

*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# **LAUNCH**

## **深圳市元征科技股份有限公司 LAUNCH TECH COMPANY LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock code: 8196)*

**(I) PROPOSED SHARES CONSOLIDATION;  
(II) PROPOSED TRANSFER OF LISTING FROM THE GROWTH  
ENTERPRISE MARKET TO THE MAIN BOARD OF THE STOCK  
EXCHANGE OF HONG KONG LIMITED;  
AND  
(III) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

### **INTRODUCTION**

The Board is pleased to announce that it was resolved at the meeting of the Board held on 10 February 2010 that the Company plans to implement the Shares Consolidation and apply to the Stock Exchange and the CSRC respectively for the Transfer of Listing pursuant to the streamlined transfer of listing procedures under Chapter 9A of the Main Board Listing Rules subject to the conditions as set out in the section headed “(IV) CONDITIONS FOR SHARES CONSOLIDATION, TRANSFER OF LISTING AND ARTICLES AMENDMENTS” below.

In view of the Shares Consolidation, the Transfer of Listing and for the purpose of complying with the GEM Listing Rules and/or the Main Board Listing Rules (as the case may be) and the relevant laws and regulations in the PRC and Hong Kong, special resolutions will be proposed at the SGM and the Class Meetings for the Shareholders to approve the Articles Amendments on a conditional basis.

In connection with the Shares Consolidation and the Transfer of Listing, the Company will propose to seek the approval of its Shareholders in the SGM and the Class Meetings for, among other things, (i) the implementation of the Shares Consolidation; (ii) the Transfer of Listing; (iii) the Articles Amendments; and (iv) authorizing the Directors to do such acts or things and to take such steps as they consider necessary, desirable or expedient to carry out the above matters, including but not limited to the making of relevant applications to the Stock Exchange and the CSRC for the Transfer of Listing.

A circular containing, among other things, further details in respect of the Shares Consolidation, the Transfer of Listing, the Articles Amendments, and the notices to convene the SGM and the Class Meetings will be despatched to the Shareholders as soon as practicable.

**The Company would like to emphasize that (i) preparations relating to the Shares Consolidation and the Transfer of Listing are at a preliminary stage and a definite timetable has not yet been finalized; (ii) no applications relating thereto have been made to the Stock Exchange and/or the CSRC; (iii) there is no assurance that the Company will be able to obtain the relevant approvals for the Shares Consolidation and the Transfer of Listing from, among others, the Stock Exchange, the CSRC and the Shareholders in the SGM and the Class Meetings. Shareholders and potential investors should be aware that the Company may or may not proceed with the Shares Consolidation and the Transfer of Listing. Shareholders and potential investors are therefore advised to exercise caution when dealing in the H Shares.**

**Further announcement(s) will be made in compliance of the GEM Listing Rules by the Company to keep the Shareholders and potential investors informed on the progress of the Shares Consolidation and the Transfer of Listing.**

## **(I) SHARES CONSOLIDATION**

### **Reasons for the Shares Consolidation**

To facilitate the possible issue of A shares by the Company and pursuant to the general practice in the PRC securities market that A shares listed on the Domestic Stock Exchange are generally of a nominal value of RMB1.00 each, the Board proposes to implement the Shares Consolidation on the following terms and make amendments to the Articles of Association as a result of the implementation of the Shares Consolidation, subject to the conditions as set out in the section headed “(IV) CONDITIONS FOR SHARES CONSOLIDATION, TRANSFER OF LISTING AND ARTICLES AMENDMENTS” below.

### **Proposed Shares Consolidation**

As at the date of this announcement, the registered share capital of the Company is RMB60,360,000, comprising 330,000,000 Domestic Shares and 273,600,000 H Shares of RMB0.10 each, all of which are in issue and fully paid.

The Company has no outstanding options, warrants, convertible notes, derivatives or other securities convertible into or exchangeable for the Shares.

For the purpose of the Shares Consolidation, (i) every ten issued Domestic Shares of RMB0.10 each will be consolidated into one Consolidated Domestic Share of RMB1.00 and (ii) every ten issued H Shares of RMB0.10 each will be consolidated into one Consolidated H Share of RMB1.00. As a result, every ten issued Shares of RMB0.10 each will be consolidated into one Consolidated Share of RMB1.00 on the Effective Date.

Based on the number of Shares in issue of the Company and on the assumption that there will be no further Shares issued by the Company prior to the Effective Date, the registered share capital of the Company shall comprise of 33,000,000 Consolidated Domestic Shares and 27,360,000 Consolidated H Shares of RMB1.00 each, all of which are in issue and fully paid on the Effective Date.

### **Effects of the Shares Consolidation**

The Consolidated Shares shall rank pari passu in all respects with each other.

The Board expects that other than the relevant expenses incurred, the implementation of the Shares Consolidation has no impact on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operation, management or financial position of the Company or the interests and relative rights of the Shareholders. The Directors believe that the Shares Consolidation would not have any material adverse effect on the financial position of the Group and that the Shares Consolidation is in the interest of the Company and the Shareholders as a whole.

### **Application for Listing**

An application will be made by the Company to the GEM Listing Committee and/or the Main Board Listing Committee (as the case may be) for the listing of, and permission to deal in, the Consolidated H Shares in issue upon the Shares Consolidation becoming effective. The Consolidated H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made for the Consolidated H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Change in board lot size**

As at the date of this announcement, the H Shares are currently traded on GEM in board lots of 5,000 Shares. Upon the Shares Consolidation becoming effective, the Board proposes that the Consolidated Shares will be traded in board lots of 500 Consolidated H Shares. Based on the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on the date of this announcement, the board lot value is HK\$4,150. Theoretically, the change in board lot size to 500 Consolidated H Shares will keep the board lot value to HK\$4,150 (calculated based on the closing price of the H Shares as at the date of this announcement and adjusted for the effect of the Shares Consolidation).

The change in the board lot size will not result in any change in the relative rights of the Shareholders. The Directors consider that the change in board lot size together with the Shares Consolidation is in the interests of the Company and the Shareholders as a whole.

## **Expected Effective Date for the Shares Consolidation**

The Shares Consolidation is subject to the conditions as set out in the section headed “(IV) CONDITIONS FOR SHARES CONSOLIDATION, TRANSFER OF LISTING AND ARTICLES AMENDMENTS” below. At the current stage, the Company is unable to ascertain the exact date on which the above conditions would be satisfied. Therefore, the Effective Date of the Shares Consolidation cannot be determined as at the date of this announcement.

Once the details of the arrangement and the expected timetable with regard to the parallel trading arrangement, the free exchange of Consolidated Share certificates and other matters regarding the Shares Consolidation are finalized, the Company will make further announcements as soon as practicable.

## **(II) TRANSFER OF LISTING**

Reference was made to the announcement of the Company dated 4 February 2010 in which the Board announced that the Group’s profit for the year ended 31 December 2009 is expected to increase significantly when compared with that for the year ended 31 December 2008. Upon preliminary review of the unaudited financial statements of the Group, the Board is of the view that the Company should be able to meet all the qualifications for listing on the Main Board and an application for a transfer of listing from GEM to the Main Board is contemplated. To expedite such application, it was resolved at the meeting of the Board held on 10 February 2010 that the Company plans to apply to the Stock Exchange and the CSRC respectively for the Transfer of Listing pursuant to the streamlined transfer of listing procedures under Chapter 9A of the Main Board Listing Rules.

### **Reasons for the Transfer of Listing**

The Group is principally engaged in the provision of technologies, products and services serving the automobile aftermarket and the automobile industry in the PRC and certain overseas countries. Since the listing of the H Shares on the GEM on 7 October 2002, the business of the Group has grown steadily and the Group has improved its public profile. The Directors are of the view that a listing of the H Shares on the Main Board will facilitate an increase in the liquidity of the H Shares, further enhance the public profile of the Group and recognition from the investing public, including the institutional investors, which will be beneficial and complementary to the future growth and development of the Group. The Directors thus consider that the listing of the H Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group.

The Directors do not contemplate any material change in the nature of business activities of the Company immediately following the Transfer of Listing. The Transfer of Listing will not involve any placing of H Shares by the Company.

## **Requirements under the PRC Regulations**

Under the existing Articles of Association and the relevant PRC laws and regulations, Shareholders' approval is required for the Transfer of Listing, the Articles Amendments (Transfer of Listing) and the Company's application to the CSRC. Subject to the passing of the special resolutions by the Shareholders in each of the SGM and the Class Meetings to approve the Transfer of Listing and the Articles Amendments (Transfer of Listing), the Company will make a formal application to the CSRC for the approval of the Transfer of Listing, and at appropriate time, the Company will make a formal application to the Stock Exchange in relation to the Transfer of Listing.

## **(III) THE ARTICLES AMENDMENTS**

### **Reasons and conditions for the Articles Amendments**

In view of the Shares Consolidation, the Transfer of Listing and for the purpose of complying with the GEM Listing Rules and/or the Main Board Listing Rules (as the case may be) and the relevant laws and regulations in the PRC and Hong Kong, special resolutions will be proposed at the SGM and the Class Meetings for the Shareholders to approve the Articles Amendments on a conditional basis. The Articles Amendments are subject to the passing of the said special resolutions at the SGM and the Class Meetings. Prior to the Articles Amendments becoming effective, the current Articles of Association will continue to be in force. The Articles Amendments will not take effect and the current Articles of Association shall continue to be effective if the Company fails to proceed with the Shares Consolidation and the Transfer of Listing.

### **Proposed Amendments to the Articles of Association**

The Articles Amendments will give the effect in complying with the relevant regulations in the PRC and Hong Kong.

Changes will be made to the Articles of Association, where appropriate, to reflect the Company's implementation of the Shares Consolidation.

Set out below are the details of the significant amendments to be incorporated into the Articles of Association in respect of the Transfer of Listing:

1. the Articles Amendments will become effective on the date of completion of the Transfer of Listing and the commencement in dealing of the H Shares on the Main Board in compliance with the requirements of the Main Board Listing Rules in replacement of the GEM Listing Rules;

2. changes will be made, where appropriate, in order to comply with the requirements of Appendix 3 to the Main Board Listing Rules;
3. changes will be made, where appropriate, in order to comply with the requirements of the Main Board Listing Rules relating to financial reporting;
4. reference to any provisions of the GEM Listing Rules will be replaced by that to the corresponding provisions of the Main Board Listing Rules as far as applicable; and
5. any consequential amendments to the Articles of Association as a result of the Transfer of Listing and/or any other amendments to the Articles of Association as the Directors may consider necessary to comply with the requirements of the Main Board Listing Rules.

#### **(IV) CONDITIONS FOR SHARES CONSOLIDATION, TRANSFER OF LISTING AND ARTICLES AMENDMENTS**

##### **Conditions of the Shares Consolidation**

The Shares Consolidation is subject to, among others things, the following conditions:

1. the passing of special resolutions by the Shareholders at the SGM to approve the Shares Consolidation and the Articles Amendments (Shares Consolidation);
2. the passing of special resolutions by the holders of Domestic Shares and the H Shares at the respective Class Meetings to approve the Shares Consolidation and the Articles Amendments (Shares Consolidation);
3. the granting of the relevant approval by the CSRC in connection with the Articles Amendments (Shares Consolidation) (if necessary); and
4. the granting of the approval by the GEM Listing Committee or the Main Board Listing Committee (as the case may be) for the listing of and permission to deal in the Consolidated H Shares.

##### **Conditions of the Transfer of Listing**

The Transfer of Listing is subject to, among others things, the following conditions:

1. the fulfillment of all the applicable listing requirements on the Main Board as stipulated in the relevant rules and regulations of the PRC and the Main Board Listing Rules by the Company;
2. the passing of special resolutions by the Shareholders at the SGM to approve the Transfer of Listing, the Articles Amendments (Transfer of Listing) and the Company's application to the CSRC and the Stock Exchange for the Transfer of Listing;

3. the passing of special resolutions by the holders of Domestic Shares and the H Shares at the respective Class Meetings to approve the Transfer of Listing, the Articles Amendments (Transfer of Listing) and the Company's application to the CSRC and the Stock Exchange for the Transfer of Listing;
4. the granting of the relevant approval by the CSRC in connection with the Transfer of Listing and the Articles Amendments (Transfer of Listing);
5. the granting of the approval by the Main Board Listing Committee for the listing of and permission to deal in the existing H shares on the Main Board; and
6. the obtaining of all other relevant consent or approval (if any) which are required in connection with the Transfer of Listing and the fulfillment of all conditions which may be attached to such consents or approvals.

A circular containing, among other things, further details in respect of the Shares Consolidation, the Transfer of Listing, the Articles Amendments, and the notices to convene the SGM and the Class Meetings will be despatched to the Shareholders as soon as practicable.

**Warning:**

**The Company would like to emphasize that (i) preparations relating to the Shares Consolidation and the Transfer of Listing are at a preliminary stage and a definite timetable for the Shares Consolidation and the Transfer of Listing has not yet been finalized; (ii) no applications relating thereto have been made to the Stock Exchange and/or the CSRC; (iii) there is no assurance that the Company will be able to obtain the relevant approvals for the Shares Consolidation and the Transfer of Listing from, among others, the Stock Exchange, the CSRC and the Shareholders in the SGM and the Class Meetings. Shareholders and potential investors should be aware that the Company may or may not proceed with the Transfer of Listing. Shareholders and potential investors are therefore advised to exercise caution when dealing in the H Shares.**

**Further announcement(s) will be made in compliance of the GEM Listing Rules by the Company to keep the Shareholders and potential investors informed on the progress of the Shares Consolidation and the Transfer of Listing.**

## DEFINITION

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Articles Amendments”	the Articles Amendments (Shares Consolidation) and/or the Articles Amendments (Transfer of Listing) (as the case may be)
Articles Amendments (Shares Consolidation)	the amendments proposed to be made to the Articles of Association for implementing the Shares Consolidation
“Articles Amendments (Transfer of Listing)”	the amendments proposed to be made to the Articles of Association for implementing the Transfer of Listing and complying with the relevant requirements of the Main Board Listing Rules, which will become effective on the date of completion of the Transfer of Listing and the commencement in dealing of the H shares on the Main Board in compliance with the requirements of the Main Board Listing Rules in replacement of the GEM Listing Rules
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Class Meeting(s)”	the respective class meetings of the holders of the H Shares and the Domestic Shares to be convened and held for the purpose to approve, among other things, (i) the Shares Consolidation; (ii) the Transfer of Listing; (iii) the Articles Amendments; and (iv) authorizing the Directors to do such acts or things and to take such steps as they consider necessary, desirable or expedient to carry out the above matters, including but not limited to the making of relevant applications to the Stock Exchange and the CSRC for the Transfer of Listing
“Company”	深圳市元征科技股份有限公司 (Launch Tech Company Limited), a joint stock limited company incorporated in the PRC with limited liability and whose H Shares are currently listed on the GEM
“Consolidated Domestic Share(s)”	ordinary domestic share(s) with a nominal value of RMB1.00 each in the registered share capital of the Company after the Shares Consolidation becoming effective



“Consolidated H Share(s)”	ordinary H share(s) with a nominal value of RMB1.00 each in the registered share capital of the Company after the Shares Consolidation becoming effective
“Consolidated Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the registered share capital of the Company after the Shares Consolidation becoming effective, including Consolidated Domestic Share(s) and Consolidated H Share(s)
“CSRC”	中國證券監督管理委員會(China Securities Regulatory Commission)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary shares of RMB0.10 each issued by the Company, which are subscribed for or credited as fully paid up in RMB, and all of such shares are not listed on the Stock Exchange
“Domestic Stock Exchange”	the Shenzhen Stock Exchange and/or the Shanghai Stock Exchange
“Effective Date”	the effective date of the Shares Consolidation
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM, as amended from time to time
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of the Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign invested ordinary shares of RMB0.10 each in the share capital of the Company, which are listed on the GEM and subscribed for and traded in Hong Kong Dollars
“Main Board”	the main board of the Stock Exchange
“Main Board Listing Committee”	the listing committee of the Main Board

“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for the purpose to approve, among other things, (i) the Shares Consolidation, (ii) the Transfer of Listing; (iii) the Articles Amendments; and (iv) authorizing the Directors to do such acts or things and to take such steps as they consider necessary, desirable or expedient to carry out the above matters, including but not limited to the making of relevant applications to the Stock Exchange and the CSRC for the Transfer of Listing
“Shares”	shares of RMB0.1 each in the capital of the Company
“Shares Consolidation”	the proposed consolidation of every 10 Shares in the registered share capital of the Company into one Consolidated Share in the registered share capital of the Company
“Shareholders”	holders of the Shares, including holders of the Domestic Shares and the H Shares, unless specified otherwise
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer of Listing”	the proposed transfer of listing of the existing H shares of the Company from the GEM to the Main Board

Yours faithfully,  
for and on behalf of  
**Launch Tech Company Limited**  
**Liu Xin**  
*Chairman*

Shenzhen, the PRC  
10 February 2010

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*As at the date hereof, the executive Directors are Mr. Liu Xin (Chairman), Mr. Liu Jun (Chief executive officer) and Professor Wang Xue Zhi; the non-executive Director is Ms. Liu Yong; and the independent non-executive Directors are Mr. Zhang Xiao Yu and Professor Hu Zi Zheng.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*