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 2023 AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS
(RMB in thousands, unless specified)

	31 December 2023	31 December 2022	Year-on-year Percentage Change
Financial Figures			
Revenue Breakdown:			
New Energy	**2,787,590**	2,066,806	35%
Body Control	**934,407**	867,984	8%
Safety	**844,675**	635,996	33%
Powertrain	**446,392**	431,940	3%
Automated & Connected Vehicles	**404,657**	254,781	59%
Cloud Server	**201,848**	420,480	-52%
Rendering of Services & Others	**182,761**	151,956	20%
Total Revenue	**5,802,330**	4,829,943	20%
Gross Profit	**1,083,617**	1,040,613	4%
Net profit	**312,549**	411,107	-24%
Profit attributable to owners of the parent	**317,396**	414,963	-24%
Earnings per Share *(RMB cents)*			
– Basic	**29.19**	38.22	-24%
– Diluted	**28.94**	37.81	-23%
Proposed Final Dividend per Share *(HK cents)*	**9.8**	13.1	-25%
Financial Ratio (% of Total Revenue)			% point of change
Gross Profit	**18.7%**	21.5%	-2.8
Research and Development Costs	**9.0%**	6.9%	2.1
Net Profit	**5.4%**	8.5%	-3.1

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Intron Technology Holdings Limited (the "**Company**" or "**Intron Technology**") is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**") together with selected explanatory notes and the relevant comparative figures for 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 2023, the new energy vehicle market maintained a rapid growth momentum with an increasing demand. According to the data published by the China Association of Automobile Manufacturers ("**CAAM**"), in 2023, the overall sales volume of automotive vehicles in the PRC increased year-on-year by 12% to 30.094 million units, in which, the sales volume of new energy vehicles reached 9.495 million units, representing a year-on-year increase of 37.9%, and the market share increased to 31.6%. For the year ended 31 December 2023 (the "**year under review**"), the Group recorded steady growth, with an increase of 20% in its revenue and the revenue generated from the new energy segment increased by 35% year-on-year, which was in line with the upward trend of the market.

As a leading automotive electronics solution provider in the PRC, leveraging on its strong capabilities of new energy automotive R&D, outstanding automotive semiconductor application technology solutions, and excellent system integration and testing capabilities, the Group has helped automotive original equipment manufacturers to achieve cost-effective mass production and speed up their market penetration. The new energy business segment continued to be the main driver of the Group's revenue growth.

With the increasing supply of domestic automotive-grade semiconductors, semiconductors shortage in the automotive industry in the early years has been largely resolved. With over 20 years of extensive experience in automotive electronics, electrification and intelligence, the Group not only maintained a strong and close long-term cooperative relationship with leading foreign semiconductor suppliers, but also facilitated the adoption of domestic semiconductors in the PRC automotive market. The Group endeavored to add value to upstream and downstream partners, enabling its partners to better harness their advantages and enhance industrialization effectiveness in terms of planning, design and quality, which highlighted its unique business model and business advantage, and laid a more solid foundation for future development.

Research and development ("**R&D**") remains an important driver of the business growth of the Group. During the Year, under the asset-light and research-focused business model, the Group continued to increased its efforts in R&D investment and maintained an outstanding team of scientific and technological talents to empower its development. Its technological achievements have been highly recognized by the government and authoritative institutions, domestic and foreign customers and the industry peers, which established its technical leading position and increased its market share.

BUSINESS REVIEW

2023 was a challenging and evolving year, and the lifecycle of vehicle model was being shortened at an accelerated pace, which presented a tough test for suppliers in development capabilities, engineering and technical service capabilities and pre-research capabilities. Relying on its insights into market trends over the years, the Group has established a R&D technology platform and an industrialization service platform in advance, and spearheaded the development of the industry in terms of solutions and technology R&D. 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 2023, the Group's overall results recorded satisfactory growth. The total revenue of the Group increased by approximately 20% year-on-year to RMB5.8 billion, which was mainly driven by the growth of the new energy vehicles, automated & connected vehicle and safety systems segments. In particular, the revenue generated from new energy vehicles increased by over 35% during the Year, which was basically in line with the market performance. The proportion of the new energy vehicle segment in the Company's revenue increased from 42.8% to 48.0%. The revenue from the body control system, safety system and powertrain system segments recorded steady growth of 8%, 33% and 3% year-on-year, respectively, accounting for 16%, 15% and 8% of total revenue, respectively. The revenue generated from the automated & connected vehicle segment recorded a year-on-year increase of 59%, accounting for 7% of total revenue. The cloud server segment recorded a year-on-year decrease of 52% in its revenue due to the adjustment of market demand, accounting for only 4% of the Group's total revenue, which was similar to the proportion of revenue from rendering of services that recorded a year-on-year increase of 20%.

During the year under review, the Group's gross profit was RMB1,083.6 million, and the gross profit margin was 18.7%, representing a decrease of 2.8 percentage points as compared with the previous year, which was mainly due to the fact that the Group moderately adjusted its prices to tide over the difficulties with upstream and downstream partners as a result of the increasing competition among automotive makers, which led to the general pressure on the gross profit margin in the entire industry. At the same time, the Group maintained its technological advancement and competitive strength by constantly innovating in solutions.

In the past year, by adhering to its asset-light and research-focused development policy, the Group continued to increased its efforts in R&D investment, especially in the fields of new energy and automated & connected vehicle, and continued to strengthen the Group's application in embedded software technology and optimize the electric powertrain control solution of the vehicle to align with the technological development trend of electrification and intelligence in the entire automotive industry. Overall, during the Year, the Group's R&D expenses increased by 56% year-on-year, accounting for 9.0% of the Group's overall revenue, which represented an increase as compared to 6.9% in the previous year. The Group sought to consolidate its technological advantages and maintain its leading position to capture long-term growth opportunities in the market.

During the year under review, finance costs recorded an increase of 125% as compared to the previous year, which was mainly due to the hiking interest rate on the U.S. dollar and the increase in loan amount in line with the growth and expansion of our business. To this end, the Group adjusted its financial structure and increased the proportion of RMB loans, the proportion of U.S. dollar loans decreased to approximately 32% from approximately 83% in the previous year, in order to better control financial costs.

During the year under review, OEMs and their tier-1 suppliers were our major end customers, including China's top 10 new energy passenger vehicle brands. With the accelerated export of domestic new energy vehicles, the Group have also expanded into the international market with its technologies and established its presence overseas. In 2023, the Group continued to seize market share, in response to the challenges arising from fierce competition and rising interest rates. The profit attributable to shareholders for the Year amounted to RMB317.4 million, as compared to RMB415.0 million in the previous year, and as such the net profit margin was 5.4%.

New Energy Vehicle Solutions

With the strong awareness of environmental protection globally and affected by rising oil prices, new energy vehicles have gained popularity among consumers in recent years, and the demand for new energy vehicles has increased significantly. The Group's new energy business, including Battery Management System ("**BMS**") and Motor Control Unit ("**MCU**") solutions, continued to gain strong support, which in turn further expanded its market share in automotive OEMs, bringing considerable revenue to the Group throughout the year. The revenue from the new energy vehicle solutions segment continued to grow by 35% year-on-year to RMB2,787.6 million, the proportion of which in the Group's total revenue increased from 42.8% in 2022 to 48.0% in 2023, which remained the main growth driver of the Group's business.

Within this segment, we saw a particularly significant growth in the BMS solutions, and a substantial growth in the MCU solutions, while smart sensors and thermal management systems also recorded a remarkable increase in its application. Major customers include leading new energy vehicle ("**NEV**") OEMs and their tier-1 suppliers.

Body Control/Safety/Powertrain Solutions

In 2023, the revenue from safety system solutions, including solutions for braking, steering and tire pressure monitoring applications, increased by 33% to RMB844.7 million, accounting for 14.6% of the Group's total revenue. The increase in revenue was attributable to the continuous increase in the share of local components suppliers in China, and the Group benefited from more mass production solutions for new projects, which were eventually applied to new energy vehicles and conventional fuel vehicles.

Both body control system and powertrain system solutions recorded steady growth, with revenue increasing by 8% and 3% year-on-year, respectively, accounting for 16.1% and 7.7% of total revenue, which was in line with our expectations. In the future, we anticipate a large increase in the application of domain control solutions, therefore the application of drivetrain domain control solutions will continue to grow.

Automated & Connected Vehicles Solutions

In 2023, the Group accurately captured the market opportunities in automated driving, intelligent driving and connected vehicles, and the revenue from this business increased by 59% to RMB404.7 million, the proportion of which in the total revenue gradually increased to 7.0% from 5.3% in 2022. The satisfactory business performance was underpinned by the increasing assembly rate of the Group's related solution in new energy vehicles in the PRC and acquisition of more projects. Our major end customers include leading NEV brands in the market.

Our new electronic and electrical architecture business showed remarkable growth momentum, which will generate abundant results to the Group in the future, and will be the main growth driver of the Company's future results.

In the first half of 2023, the Group officially released the high-performance cabin-driving integrated controller MADC3.5, designed for L2+ and L2++ level automated driving scenarios with fully upgraded in functional safety, cyber security and cabin-driving integration, showcasing our deep understanding of automated driving domain control architectural design.

In view of the increasingly obvious tendency of localization of intelligent driving sector in the PRC, the Group has maintained close cooperation with a number of automated driving chip companies in the PRC, such as 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**"). The G-Pilot3 intelligent driving system, independently developed by the Group for the Horizon Robotics' Journey®3 on-board intelligent chip, has officially obtained the Horizon Matrix® standard hardware design certification. The G-Pilot3 intelligent driving system maximizes the computing power of the three Horizon Robotics' Journey®3 chips, and integrates ADAS and high-speed navigation on autopilot, making the overall system more compact and convenient for vehicle layout.

On the other hand, the Group entered into a strategic cooperation agreement with Haomo AI Technology Co., Ltd. (毫末智行科技有限公司) to build single Journey®3 driving-parking integrated domain controller. Leveraging on its own advantages, Intron Technology will be responsible for the design and manufacturing of intelligent driving project hardware, with the cooperation scope covering the product development and supporting services within the automotive automated and intelligent driving system architecture and hardware architecture.

Alongside the fast-evolving and ever-changing technology, the Group will continue to strengthen its R&D and innovation in this segment, and improve its technological advantages and market competitiveness in this sector, so as to bring us more market opportunities.

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. During the Year, the revenue from such business declined by 52% to RMB201.8 million, mainly due to the downturn in the industry, and the proportion of which in total revenue decreased from 8.7% to 3.5%. This business segment is expected to recover gradually in 2024.

Research and Development and Group Development

The Group has always regarded R&D as a core part of its development strategy. Alongside electrification and intelligence becoming a prevailing trend in the automotive industry, as well as its increasing complexity, the Group's technological advantages in this field are becoming increasingly pronounced. In 2023, the Group continued to increase R&D investment. R&D expenses increased by 56% year-on-year to RMB520.2 million, the proportion of which in the Group's revenue increased to 9.0% from 6.9%. As at 31 December 2023, the Group had 1,081 full-time R&D-related professionals, representing 70% of its total workforce. During the Year, the Group owned 268 patents and 217 software copyrights, representing an increase of 33 patents and 30 software copyrights, respectively as compared with the previous year.

The Group worked on simplifying the design complexity of automotive electronics with advanced semiconductor application technologies while making vehicles smarter, more efficient and safer. By always adhering to the concept of "openness and collaboration, integration and inclusiveness", the Group will continue to make the public accessible to its core capabilities and technical service platforms, and work with more partners in the industry ecosystem to promote the implementation of more forward-looking technologies and applications, so as to empower the transformation of electrification and intelligence and accelerate the development process of the PRC automotive industry.

In the field of new energy vehicles, the Group's MCU fourth-generation platform entered the large-scale delivery stage during the Year, and the BMS has completed the development of a localized product solution platform and is about to enter the delivery stage. In addition, the first phase of Nantong base of the Group's newly built packaging/production process development has been put into operation; currently, the base has the entire process equipment for packaging third-generation semiconductor customized power modules, as well as production equipment and testing equipment for customizing capacitors and assembling motor controllers; as a result, the high-density (28mm thickness) motor controller solution launched by the Group has become designated projects by leading OEMs in China.

Furthermore, Shanghai Qingheng Automotive Electronics Co., Limited (上海氫恒汽車電子有限公司) ("**Qingheng**"), a subsidiary of the Group, successfully passed the examination and assessment organized by the National High-Tech Enterprise Recognition and Management Leading Group Office, and became a "National High-Tech Enterprises", fully demonstrating that Qingheng has comprehensive strength in scientific and technological innovation, achievement transformation, research and development capabilities in core electronic control products in the field of fuel cell vehicles, and representing that Qingheng is able to carry out technological research and development activities in the rapidly growing new energy automotive electronics field and transform them into hi-tech products or services to achieve sustainable development.

With the transformation and development of the functional domain control architecture to a centralized architecture, the Group has built a scalable software and hardware technology platform. The platform caters for different demands of electronic and electrical architecture on the basis of hardware modular development, covering different solutions from low configuration to high configuration, so as to achieve cost optimization. In terms of system software development, the Group utilized the Data Distribution Service (DDS) to develop a standardized architecture based on the service-oriented architecture (SOA) issued by the China Association of Automobile Manufacturers, and completed the platform development of general atomized SOA services. In addition, the Group pioneered virtualized software solutions, which enabled to realize software integration in different development scenarios with Hypervisor, and has been applied to the first new zonal controller product platform in the industry based on Infineon AURIX™ TC4 series multi-core processors. The platform can be combined with the central computing unit (CCU) to form a ring network architecture based on 2.5G ETH, with large-bandwidth Ethernet as the backbone communication, which can fully meet the requirements of intelligent electric vehicles in computing power, functional safety, vehicle power redundancy and communication safety.

In the field of automated driving, which is experiencing a rapid growth, the Group has cooperated with a number of leading domestic vehicle factories and first-tier supplier customers on a number of mass production projects, such as ADAS front-view camera controller with L1-L2 functional requirements, and domain controller for L2+ automation level, etc., which have entered the mass delivery stage. Projects under proactive preparation include the functional safety development of high-level automated driving, as well as L2 and L3 automated driving controller product solutions that meet EU DCAS and ALKS regulatory standards.

Sensor fusion, as one of the core technologies in the field of automated driving: for the fusion 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 allow the positioning accuracy to reach decimeter level.

For automated driving system targeted for medium/high-end electric vehicles, the Group applied transformer neural network architecture to develop a target detection algorithm "StreamFusion" based on the fusion of 4D millimeter wave radar and mono camera image electric vehicle, 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. The "StreamFusion Visual Fusion Algorithm Solution" was rated high nuScenes Detection Score of 64.3% in the "camera and radar" section of the nuScenes Detection Task, a global authoritative evaluation in the field of automated driving. The solution currently ranked third in the 2023 global evaluation list, and is expected to further leap under iteration and training of short-term models.

In addition, the Group applied AI 3D reconstruction technology to build a virtual testing scenario for automated driving. Sensor data feedback in the virtual scenario was achieved through sensor simulation technologies, and environmental information were input into real domain controller hardware by real-time data synchronous recharging method, thus realizing software and hardware testing in the environment, which greatly improved the verification efficiency of controller algorithms before mass deployment, and ultimately further enhanced the safety of the system.

For other core electronic control products of intelligent vehicles, including service-oriented gateway controllers, 4G/5G T-BOX controllers, and hybrid gateway controllers, in addition to meeting the requirements of mass delivery, the Group also launched extensive cooperation in terms of productization and other aspects with a number of domestic major customers, covering the development of a new generation of automated driving domain control station platform, technology development of smart antenna controllers, automotive communication control units integrating Vehicle-to-Everything (V2X), Ultra Wideband (UWB), 5G communication and other functions, multi-mode cabin human-machine interaction solutions, and external Camera Monitor System ("**CMS**"), and in-vehicle wireless charging.

In terms of multi-mode cabin human-machine interaction, the Group developed an 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 response with the latest electronic 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 in-vehicle wireless charging, the Group released domestically-produced 15W~50W pre-installed in-vehicle wireless charging solution for in-vehicle mobile phones, which offers wireless charging solution with versatile functions, high charging efficiency, high safety and cost-effectiveness as part of the smart cabin, which improve passenger experience. The Group is one of the few suppliers in the industry that supports several domestic mainstream mobile phone manufacturers with the super-fast charging protocol. The front-mounted wireless charging platform and solution for in-vehicle mobile phones, which have industry-leading technology and mass production advantages, were developed based on the latest Qi 1.3/2.0 version protocol under the WPC Alliance, and by adopting localized automotive-grade supply chain system, with good loadability and reliability, which is highly competitive and cost-effective.

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 sales expansion of the Group's main business solutions for electrification, intelligence and hydrogenation and solution evolution.

During the Year, the Group completed the construction of complete testing and validation capabilities for Zonal Control Unit solutions, initially completed the construction of hybrid dual-motor electric drivetrain testing capabilities, initially completed the construction of the oil-cooling electric drivetrain testing capability, and gradually established the capability to meet the testing and validation requirements of automotive high-voltage components. In face of new business expansion, the Group will improve its testing capabilities on air conditioning compressors, in-vehicle wireless charging, and different domain control units and other solutions. In 2023, the independent R&D testing and validation centre undertook more than 669 testing projects, representing a year-on-year growth of 35.7%.

In terms of supporting testing and validation for large-scale delivery, 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 equipment, and our new testing site of approximately 1,300 square meters in Nantong is specially established for this purpose. Besides, the Group also established the testing and trial production sites for modules and devices of more than 4,000 square meters in the testing and validation center of Nantong, mainly used for environmental reliability testing, air tightness testing, power loop test and other auxiliary tests, ready to enter into the modular and device-based trial and testing stage, and further extend our validation patterns and capabilities, to ensure the quality of final products, improve R&D efficiency and reduce costs.

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 established 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 robot solutions. The centre was put into operation officially in November 2023, preparing for the Group's overseas expansion following Chinese automotive brands going global. The establishment of the R&D center is the Group's strategic initiative in the Greater Bay Area, which not only accelerates its expansion into overseas markets, but also fosters an international talent team.

In addition to business growth, the Group attaches great importance to environmental, social and governance (“**ESG**”) issues to allow for our sustainable development and bring benefits to all stakeholders. During the Year, we were rated for the Group’s ESG issues for the first time by Sustainalytics, an international ESG rating agency. Sustainalytics is one of the world-leading ESG research and data providers and ESG rating agencies and has been named the best ESG research and data provider by the Environmental Finance and Investment Week. The Group’s initial rating score for ESG risk was 23.7, which was in the premium position in the medium risk rating and among the top 44% of global companies. The Group has been sparing no effort to contribute to the global reduction of carbon emissions, and established an ESG Committee under the Board at the end of 2023, led by the Chairman of the Group, to develop relevant policies and objectives with a view to continuously improving the ESG level.

Outlook

The CAAM points out that China’s automotive market will continue to maintain a steady and progressive development trend in 2024. The sales of vehicles are expected to exceed 31 million units, representing a year-on-year increase of 3%; the sales of new energy vehicles will reach 11.50 million units, with an anticipated increase in the penetration rate of new energy vehicles. With the national support for electric vehicles and the increasing global concern about environmental protection, the continuous increase in the localization ratio of the domestic vehicle market, China’s automobile export volume ranking first in the world, and the gradual increase in the penetration rate of the new energy vehicles, the Group expects that China’s automotive market will continue to maintain a positive prospect, and the Group will continue to focus on the development of new energy vehicles and automated & connected vehicles. With global interest rates remaining high, the Group will continue to respond flexibly with its asset-light, research-focused business model, coupled with the management’s extensive experience in the field of electrification and intelligence, and its deep understanding of the automotive market, the Group is confident in sustaining its growth in this sector.

The Group’s new energy vehicle business is becoming increasingly established with leading technology of electronic control systems and economies of scale, and it will continue to expand its market share in the coming year. In terms of the automated & connected vehicles, the Group will closely monitor industrial developments and market changes, and introduce mass production solutions for the automotive segment market where intelligent driving technologies are widely used. Meanwhile, the Group will continue to optimize and enhance its capabilities in electronic and electrical architecture and software development, and strive to simplify and reduce the complexity of smart vehicle design with advanced semiconductor application technologies, while making vehicles smarter, more efficient and safer. We will make joint efforts with more industrial ecological partners to deliver more innovative technologies and product solutions.

In terms of the cloud server business, the industry is currently in the stage of inventory reduction, and the Group will continue to be prudent in this business and closely monitor the market and policy changes.

In terms of research and development, the Group always adheres to the concept of "independent research and development, scientific and technological innovation" and continues to increase its investment in research and development. The Group will continue to engage in the development of a number of new energy vehicle products and technologies, including the core electronic control field of hydrogen fuel cells, provide more professional, efficient and high-quality electronic control solutions for zero-carbon society and green travel, and promote the commercial application of sustainable green energies in automotive, industrial and other fields. In addition, the Group will continue to expand its research and development centers, and stabilize its investment in research and development while maintaining a sound financial conditions.

Main research directions:

- Focus on the application of advanced power semiconductors and collaborative robot-related application research in Hong Kong – business growth points for medium and long-term development;

- Testing and validation platform for autonomous driving domain control solutions including hardware in environment testing system;

- Testing and validation platform for reliability and useful life of high power density silicon carbide (SiC) modules for electric drive systems;

- Sensor fusion and scenario cognition scheme development based on neural network technologies;

- Automotive grade software and middleware platform that supports cross-platform deployment, cross-domain integration, and meets functional safety and cyber security requirements;

- Testing and validation platform for zonal controllers for the new generation of vehicle electronic and electrical architectures; and

- Strengthen the embedded software platform, centralized and integrated development (new sensor fusion technologies), optimize the resource mix, and invest more technical resources in regional fusion (specific application scenarios).

The Group believes that the investment in research and development over the years will form a technological research and development platform and an industrialization platform, and transform the same into the core competitiveness of the Group.

Looking ahead, despite the intense competition in the automotive industry, the Group remains cautiously optimistic about business growth under the global trend of electrification, intelligence and connectivity in the global automotive industry, and the Group will continue to focus on electrification and intelligence to meet the requirements of automotive makers, constantly improve the industrial service platform, and empower the design and application implementation of domestic semiconductors. In addition, the Group will continue to increase its investment in research and development and consolidate its leading position in the industry to achieve long-term sustainable growth and bring satisfactory returns to the shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, total revenue increased by 20% year-on-year to RMB5,802.3 million (31 December 2022: RMB4,829.9 million) mainly due to the increases in all of the motor business segments of the Group. The New Energy Vehicle business and Automated & Connected Vehicles segment performed particularly well and recorded continual strong growth.

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

	31 December 2023	31 December 2022	Change
	RMB'000	*RMB'000*	
New Energy	**2,787,590**	2,066,806	35%
Body Control	**934,407**	867,984	8%
Safety	**844,675**	635,996	33%
Powertrain	**446,392**	431,940	3%
Automated & Connected Vehicles	**404,657**	254,781	59%
Cloud Server	**201,848**	420,480	-52%
Rendering of Services & Others	**182,761**	151,956	20%
Total	**5,802,330**	4,829,943	20%

Gross Profit and Gross Profit Margin

For the year ended 31 December 2023, the Group's gross profit increased by 4% to RMB1,083.6 million compared with the year before. The gross profit margin decreased from 21.5% last year to 18.7%.

Other Income and Gains

The Group's other income and gains mainly included bank interest income, government grants, gains on disposal of financial assets at fair value through profit or loss, fair value gain on financial assets at fair value through profit or loss and others. For the year ended 31 December 2023, other income and gains increased by 107% to RMB82.5 million, mainly due to the increase in fair value gain on financial assets at fair value through profit or loss.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of salaries, benefits and equity-settled share option and award expenses for staff, warranty expenses, travelling and business entertainment expenses, marketing expenses, and administrative depreciation related costs. During the Year, the Group's selling and distribution expenses amounted to RMB113.5 million, up by 7% as compared with 2022. The increase was mainly attributable to the rise in travelling and business entertainment expenses to support the business growth.

Administrative Expenses

Administrative expenses mainly consist of (a) R&D expenses; and (b) other administration expenses including salaries, benefits and equity-settled share option and award expenses for the management, administrative and financial personnel, administrative costs, travelling expenses, 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 RMB599.1 million, representing an increase of 40% as compared with 2022. In particular, (a) R&D expenses charged to administrative expenses amounting to RMB466.7 million, together with the amortisation of deferred development costs amounting to RMB53.5 million charged to cost of sales, the total R&D expenses amounted to RMB520.2 million accounting for 9.0% of revenue. The 56% increase in R&D expenses as compared with 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 RMB132.4 million, representing an increase of 15% as compared with 2022, which was mainly due to higher labour costs, travelling expenses, office and other related expenses.

Other Expenses

During the Year, other expenses mainly consist of foreign exchange differences and others. These expenses amounted to RMB51.1 million in 2023, which was at similar level as 2022.

Finance Costs

During the Year, finance costs, which mainly consist of interest expenses on acceptance bills and bank borrowings, amounted to RMB100.0 million, representing an increase of 125% as compared with 2022, which was due to the increase in bank borrowings to facilitate the business growth as well as the rise of bank borrowing rate.

Income Tax Credit/(Expense)

During the Year, income tax credit was RMB10.3 million, representing a difference of 124% year-on-year, which was mainly due to an increase of the recognition of deferred tax.

Profit for the Year

The Group's net profit for the Year decreased by 24% from RMB411.1 million for the year ended 31 December 2022 to RMB312.5 million for the year ended 31 December 2023 due to lower gross margin.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group continued to maintain a satisfactory and healthy liquidity position. As at 31 December 2023, the Group had total cash and cash equivalents of RMB517.0 million (31 December 2022: RMB336.9 million).

The Group recorded net current assets of RMB1,672.2 million (31 December 2022: RMB1,444.2 million). Capital expenditure for the Year was RMB120.2 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 2023, the gearing ratio of the Group was 51% (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 31 December 2023, the Group had outstanding bank loans amounting to RMB1,651.8 million (31 December 2022: RMB950.2 million).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

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

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 2023 are set out below:

Use of proceeds	Planned applications *(RMB million)*	Percentage of total Net Proceeds *(%)*	Actual usage up to 31 December 2023 *(RMB million)*	Unutilized Net Proceeds as at 31 December 2023 *(RMB million)*	Expected timeframe for utilizing the remaining unused Net Proceeds
1. For the expansion of research and development capabilities	196.6	30	196.6	0	N/A
2. For the enhancement of research and development infrastructure	196.6	30	196.6	0	N/A
3. For the acquisitions of research and development capabilities	196.6	30	139.5	57.1	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	598.3	57.1	

PLACING OF SHARES

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

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

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

During the Year, all 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 2023 are set out below:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total net proceeds** *(%)*	**Actual usage up to 31 December 2023** *(RMB million)*	**Unutilized net proceeds as at 31 December 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

CAPITAL COMMITMENT

As at 31 December 2023, the Group had capital commitments contracted, but not provided for, amounting to RMB6.0 million (31 December 2022: RMB4.8 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 2022: Nil).

PLEDGE OF ASSETS

As at 31 December 2023, certain of the Group's bank loans, letter of guarantee, letter of credit and notes payable were secured by the pledge of certain of the Group's deposits amounting to RMB144.7 million (2022: RMB48.9 million).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any 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 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 2023, the Group had 1,539 employees (31 December 2022: 1,359 employees). The Group's labour costs (including salaries, bonuses and equity-settled share option and award expense, pension and welfare but excluding directors' and co-chief executives' remuneration) were RMB597.7 million, equivalent to 10.3% of the Group's revenue for the Year (2022: RMB481.3 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 2023, the Group had a total of 75,824,550 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, 25 November 2022 and 20 September 2023, 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 recorded RMB52,000 forfeited contribution from the MPF Scheme for the year ended 31 December 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.

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 C1 to the Listing Rules as its own code of corporate governance.

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

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

PROPOSED AMENDMENTS TO THE ARTICLES

The Board has proposed to amend the existing second amended and restated articles of association of the Company (the "**Articles of Association**") for the purpose of, among others, updating and bringing the Articles of Association in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023, as well as other housekeeping changes (the "**Proposed Amendments**").

For the purposes of the Proposed Amendments, the Board proposes to adopt the third amended and restated Articles of Association (the "**New Articles of Association**"), which consolidates the Proposed Amendments in substitution for, and to the exclusion of, the Articles of Association in their entirety.

The Proposed Amendments and adoption of the New Articles of Association are subject to the approval of the Shareholders by way of a special resolution to be considered and, if thought fit, passed at the forthcoming annual general meeting (the "**2024 AGM**") of the Company. A circular containing, among other matters, further details of the Proposed Amendments as well as the proposed adoption of the New Articles of Association, together with a notice of the 2024 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 C3 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 2023.

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 2023. 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 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 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

2024 AGM will be held on Monday, 27 May 2024. A notice convening the 2024 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 HK9.8 cents per share for the year ended 31 December 2023 (2022: HK13.1 cents) to the Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 4 June 2024. Subject to the approval by the Shareholders at the 2024 AGM to be held on Monday, 27 May 2024, the proposed final dividend is expected to be paid on or about Tuesday, 2 July 2024.

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 2024 AGM

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Wednesday, 22 May 2024 to Monday, 27 May 2024 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 2024 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, 21 May 2024.

(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 2024 AGM, the register of members of the Company will be closed from Friday, 31 May 2024 to Tuesday, 4 June 2024, 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 2023, 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, 30 May 2024.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF ANNUAL RESULT AND ANNUAL REPORT

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	**5,802,330**	4,829,943
Cost of sales		**(4,718,713)**	(3,789,330)
Gross profit		**1,083,617**	1,040,613
Other income and gains	4	**82,528**	39,868
Selling and distribution expenses		**(113,473)**	(106,320)
Administrative expenses		**(599,127)**	(427,218)
Other expenses		**(51,090)**	(49,585)
Finance costs		**(100,046)**	(44,538)
Share of profits and losses of associates		**(209)**	2,100
PROFIT BEFORE TAX	5	**302,200**	454,920
Income tax credit/(expense)	6	**10,349**	(43,813)
PROFIT FOR THE YEAR		**312,549**	411,107
Attributable to:			
Owners of the parent		**317,396**	414,963
Non-controlling interests		**(4,847)**	(3,856)
		312,549	411,107
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	**RMB29.19 cents**	RMB38.22 cents
Diluted	8	**RMB28.94 cents**	RMB37.81 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**312,549**	411,107
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(15,325)**	(79,105)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(15,325)**	(79,105)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(972)**	2,325
Income tax effect	**232**	(380)
	(740)	1,945
Exchange differences on translation of the Company	**13,265**	77,745
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**12,525**	79,690
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(2,800)**	585
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**309,749**	411,692
Attributable to:		
Owners of the parent	**314,596**	415,548
Non-controlling interests	**(4,847)**	(3,856)
	309,749	411,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**249,864**	195,156
Right-of-use assets		**41,041**	33,171
Other intangible assets		**363,133**	325,309
Investments in associates		**12,457**	12,666
Financial assets at fair value through profit or loss		**142,667**	85,218
Equity investment designated at fair value through other comprehensive income		**2,438**	3,324
Deferred tax assets		**106,476**	53,599
Advance payments for property, plant and equipment		**54,284**	15,616
Total non-current assets		**972,360**	724,059
CURRENT ASSETS			
Inventories		**1,554,260**	1,085,576
Trade and notes receivables	*9*	**1,848,235**	1,697,742
Contract assets		**451**	61
Prepayments, other receivables and other assets		**506,336**	181,668
Pledged deposits		**144,712**	48,861
Cash and cash equivalents		**516,998**	336,946
Total current assets		**4,570,992**	3,350,854
CURRENT LIABILITIES			
Trade and notes payables	*10*	**595,929**	330,658
Other payables and accruals		**845,039**	577,698
Derivative financial instruments		**3,000**	971
Interest-bearing bank and other loans		**1,384,044**	950,221
Lease liabilities		**16,113**	20,205
Tax payable		**54,688**	26,923
Total current liabilities		**2,898,813**	1,906,676

	Note	2023 RMB'000	2022 RMB'000
NET CURRENT ASSETS		**1,672,179**	1,444,178
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,644,539**	2,168,237
NON-CURRENT LIABILITIES			
Lease liabilities		**11,427**	12,735
Government grants		**1,500**	940
Interest-bearing bank and other loans		**267,726**	–
Deferred tax liabilities		**5,232**	5,925
Total non-current liabilities		**285,885**	19,600
Net assets		**2,358,654**	2,148,637
EQUITY			
Equity attributable to owners of the parent			
Share capital	*11*	**9,249**	9,241
Reserves		**2,343,541**	2,128,741
		2,352,790	2,137,982
Non-controlling interests		**5,864**	10,655
Total equity		**2,358,654**	2,148,637

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**") 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
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*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 28 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Hong Kong	**151,801**	23,753
Chinese Mainland	**5,623,425**	4,795,684
Other countries/regions	**27,104**	10,506
	5,802,330	4,829,943

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

(b) ***Non-current assets***

	2023 *RMB'000*	2022 *RMB'000*
Hong Kong	**113,595**	45,148
Chinese Mainland	**750,831**	624,828
Other countries/regions	**1,458**	484
	865,884	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 each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2023 *RMB'000*	2022 *RMB'000*
Customer 1	**598,557**	N/A*
Customer 2	**N/A***	618,062

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Revenue from contracts with customers	**5,802,330**	4,829,943

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time		
– Sale of products	**5,740,054**	4,808,630
– Rendering of consulting services	**62,276**	21,313
	5,802,330	4,829,943

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	**74,812**	35,974
Consulting services	**6,975**	8,057
Total	**81,787**	44,031

(ii) Performance obligations

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

Sale of products

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

Consulting services

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

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

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants *(note a)*	**11,531**	20,381
Bank interest income	**7,652**	4,254
Dividend income from financial assets at fair value through profit or loss	**5,030**	–
Commission income	**1,656**	1,154
Compensation income	**100**	1,861
Others	**135**	158
Total other income	**26,104**	27,808
Gains		
Gain on disposal of financial assets at fair value through profit or loss	**8,223**	6,236
Fair value gains, net:		
Derivative instruments	**3,043**	470
Financial assets at fair value through profit or loss – mandatorily designated as such	**45,158**	5,354
Total gains	**56,424**	12,060
Total other income and gains	**82,528**	39,868

Note:

(a) The amount represents grants received by the subsidiaries of the Company from the local government where they reside mainly for the purpose of compensation for expenses arising from research and development activities and to support the Group's operation and development. 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):

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**4,631,206**	3,752,535
Cost of services provided	**34,026**	16,636
Depreciation of property, plant and equipment	**53,586**	39,154
Depreciation of right-of-use assets*	**23,620**	19,222
Amortisation of patents and software*	**8,811**	6,582
Research and development costs:		
Deferred expenditure amortised*	**53,481**	20,159
Current year expenditure	**466,669**	312,316
Total	**520,150**	332,475
Lease payments not included in the measurement of lease liabilities	**4,861**	4,273
Auditor's remuneration	**3,512**	3,184
Employee benefit expense (excluding directors' and co-chief executives' remuneration *(note 8)*):		
Wages and salaries	**479,794**	396,959
Equity-settled share option and award expense	**25,784**	18,275
Pension scheme contributions**	**81,613**	60,465
Staff welfare expenses	**10,494**	5,598
Less: Amount capitalised	**(65,735)**	(89,200)
Total	**531,950**	392,097
Foreign exchange differences, net	**48,916**	48,471
Reversal of impairment of trade receivables, net	**(3,133)**	(159)
Write-down of inventories to net realisable value***	**26,531**	6,322
Dividend income from financial assets at fair value through profit or loss	**(5,030)**	–
Gain on disposal of financial assets at fair value through profit or loss	**(8,223)**	(6,236)
Fair value gains, net:		
Derivative instruments	**(3,043)**	(470)
Financial assets at fair value through profit or loss – mandatorily designated as such	**(45,158)**	(5,354)
Bank interest income	**(7,652)**	(4,254)
Government grants	**(11,531)**	(20,381)
Donation	**510**	–

* The amortisation of patents and software for the year is included in "Administrative expenses" and the amortisation of deferred development costs 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.

*** 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.

6. INCOME TAX

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

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

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (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 subsidiary in the Netherlands is entitled to a preferential income tax rate of 15% (2022: 15%) for the taxable income less than or equal to Euro395,000 and an income tax rate of 25.8% (2022: 25.8%) for the taxable income over Euro395,000. The subsidiary in the Chinese Taiwan is entitled to a tax exemption for the taxable income less than or equal to Taiwan dollar 120,000 and an income tax rate of 20% (2022: 20%) for the taxable income over Taiwan dollar 120,000. The subsidiary in Germany is entitled to a combined tax rate of 32.98% (2022: 32.98%), consisting of a corporate tax rate of 15%, a solidarity surcharge thereon of 5.5% and a trade tax rate of 17.15%.

The provision for current income tax in Chinese Mainland 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 G-Pulse Electronics Technology Company Limited are qualified as High and New Technology Enterprises and are subject to a preferential income tax rate of 15% (2022: 15%) during the year. In December 2023, Wuxi Maxdone Electronic Technology Company Limited is certified as High and New Technology Enterprises and is subject to a preferential income tax rate of 15% (2022: 15%). Guangzhou Intron Electronics Technology Company Limited, Beijing Maichuang Zhiheng Renewable Energy Technology Company Limited, Shanghai Qingheng Automotive Electronics Company Limited and Yinghao Intelligent Technology (Jiangsu) Company Limited are qualified as Small and Micro Enterprises and are subject to a preferential tax rate of 5%-20% during the year (2022: 2.5%-20%).

	2023	2022
	RMB'000	*RMB'000*
Current – Chinese Mainland		
Charge for the year	**123**	33,492
Current – Elsewhere		
Charge for the year	**42,950**	16,568
Deferred tax	**(53,422)**	(6,247)
Total tax (credit)/charge for the year	**(10,349)**	43,813

A reconciliation of the tax (credit)/expense applicable to profit before tax at the statutory rate in Chinese Mainland to the tax expense at the effective tax rate is as follows:

	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**302,200**	454,920
Tax at the statutory income tax rate of 25%	**75,550**	113,730
Effect of tax rate differences in other jurisdictions	**(27,020)**	(8,004)
Preferential income tax rates applicable to certain subsidiaries	**31,088**	(14,973)
Additional deduction allowance for research and development costs	**(108,217)**	(60,739)
Profit attributable to associates	**52**	(525)
Expenses not deductible for tax	**5,712**	3,337
Income not subject to tax	**(13,059)**	(2,576)
Tax losses not recognised	**12,531**	7,284
Temporary differences not recognised	**13,093**	688
Recognition of deductible temporary differences brought forward from previous years	**(79)**	(1,236)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**–**	5,000
Effect on opening deferred tax of decrease in rates	**–**	1,827
Tax (credit)/charge at the Group's effective rate	**(10,349)**	43,813

7. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Proposal final – HK9.8 cents (2022: HK13.1 cents) per ordinary share	**96,747**	126,163

The proposed final dividend of HK$106,608,000 (equivalent to RMB96,747,000) for the year, which is based on the Company's total number of shares as at 29 February 2024, 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 1,087,478,129 (2022: 1,085,675,628) 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:

	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	**317,396**	414,963

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year	**1,087,478,129**	1,085,675,628
Effect of dilution – weighted average number of ordinary shares:		
Share options	**9,256,582**	11,727,317
Total	**1,096,734,711**	1,097,402,945

9. TRADE AND NOTES RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**1,762,355**	1,490,181
Notes receivable	**94,796**	219,610
	1,857,151	1,709,791
Impairment	**(8,916)**	(12,049)
Net carrying amount	**1,848,235**	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 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 RMB11,421,000 as at 31 December 2023 (2022: RMB44,557,000), 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:

	2023	2022
	RMB'000	*RMB'000*
Less than 3 months	**1,669,242**	1,384,454
3 to 6 months	**59,560**	42,037
6 to 12 months	**17,456**	31,380
1 to 2 years	**5,162**	20,097
2 to 3 years	**2,019**	164
Total	**1,753,439**	1,478,132

10. TRADE AND NOTES PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**402,034**	323,680
Notes payable	**193,895**	6,978
	595,929	330,658

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

	2023	2022
	RMB'000	*RMB'000*
Less than 3 months	**361,028**	292,073
3 to 6 months	**35,844**	30,441
6 to 12 months	**4,548**	491
1 to 2 years	**100**	445
Over 2 years	**514**	230
Total	**402,034**	323,680

None of the trade payables was due to a related party as at 31 December 2023 (2022: RMB42,000).

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

11. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
2,400,000,000 (2022: 2,400,000,000) ordinary shares of HK$0.01 each	**24,000**	24,000

	2023	2022
	RMB'000	*RMB'000*
Issued and fully paid:		
1,087,838,400 (2022: 1,086,969,900) ordinary shares of HK$0.01 each	**9,249**	9,241

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

	Number of shares in issue	Share capital
		RMB'000
At1 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
Share options exercised *(note (a))*	868,500	8
At 31 December 2023	1,087,838,400	9,249

Note:

(a) The subscription rights attaching to 433,500 share options were exercised at the subscription price of HK$2.662 per share, 125,000 share options were exercised at the subscription price of HK$2.810 and 310,000 share options were exercised at the subscription price of HK$4.250, resulting in the issue of 868,500 shares for a total cash consideration, before expenses, of HK$2,778,000 (equivalent to RMB2,535,000). An amount of HK$1,125,000 (equivalent to RMB955,000) 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, 20 March 2024

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