></u>	<u>(30,000)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<u><b>1,765</b></u>	<u>(11,896)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>201,974</b></u>	<u>82,904</u>
Attributable to:		
Owners of the parent	<u><b>202,371</b></u>	82,904
Non-controlling interests	<u><b>(397)</b></u>	–
	<u><b>201,974</b></u>	<u>82,904</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>170,410</b>	154,128
Right-of-use assets		<b>32,659</b>	22,940
Other intangible assets		<b>223,972</b>	125,913
Investments in associates		<b>10,566</b>	7,989
Financial assets at fair value through profit or loss		<b>76,263</b>	15,000
Equity investments designated at fair value through other comprehensive income		<b>995</b>	995
Deferred tax assets		<b>41,807</b>	23,658
Advance payments for property, plant and equipment		<b>8,695</b>	8,904
		<hr/>	<hr/>
Total non-current assets		<b>565,367</b>	359,527
<b>CURRENT ASSETS</b>			
Inventories		<b>497,904</b>	447,456
Trade and notes receivables	9	<b>1,163,373</b>	782,948
Contract assets		<b>791</b>	1,052
Prepayments, other receivables and other assets		<b>27,466</b>	39,586
Pledged deposits		<b>32,246</b>	35,548
Cash and cash equivalents		<b>571,747</b>	388,261
		<hr/>	<hr/>
Total current assets		<b>2,293,527</b>	1,694,851
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	10	<b>236,595</b>	74,487
Other payables and accruals		<b>194,307</b>	221,310
Derivative financial instruments		<b>598</b>	–
Interest-bearing bank and other loans		<b>631,670</b>	433,075
Lease liabilities		<b>14,738</b>	11,807
Tax payable		<b>18,470</b>	5,811
Government grants		<b>250</b>	152
		<hr/>	<hr/>
Total current liabilities		<b>1,096,628</b>	746,642
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,196,899</b>	948,209
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,762,266</b>	1,307,736
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**  
31 December 2021

	<i>Note</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>17,970</b>	11,894
Government grants		<b>1,080</b>	3,930
		<hr/>	<hr/>
Total non-current liabilities		<b>19,050</b>	15,824
		<hr/>	<hr/>
Net assets		<b>1,743,216</b>	1,291,912
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>11</i>	<b>9,221</b>	8,816
Reserves		<b>1,733,402</b>	1,283,096
		<hr/>	<hr/>
		<b>1,742,623</b>	1,291,912
Non-controlling interests		<b>593</b>	–
		<hr/>	<hr/>
Total equity		<b>1,743,216</b>	1,291,912
		<hr/>	<hr/>

## 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June</i> (early adopted)

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

### 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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Hong Kong	33,403	55,661
Mainland China	3,094,145	1,927,712
Other countries/regions	48,616	9,817
	<u>3,176,164</u>	<u>1,993,190</u>

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

##### (b) Non-current assets

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Hong Kong	36,091	16,127
Mainland China	486,793	318,992
Other countries/regions	676	750
	<u>523,560</u>	<u>335,869</u>

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:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer 1	<b>337,451</b>	203,579

#### **4. REVENUE, OTHER INCOME AND GAINS**

An analysis of revenue is as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers	<b>3,176,164</b>	1,993,190

#### Revenue from contracts with customers

##### **(i) Disaggregation of revenue**

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
At a point in time		
– Sale of products	<b>3,151,613</b>	1,958,902
– Rendering of consulting services	<b>24,551</b>	34,288
	<b>3,176,164</b>	1,993,190

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:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	<b>12,102</b>	7,052
Consulting services	<b>2,310</b>	6,752
	<b>14,412</b>	13,804



(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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amounts expected to be recognised as revenue		
Within one year	<u>5,378,189</u>	<u>1,209,501</u>

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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Other income</b>		
Government grants ( <i>note a</i> )	20,457	14,829
Bank interest income	4,952	3,981
Investment income from financial assets at fair value		
through profit or loss	–	5
Commission income	1,197	1,401
Foreign exchange gains, net	2,873	28,088
Compensation income	886	–
Others	105	3
	<u>30,470</u>	<u>48,307</u>
<b>Gains</b>		
Fair value gain, net:		
Derivative instruments – transactions not qualifying as hedges	–	715
	<u>30,470</u>	<u>49,022</u>

*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):

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Cost of inventories sold	<b>2,539,177</b>	1,621,900
Cost of services provided	<b>11,804</b>	13,044
Depreciation of property, plant and equipment	<b>29,711</b>	24,374
Depreciation of right-of-use assets	<b>15,843</b>	16,208
Gain on termination of leases	<b>(116)</b>	–
Amortisation of patents and software*	<b>4,367</b>	6,415
Research and development costs:		
Deferred expenditure amortised	<b>9,696</b>	2,408
Current year expenditure	<b>196,275</b>	131,221
	<b>205,971</b>	133,629
Lease payments not included in the measurement of lease liabilities	<b>5,898</b>	6,898
Auditor's remuneration	<b>2,735</b>	2,422
Employee benefit expense (excluding directors' and co-chief executives' remuneration)		
Wages and salaries	<b>293,650</b>	205,433
Equity-settled share option expense	<b>15,645</b>	4,534
Pension scheme contributions***	<b>44,471</b>	17,984
Staff welfare expenses	<b>7,618</b>	3,573
Less: Amount capitalised	<b>(88,821)</b>	(49,871)
	<b>272,563</b>	181,653
Foreign exchange gain, net	<b>(2,873)</b>	(28,088)
Recognition of impairment of trade receivables	<b>7,210</b>	5,764
Write-down of inventories to net realisable value**	<b>3,717</b>	8,410
Fair value loss/(gain), net:		
Derivative instruments		
– transactions not qualifying as hedges	<b>696</b>	(715)
Investment income from financial assets at fair value through profit or loss	–	(5)
Bank interest income	<b>(4,952)</b>	(3,981)
Government grants	<b>(20,457)</b>	(14,829)
Donation	<b>5</b>	–
Loss on disposal of items of property, plant and equipment	<b>16</b>	314

\* The amortisation of patents and software for the year is included in “Administrative expenses” in the consolidated statement of profit or loss.

\*\* The write-down of inventories to net realisable value for the year 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 2020 and 2021. 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% (2020: 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 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% (2020: 15%) during the year. Guangzhou Intron Electronics Technology Company Limited, Beijing Maichuang Zhiheng Renewable Energy Technology Company Limited, Wuxi Maxdone Electronics Technology Company Limited, Shenzhen Intron Electronics Company Limited and Shanghai Qingheng Automotive Electronics Co., Limited are qualified as small and micro enterprises and were subject to a preferential tax rate of 10% during the year.

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current – Mainland China		
Charge for the year	<b>23,083</b>	199
Current – Hong Kong		
Charge for the year	<b>11,622</b>	10,985
Deferred tax	<b>(18,149)</b>	(7,877)
Total tax charge for the year	<b><u>16,556</u></b>	<u>3,307</u>

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:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before tax	<b>216,765</b>	98,107
Tax at the statutory income tax rate of 25%	<b>54,191</b>	24,527
Effect of tax rate differences in other jurisdictions	<b>(2,111)</b>	(1,717)
Preferential income tax rates applicable to certain subsidiaries	<b>(4,291)</b>	1,883
Additional deduction allowance for research and development costs	<b>(32,435)</b>	(20,436)
Profits and losses attributable to associates	<b>(117)</b>	259
Expenses not deductible for tax	<b>2,516</b>	1,267
Income not subject to tax	<b>(4,590)</b>	(5,537)
Tax losses not recognised	<b>5,485</b>	5,203
Recognition of deductible temporary differences brought forward from previous years	<b>(2,092)</b>	–
Recognition of tax losses from previous years	–	(2,142)
Tax charge at the Group's effective rate	<b>16,556</b>	3,307

## 7. DIVIDENDS

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Proposal final – HK6.8 cents (2020: HK3.2 cents) per ordinary share	<b>59,699</b>	27,912

The proposed final dividend of HK\$73,767,000 (equivalent to RMB59,699,000) for the year, which is based on the Company's total number of shares as at 28 February 2022, 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 1,079,777,792 (2020: 1,035,975,000) 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:

	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<b>200,606</b>	94,800
	<b>Number of shares</b>	
	<b>2021</b>	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year	<b>1,079,777,792</b>	1,035,975,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>19,177,569</b>	18,834
	<b>1,098,955,361</b>	1,035,993,834

## 9. TRADE AND NOTES RECEIVABLES

	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables	<b>1,001,719</b>	681,725
Notes receivable	<b>174,056</b>	109,979
	<b>1,175,775</b>	791,704
Impairment	<b>(12,402)</b>	(8,756)
	<b>1,163,373</b>	782,948

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 RMB65,369,000 as at 31 December 2021 (2020: RMB18,668,000), 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:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Less than 3 months	<b>916,024</b>	611,231
3 to 6 months	<b>30,671</b>	20,668
6 to 12 months	<b>29,676</b>	14,577
1 to 2 years	<b>9,414</b>	12,669
2 to 3 years	<b>3,532</b>	13,824
	<b>989,317</b>	672,969

#### 10. TRADE AND NOTES PAYABLES

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	<b>231,153</b>	69,934
Notes payable	<b>5,442</b>	4,553
	<b>236,595</b>	74,487

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

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Less than 3 months	<b>229,528</b>	64,948
3 to 6 months	<b>856</b>	4,772
6 to 12 months	<b>475</b>	32
1 to 2 years	<b>287</b>	176
Over 2 years	<b>7</b>	6
	<b>231,153</b>	69,934

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

## 11. SHARE CAPITAL

### Shares

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Authorised: 2,400,000,000 (2020: 2,400,000,000) ordinary shares of HK\$0.01 each	<u>24,000</u>	<u>24,000</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Issued and fully paid: 1,084,630,400 (2020: 1,035,975,000) ordinary shares of HK\$0.01 each	<u>9,221</u>	<u>8,816</u>

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

	Number of shares in issue	Share capital <i>RMB'000</i>
At 1 January 2020, 31 December 2020 and 1 January 2021	1,035,975,000	8,816
Issue of shares ( <i>note (a)</i> )	45,000,000	375
Share options exercised ( <i>note (b)</i> )	<u>3,655,400</u>	<u>30</u>
At 31 December 2021	<u>1,084,630,400</u>	<u>9,221</u>

#### Notes:

- (a) On 3 February 2021, an aggregate of 45,000,000 shares have been successfully allotted and issued to not fewer than six independent placees at the placing price of HK\$6.82 per share. The net proceeds from the placing amounted to approximately HK\$302,753,000 (equivalent to RMB252,586,000).
- (b) The subscription rights attaching to 3,655,400 share options were exercised at the subscription price of HK\$2.662 per share, resulting in the issue of 3,655,400 shares for a total cash consideration, before expenses, of HK\$9,731,000 (equivalent to RMB8,098,000). An amount of HK\$3,797,000 (equivalent to RMB3,280,000) 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, 30 March 2022

*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.*