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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

(RMB in thousands, unless specified)

	Unaudited Six months ended 30 June 2023	30 June 2022	Year-on-year Percentage Change
Financial Figures			
Revenue Breakdown:			
New Energy	**1,252,967**	792,739	58%
Body Control	**416,750**	430,411	-3%
Safety	**390,219**	272,622	43%
Powertrain	**218,721**	155,173	41%
Automated & Connected Vehicles	**203,345**	93,418	118%
Cloud Server	**87,126**	301,751	-71%
Rendering of Services & Others	**57,032**	29,187	95%
Total Revenue	**2,626,160**	2,075,301	27%
Gross Profit	**540,956**	447,800	21%
Net Profit	**152,114**	151,397	1%
Profit attributable to owners of the parent	**154,456**	152,556	1%
Earnings per share *(RMB cents)*			
– Basic	**14.21**	14.06	1%
– Diluted	**13.99**	13.95	0%
			% point of change
Financial Ratios (% of Total Revenue)			
Gross Profit	**20.6%**	21.6%	-1.0
Research and Development Costs	**8.9%**	7.0%	1.9
Net Profit	**5.8%**	7.3%	-1.5
Profit attributable to owners of the parent	**5.9%**	7.4%	-1.5

INTERIM 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 unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023 (the "**Period**" or "**Period under review**") together with selected explanatory notes and the relevant comparative figures for the corresponding period in 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In the first half of 2023, as the automotive market competition intensified in the People's Republic of China (the "**PRC**"), the automotive original equipment manufactures ("**OEMs**") sped up their supply chain transformation, from vertical straight-line structure to ring-like flat structure. Such transformation brought various challenges to the automotive supply chain, but also brought us more opportunities, allowing the Group to outperform the industry with its excellent research and development edges, advanced semiconductor applied technology and industrialization capability. According to the data published by the China Association of Automobile Manufacturers ("**CAAM**"), in the first half of 2023, the overall sales volume of automotive vehicles in the PRC increased year-on-year by 9.8% to 13.2 million units, in which, the sales volume of new energy vehicles reached 3.7 million units, representing a year-on-year increase of 44.1%. For the Period under review, the Group recorded steady growth, with an increase of 27% in its turnover, with a year-on-year increase of 58% in its new energy segment, outperforming the market.

After two years of rapid growth, the new energy automotive market has entered into a stage of steady improvement, with the demand constantly increasing. According to the CAAM data, the market share of the sales volume of new energy vehicles increased to 28.3% in the first half of 2023. Leveraging on strong capabilities of new energy automotive R&D and industrialization, the Group helped OEMs to implement highly cost-effective mass production programs, and improve the business penetration. The business of new energy segment continued to be the main driver of revenue and earnings growth for the Group, driving its business to outperform the industry level.

In the first half of 2023, the semiconductor shortage in the automotive industry had eased compared with 2022, but since the structural shortage relating to power and security continued, coupled with the increasingly fierce competition, the market fluctuations continued. Nevertheless, with rich experience and market leadership for over two decades, strong and close long-term cooperative relationship with both international and domestic leading semiconductor suppliers, as well as our excellent R&D capabilities and comprehensive product offerings, the Group has been able to sustain its business growth. In the first half of 2023, the Group recorded growth in the projects cooperating with customers in depth, and our customer penetration improved gradually, which highlighted the unique business model and business advantage of Intron Technology, and laid a more solid foundation for future development.

Research and development ("**R&D**") remains an important driver of the Group's business growth. During the Period, the Group continued to enhance its R&D strength, including the establishment of the testing and validation centre for intelligent driving, and further consolidated its technical leadership, with promising prospect and trend for future development.

BUSINESS REVIEW

In 2023, the Group has entered a new stage of development. With the new trend in the automotive industry such as the popularity of new energy vehicle (NEV), hydrogen fuel-cell vehicle (HFCV) and intelligent driving, and as an early mover, the Group has over the years been ahead of the market in building the R&D technological platform and the industrialization platform. The Group's sales revenue is classified as follows:

New Energy	–	Core solutions related to electric vehicles and hydrogen fuel-cell vehicles, including solutions related to core electric powertrain control systems and thermal management systems
Body Control	–	Electronic solutions for body control systems
Safety	–	Solutions related to safety systems
Powertrain	–	Solutions related to powertrain systems
Automated & Connected Vehicles	–	Core solutions related to intelligent driving and connected automotive, such as Advanced Driver-assistance System/ Automated Driving System ("**ADAS/AD**")
Cloud Server	–	Electronic solutions related to power management of data centers/ cloud servers
Rendering of Services & Others	–	R&D services and other income

In the business review for the first half of 2023, the Group's overall results outperformed the market, and recorded satisfactory growth. The total revenue of the Group increased by approximately 27% year-on-year to RMB2,626.2 million, which was mainly due to the fact that the sales revenue of new energy vehicles during the Period increased significantly by 58%, accounting for 47.7% of the Company's overall revenue. In addition, the body control system segment maintained substantially the same level with previous year. The safety system, powertrain system and automated & connected vehicles business segments recorded remarkable growth of 43%, 41% and 118%, respectively. The cloud server segment, which accounted for a relatively small proportion of the Group's revenue, recorded a year-on-year decrease of 71% in related business revenue due to the adjustment of market demand.

During the Period under review, the Group's gross profit was RMB541.0 million, and the gross profit margin was 20.6%, which was substantially the same as that of the same period last year, demonstrating the advantage and sustainability of the Group's business model. During the Period, the Group increased R&D inputs additionally by 1.9 percentage points to 8.9% of the Group's overall revenue, and continued to consolidate our leading technology foundation. The Group continued expanding our scale effect in operation, in response to the challenges to market demand and rising interest. During the Period, the Group's profit attributable to shareholders amounted to RMB154.5 million (in the first half of 2022: RMB152.6 million), and the profit margin attributable to shareholders was 5.9%, as compared to 7.4% in the same period of previous year. Disregarding the additional increase of R&D inputs, the Group's operating profit margin increased slightly by 0.5 percentage points as compared to the corresponding period last year.

In terms of R&D, the Group increased investment in new technology development, in particular focusing on the area of the new energy vehicles development trends, to ensure that our technology and innovation levels could maintain its leading position in the industry. Overall, during the Period, the Group's R&D expenses increased by 59% year-on-year, accounting for 8.9% of the Group's overall revenue, as compared to 7.0% in the same period of previous year.

During the Period under review, OEMs and their tier 1 suppliers were our major end customers, including China's top 10 new energy passenger vehicle brands.

New Energy Vehicles Core Solutions

Benefiting from the increasing market demand for new energy vehicles, the Group's new energy business, including Motor Control Unit ("**MCU**") and Battery Management System ("**BMS**") solutions, continuously expanded its market shares and maintained a strong growth momentum, which show a significant contribution in terms of revenue in the first half of 2023. For the six months ended 30 June 2023, the revenue from this business segment increased significantly by 58% year-on-year to RMB1,253.0 million, higher than the growth level of new energy vehicles in the market.

The Group provides advanced mass production solution services, and has developed different core technologies of electronic control unit (ECU), including power electronics, embedded software, functional safety and system integration, allowing us to stand out in the rapidly changing market environment and meet the different needs of customers in an all-round way. Furthermore, the Group continues to optimize and improve the three electric vehicle related core electronic control solutions, namely, Motor Control Unit ("**MCU**"), Battery Management System ("**BMS**") and Vehicle Control Unit ("**VCU**"), and thermal management system to further increase market penetration.

Body Control/Safety/Powertrain Solutions

In the first half of 2023, the revenue from body control business decreased slightly by 3% year-on-year, mainly due to the high inventory level of customers, which required time to digest. The Group will continue focusing on market dynamics and react flexibly, and meanwhile constantly increase the product quality and service level, so as to maintain our market competitiveness. In terms of safety business, the Group won more projects by increasing the localized solution process and continuously improving and shortening the time of delivery, along with new braking system application driven by the expanded application of driver assistance system. In addition, the Group increased new projects with OEM customers, in particular in braking and steering applications, which drove our safety business to increase by 43% year-on-year to RMB390.2 million. Benefited from the continued improvement of delivery process and efficiency, and the Group's winning more new projects for mass production, the powertrain business recorded a revenue of RMB218.7 million, representing a year-on-year increase of 41%.

Automated & Connected Vehicles Solutions

During the Period under review, the revenue from automated & connected vehicles business surged by 118% to RMB203.3 million, mainly due to the significant increase of our solutions installation rate and penetration rate, as well as increasing projects for mass production, which will play an important part in future development of the Group.

In the first half of 2023, the Group's automated & connected vehicles solutions developed fast, for example, officially released the high-performance cockpit-driving integrated domain controller MADC3.5, being our third domain control product solution for mid-high class automated driving, after the release of MADC2.0 and MADC2.5 series. MADC3.5 domain controllers aim at L2+ and L2++ level automated driving scenarios, fully upgraded in functional safety, cyber security and cockpit-driving integration, reflecting our deep understanding of automated driving domain control architectural design. In addition, the Group released two high-end front and rear zonal control solutions oriented to intelligent automotive field, adopting Infineon latest third-generation AURIX™ TC4x series multi-core processor.

On the other hand, the automated driving sector presents an obvious tendency of localization in the PRC, and the Group has maintained close cooperation with Beijing Horizon Robotics Technology R&D Co., Ltd. (北京地平線機器人技術研發有限公司) ("**Horizon Robotics**"), a leading automated driving chip company in the PRC, for many years. On 21 April 2023, the Group officially won the "Horizon Matrix® Platform" certificate for the MADC2.5 high performance automated driving system we developed and designed on the basis of dual Journey®5 chips. Such certification marks that our MADC2.5 products have officially passed the Matrix 5 standard hardware design certification, and Intron Technology as an ecological partner of Horizon Robotics can provide mature mass production platform solutions based on dual Journey®5 chips, for the practices of advanced intelligent driving.

Meanwhile, the Group signed a strategic cooperation agreement with Haomo AI Technology Co., Ltd. (毫末智行科技有限公司), to build a highly competitive intelligent driving mass production program: single Journey®3 driving-parking integrated domain controller. Intron Technology as a solution provider will be responsible for intelligent driving project hardware design and manufacturing, and the expected cooperation scope will be the product development and supporting services within the automotive automated driving and intelligent driving system architecture and hardware architecture.

The Group will continue to strengthen its R&D and innovation in automated & connected vehicles solutions, and improve our technical advantages and market competitiveness in the field of intelligent driving, so as to bring more market opportunities and create potential space for business growth of the Group.

Cloud Server Related Solutions

The Group's cloud server related electronics solutions mainly include power management and electronic control solutions designed for high-performance CPUs and graphic processors used in data centers and cloud servers. In the first half of 2023, the revenue from this business declined by 71% to RMB87.1 million, mainly due to a slowdown in the global server market demand along with the disappearance of pandemic in the second half of 2022, after peaking in the first half of 2022 due to short-term soaring demand. Starting from the second half of 2022, the Group's major cloud server customers lowered their annual demand, resulting in a decline in demand for this business in the first half of 2023 as compared to the corresponding period last year.

Research and Development and Group Development

R&D has always been a top priority for the Group's development. As electrification and automation becoming a major trend in the automotive industry, as well as its increasing complexity, the Group's outstanding technological advantages in this field enable us to further consolidate its market position and expand its market share. In the first half of 2023, the Group continued to increase its R&D investment in line with its asset-light R&D-heavy development polices. During the Period, R&D expenses increased by 59% year-on-year to RMB232.8 million, accounting for 8.9% (in the first half of 2022: 7.0%) of the Group's revenue. As at 30 June 2023, the Group had 1,058 full-time R&D-related professionals, representing 70% of its total workforce. During the Period, the Group owned 256 patents and 207 software copyrights, representing an increase of 21 patents and 20 software copyrights, respectively as compared with the corresponding period last year.

During the Period, Shanghai Qingheng Automotive Electronics Co., Limited (上海氫恒汽車電子有限公司) ("**Qingheng**"), a subsidiary of the Group, passed the examination and assessment organized by the Science and Technology Commission of Shanghai Municipality ("**STCSM**"), and became a "National Sci-Tech Small-Medium Enterprise", fully displaying the comprehensive strengths of Qingheng in technology innovation, research commercialization, R&D capabilities among others, and meanwhile representing that Qingheng is able to engage in sci-tech research and development, obtain independent intellectual property rights and translate them into new hi-tech products or services, and realize sustainable development.

The Group's R&D testing and validation centre has steadily improved its testing and validation capabilities in four main business categories: new energy vehicle control units of electric powertrain, thermal management, ADAS domain controller and hydrogenated electric control, to meet the testing and validation requirements brought by the Group's main business product sales expansion and product evolution. In face of new business expansion, the Group will improve its testing capabilities on air conditioning compressors, on-board wireless charging, and different domain control units and other products. During the Period, the Group established the Zonal Control Unit product testing and validation capability, developed hybrid dual-motor electric drivetrain testing capability, set up the oil-cooling electric drivetrain testing capability, and gradually established the testing and validation capability for high voltage components. Such equipment and facilities include: ethernet test bench, SOA portfolio services (top-to-bottom full chain development, testing and display) created within the Service Oriented Architecture ("**SOA**") development framework published by CAAM, motor control unit G4 platform software, BMS control unit localization design and development, launch of AURIX™ TC4-based domain control product solution platform. In the first half of 2023, independent R&D testing and validation centres undertook more than 350 of our testing projects, representing a notable year-on-year growth.

In terms of automated driving and new energy technology research and development, in 2023, the Group continued to build the third phase of electromagnetic compatibility ("**EMC**") facilities, including EMC design validation, highly accelerated life testing ("**HALT**"), environmental reliability testing, radiation immunity (RI), lightning surge immunity and other testing equipments. The Group will increase testing site of 1,300 square meters and testing & trial sites of over 4,000 square meters, mainly used for environmental reliability testing, air tightness testing, power loop test and other auxiliary tests, ready to enter into the trial and testing stage of modularization and deviceization, and further extend our validation patterns and capabilities, to ensure the quality of final products, improve R&D efficiency and reduce R&D costs.

In terms of automated & connected vehicles R&D technology, the Group, after completing the MADC2.0 and MADC2.5 platform solutions based on Horizon Robotics Journey®5 chips, developed the cockpit-driving integrated product MADC3.5, which will be delivered to customers in the near future, empowering the development of next generation platform for customers; the functional safety concept in cockpit-driving integration comes from application of L3 automated driving, compliant with ASIL D grade, while incorporating "fail-operation" fault handing mechanism. This solution further enhances the security of fusion algorithms, improves and establishes the technical indicators for the middleware products of automated driving domain controllers, catering for the market demand. In addition, the Group has deployed ahead of schedule, to develop the new generation of millimeter-wave radar, camera and domain control product solutions based on the MIPI A-PHY standard.

In terms of smart cabin solutions R&D, the Group developed a in-cabin time-of-flight (ToF) solution and related sensor fusion middleware solution, to realize the mouse remote control function and the hand gesture gaming function, and provide an enhanced in-cabin human-machine communication and interactive experience. Meanwhile, the Group developed 60GHz in-cabin vital sign detection radar solution meeting EU standards, where the radar middleware can support child retention, occupancy detection, and intrusion detection among other functions. In the end, in accordance with the latest electronic camera monitoring system ("**CMS**") national standard, the Group developed CMS control unit solution, available for two 2MP@60fps camera inputs and dual 1920*1080 screen posting.

In terms of sensor fusion solution R&D, for the positioning for automated driving: the Group developed low cost, highly robust sensor fusion algorithm framework and the multi-sensor mapping and positioning solution based on light detection and ranging (LIDAR), inertial measurement unit (IMU), global positioning system (GPS), speedometer and alike, to improve the reliability of fusion positioning system and increase the positioning accuracy to decimeter level. For the fusion detection algorithm of mainstream automated driving solutions for medium/high-end electric vehicles, the Group developed a 3D target detection algorithm based on the fusion of 4D millimeter wave radar point cloud and mono camera image sensor, to detect different types of objects at the same time, which makes up the shortcomings of visual sensor in spatial perception, with the fusion detection accuracy close to or beyond 64-laser radar detection effect. Such sensor fusion was successfully deployed on MADC2.x platform. In addition, for the security research of perception algorithms, the Group made real-time monitoring of sensor performance constraints (e.g. weather, occlusion) based on deep learning algorithms, which can effectively detect common sensor input disturbances, realize the deployment of the models, which is suitable for safe and real-time driving applications, and further improve the system security.

In order to meet the increasing demand for mass delivery, the Group used 3D modeling technology to erect the virtual testing scenarios for automated driving, and developed virtual scenarios simulation solution with multiple sensor support. By looping back real-time environment data to controller hardware, Intron developed hardware-in-the-loop solution which will substantially increase the efficiency of control algorithms validation before mass deployment.

The Group developed rapidly in every R&D field, and the applications supporting and working with customers in R&D will play an important role in the future automotive industry development. In terms of automated & connected vehicles mass production projects, the Group currently had a number of mass production projects with OEMs and tier 1 suppliers, such as ADAS control units R&D, L1-L2 ADAS control units, domain controllers for L2+, service-oriented gateway controller, gateway software development services, UISEE 4G T-BOX controller, hybrid gateway controller, software engineering services, software-hardware integrated product development. The projects under preparation included: the functional safety development of high-level automated driving, the development of new generation automated driving domain control platform, technical pre-research of intelligent antenna controller, automotive communication control unit with vehicle-to-everything (V2X), ultra-wideband (UWB), and 5G communication among other functions, cockpit controller upgrading, cockpit-parking integrated domain controller, perception CMS, system solution development, underlying software development, software engineering services, and hardware platform development and so on. In terms of higher education cooperation, the Group supported Tongji University's school-enterprise cooperation projects, and built ADAS demonstration vehicles.

The Group's R&D follows the principle of "staying close to customer with multi-location R&D facilities", to absorb more excellent talents and improve R&D strength and brand service quality. In 2023, the Group enlarged investment in R&D bases, including Shanghai base of 2,500 square meters and Shenzhen base of 700 square meters. In addition, the Group will establish a R&D centre in Hong Kong Science Park for the purpose of the development of automated & connected vehicle software, advanced power semiconductor applications, and collaborative robots solutions. The centre is expected to operate officially in November 2023, preparing for the Group's overseas expansion following Chinese automotive brands going global.

Outlook

The centre of gravity of global automotive market is moving to the PRC. As the localization ratio of automotive market as a whole is rising and the penetration ratio of new energy automotive market is growing, the Group expects that Chinese automotive market will remain positive, where the developmental priority of the Group will be new energy, automated & connected vehicles solutions. The Group insists on the asset-light, research-heavy business model, together with a management team experienced in electrification and intelligence fields, and deep understanding of the market, making the Group confident in keeping growth in this direction.

CAAM points out that in 2023, the automotive sales volume in the PRC is expected to increase year-on-year by approximately 3% to 27.6 million units; however, the sales volume of new energy vehicles is expected to exceed 9 million units, representing a year-on-year increase of 35%, and it is anticipated that Chinese automotive market will continue to show a stable and positive development trend, which will contribute to the Group's future business development. Given governmental support for electric vehicles and global focus on environmental protection, the sales of new energy vehicles is not only accelerated by new energy resources, but also by intelligence, which is expected to further promote the Group's overall business performance. We continue to be optimistic about future growth.

In terms of automated & connected vehicles business, the Group will keep a keen eye on industry development and market changes, continuously improve and enhance our competence in electrical/electronic architecture and software development, maintain our industry leadership, committed to simplifying the complexity of intelligent automotive design with advanced semiconductor applied technologies, and make vehicles more intelligent, efficient and secure. Intron Technology will work with more industrial eco-partners to offer more innovative technologies and products solutions.

In terms of cloud server business, the soar of ChatGPT may raise the demands for AI-related servers, but this is still pending the test with time. The Group will continue prudent in business and pay close attention to market changes.

In terms of R&D, the Group always insists on enhancing the capabilities of R&D and innovation. The Group will continue developing the products and technologies in the core electric controller of hydrogen fuel-cell, to bring about more specialized, efficient, excellent electric control solutions for zero-carbon society and green travel, drive the commercialization of sustainable green energy resources in automotive, industrial and other fields. In addition, the Group will continue to establish new R&D centres and increase its investment in R&D while maintaining a sound financial position.

R&D centres direction:

- Automated driving domain control solutions testing & validation platform, including hardware-in-the-loop testing system;

- Silicon carbide (SiC) high power module reliability and life testing & validation platform for electric drivetrain system;

- Sensor fusion and scenario recognition scheme development based on neural network technology;

- Automotive-grade software and middleware platform supporting cross-platform deployment, cross-domain integration, in compliance with functional and information security;

- Domain controller testing & validation platform for next generation vehicle electrical/electronic architecture.

The Group believes that our R&D investment over many years will form R&D platform and industrialization platform, and convert into the Group's core competence.

Looking ahead, in the context of global automotive electrification, intelligence and connection, the Group is optimistic about business growth, and will continue catering to the electrification and intelligence requirements of OEMs, and constantly improve our industrial service platform. In addition, the Group will continue to increase its investment in R&D and consolidate its leading position in the industry, in order to achieve long-term sustainable growth and generate desirable returns for shareholders.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, total revenue increased by 27% year-on-year to RMB2,626.2 million, due to strong performance of automotive segments in particular the revenue of New Energy segment and strong growth in the revenue of Automated & Connected Vehicles segments during the Period under review.

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

	Six months ended 30 June		
(RMB'000)	**2023**	2022	Year-on-year Change
New Energy	**1,252,967**	792,739	+58%
Body Control	**416,750**	430,411	-3%
Safety	**390,219**	272,622	+43%
Powertrain	**218,721**	155,173	+41%
Automated & Connected Vehicles	**203,345**	93,418	+118%
Cloud Server	**87,126**	301,751	-71%
Rendering of Services & Others	**57,032**	29,187	+95%
Total	**2,626,160**	2,075,301	+ 27%

Gross Profit and Gross Profit Margin

Gross profit for the six months ended 30 June 2023 increased by 21% to RMB541.0 million as compared to the corresponding period last year. The Group's overall gross profit margin for the six months ended 30 June 2023 was 20.6% (for the six months ended 30 June 2022: 21.6%).

Other Income and Gains

The Group's other income and gains mainly included bank interest income, government grants, gain on financial assets and others. For the six months ended 30 June 2023, other income and gains increased by 39% to RMB15.2 million, among which, mainly due to the increase in gain on financial assets as compared to the corresponding period last year.

Selling and Distribution Expenses

Selling and distribution expenses mainly consisted of salaries, benefits and equity-settled share option and award expenses for staff, insurance costs, warranty expenses, travelling and business entertainment expenses, marketing expenses, and administrative depreciation related costs. During the Period under review, the Group's selling and distribution expenses amounted to RMB53.4 million, representing an increase of 12% as compared to the corresponding period in 2022. The increase was mainly attributable to the rise in travelling expenses and sales personnel support for the business growth.

Administrative Expenses

Administrative expenses mainly consisted of (a) R&D expenses; and (b) other administration expenses including salaries, benefits and equity-settled share option and award expenses 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 Period under review, administrative expenses amounted to RMB274.4 million, representing an increase of 35% as compared to the corresponding period in 2022. In particular, (a) R&D expenses charged to administrative amounting to RMB205.8 million, together with the amortisation of deferred development costs of RMB27.0 million charged to cost of sales, the total R&D expenses amounted to RMB232.8 million accounting for 8.9% of revenue. The 59% increase in R&D expenses as compared with the corresponding period in 2022 was beneficial to the development of solutions and products to capture the enormous market growth in future, and (b) other administrative expenses amounted to RMB68.6 million, representing an increase of 20% as compared to corresponding period last year, which was mainly due to higher travelling expenses, office and other related expenses.

Other Expenses

Other expenses mainly consisted of foreign exchange differences and others during the Period under review. These expenses amounted to RMB36.1 million during the Period under review, representing an increase of 50% as compared to the corresponding period last year, which was mainly due to increase in foreign exchange losses.

Finance Costs

During the Period under review, finance costs amounted to RMB46.8 million, representing an increase of 197% as compared to the corresponding period in 2022, which was mainly due to the increase in bank borrowings to facilitate the business growth as well as the rise of bank borrowing rate.

Income Tax Credit/(Expense)

During the Period under review, income tax credit amounted to RMB6.9 million, representing a fluctuation of 142% from income tax expenses of RMB16.3 million for the corresponding period in 2022, which was mainly due to an increase of the recognition of deferred tax during the Period under review.

Profit for the Period

During the Period under review, the Group's profit increased by 1% from RMB151.4 million for the six months ended 30 June 2022 to RMB152.1 million for the six months ended 30 June 2023.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period under review, the Group continued to maintain a satisfactory and healthy liquidity position. As at 30 June 2023, the Group had cash and cash equivalents of RMB534.8 million (31 December 2022: RMB336.9 million).

As at 30 June 2023, the Group recorded net current assets of RMB1,549.6 million (31 December 2022: RMB1,444.2 million). Capital expenditure for the first half of the year were RMB41.7 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 30 June 2023, the gearing ratio of the Group was 48% (31 December 2022: 41%), which represents net debt divided by the equity attributable to owners of the parent plus net debt. Net debt includes interest-bearing bank and other loans, trade and notes payables, other payables and accruals, less cash and cash equivalents and pledged deposits.

As at 30 June 2023, the Group had outstanding bank loans amounting to RMB1,391.7 million (31 December 2022: RMB950.2 million). The bank loans of the Group denominated in US$ and RMB amounted to RMB601.7 million (31 December 2022: RMB789.3 million) and RMB790.0 million (31 December 2022: RMB160.9 million), respectively. Should other opportunities arise requiring additional fund, the Group is in a good position to obtain such financing.

As at 30 June 2023, certain of the Group's bank loans, letter of guarantee and notes payable are secured by the pledges over certain of the Group's deposits amounting to RMB151.1 million (31 December 2022: RMB48.9 million). Saved as disclosed above, no other Group's assets were charged to any financial institutions.

INTERIM DIVIDEND

The directors of the Company (the "**Directors**") did not recommend the payment of a dividend by the Company for the Period under review (for the six months ended 30 June 2022: nil).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the Period that needs to be disclosed.

CAPITAL COMMITMENT

As at 30 June 2023, the Group had capital commitments contracted, but not provided for, amounting to RMB44.5 million (31 December 2022: RMB4.8 million).

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

During the Period under review, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures (31 December 2022: nil).

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have significant contingent liabilities (31 December 2022: 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 Period under review, 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 30 June 2023, the Group had 1,517 employees (30 June 2022: 1,171 employees). The Group's labour costs, including salaries, bonuses, pension and welfare but excluding directors' and co-chief executives' remuneration, equity-settled share option and award expenses and amount capitalised, were RMB226.5 million, equivalent to 8.6% of the Group's revenue in the Period.

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 30 June 2023, the Group had a total of 59,172,050 outstanding share options granted to eligible employees under the share option scheme adopted on 22 June 2018, to enhance attractiveness in compensation as well as motivation for employee performance. For details, please refer to the announcements of the Company dated 21 January 2019, 30 September 2020,18 May 2021 and 25 November 2022, respectively.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong. The Group did not record any forfeited contribution from the MPF Scheme for the six months ended 30 June 2023 to reduce the existing level of contributions (for the year ended 31 December 2022: nil).

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The ordinary 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 of Directors (the "**Board**") has resolved to amend the proposed use of part of the Net Proceeds originally allocated for the enhancement of the Group's R&D infrastructure by investing in and acquiring testing and other equipment, and technology software to accelerate the Group's solutions development cycle and thus increase exposure of the Group's solutions to customers to enhancement of the Group's R&D infrastructure by (i) investing in and acquiring testing and other equipment, and technology software to accelerate the Group's solution development cycle and thus increase exposure of the Group's solutions to customers; and (ii) investing in, acquiring and renovating properties for R&D purposes.

During the Period, 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, actual usage of the Net Proceeds up to 30 June 2023 and the expected timeframe for utilizing the remaining unused Net Proceeds are set out below:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total Net Proceeds** *(%)*	**Actual usage up to 30 June 2023** *(RMB million)*	**Unutilized Net Proceeds as at 30 June 2023** *(RMB million)*	**Expected timeframe for utilizing the remaining unused Net Proceeds**
1. For the expansion of R&D capabilities	196.6	30	196.6	0	N/A
2. For the enhancement of R&D infrastructure	196.6	30	196.6	0	N/A
3. For the acquisitions of R&D capabilities	196.6	30	135.5	61.1	Expected to be fully utilized by end of 2024
4. General working capital	65.6	10	65.6	0	N/A
Total	655.4	100	594.3	61.1	

PLACING OF SHARES

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 of HK$6.82 per Share (the "**Placing**"). The aggregate nominal value of the placing Shares is HK$450,000 and the closing price as quoted on the Stock Exchange on 26 January 2021, being the date of the placing agreement, is HK$8.51 per Share. The net price per such placing Share is approximately HK$6.73. The net proceeds from the Placing amounted to HK$302.8 million (equivalent to RMB252.6 million). Immediately after completion of the Placing, the Shares held by the placees accounted for 4.15% of the issued share capital of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the placees and their respective ultimate beneficial owners are independent third parties of the Company. None of the placees has become a substantial Shareholder (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) immediately after completion of the Placing.

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

During the Period, 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 and actual usage of such net proceeds up to 30 June 2023 are set out below:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total net proceeds** *(%)*	**Actual usage up to 30 June 2023** *(RMB million)*	**Unutilized net proceeds as at 30 June 2023** *(RMB million)*
1. Developing software platform towards intelligent driving solutions	62.0	25	62.0	0
2. Further developing software systems and electronic controls solutions for automotive electric vehicle	35.0	14	35.0	0
3. Application of higher power semiconductor solutions	35.0	14	35.0	0
4. Further developing the Group's testing and validation centre for intelligent driving	62.0	25	62.0	0
5. General working capital	58.6	22	58.6	0
Total	**252.6**	**100**	**252.6**	**0**

As at 30 June 2023, the net proceeds from the Placing have been fully utilized.

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

The Company or any of its subsidiaries did not purchase, sell or redeem any of its listed securities during the Period under review.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions of the Corporate Governance code ("**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Period under review, except for a deviation from the code provision C.2.1 of the CG Code that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Luk Wing Ming is our chairman and co-CEO responsible for strategic development and business operations. The Board believes that this arrangement will improve the efficiency of our decision making and execution process.

Further, the Group has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in the circumstance of the Group.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted written guidelines (the "**Written Guidelines**") on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to 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 during the Period under review and as at 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.

AUDIT COMMITTEE REVIEW

The Company has established an audit committee which is accountable to the Board and the primary duties of which include the review and supervision of the Group's financial reporting process and internal control measures. For the Period under review, the audit committee comprised of three independent non-executive Directors, namely, Mr. Tsui Yung Kwok, Mr. Jiang Yongwei and Mr. Yu Hong. Mr. Tsui Yung Kwok serves as the chairman of the audit committee of the Company, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the Period under review. They considered that the unaudited interim financial statements of the Group for the Period under review are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

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 interim report of the Company for the Period 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

For the six months ended 30 June 2023

		Unaudited Six months ended 30 June	
		2023	**2022**
	Notes	***RMB'000***	*RMB'000*
REVENUE	5	**2,626,160**	2,075,301
Cost of sales		**(2,085,204)**	(1,627,501)
Gross profit		**540,956**	447,800
Other income and gains	5	**15,183**	10,945
Selling and distribution expenses		**(53,394)**	(47,582)
Administrative expenses		**(274,421)**	(203,251)
Other expenses		**(36,055)**	(23,968)
Finance costs		**(46,822)**	(15,751)
Share of loss of associates		**(258)**	(450)
PROFIT BEFORE TAX	6	**145,189**	167,743
Income tax credit/(expense)	7	**6,925**	(16,346)
PROFIT FOR THE PERIOD		**152,114**	151,397
Attributable to:			
Owners of the parent		**154,456**	152,556
Non-controlling interests		**(2,342)**	(1,159)
		152,114	151,397
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	**RMB14.21 cents**	RMB14.06 cents
Diluted	9	**RMB13.99 cents**	RMB13.95 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**152,114**	151,397
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(32,175)**	(39,167)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(32,175)**	(39,167)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**27,098**	39,336
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**27,098**	39,336
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(5,077)**	169
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**147,037**	151,566
Attributable to:		
Owners of the parent	**149,379**	152,725
Non-controlling interests	**(2,342)**	(1,159)
	147,037	151,566

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**As at 30 June 2023 (unaudited)** *RMB'000*	As at 31 December 2022 (audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**206,443**	195,156
Right-of-use assets		**24,763**	33,171
Other intangible assets		**341,283**	325,309
Investment in associates		**12,407**	12,666
Financial assets at fair value through profit or loss		**104,389**	85,218
Equity investment designated at fair value through other comprehensive income		**3,324**	3,324
Deferred tax assets		**76,783**	53,599
Advance payments for property, plant and equipment		**55,297**	15,616
Total non-current assets		**824,689**	724,059
CURRENT ASSETS			
Inventories		**1,507,331**	1,085,576
Trade and notes receivables	10	**1,628,222**	1,697,742
Contract assets		**–**	61
Prepayments, other receivables and other assets		**262,281**	181,668
Derivative financial instruments		**3,908**	–
Pledged deposits		**151,080**	48,861
Cash and cash equivalents		**534,786**	336,946
Total current assets		**4,087,608**	3,350,854
CURRENT LIABILITIES			
Trade and notes payables	11	**279,088**	330,658
Other payables and accruals		**997,857**	577,698
Derivative financial instruments		**–**	971
Interest-bearing bank and other loans		**1,211,039**	950,221
Lease liabilities		**18,664**	20,205
Tax payable		**31,335**	26,923
Total current liabilities		**2,537,983**	1,906,676

	Notes	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
NET CURRENT ASSETS		**1,549,625**	1,444,178
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,374,314**	2,168,237
NON-CURRENT LIABILITIES			
Lease liabilities		**6,340**	12,735
Government grants		**820**	940
Deferred tax liabilities		**5,955**	5,925
Interest-bearing bank and other loans		**180,645**	–
Total non-current liabilities		**193,760**	19,600
Net assets		**2,180,554**	2,148,637
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	**9,246**	9,241
Reserves		**2,162,995**	2,128,741
		2,172,241	2,137,982
Non-controlling interests		**8,313**	10,655
Total equity		**2,180,554**	2,148,637

1. GENERAL INFORMATION

Intron Technology Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") are focusing on developing automotive components engineering solutions for key automotive manufacturers in China. The Company is a limited liability company incorporated in the Cayman Islands on 3 January 2017.

2. BASIS OF PRESENTATION

The Group's unaudited condensed consolidated interim financial statements ("**Financial Statements**") for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

These Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

These Financial Statements 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these Financial Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations)issued by the HKICPA for the first time for the current periods' financial information.

HKFRS 17	*Insurance Contract*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The new and revised standards had no significant financial impact on these Financial Statements. The Group has not applied any new and revised standard that is not yet effective for the current accounting period.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organized 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

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Hong Kong	**13,054**	9,641
Mainland China	**2,613,056**	2,060,170
Other countries/regions	**50**	5,490
	2,626,160	2,075,301

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

(b) Non-current assets

	As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
	RMB'000	*RMB'000*
Hong Kong	**55,561**	45,148
Mainland China	**690,876**	624,828
Other countries/regions	**1,468**	484
	747,905	670,460

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 major customers, each of them accounted for 10% or more of the Group's revenue, as set out below:

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Customer 1	**278,305**	N/A*
Customer 2	**N/A***	227,265
Customer 3	**N/A***	224,372

* The corresponding revenue of the customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
(i) Revenue from contracts with customers		
At a point in time		
– Sale of products	**2,610,648**	2,073,721
– Rendering of consulting services	**15,512**	1,580
	2,626,160	2,075,301
(ii) Other income		
Government grants*	**5,807**	5,641
Bank interest income	**3,293**	2,111
Investment income from financial assets at fair value through profit or loss	**5,030**	598
Others	**1,018**	2,566
	15,148	10,916
(iii) Gains		
Gain on disposal of items of property, plant and equipment	**35**	29
	15,183	10,945

* 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.

6. PROFIT BEFORE TAX

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**2,080,214**	1,626,726
Cost of services provided	**4,990**	775
Depreciation of property, plant and equipment	**24,712**	17,546
Depreciation of right-of-use assets	**10,982**	8,858
Amortisation of patents and software*	**4,447**	3,254
Research and development costs:		
Deferred expenditure amortised*	**26,964**	8,970
Current period expenditure	**205,811**	137,244
	232,775	146,214
Lease payments not included in the measurement of lease liabilities	**2,917**	2,304
Government grants	**(5,807)**	(5,641)
Bank interest income	**(3,293)**	(2,111)
Foreign exchange losses, net	**35,550**	23,967
Employee benefit expense (excluding directors' and co-chief executives' remuneration):		
Wages and salaries	**214,012**	205,589
Equity-settled share option and award expense	**11,845**	6,669
Pension scheme contributions***	**37,408**	26,922
Staff welfare expenses	**5,776**	2,171
Less: Amount capitalised	**(30,743)**	(58,605)
	238,298	182,746
Write-down of inventories to net realizable value**	**8,941**	9,410

* The amortisation of patents and software for the period is included in "Administrative expenses" and the amortization of deferred development costs for the period is included in "Cost of sales" 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.

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

7. INCOME TAX

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax in the Cayman Islands. The Company has registered with the Company Registry in Hong Kong on 22 December 2017 and recorded an interest income during the period. 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% (2022: 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 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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, Shanghai G-Pulse Electronics Technology Company Limited and Wuxi Maxdone Electronics Technology Company Limited, three subsidiaries of the Group, were subject to a preferential income tax rate of 15% (2022: 15%) during the period. Certain subsidiaries of the Group are qualified as Small and Micro Enterprises and were subject to a preferential tax rate of 5% (2022: 10%) during the period.

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the period	**101**	19,115
Current – Hong Kong		
Charge for the period	**16,182**	8,551
Deferred tax	**(23,208)**	(11,320)
Total tax (credit)/charge for the period	**(6,925)**	16,346

8. DIVIDENDS

The Directors did not recommend the payment of a dividend by the Company for the six months ended 30 June 2023.

On 29 May 2023, a final dividend for the year ended 31 December 2022 of HK13.1 cents per ordinary share (2021: HK 6.8 cents), amounting to HK$142,454,000 (equivalent to RMB128,337,000), has been approved by the shareholders at the annual general meeting of the Company. The 2022 final dividend was paid in July 2023 and is reflected as dividends payable in these Financial Statements.

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

(a) Basic earnings per share

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,087,215,067 (six months ended 30 June 2022: 1,084,798,838) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 period, 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:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**154,456**	152,556

	Unaudited Six months ended 30 June **2023** **Number of shares**	 2022 Number of shares
Shares		
Weighted average number of ordinary shares in issue during the period	**1,087,215,067**	1,084,798,838
Effect of dilution – weighted average number of ordinary shares:		
Share options	**16,792,228**	8,904,058
	1,104,007,295	1,093,702,896

10. TRADE AND NOTES RECEIVABLES

	As at 30 June 2023 (unaudited) *RMB'000*	As at 31 December 2022 (audited) *RMB'000*
Trade receivables	**1,547,705**	1,490,181
Notes receivable	**92,698**	219,610
	1,640,403	1,709,791
Impairment	**(12,181)**	(12,049)
	1,628,222	1,697,742

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 minimize 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 RMB4,134,000 as at 30 June 2023 (31 December 2022: RMB44,557,000), which are repayable on credit terms similar to those offered to the other customers of the Group.

The ageing analysis of trade receivables based on the invoice date and net of loss allowance is as follows:

	As at 30 June 2023 (unaudited) *RMB'000*	As at 31 December 2022 (audited) *RMB'000*
Less than 3 months	**1,440,049**	1,384,454
3 to 6 months	**77,509**	42,037
6 to 12 months	**11,986**	31,380
1 to 2 years	**5,928**	20,097
Over 2 years	**52**	164
	1,535,524	1,478,132

11. TRADE AND NOTES PAYABLES

	As at 30 June 2023 (unaudited) *RMB'000*	As at 31 December 2022 (audited) *RMB'000*
Trade payables	**279,038**	323,680
Notes payables	**50**	6,978
	279,088	330,658

An ageing analysis of the trade payables based on the invoice date is as follows:

	As at 30 June 2023 (unaudited) *RMB'000*	As at 31 December 2022 (audited) *RMB'000*
Less than 3 months	**271,598**	292,073
3 to 6 months	**6,286**	30,441
6 to 12 months	**662**	491
1 to 2 years	**291**	445
Over 2 years	**201**	230
	279,038	323,680

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

12. SHARE CAPITAL

	Number of shares	Nominal value
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 December 2022 and 30 June 2023 (unaudited)	**2,400,000,000**	**24,000**
		RMB'000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2022	**1,084,630,400**	**9,221**
Share options exercised	**2,339,500**	**20**
At 31 December 2022 and 1 January 2023	**1,086,969,900**	**9,241**
Shares options exercised *(note (a))*	**496,000**	**5**
At 30 June 2023 (unaudited)	**1,087,465,900**	**9,246**

Note:

(a) The subscription rights attaching to 496,000 share options were exercised at the subscription prices ranging from HK$2.662 to HK$4.25 per share, resulting in the issue of 496,000 shares for a total cash consideration, before expenses, of HK$1,495,000 (equivalent to RMB1,324,000). An amount of HK$614,000 (equivalent to RMB543,000) was transferred from the share option reserve to share capital and share premium upon the exercise of the share options.

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

Hong Kong, 23 August 2023

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