intron
英恒

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

2018 Interim Report

CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Disclosure of Interests	9
Other Information	11
Consolidated Statement of Profit or Loss	12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Luk Wing Ming *(Chairman)*
Mr. Chan Cheung Ngai
Mr. Chan Ming
Mr. Ng Ming Chee

Independent Non-executive Directors

Mr. Jiang Yongwei
Mr. Yu Hong
Mr. Tsui Yung Kwok

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1008-10, 10/F Delta House
3 On Yiu Street, Shatin
New Territories, Hong Kong

JOINT COMPANY SECRETARIES

Mr. Ng Ming Chee
Mr. Wong Yu Kit

AUTHORIZED REPRESENTATIVES

Mr. Ng Ming Chee
Mr. Wong Yu Kit

AUDIT COMMITTEE

Mr. Tsui Yung Kwok *(Chairman)*
Mr. Jiang Yongwei
Mr. Yu Hong

REMUNERATION COMMITTEE

Mr. Jiang Yongwei *(Chairman)*
Mr. Yu Hong
Mr. Luk Wing Ming

NOMINATION COMMITTEE

Mr. Chan Cheung Ngai *(Chairman)*
Mr. Jiang Yongwei
Mr. Tsui Yung Kwok

AUDITOR

Ernst & Young
Certified Public Accountants

COMPLIANCE ADVISER

First Shanghai Capital Limited

HONG KONG SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China
Bank of Shanghai
Bank of China (Hong Kong) Limited
Citibank, N.A.

STOCK CODE

1760

WEBSITE

www.intron-tech.com

MANAGEMENT DISCUSSION AND ANALYSIS

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 2018 (the "**Period**" or "**Period under review**") together with selected explanatory notes and the relevant comparative figures for the corresponding period in 2017.

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

SUMMARY

The Group achieved high growth for the six months ended 30 June 2018, riding on the healthy domestic automotive market development. In spite of lower seasonal first half year compared to full year, total revenue for the Group increased by 49% year-on-year, contributed strongly by the revenue growth of New Energy at 110% for the same period. Other revenue segments in Safety, Body control and Powertrain grew at above 20-30% year-on-year while Industrial segments grew above 120% although at a lower base. The Group's gross profit margin grew slightly for the same period to 21.1% and achieved a net profit margin of 7.9%, 0.7 percentage points higher than the same period last year and a growth of profit for the Period at 63% year-on-year. Excluding one-time IPO expenses, net profit margin was 8.7%, 1.5 percentage points above last year and a growth of profit for the Period at 79% year-on-year. The Group continued to invest in R&D at 5.4% of revenue for the Period.

BUSINESS REVIEW

In the first half of 2018, the automotive market in the People's Republic of China (the "**PRC**") continued to deliver healthy growth supported by a stable economic environment. According to the data published by China Association of Automobile Manufacturers, sales volume of passenger vehicles in the PRC was 11.775 million during the Period, representing a growth of 4.64% year-on-year and 43.4% of this number were China-branded vehicles. The market also recorded an encouraging 70% year-on-year sales volume growth in new energy passenger vehicles during the Period, far higher than the overall sales volume growth of the automotive market.

As a fast-growing automotive electronics solution provider in the PRC, our business performance continued to benefit from the overall industry expansion, in particular the strong growth in the sales of new energy vehicles. Nevertheless, the Group still worked hard to make new progress, enabling it to deliver an outstanding business performance. For the six months ended 30 June 2018, the Group's revenue rose by 49% to RMB875.8 million, continuing to maintain satisfactory growth that outperformed the market. Its gross profit margin increased slightly to 21.1%. Backed by the high revenue growth and a stable cost structure, the Group's profit attributable to owners of the Company grew substantially by 63% to RMB69.0 million.

All of the Group's electronics solution products, including new energy, body control, safety, powertrain and industrial solutions, recorded growth in revenue during the Period under review. In particular, revenue from new energy solutions achieved a high substantial year-on-year growth of 110% to RMB227.2 million and became the Group's key business growth driver as fueled by the rapid growth of advanced solutions including battery management systems (BMS), vehicle control units (VCU) and motor control units (MCU). During the Period, the Group's key customers continued to comprise automotive makers and brands that manufacture motors vehicles ("**OEMs**") in the PRC, including the top ten renowned Chinese new energy passenger vehicles brands, such as BYD and BAIC BJEV.

In the first half of 2018, the Group provided 161 solutions to customers, representing an increase of 10 solutions compared to the corresponding period last year. The Group's comprehensive solutions portfolio also enables it to stand out in the market.

Research and development ("**R&D**") is a key component of the Group's business model. The Group devoted major efforts to investing in R&D during the Period under review, raising R&D costs by 33% year-on-year to RMB47.1 million and increasing R&D investment by RMB11.8 million when compared to the corresponding period last year. As at 30 June 2018, the Group had 294 full time R&D-related professionals, making up 63% of its total number of employees. The Group also secured 3 patents and 8 software copyrights during the Period.

In addition to the new energy vehicle segment, the Group has also put more focus of R&D investment on automated driving solutions (ADAS). During the Period under review, the Group increased the headcount of the R&D team dedicated to the automated driving sector from 43 to 75. Based on its original solid technology foundation, the Group is currently developing a number of automated driving-related product technology solutions, including the high-performance automated driving central processing unit, 77GHz millimeter-wave radar, monocamera-based driver monitoring system and sensor integrated solutions meeting the ASIL-B level integrated sensor fusion solutions.

In addition, the Group has made smooth progress in the automated driving controller development project in cooperation with TTTech Computertechnik AG for the Chinese OEMs customer. The group is also actively expanding the provision of technical services and ADAS solution to other OEMs in the PRC.

OUTLOOK

The PRC's automotive market is expected to maintain its growth. According to an industry report prepared by Frost & Sullivan, an independent industry consultant, the production volume of automobiles in the PRC is expected to increase from 29 million in 2017 to 39.7 million in 2022, a CAGR of 6.5%. Production volume of new energy vehicles in the country will experience an even faster CAGR of 34.9%. The automotive electronic component market in the PRC is expected to increase from RMB577.5 billion in 2017 to RMB996.8 billion in 2022, representing a CAGR of 11.5%. The expected CAGR of the automotive electronic components market for new energy vehicles from 2017 to 2022 will reach as high as 42.0%, indicating that the Group is on the right development path.

Drawing on the long term cooperative relationships with customers, a comprehensive product portfolio and strong R&D capabilities and product pipeline, the Group is confident of capturing the business opportunities in the PRC's automotive market and realizing further business growth. The Group has been investing in the new energy vehicle solutions-related technologies with first product solution developed since 2009. The resulting first-mover advantage is believed to help the Group grasp the market's rapid expansion and support the rate of its business growth to exceed that of the overall market.

The Company's issued ordinary shares (the "**Shares**") have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 12 July 2018 (the "**Listing**"). The Listing has not only provided capital for business development, but also facilitated expansion into capital markets and enhanced the Group's reputation, thereby laying a solid foundation for its future business development.

Looking ahead, the Group will continue to improve its new energy vehicle solutions to enhance market penetration and strengthen its R&D capability, including developing its core technology platform and maintaining its competitive edge in addressing market trends proactively. In addition, the Group will make a greater investment in developing automated driving solutions and actively exploring acquisition and strategic partnership opportunities. Its objective is to become the preferred automotive electronics solution provider of OEMs and their suppliers in the PRC and occupy dominant market share. Such efforts will also help the Group maintain sustainable growth and bring satisfactory returns to the shareholders of the Company (the "**Shareholders**").

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2018, total revenue increased by around 49% or RMB287.8 million from approximately RMB588.0 million in the same period last year to approximately RMB875.8 million. The increase was mainly driven by increased sales of the Group's solutions, in particular for applications in the new energy category.

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

	Six months ended 30 June		
(RMB thousands)	**2018**	2017	Increase
New Energy	**227,186**	107,969	110%
Safety	**191,826**	146,809	31%
Body Control	**188,615**	155,318	21%
Powertrain	**111,114**	86,130	29%
Industrial	**101,419**	44,488	128%
Rendering of services & Others	**55,676**	47,317	18%
Total	**875,836**	588,031	49%

Gross Profit

Gross profit for the six months ended 30 June 2018 increased by approximately 52% (higher than the proportion of sales growth) year-on-year to approximately RMB185.0 million, which was mainly due to the increase in income resulting from solutions sales growth, in particular for the applications in the new energy category. The Group's overall gross profit margin for the six months ended 30 June 2018 increased slightly to 21.1%.

Other Income and Gains

The Group's other income and gains mainly included government grants, bank interest income, exchange gains and others. For the six months ended 30 June 2018, other income and gains decreased by 44% to approximately RMB4.3 million. Among which, government grants increased by approximately RMB2.4 million when compared to the same period last year which offset part of the impact of the absence of net exchange gains during the Period.

Sales and Distribution Expenses

Sales and distribution expenses mainly consist of salaries and benefits for staff, transportation and insurance costs, maintenance and repair expenses, travelling expenses, office utility expenses, marketing and advertising expenses, and depreciation costs. During the Period under review, the Group's sales and distribution expenses amounted to approximately RMB18.7 million, representing an increase of 14% as compared to the corresponding period in 2017. The higher expenses was mainly due to the increase in 12 headcount of sales staff leading to approximately RMB1.5 million increase in salaries when compared to the same period last year. The growth in expenses was also due to the approximately RMB0.8 million increase in relevant logistics costs resulting from the growth in business volume.

Administrative Expenses

Administrative expenses mainly consist of (a) research and development expenses and (b) other administration expenses including salaries and benefits for the management, administrative and financial personnel, administrative costs, customization and development expenses, depreciation expenses relating to property, plant and equipment used for administrative purposes, amortization expenses for the management information systems, other taxes and levies, and Listing expenses.

During the Period under review, administrative expenses amounted to approximately RMB77.6 million, representing an increase of 39% as compared to the corresponding period in 2017. Among which, (a) research and development expenses increased by 33% to approximately RMB47.1 million, which was mainly attributable to the increase in the headcount of the research and development team from 211 in the same period last year to 294; and (b) Other administrative expenses increased by 50%, which was mainly due to the Listing expenses of approximately RMB7.0 million generated in the same period of 2018, increase in staff headcount added approximately RMB1.0 million to salary expenses and rentals of newly-added facilities increased by approximately RMB1.2 million.

Other Expenses

Other expenses mainly consist of net exchange losses, loss on disposal of fixed assets and bank fees. This expenses are at about the same level compared to the same period in 2017. During the Period under review, other expenses was made up of net exchange losses and in 2017 was due to loss on disposal of fixed assets.

Finance Costs

During the Period under review, finance costs amounted to approximately RMB11.6 million, representing an increase of 71% as compared to the corresponding period in 2017, which was mainly due to the relatively significant increase of interest on loans and interest on discounted notes incurred to support a bigger business.

Income Tax Expense

During the Period under review, income tax expense amounted to approximately RMB9.6 million, representing an increase of 64% as compared to the corresponding period in 2017, which was mainly due to an increase of profit.

Profit for the Period

As a result of the above factors, the Group's profit for the Period increased by approximately 63% from approximately RMB42.4 million for the six months ended 30 June 2017 to approximately RMB69.0 million for the six month ended 30 June 2018. Without considering one-off IPO expenses, the Group's profit for the Period increased by 79% compared to same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period under review, the Group continued to maintain a satisfactory and healthy liquidity position. As at 30 June 2018, the Group had cash and cash equivalents of approximately RMB164.2 million (30 June 2017: approximately RMB48.4 million).

The Group recorded net current assets of approximately RMB308.1 million (30 June 2017: approximately RMB322.0 million). Capital expenditure for the first half of the year were approximate RMB6.2 million, which were mainly used for purchasing research and development equipment. Net debt-to-equity ratio was 37%, which represented bank loans and other borrowings less cash and cash equivalents and pledged deposits divided by total equity.

The Group increased its bank loans mainly for securing capital for its business development. At as 30 June 2018, the Group had bank loans amounting to approximately RMB312.6 million.

Details of the Group's assets pledged for the Group's bank and other loans are included in note 19 to the condensed consolidated financial statements.

INTERIM DIVIDEND

The Directors did not recommend the payment of a dividend by the Company for the six months ended 30 June 2018.

On 3 June 2017 and 18 January 2018, Intron Technology (China) Limited, a subsidiary of the Group, declared and approved a dividend of US$3,860,000 (equivalent to RMB26,238,000) and US$6,200,000 (equivalent to RMB39,929,000) to the then shareholders respectively.

On 25 January 2018, Shanghai Intron declared and approved a dividend of RMB100,000,000 to the then shareholders.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on 12 July 2018 (the "**Listing Date**") with net proceeds received by the Group from the Global Offering (as defined in the prospectus of the Company dated 29 June 2018 (the "**Prospectus**")), including the additional net proceeds received by the Company upon partial exercise of the Over-allotment Option (as defined in the Prospectus and details of which have been set out in the announcement of the Company dated 1 August 2018), amounted to approximately HK$766.7 million (after deducting the underwriting commission, fees and all related expenses), which will be utilized for the purposes as set out in the Prospectus.

As at the date of this report, none of the net proceeds has been utilized. The unutilized net proceeds have been placed in deposits with banks in Hong Kong.

CAPITAL COMMITMENT

As at 30 June 2018, the Group had capital commitments contracted, but not provided for, amounting to approximately RMB2.7 million (30 June 2017: approximately RMB6.0 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period under review, save for the Reorganization in preparation of the Listing, the Group did not have any other material investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities.

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 minimizing its net foreign currency position. The Group also minimizes 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 had not entered into any foreign exchange forward contracts or used any derivative contracts to hedge related risk. 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 2018, the Group had 467 employees (30 June 2017: 352 employees). The Group's labor costs (including salaries, bonuses, social security, provident fund and share award scheme) were approximate RMB54.6 million, equivalent to 6% of the Group's revenue in the Period under review.

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 organization 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 Group.

As at 30 June 2018, the Group had not issued or allotted any awarded shares. This will be considered in the near future to enhance company attractiveness in compensation as well as motivation for employee performance and retention.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Since the Shares were listed on the Main Board of the Stock Exchange on 12 July 2018, Divisions 2 and 3 of Part XV of the SFO and section 336 of the Securities and Futures Ordinance (the "**SFO**") were not applicable to the Company and the substantial shareholders as at 30 June 2018.

As at the date of this report, the following persons (other than the interests of the Directors or chief executives of the Company as disclosed above) had interests or short positions in the ordinary shares of the Company or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of securities held *(1)*	Approximate shareholding percentage (%)
Magnate Era Limited ("**Magnate Era**") *(2, 5 & 7)*	Beneficial owner	525,000,000 (L)	50.67%
Zenith Benefit Investments Limited ("**Zenith Benefit**") *(3, 5 & 7)*	Beneficial owner	75,000,000 (L)	7.23%
Treasure Map Ventures Limited ("**Treasure Map**") *(4 & 5)*	Beneficial owner	75,000,000 (L)	7.23%
Heroic Mind Limited ("**Heroic Mind**") *(6 & 7)*	Beneficial owner	75,000,000 (L)	7.23%

Notes:

1. The letter "L" denotes long position of the shares.

2. Magnate Era is a corporate Controlling Shareholder legally and beneficially owned by both Mr. Luk and Mr. Chan in equal shares.

3. Zenith Benefit is a corporate Controlling Shareholder legally and beneficially owned by both Mr. Luk and Mr. Chan in equal shares.

4. Treasure Map is a corporate Controlling Shareholder legally and beneficially owned as to 100.0% by Mr. Luk.

5. As disclosed in Notes 2 to 4 above, Mr. Luk owns 50.0% of Magnate Era, 50.0% of Zenith Benefit and 100.0% of Treasure Map (all being corporate controlling shareholders) (as defined in the Listing Rule). He is deemed under the SFO to be interested in the entirety of 675,000,000 Shares directly held by the aforesaid three holding companies.

6. Heroic Mind is a corporate Controlling Shareholder legally and beneficially owned as to 100.0% by Mr. Chan.

7. As disclosed in Notes 2, 3 and 6 above, Mr. Chan owns 50.0% of Magnate Era, 50.0% of Zenith Benefit and 100.0% of Heroic Mind (all being corporate Controlling Shareholders). He is deemed under the SFO to be interested in the entirety of 675,000,000 Shares directly held by the aforesaid three holding companies.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Since the Shares were listed on the Main Board of the Stock Exchange on 12 July 2018, the Company was not required to keep any register under Part XV of the Securities and Futures Ordinance ("**SFO**") as at 30 June 2018.

As at the date of this report, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) are as follows:

Name of Shareholder	Nature of Interest	Number of securities held (1)	Approximate shareholding percentage (%)
Luk Wing Ming ("**Mr. Luk**") (2)	Interest of controlled corporations	675,000,000 (L)	65.15%
Chan Cheung Ngai ("**Mr. Chan**") (3)	Interest of controlled corporations	675,000,000 (L)	65.15%
Zhang Dan (4)	Interest of spouse	675,000,000 (L)	65.15%
Zhang Hui (5)	Interest of spouse	675,000,000 (L)	65.15%

Notes:

1. The letter "L" denotes long position of the shares.

2. Mr. Luk owns 50.0% of Magnate Era, 50.0% of Zenith Benefit and 100.0% of Treasure Map (all being corporate Controlling Shareholders). He is deemed under the SFO to be interested in the entirety of 675,000,000 Shares directly held by the aforesaid three holding companies.

3. Mr. Chan owns 50.0% of Magnate Era, 50.0% of Zenith Benefit and 100.0% of Heroic Mind (all being corporate Controlling Shareholders). He is deemed under the SFO to be interested in the entirety of 675,000,000 Shares directly held by the aforesaid three holding companies.

4. Ms. Zhang Dan is the spouse of Mr. Luk. Under the SFO, Ms. Zhang Dan is deemed to be interested in the entirely of the 675,000,000 Shares in which Mr. Luk is interested.

5. Ms. Zhang Hui is the spouse of Mr. Chan. Under the SFO, Ms. Zhang Hui is deemed to be interested in the entirely of the 675,000,000 Shares in which Mr. Chan is interested.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 22 June 2018 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and other rules and regulations.

Further details of the Scheme are set forth in the section headed "Statutory and General Information – 13. Share Option Scheme" in Appendix IV to the Prospectus.

For the six months ended 30 June 2018, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

As the Company was not yet listed on the Stock Exchange during the six months ended 30 June 2018, the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") was not applicable to the Company during the six months ended 30 June 2018.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the Company was not yet listed on the Stock Exchange during the six months ended 30 June 2018, the provisions under the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules were not applicable to the Company during the six months ended 30 June 2018.

After the Listing, the Company has adopted the Model Code as its code of conduct for Directors' securities transactions. Having made specific enquiries with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code since the Listing Date up to the date of this report.

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

As the Company was not yet listed on the Stock Exchange for the six months ended 30 June 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2018.

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 six months ended 30 June 2018, the audit committee comprised of three independent non-executive directors of the Company, 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 interim financial statements of the Group for the six months ended 30 June 2018. They considered that the unaudited interim financial statements of the Group for the six months ended 30 June 2018 are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	Unaudited Six months ended 30 June **2018** **RMB'000**	 2017 RMB'000
REVENUE	5	**875,836**	588,031
Cost of sales		**(690,882)**	(466,007)
Gross profit		**184,954**	122,024
Other income and gains	5	**4,296**	7,643
Selling and distribution expenses		**(18,663)**	(16,396)
Administrative expenses		**(77,557)**	(55,629)
Other expenses		**(2,853)**	(2,676)
Finance costs	7	**(11,575)**	(6,753)
PROFIT BEFORE TAX	6	**78,602**	48,213
Income tax expense	8	**(9,553)**	(5,834)
PROFIT FOR THE PERIOD		**69,049**	42,379
Attributable to:			
Owners of the Company		**69,049**	42,400
Non-controlling interests		**–**	(21)
		69,049	42,379
EARNINGS PER SHARE (RMB cents)			
Basic and diluted	10	**9.2**	5.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000
PROFIT FOR THE PERIOD	**69,049**	42,379
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**734**	(3,649)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**734**	(3,649)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**734**	(3,649)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**69,783**	38,730
Attributable to:		
Owners of the Company	**69,783**	38,751
Non-controlling interests	**–**	(21)
	69,783	38,730

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**20,058**	17,843
Other intangible assets	12	**13,218**	14,889
Deferred tax assets		**8,920**	6,780
Advance payments for property, plant and equipment		**193**	2,733
Total non-current assets		**42,389**	42,245
CURRENT ASSETS			
Inventories	13	**360,264**	287,661
Trade and notes receivables	14	**462,928**	507,538
Prepayments, deposits and other receivables	15	**13,055**	9,042
Financial assets at fair value through profit or loss		**500**	2,000
Pledged deposits	16	**18,493**	18,252
Cash and cash equivalents	16	**164,165**	92,252
Total current assets		**1,019,405**	916,745
CURRENT LIABILITIES			
Trade payables	17	**187,068**	174,829
Other payables and accruals	18	**207,363**	159,512
Interest-bearing bank and other loans	19	**312,645**	168,929
Tax payable		**2,889**	23,341
Government grants	20	**1,366**	1,366
Total current liabilities		**711,331**	527,977
NET CURRENT ASSETS		**308,074**	388,768
TOTAL ASSETS LESS CURRENT LIABILITIES		**350,463**	431,013
NON-CURRENT LIABILITIES			
Interest-bearing bank and other loans	19	**183**	360
Government grants	20	**2,235**	2,463
Total non-current liabilities		**2,418**	2,823
Net assets		**348,045**	428,190
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**–**	–
Reserves		**348,045**	428,190
Total equity		**348,045**	428,190

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company							
	Share capital RMB'000	Statutory surplus reserves RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
At 1 January 2017(audited)	–*	5,721	19,558	6,114	310,744	342,137	617	342,754
Profit for the period	–	–	–	–	42,400	42,400	(21)	42,379
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	–	(3,649)	–	(3,649)	–	(3,649)
Total comprehensive income for the period	–	–	–	(3,649)	42,400	38,751	(21)	38,730
Disposal of subsidiaries	–	–	–	–	–	–	(279)	(279)
Acquisition of equity interests from the controlling shareholders	–	–	(1,600)	–	–	(1,600)	–	(1,600)
Dividends declared *(note 9)*	–	–	–	–	(26,238)	(26,238)	–	(26,238)
At 30 June 2017 (unaudited)	–*	5,721	17,958	2,465	326,906	353,050	317	353,367
At 1 January 2018 (audited)	**–***	**7,155**	**17,733**	**(2,176)**	**405,478**	**428,190**	**–**	**428,190**
Profit for the period	**–**	**–**	**–**	**–**	**69,049**	**69,049**	**–**	**69,049**
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**734**	**–**	**734**	**–**	**734**
Total comprehensive income for the period	**–**	**–**	**–**	**734**	**69,049**	**69,783**	**–**	**69,783**
Issue of shares *(note 21)*	**–***	**–**	**–**	**–**	**–**	**–***	**–**	**–***
Acquisition of equity interests from the controlling shareholders	**–**	**–**	**(10,000)**	**–**	**–**	**(10,000)**	**–**	**(10,000)**
Dividends declared *(note 9)*	**–**	**–**	**–**	**–**	**(139,929)**	**(139,929)**	**–**	**(139,929)**
At 30 June 2018 (unaudited)	**–***	**7,155**	**7,733**	**(1,442)**	**334,598**	**348,045**	**–**	**348,045**

* Represents the amount less than RMB1,000

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
OPERATING ACTIVITIES		
Net cash used in operating activities	**(21,797)**	(39,044)
INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(3,534)**	(4,081)
Additions to other intangible assets	**(4,972)**	(3,434)
Decrease in amount due from directors	**–**	4,319
Decrease in amount due from related parties	**–**	1,678
Other investing cash flows (net)	**1,546**	2,187
Net cash flows (used in)/generated from investing activities	**(6,960)**	669
FINANCING ACTIVITIES		
Net proceeds from bank and other loans	**143,541**	23,901
Payment to the controlling shareholders and entities jointly controlled by the controlling shareholders	**(10,000)**	(1,600)
Dividend paid	**(31,077)**	–
Other financing cash flows (net)	**(2,508)**	(819)
Net cash flows generated from financing activities	**99,956**	21,482
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**71,199**	(16,893)
Effect of foreign exchange rate changes, net	**714**	(707)
Cash and cash equivalents at beginning of period	**92,252**	65,951
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**164,165**	48,351
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**164,165**	48,351

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. The Company's shares were listed on the Main Board of the Stock Exchange on 12 July 2018.

2. BASIS OF PRESENTATION AND PREPARATION

These condensed consolidated financial statements 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 provisions of the Rules Governing the Listing of Securities on the Stock Exchange. These condensed consolidated financial statements do not include all of the information required for full set of financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2017 set out in Appendix I "Accountants' Report" to the Prospectus, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA.

3. ADOPTION OF NEW AND REVISED ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Accountants' Report, except for the accounting policy changes that are first effective for the current accounting period of the Group:

Amendments to HKFRS 1 included in *Annual Improvements 2014-2016 Cycle*	*First-time Adoption of Hong Kong Financial Reporting Standards*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 28 included in *Annual Improvements 2014-2016 Cycle*	*Investments in Associates and Joint Ventures*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*

The adoption of these new standards and amendments to existing standards does not have any significant impact to the Group's results and financial position for the current or prior periods in the condensed consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000
Hong Kong	**18,016**	13,548
Mainland China	**850,947**	574,155
Other countries	**6,873**	328
	875,836	588,031

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

(b) Non-current assets

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Hong Kong	**2,580**	2,722
Mainland China	**30,888**	32,743
	33,468	35,465

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 2018 RMB'000	 2017 RMB'000
Customer 1	**100,383**	–*
Customer 2	**90,005**	–*

* The corresponding revenue does not contribute over 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of products sold, after allowances for returns and trade discounts; the value of services rendered; and net of value added tax and government surcharges.

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

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Revenue		
Sale of products	**866,308**	572,291
Rendering of services	**9,528**	15,740
	875,836	588,031
Other income		
Government grants *(note a)*	**4,050**	1,698
Bank interest income	**191**	69
Investment income from financial assets at fair value through profit or loss	**46**	83
Others	**9**	78
	4,296	1,928
Gains		
Exchange gains, net	**–**	5,715
	4,296	7,643

Note:

(a) The amount represents grants received by the subsidiaries of the Company from the local government where they reside. There are no unfulfilled conditions and other contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000
Cost of inventories sold*	**687,261**	462,204
Cost of services provided*	**3,621**	3,803
Depreciation	**3,859**	2,740
Amortisation of other intangible assets****	**2,477**	2,049
Research and development costs**	**47,072**	35,326
Minimum lease payments under operating leases	**6,103**	4,313
Government grants	**(4,050)**	(1,698)
Bank interest income	**(191)**	(69)
Foreign exchange losses/(gains), net	**2,839**	(5,715)
Employee benefit expense (excluding directors' and co-chief executives' remuneration):		
Wages and salaries	**45,808**	39,499
Pension scheme contributions	**8,449**	4,949
Staff welfare expenses	**331**	316
	54,588	44,764
Loss on disposal of subsidiaries	**–**	2,819
Write-down/(reversal of write-down) of inventories to net realisable value***	**856**	(8,099)

* The cost of inventories sold and cost of services provided include RMB4,109,000 and RMB3,690,000 relating to employee benefit expense and depreciation for the six months ended 30 June 2018 and 2017 respectively, which are also included in the respective total amounts disclosed above for each type of expenses.

** The research and development costs include RMB37,668,000 and RMB28,823,000 relating to employee benefit expense, depreciation, amortisation of other intangible assets and minimum lease payments under operating leases for the six months ended 30 June 2018 and 2017 respectively, which are also included in the respective total amounts disclosed above for each type of expenses.

*** Write-down/(reversal of write-down) of inventories to net realisable value is included in "Cost of sales" in the consolidated statements of profit or loss.

**** The amortisation of patents and software is included in "Administrative expenses" in the consolidated statements of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000
Interest on bank loans	**5,372**	2,778
Interest on discounted notes receivable	**6,203**	3,975
	11,575	6,753

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which the subsidiaries 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.

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% on the estimated assessable profits arising in Hong Kong for the Period.

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 Intron**") and Shanghai G-Pulse Electronics Technology Company Limited, two subsidiaries of the Group are qualified as High and New Technology Enterprises and were subject to a preferential income tax rate of 15% for the Period.

The major components of income tax expense of the Group are analysed as follows:

	Unaudited Six months ended 30 June 2018 RMB'000	 2017 RMB'000
Current – Mainland China		
Charge for the period	**7,523**	2,498
Current – Hong Kong		
Charge for the period	**4,165**	3,262
Deferred tax (credited)/charged to the statement of profit or loss during the period	**(2,135)**	74
Total tax charge for the period	**9,553**	5,834

9. DIVIDENDS

The Directors did not recommend the payment of a dividend by the Company for the six months ended 30 June 2018.

On 3 June 2017 and 18 January 2018, Intron Technology (China) Limited, a subsidiary of the Group, declared and approved a dividend of US$3,860,000 (equivalent to RMB26,238,000) and US$6,200,000 (equivalent to RMB39,929,000) to the then shareholders respectively.

On 25 January 2018, Shanghai Intron declared and approved a dividend of RMB100,000,000 to the then shareholders.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2018 of RMB69,049,000 (2017: RMB42,400,000) and the weighted average of 750,000,000 ordinary shares (2017: 750,000,000 ordinary shares) on the assumption that the Reorganization set out in "Reorganization" to the Prospectus (the "**Reorganization**") and the Capitalization Issue as detailed in note 24, have been completed on 1 January 2017.

(b) Diluted earnings per share

There were no potential dilutive shares in existence during the six months ended 30 June 2018 and 2017 and, therefore, diluted earnings per share are the same as the basic earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment with a cost of RMB5,399,000 (six months ended 30 June 2017: RMB4,311,000). The Group also disposed of certain items of property, plant and equipment at the aggregate carrying amount of RMB567,000 (six months ended 30 June 2017: Nil) during the Period.

12. OTHER INTANGIBLE ASSETS

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Opening net book value	**14,889**	18,355
Additions	**806**	760
Amortization	**(2,477)**	(4,226)
Closing net book value	**13,218**	14,889

13. INVENTORIES

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Semiconductor devices and electronic components	360,264	287,661

14. TRADE AND NOTES RECEIVABLES

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Trade receivables	398,687	432,229
Notes receivable	64,966	76,043
	463,653	508,272
Impairment	(725)	(734)
	462,928	507,538

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.

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

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Less than 3 months	351,458	419,420
3 to 6 months	44,127	7,846
6 to 12 months	1,515	1,271
1 to 2 years	70	2,316
Over 2 years	792	642
	397,962	431,495

Included in the Group's trade and notes receivables are amounts due from the Groups' related parties of RMB11,723,000 and RMB17,794,000 as at 30 June 2018 and 31 December 2017 respectively, which are repayable on credit terms similar to those offered to the other customers of the Group.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Prepayments	**2,498**	3,097
Prepayment to a related party	**–**	568
Prepaid expenses	**2,598**	1,699
Deposits and other receivables	**7,959**	3,678
	13,055	9,042

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Cash and bank balances	**164,165**	92,252
Time deposits	**18,493**	18,252
Less: Pledged time deposits	**182,658**	110,504
– Pledged for bank loans *(note 19)*	**(18,493)**	(18,252)
Cash and cash equivalents	**164,165**	92,252

17. TRADE PAYABLES

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

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Less than 3 months	**180,324**	160,894
3 to 6 months	**6,606**	13,565
6 to 12 months	**29**	357
1 to 2 years	**96**	13
Over 2 years	**13**	–
	187,068	174,829

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

18. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Other payables	57,190	83,191
Dividends payable	118,023	8,164
Payroll and welfare payable	17,395	27,061
Advances from customers	3,659	5,930
Taxes payable other than corporate income tax	8,348	31,124
Payables for purchase of property, plant, equipment and other intangible assets	2,748	1,293
Due to related parties	–	2,749
	207,363	159,512

Other payables are non-interest-bearing and have no fixed terms of repayment. Due to related parties as at 31 December 2017 are unsecured, non-interest-bearing and repayable on demand.

19. INTEREST-BEARING BANK AND OTHER LOANS

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Current		
Bank loans – secured	312,286	166,488
Discounted notes receivable	–	2,093
Current portion of long term finance lease payables	359	348
	312,645	168,929
Non-current		
Finance lease payables	183	360
	312,828	169,289

Notes:

Certain of the Group's bank loans are secured by:

(i) mortgage over the Group's building, which had an aggregate net carrying value of RMB702,000 and RMB771,000 as at 30 June 2018 and 31 December 2017 respectively.

(ii) the pledges over certain of the Group's trade receivables, amounting to RMB42,603,000 and RMB75,831,000 as at 30 June 2018 and 31 December 2017 respectively.

(iii) the pledges over certain of the Group's patents which had an aggregate net carrying value of RMB2,542,000 and RMB2,792,000 as at 30 June 2018 and 31 December 2017 respectively.

(iv) the pledges over certain of the Group's time deposits, amounting to RMB18,493,000 and RMB18,252,000 as at 30 June 2018 and 31 December 2017 respectively (note 16).

Mr. Chan Cheung Ngai and Mr. Luk Wing Ming, the directors of the Company, have guaranteed certain of the Group's bank loans up to RMB242,464,000 at 30 June 2018. Mr. Chan Cheung Ngai and Mr. Luk Wing Ming, the directors of the Company, Ms. Zhang Hui, the spouse of Mr. Chan Cheung Ngai, Ms. Zhu Zhaoxia, the mother of Mr. Luk Wing Ming, and Mr. Lu Peixi, the father of Mr. Luk Wing Ming, have guaranteed certain of the Group's bank loans up to RMB156,488,000 at 31 December 2017.

As at 30 June 2018, the bank loans carried effective interest rates ranging from 3.25% to 6.09% (31 December 2017: 3.00% to 5.44%) per annum.

20. GOVERNMENT GRANTS

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Current	**1,366**	1,366
Non-current	**2,235**	2,463

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research and development and improvement of manufacturing facilities on certain special projects. Upon completion of the related projects and having passed the final assessment of the relevant government authorities, the grants related to the expense items would be recognised as other income directly in the statements of profit or loss and the grants related to an asset would be released to the statements of profit or loss over the expected useful life of the relevant asset.

21. SHARE CAPITAL

The movements in share capital of the Company are as follows:

	Number of shares	Amount HK$
Authorized:		
At 3 January 2017 (date of incorporation), at 31 December 2017 and 1 January 2018 (HK$0.01 each)	38,000,000	380,000
Increase in authorized share capital	2,362,000,000	23,620,000
At 30 June 2018 (HK$0.01 each)	2,400,000,000	24,000,000
Issued and fully paid:		
At 3 January 2017 (date of incorporation), at 31 December 2017 and 1 January 2018 (HK$0.01 each)	200	2
Issue of ordinary shares pursuant to the Reorganization	800	8
At 30 June 2018 (HK$0.01 each)	1,000	10

The Company was incorporated on 3 January 2017 with authorized share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each.

As at 31 December 2017, the issued share capital of the Company is HK$2 with 200 shares of HK$0.01 each.

On 22 January 2018, an additional 700 and 100 shares were allotted and issued, as fully-paid and at par, to Magnate Era Limited and Zenith Benefit Investments Limited.

Pursuant to the written resolutions passed by the shareholders of the Company on 22 June 2018, the authorized share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$24,000,000 divided into 2,400,000,000 shares by creation of an additional 2,362,000,000 shares.

22. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	As at 30 June 2018 (unaudited) RMB'000	As at 31 December 2017 (audited) RMB'000
Within one year	**9,857**	10,040
In the second to fifth years, inclusive	**15,397**	12,874
	25,254	22,914

23. MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following transactions with related parties for the period:

		Unaudited Six months ended 30 June	
	Notes	**2018 RMB'000**	2017 RMB'000
Sales of products and services to:			
United Trinity Electronics Company Limited ("**UTE**")	(i)	**23,143**	25,537
Guarantee for:			
UTE	(ii)	**–**	15,000

Notes:

(i) The sales of products to related parties were made according to the published prices and conditions offered to the major customers of the Group.

(ii) Shanghai Intron has guaranteed certain of the bank loans of UTE up to RMB15,000,000 as at 31 December 2017 which were terminated on 28 Apr 2018. The directors of the Company are of the opinion that the fair value of the guarantee provided to UTE as at 31 December 2017 is not material.

(b) Mr. Chan Cheung Ngai and Mr. Luk Wing Ming, the directors of the Company, have guaranteed certain of the Group's bank loans up to RMB242,464,000 at 30 June 2018. Mr. Chan Cheung Ngai and Mr. Luk Wing Ming, the directors of the Company, Ms. Zhang Hui, the spouse of Mr. Chan Cheung Ngai, Ms. Zhu Zhaoxia, the mother of Mr. Luk Wing Ming, and Mr. Lu Peixi, the father of Mr. Luk Wing Ming, have guaranteed certain of the Group's bank loans up to RMB156,488,000 at 31 December 2017.

23. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel of the Group:

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Short-term employee benefits	**6,644**	6,513
Pension scheme contributions	**165**	148
Total compensation paid to key management personnel	**6,809**	6,661

24. NON-ADJUSTING EVENTS AFTER THE PERIOD UNDER REVIEW

Pursuant to the written resolutions passed by the shareholders of the Company on 22 June 2018, conditional on the share premium account of the Company being credited as a result of the Global Offering (as defined in the Prospectus), the Directors were authorized to capitalize an amount of HK$7,499,990 standing to the credit of the share premium account of the Company (the "**Capitalization Issue**") by applying such sum in paying up in full at par 749,999,000 shares for allotment and issue to the then existing shareholders in proportion to their respective shareholdings. The Capitalization Issue was completed on 12 July 2018.

On 12 July 2018, the Company was successfully listed on the Stock Exchange following the completion of its Global Offering of 250,000,000 Shares issued at a price of HK$2.9 per share.

The Over-allotment Option (as described in the Prospectus) was partially exercised on 1 August 2018 in respect of an aggregate of 35,975,000 Shares. The Company issued and allotted the 35,975,000 Shares at HK$2.9 per share pursuant to the partial exercise of the Over-allotment Option by BNP Paribas Securities (Asia) Limited and the total number of Shares in issue immediately after the partial exercise of the Over-allotment Option increased from 1,000,000,000 Shares to 1,035,975,000 Shares.

By order of the Board
Intron Technology Holdings Limited
Luk Wing Ming
Chairman and executive Director

Hong Kong, 31 August 2018

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