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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which these companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at "www.hkgem.com" in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors (the "Directors") of Launch Tech Company Limited (the "Company" or "Launch") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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.

CHAIRMAN'S STATEMENTS

OPERATING RESULTS

In the fiscal year of 2009, the Group recorded a turnover of RMB462,000,000 and net profit of RMB62,000,000, representing a 5% growth and a 384% growth respectively compared to last year. The operating results were satisfactory. Though the high production cost, leading to dropping gross profit margin, a big cut of administrative expenses cause the big growth in net profit, dropping finance cost, bigger VAT refund, and the decrease of provision for impairment on receivables. The Board of Directors will propose the final dividend of RMB 3 cents per share at the annual general meeting to be held on 25 May 2010, Tuesday.

BUSINESS REVIEW

In 2009, the Group took various management initiatives to cope with the global financial crisis and actual circumstances in regional markets. Such initiatives included expediting research and development ("R&D"), reducing production and management cost, organizational restructuring, streamlining of head count, and increasing marketing efforts, which helped maintaining market confidence and business growth. While the global financial crisis did affected our overseas business and the results of such markets did not meet our expectation, our business in China, in contrast, was able to weather the influence and recorded a rapid growth. As a result, the overall sales of the Group was better than expected, which translated into a stable growth very encouraging for our morale.

In 2009, in order to enhance the competitiveness of our products, we increased our effort in R&D and introduced the IPD product integrated development system. A product line was installed and related R&D engineers were deployed. The IPD product integrated development system will provide the Group with products that can better match the needs of users and our markets. The Group has obtained a number of patents in product development, and was again awarded the "Enterprise with advantages in Intellectual Properties of Guangdong for 2009" and "Innovative Software Enterprise of China for 2009". The Group has commenced R&D for a series of new products with the IPD system.

In 2009, Launch Shanghai embarked on a project of enhancing production. Following the commencement of the project, the competitiveness of our products will be enhanced through further improvement in the quality of our mechanical products and reduction in cost. The global sales of lifts reached 19,000 units.

In 2009, the global sales of the Group's X431 Electronic Eye maintained its growth to reach 29,000 units. The revised version X-431 GX3 and X-431 Master we launched early in the year made their way into the market rapidly. They have become our key products and make an outstanding contribution to out results. The excellent performance of X-431 Diagun was reflected by the numerous awards it received, including "No.1 in Innovation" by COLER of Germany, "Top 20 Maintenance and Repair Tool for 2009" by the magazine MOTOR for Repair and Maintenance, "Top 10 in the Auto Maintenance Equipment Sector of China – Best Innovation Award for 2009" by the magazine Auto and Driving Repair, and the "Best New Service, Product, Tool and Equipment Award" by AAAA Trade Show. X-431 Diagun has successfully built up an identity of being a good brand both domestically and overseas, and achieved a relatively rapid sales growth. Meanwhile, our Creader V won the Mac Tool "Best Product Award for 2009" in the Mac Tool Show held in Florida, US. The Group's DIY diagnostic products such as Crecorder also recorded remarkable sales.

The Group launched over 800 softwares during 2009. A significant number of software was added to X-431 Heavy Duty, our heavy auto diagnostic computer, which has expanded the scope of application for the Group's diagnostic products. Such extended coverage will bring more potential customers to the Group and become a new profit driver.

In 2009, our X-631 4-wheel aligner was well received by users worldwide and has become one of our core products. It recorded a tremendous growth in the year and contributed significantly to the Group's profit.

In 2009, the Group developed rapidly in automotive production plant and other primary operations. We developed various products for the front-end automotive market, such as common rail testing platform for fuel injection nozzle, motor vehicle meters and reversing radar. The teams for primary operations developed rapidly, making steady progress in the front-end automotive business.

PROSPECTS

As the Group has proposed to build its core competitiveness with technology and R&D, we have initiated the IPD product integrated development system, and allocated more resources and increased our effort in R&D. It is expected that we will launch a considerable number of innovative products in 2010. The IPD product integrated development system has laid a solid foundation for the Group to scale new heights in its future results. While developing its product technology, the Group will maintain a tight control over the costs of R&D, production and sales. It will also adopt flexible and dynamic policies in market management and human resources to achieve a steady and sustaining growth in sales.

During 2009, the Group utilised the opportunity of the sector's adjustment to build on our core competitiveness in product technology, so as to realize the advantages of our IPD product integrated development system and production enhancement project as soon as possible, and to outpace the peers faster and further.

The Group will further strengthen cost control and management, R&D in technology of core products, sophisticated production, sales innovation, corporate culture establishment etc. It will cope with the post-financial crisis environment, inflation expectation and various other uncertainties. While maintaining adequate competitiveness in its core operations, the Group will make gradual progress in the front-end automotive R&D to secure a sustainable and rapid development.

In the China market, the Group has established strong distribution channels in the industry, and the integration of channels has reached a harmonious stage. On the basis of its nearly 170 distributors developed, the Group will standardize management policy, and enhance distributors' ability in market development and their cooperative competitiveness. Under-performing distributors will be eliminated in the future to ensure a strong selling force in the sales channel. The Group will reinforce its price management to maintain sufficiently competitive prices for its products.

The Group will hold technical training sessions across the country, continue to explore opportunities in major trade expositions, invest in professional media advertisement, conduct promoting and innovative activities to boost sales, strengthen trainings for sales personnel and distributor channels. The Group will strive to expand in the China market to achieve greater results.

For the overseas market, the Group will continue its focus on market and develop overseas market through controlling sales cost, using overseas bases of technology R&D, setting up regional sales strategies and exploring opportunities in major trade expositions. This would minimize the impact of foreign currency fluctuation, post-crisis situations and other factors on the Group and help it to maintain its growth.

With the IPD product integrated development system in place, the Group enjoys an even stronger technological advantage, which will enable it to enter into a stage of steady development.

Looking ahead, all fellow directors and staff of Launch will closely cooperate and continue in making innovation, and create better returns for our shareholders and investors.

FINANCIAL REVIEW

Financial Resources and Liquidity

The Group adopts to a prudent financial management policy and has a healthy financial position. As at 31 December 2009, the Group had cash and bank balances of approximately RMB242,000,000. As at 31 December 2009, shareholders' equity of the Group amounted to approximately RMB568,000,000. Current assets was approximately RMB700,000,000. The Group's current liabilities of approximately RMB469,000,000, comprised of short-term bank borrowings of approximately RMB361,000,000, and the rest were mainly account payables and accruals. The Group's long term borrowings were about RMB266,000. The Group's net asset value per share was approximately RMB0.94. The Group's gearing ratio, which represented the percentage of bank borrowings over total assets, was approximately 35%.

For the year ended 31 December 2008, most of the Group's income was denominated in RMB and USD, and expenses were paid in RMB. As the exchange rate between RMB and USD did not experience significant adjustment during 2009, the Directors consider that the Group was not under substantial foreign exchange risk exposure.

Employees

As at 31 December 2009, the Group had 734 and 25 employees (2008: 981 and 14 respectively) based in the PRC and overseas respectively. Staff costs, excluding directors' and supervisors' emoluments, were approximately RMB68 million (2008: approximately RMB73 million).

The Group remunerates employees by their performance and experience. It has adopted a share option scheme whereby employees of the Group may be granted options to acquire shares. The Group also offers staff benefits such as professional training programs enhance staffs' skills, knowledge and sense of belonging.

上海元征愛思開汽車服務有限公司, a joint venture between the Group and SK Networks Co., Ltd., a Korean company, was established in Shanghai in December 2005. In order to expand its auto repair chain store network, the joint venture increased registered capital to RMB218.5 million. The Group in 2009 invested additional RMB2.76 million, in order to maintain the interests in this associate at 13.8%. By leveraging on the advanced technologies of the Group in auto repair and maintenance and the partner's superior expertise in repair service couching, managerial experience, the joint venture is engaged in the provision of professional auto repair, maintenance and decorations to its customers. The associate commenced operation in 2006, and as it was still in the start-up stage, a loss of approximately RMB5 million was shared by the Group. The management expects that the associate will turnaround along with the growth in business.

In 2009, apart from the part of the investment of the Group as referred to above, the Group did not hold any other material investments, so as on 31 December 2008.

As at 31 December 2009, apart from the restricted bank deposit of approximately RMB675,000 (2008: pledged bank deposit of approximately RMB21 million), and the pledge of certain land and buildings totalling of approximately RMB145 million and (2008: RMB56 million), the Group had no other significant assets pledged, so as on 31 December 2008.

The Board of Directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2009 together with comparative figures for the corresponding period of the previous financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009** **RMB'000**	2008 RMB'000
Revenue	4	**462,440**	438,554
Cost of sales		**(257,149)**	(229,196)
Gross profit		**205,291**	209,358
Other income	4	**36,335**	29,184
Selling expenses		**(59,305)**	(71,869)
Administrative expenses		**(53,449)**	(61,346)
Research and development expenses		**(20,297)**	(17,212)
Other operating expenses		**(15,784)**	(38,095)
Finance costs	5	**(20,054)**	(26,973)
Share of results of an associate		**(5,333)**	(7,121)
Gain on deemed disposal of interest in an associate		–	4,244
Profit before income tax	6	**67,404**	20,170
Income tax expense	7	**(5,353)**	(7,339)
Profit for the year		**62,051**	12,831
Other comprehensive income			
Exchange gain/(loss) on translation of financial statements of foreign operations		**188**	(103)
Other comprehensive income for the year, net of tax		**188**	(103)
Total comprehensive income attributable to owners of the Company		**62,239**	12,728
Dividends	8	**18,108**	12,072
Number of weighted average ordinary shares		**603,600,000**	603,600,000
Earnings per share for profit attributable to the owners of the Company			
– Basic		**RMB10.3 cents**	RMB2.1 cents

No diluted earnings per share has been presented as there had been no dilutive potential ordinary shares in both years of 2009 and 2008.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**252,705**	233,467
Leasehold land and land use rights		**21,401**	21,927
Goodwill		**3,658**	3,658
Development costs		**51,522**	47,008
Interests in an associate		**7,186**	9,759
Club membership		**1,177**	1,177
		337,649	316,996
Current assets			
Inventories		**84,600**	76,650
Trade receivables	*9*	**240,605**	238,734
Bills receivables		**9,600**	1,433
Other receivables, deposits and prepayments		**122,032**	164,616
Amount due from an associate		**374**	3,159
Pledged/restricted bank deposits		**675**	21,000
Cash and cash equivalents		**242,348**	97,583
		700,234	603,175
Current liabilities			
Trade payables	*10*	**88,877**	60,763
Bills payables		**–**	21,000
Other payables and accrued charges		**19,789**	12,662
Income tax payables		**16**	12
Current portion of borrowings		**360,590**	278,865
		469,272	373,302
Net current assets		**230,962**	229,873
Total assets less current liabilities		**568,611**	546,869
Non-current liabilities			
Borrowings		**266**	40,763
Net assets		**568,345**	506,106
EQUITY			
Equity attributable to the Company's owners			
Share capital		**60,360**	60,360
Reserves		**489,877**	433,674
Proposed final dividend		**18,108**	12,072
Total equity		**568,345**	506,106

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Equity attributable to owners of the Company							
	Share capital	Share* premium	Statutory* surplus reserve	Public* welfare fund	Translation* reserve	Retained* profits	Proposed final dividend	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	60,360	284,210	19,380	19,380	(1,016)	111,064	30,180	523,558
2007 final dividend paid	–	–	–	–	–	–	(30,180)	(30,180)
Transactions with owners	–	–	–	–	–	–	(30,180)	(30,180)
Profit for the year	–	–	–	–	–	12,831	–	12,831
Other comprehensive income								
– Exchange loss on translation of financial statements of foreign operations	–	–	–	–	(103)	–	–	(103)
Total comprehensive income for the year	–	–	–	–	(103)	12,831	–	12,728
2008 proposed final dividend	–	–	–	–	–	(12,072)	12,072	–
At 31 December 2008 and 1 January 2009	60,360	284,210	19,380	19,380	(1,119)	111,823	12,072	506,106
Profit for the year	–	–	–	–	–	62,051	–	62,051
Other comprehensive income								
– Exchange gain on translation of financial statements of foreign operations	–	–	–	–	188	–	–	188
Total comprehensive income for the year	–	–	–	–	188	62,051	–	62,239
Disapproval of 2008 proposed final dividend (note 8)	–	–	–	–	–	12,072	(12,072)	–
2009 proposed final dividend	–	–	–	–	–	(18,108)	18,108	–
At 31 December 2009	60,360	284,210	19,380	19,380	(931)	167,838	18,108	568,345

* These reserve accounts comprise the reserves of RMB489,877,000 (2008: RMB433,674,000) in the consolidated statement of financial position.

Total comprehensive income attributable to owners of the Company for the year ended 31 December 2009 amounted to RMB62,239,000 (2008: RMB12,728,000).

Pursuant to the voting result passed at the 2008 annual general meeting on 18 June 2009, final dividend distribution for the year 2008 was not approved.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. GENERAL INFORMATION

Launch Tech Company Limited (the "Company") was established in Shenzhen, the People's Republic of China (the "PRC") as a joint stock limited company and its overseas listed foreign invested shares ("H Shares") are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since October 2002. The address of the Company's registered office is 2-8 Floors, Xin Yan Building, Bagua Number Four Road, Futian District, Shenzhen, the PRC and its principal place of business is Launch Industrial Park, North of Wuhe Road, Banxuegang, Longgang District, Shenzhen, the PRC.

The principal activities of the Company and its subsidiaries (the "Group") are provision of products and services serving the automotive aftermarket and the automobile industry in the PRC and certain overseas countries.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The financial statements have been prepared on the historical cost basis.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendments)	Share-based payment – vesting conditions and Cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements on HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example translation of financial statements of foreign operations. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

HKAS 23 (Revised 2007) Borrowing costs

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions in the revised standard, the Group has adopted the revised standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

There is no pre-acquisition reserves in the subsidiaries and associate, therefore the application of this amendment has no impact on the current period results and financial position. The new accounting policy has been applied prospectively as required by the amendments to HKAS 27, and therefore no comparatives have been restated.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierachy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements. For the current period, there were no financial instruments which are measured at fair value in the statement of financial position. The adoption of this new policy has no impact on the current period results and financial position accordingly.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

Annual improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first *Annual improvements to HKFRSs* which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. Of these, the amendment to HKAS 28 *Investments in Associates* has changed the Group's accounting policies on allocation of impairment losses but did not have any impact of the current period results and financial position.

Impairment of investments in associates and jointly controlled entities accounted for under the equity method

The amendment clarifies that an investment in associate accounted for under the equity method is a single asset for the purposes of impairment testing. Any impairment loss recognised by the investor after applying the equity method is not allocated to individual assets including goodwill included in the investment balance. Accordingly, any reversal of such impairment losses in a subsequent period is recognised to the extent that the recoverable amount of the associate has increased. For the current period, there were no impairment losses recognised and no reversals of impairment losses recognised in prior periods on investments in associates and jointly controlled entities. The adoption of this new policy has no impact on the current period results and financial position therefore. The new accounting policy has been applied prospectively as permitted by the amendment and comparatives have not been restated.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The HKICPA has issued *Improvements to Hong Kong Financial Reporting Standards 2009*. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 *Leases* to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

4. REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net amount received and receivable for goods and software systems sold and services rendered arising from the principal activities of the Group, net of value-added tax ("VAT") and/or business tax.

	2009	2008
	RMB'000	*RMB'000*
Revenue	**462,440**	438,554
Other income		
Interest income on financial assets stated at amortised cost		
– Bank interest income	**1,518**	1,153
– Other interest income	**–**	800
VAT refunds *	**24,200**	16,634
Non-refundable government subsidies**	**1,324**	2,010
Rental income	**7,610**	6,677
Others	**1,683**	1,910
	36,335	29,184

* VAT refunds relating to sales of certain products during the period from 1 January 2009 to 31 December 2009 (2008: 1 January 2008 to 31 December 2008) was approved and refunded by the PRC tax bureau in the current year.

** Non-refundable government subsidies were received from the PRC government for subsidising the Group in conducting and launching projects relating to research and development activities. There are no unfulfilled conditions or contingencies relating to those grants.

On adoption of HKFRS 8 Operating segments, the Group has identified its operating segment and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There is only one business component in internal reporting to the executive directors, which is providing products and services serving the automotive aftermarket and the automobile industry in the PRC and certain overseas countries.

The directors consider that the adoption of HKFRS 8 has not changed the identified operating segment of the Group compared to 2008 annual financial statements.

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive directors. The executive directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that certain items are not included in arriving at the operating results of the operating segment (rental income and corporate expenses).

Segment assets include all assets with the exception of corporate assets and club membership which are not directly attributable to the business activities of operating segment as these assets are managed on a group basis.

Segment liabilities include trade payables, bills payables, other payables and accrued charges attributable to the manufacturing and sales activities of the business segment and bank borrowings managed directly by the segment.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. Revenue reported below represents revenue generated from external customers. There were no inter-segment sales during the year ended 31 December 2009 and 2008.

The revenue and profit generated by the Group's operating segment are summarised as follows:

	2009	2008
	RMB'000	*RMB'000*
Reportable segment revenue	**462,440**	438,554
Reportable segment profit	**60,833**	13,882
Interest income	**1,518**	1,953
Interest expenses	**(19,039)**	(24,257)
Depreciation	**(26,085)**	(22,941)
Annual charge on leasehold land and land use rights	**(526)**	(526)
Loss on disposal of property, plant and equipment	**(213)**	(620)
Impairment of trade and other receivables	**(8,590)**	(12,860)
Reportable segment assets	**1,033,377**	918,791
Interests in an associate	**7,186**	9,759
Additions to non-current segment assets	**62,582**	55,996
Reportable segment liabilities	**469,538**	414,065

Reconciliation of reportable segment profit and reportable segment assets

	2009 *RMB'000*	2008 *RMB'000*
Reportable segment profit	**60,833**	13,882
Rental income	**7,610**	6,677
Corporate expenses	**(1,039)**	(389)
Profit before income tax	**67,404**	20,170

	2009 *RMB'000*	2008 *RMB'000*
Reportable segment assets	**1,033,377**	918,791
Club membership	**1,177**	1,177
Corporate assets	**3,329**	203
Group assets	**1,037,883**	920,171

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		**Non-current assets**	
	2009 ***RMB'000***	2008 *RMB'000*	**2009** ***RMB'000***	2008 *RMB'000*
Local (country of domicile):				
– The PRC, other than Hong Kong	**234,840**	187,784	**337,163**	316,626
Europe	**90,658**	102,877	**486**	370
America	**78,657**	85,353	**–**	–
Others	**58,285**	62,540	**–**	–
	227,600	250,770	**486**	370
Total	**462,440**	438,554	**337,649**	316,996

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset.

5. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest charges on bank loans stated at amortised cost:		
– wholly repayable within five years	**19,039**	24,257
Bank charges	**1,015**	2,716
	20,054	26,973

6. PROFIT BEFORE INCOME TAX

	2009	2008
	RMB'000	*RMB'000*
Profit before income tax has been arrived at after charging/(crediting) the following items:		
Staff costs		
Directors' and supervisors' remuneration	**1,328**	1,266
Other staff costs	**59,803**	64,669
Retirement benefits	**8,221**	8,210
	69,352	74,145
Less: Staff costs capitalised as development costs	**(16,638)**	(13,370)
	52,714	60,775
Research expenditure for current year	**8,173**	6,875
Add: Amortisation of development costs	**12,124**	10,337
Research and development expenses	**20,297**	17,212
Depreciation of property, plant and equipment	**26,085**	22,941
Operating lease charges on land and buildings	**5,181**	5,381
Annual charge on leasehold land and land use rights	**526**	526
Loss on disposal of property, plant and equipment	**213**	620
Auditors' remuneration	**1,295**	1,267
Net exchange loss	**1,483**	22,406
Provision for impairment on trade receivables	**2,686**	10,363
Provision for impairment on other receivables	**5,904**	2,497

The Group's cost of inventories recognised as expenses during the years 2009 and 2008 equal to the cost of sales shown in the consolidated statement of comprehensive income.

7. INCOME TAX EXPENSE

PRC enterprise income tax ("EIT") has been provided based on the estimated taxable income for PRC taxation purposes at the rates of taxation prevailing in the provinces in which the Group operates. The Company's overseas subsidiary is subject to income tax at the rate of 42%.

Pursuant to the relevant laws and regulations in the PRC, the Company has been designated as a new and high technology enterprise. The Company was exempted from EIT for the financial years in 2000 and 2001 and was eligible for and entitled to 50% tax relief for the financial years from 2002 to 2004. Upon obtaining the approval from local tax bureau, the Company was eligible and entitled to 50% tax relief for the 3 additional financial years from 2005 to 2007. The current year income tax rate of the Company is 20% (2008: 18%) as it expired the beneficial period of eight years.

上海元征機械設備有限責任公司 ("Launch Shanghai"), a subsidiary of the Company established in the PRC, is entitled to the tax holiday of "two-year exemption and three-year 50% reduction" from the first profitable year of operation.

Pursuant to the new PRC Corporate Income Tax Law which was effective from 1 January 2008, a unified income tax rate has been applied to the Company and 深圳市元征軟件開發有限公司 ("Launch Software") in 2008. In respect of tax rate that applies to the Company and Launch Software, these enterprises which enjoy a preferential tax rate of 15% in the past are subject to a tax rate of 18% in 2008 and the tax rate will be transitioned to 25% over five years. 2008 is the first year for Launch Shanghai to entitle to the tax exemption.

Launch Software, a subsidiary of the Company established in the PRC, as a software company recognised by local tax bureau, is subject to income tax at the rate of 20% in 2009 (2008: 18%). It is entitled to the tax holiday of "two-year exemption and three-year 50% reduction" from the first profitable year of operation.

Launch Shanghai and Launch Software which originally enjoyed the preference of regular tax holidays will continue to enjoy original preference in accordance with the preferential measures and terms stipulated by the original tax law, administrative regulations and relevant documents until the expiration of the preference.

	2009	2008
	RMB'000	*RMB'000*
The tax expense comprises:		
Enterprise income tax – PRC		
– current year	**4,687**	5,414
– underprovision for prior years	**–**	133
Income tax – overseas	**666**	1,792
Income tax expense	**5,353**	7,339

The deferred tax assets are not recognised as it is uncertain whether future taxable profit will be available for utilising the accumulated tax losses. Under the current tax legislation, the tax losses can be carried forward for five years from the year the losses were incurred.

8. DIVIDENDS

No interim dividend for the year ended 31 December 2009 (2008: Nil) was declared.

The proposed final dividend of RMB12,072,000 for the year ended 31 December 2008 was not approved by the shareholders at the annual general meeting held on 18 June 2009. It was recognised directly in retained profits.

A final dividend of RMB0.03 (2008: RMB0.02) per share amounting to approximately RMB18,108,000 for the year ended 31 December 2009 (2008: RMB12,072,000) has been proposed by the directors after the reporting date. The proposal is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividend proposed has not been recognised as a liability at the reporting date, but reflected as an appropriation of retained profits for the year ended 31 December 2009.

9. TRADE RECEIVABLES

The Group's credit terms are one to six months for its trade customers. The following is the ageing analysis of trade receivables, based on the invoice dates, as at 31 December 2009:

	2009	2008
	RMB'000	*RMB'000*
Within 6 months	**119,874**	108,068
Over 6 months but less than 1 year	**47,870**	84,096
Over 1 year but less than 2 years	**72,861**	46,570
	240,605	238,734

10. TRADE PAYABLES

The ageing analysis of trade payables as at 31 December 2009 is as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 6 months	**82,927**	41,547
Over 6 months but less than 1 year	**5,082**	7,920
Over 1 year but less than 2 years	**868**	11,296
	88,877	60,763

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

(a) Interests and short positions of Directors, Chief Executives and Supervisors of the Company in the share capital of the Company and its associated corporations

As at 31 December 2009, the Directors, Chief Executives and Supervisors of the Company had the following interests and short positions in the shares, debentures or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which have been required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which have been required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares

Domestic Shares

Name of Director	Capacity which shares were held	Number of domestic shares	Approximate percentage of the Company's issued domestic shares	Approximate percentage of the Company's total issued shares
Mr. Liu Xin	(1) Beneficiary Owner	138,636,000	42.01%	22.97%
	(2) Interest in controlled company	138,864,000	42.08% *(Note 1)*	23.01%
	(3) Interest in controlled company	10,261,000	3.11% *(Note 2)*	1.70%
Mr. Liu Jun	Interest in controlled company	138,864,000	42.08% *(Note 3)*	23.01%

Notes:

(1) Mr. Liu Xin holds 60.00% interest in 深圳市浪曲科技開發有限公司 ("Shenzhen Langqu") which holds approximately 42.08% interest in the issued domestic shares of the Company. The corporate interest of Mr. Liu Xin in the Company duplicates with that held by Mr. Liu Jun in the Company. By virtue of Mr. Liu Xin's holding more than one-third interest in Shenzhen Langqu, Mr. Liu Xin is deemed, under Part XV of the SFO, to be interested in approximately 42.08% interest in the issued domestic shares of the Company apart from his personal interest of 42.01% interest in the issued domestic shares of the Company.

(2) Mr. Liu Xin holds 40.00% interest in 深圳市得時域投資有限公司("Shenzhen De Shi Yu") which holds 3.11% interest in the issued domestic shares of the Company. By virtue of Mr. Liu Xin's holding more than one-third interest in Shenzhen De Shi Yu, Mr. Liu Xin is deemed, under the Part XV of the SFO, to be interested in 3.11% interest in the issued domestic shares of the Company apart from his personal interest of 42.01% interest in the issued domestic shares of the Company.

(3) Mr. Liu Jun holds 40.00% interest in Shenzhen Langqu which holds approximately 42.08% interest in the issued domestic shares of the Company. The corporate interest of Mr. Liu Jun in the Company duplicates with that held by Mr. Liu Xin in the Company. By virtue of Mr. Liu Jun's holding more than one-third interest in Shenzhen Langqu which holds approximately 42.08% interest in the issued domestic shares of the Company, Mr. Liu Jun is deemed, under Part XV of the SFO, to be interested in approximately 42.08% interest in the issued domestic shares of the Company.

Save as disclosed above, as at the 31 December 2009, none of the Directors, Chief executives or Supervisors of the Company had any personal, family, corporate or other interests or short positions in any shares, debentures or underlying shares of the Company or any of its associated corporations as defined in the SFO.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as known to the Directors, as at 31 December 2009, the following (not being a Director or supervisor of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in shares and underlying shares in the Company

(i) Domestic Shares

Name	Capacity in which shares were held	Number of domestic shares	Approximate percentage of the Company's issued domestic shares	Approximate percentage of the Company's total issued shares
Shenzhen Langqu	Interest in controlled company	138,864,000	42.08% *(Note 1)*	23.01%

Note:

(1) The legal and beneficial interests in the shares of Shenzhen Langqu are owned by Mr. Liu Xin as to 60% and by Mr. Liu Jun as to 40% respectively. Mr. Liu Xin and Mr. Liu Jun are therefore deemed to be interested in all Domestic Shares registered in the name of Shenzhen Langqu under Part XV of the SFO.

(ii) H Shares

Name	Capacity in which shares were held	Interests in H shares long position	Approximate percentage of the Company's issued H shares	Approximate percentage of the Company's total issued shares
McCarthy Kent C.	Interest of corporation controlled by substantial shareholder	76,660,000	28.02%	12.70% *(Note)*
Jayhawk Private Equity Fund, L. P. ("JPEF")	Investment manager	71,906,693	26.28%	11.91%
Templeton Asset Management Ltd.	Investment manager	45,600,000	16.67%	7.55%
International Finance Corporation	Beneficial owner	38,000,000	13.89%	6.30%
Genesis Fund Managers, LLP	Investment manager	38,000,000	13.89%	6.30%
Genesis Smaller Companies SICAV	Investment manager	22,651,000	8.28%	3.75%
United Technologies Corporation Master Trust	Investment manager	15,349,000	5.61%	2.54%
Carlson Fund Equity Asian Small Cap	Investment manager	12,180,000	4.45%	2.02%

Note: McCarthy Kent C is interested in 100% of the issued share capital of JPEF. Therefore, by virtue of Part XV of the SFO, the H Shares in which JPEF are shown as being interested are included in and duplicate with interest in the H Shares held by McCarthy Kent C.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2009.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the Group's five largest customers was approximately 22% of the Group's total turnover and the Group's largest customer accounted for approximately 11% of the Group's turnover.

The aggregate purchases during the year attributable to the Group's five largest suppliers was approximately 23% of the Group's total purchases and the Group's largest supplier accounted for approximately 8% of the Group's total purchases.

None of the Directors, or Supervisors, their associates or any shareholder of the Company (which to the knowledge of the directors and supervisors own more than 5% of the Company's issued share capital) had any interest in any of the five largest customers or suppliers of the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules during this year.

AUDIT COMMITTEE

An audit committee was established on 21 March 2002 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors, Mr. Jiang Chao Yu, Mr. Liu Yuan and Dr. Zou Shulin.

Five audit committee meetings were held in 2008 and up to the date of this announcement to perform the following duties:

– review the 2008 and 2009 financial statements and first to third quarterly reports of 2009 of the Company; and

– review and supervise the internal control system of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry to all Directors and the Company is not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the year.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause significant competition with the business of the Group.

INDEPENDENT AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Group's auditors, Messrs. Grant Thornton, to the amounts set out in the Group's consolidated financial statements for the year.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Grant Thornton as independent auditors of the Company.

CLOSURE OF REGISTER

The Registrar of members will be closed from 24 April 2010 to 25 May 2010, both inclusive, for both the annual general meeting of the Company to be held on 25 May 2010 and the final dividend of RMB0.03 (the "Final Dividend") proposed by the Board in the Result announcement. All transfers accompanies by relevant share certificates must be lodged with the Company's H Share registrar no later than 4:30 p.m. on 23 April 2010.

The Board hereby also announce that the proposed payable date of the Final Dividend to be 30 June 2010.

By order of the Board
Launch Tech Company Limited
Liu Xin
Chairman

Shenzhen, the PRC
31 March 2010

As at the date of this announcement, the Board comprises of three executive Director, namely Mr. Liu Xin, Mr. Liu Jun and Ms. Liu Ping; one non-executive Director, namely Ms. Liu Yong; and three independent non-executive Directors, namely Mr. Jiang Chao, Mr. Liu Yuan and Dr. Zou Shulin.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for 7 days from the day of its posting.