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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)

(Stock Code: 8196)

PROPOSED ISSUE OF A SHARES PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED ADOPTION TO THE RULES OF PROCEDURES AND THE INTERNAL RULES

Proposed issue of A Shares

The Board is pleased to announce that at a meeting of the Board held on 22 January 2011, it was resolved that, subject to Shareholders' approval, the Company will apply to the relevant regulatory authorities in the PRC for the issue of not more than 12 million A Shares with a nominal value of RMB1.00 each to be listed on the SME Board of the Shenzhen Stock Exchange.

The proposed Issue of A Shares is subject to, among others, (i) approval from the Shareholders at the SGM and the Class Meetings; (ii) approval from the CSRC; (iii) the completion of the Shares Consolidation and Transfer of Listing; and (iv) the approval of the Shenzhen Stock Exchange as to the listing of and dealing in the A Shares.

Proposed Amendments to the Articles of Association

Consequential amendments to the Articles of Association

Resulting from the expansion in the business scope of the Company and the change in shareholdings of Domestic Shares, consequential amendments are proposed to be made to the Articles pursuant to the applicable laws and regulatory requirements. The said consequential amendments shall come into effect upon the passing of the relevant special resolution at the SGM.

Proposed amendments to the Articles of Association

In light of the proposed Issue of A Shares, certain amendments are proposed to be made to the Articles pursuant to the applicable laws and regulatory requirements. The proposed amendments to the Articles shall come into effect upon (i) the passing of a special resolution at the SGM to consider and approve the amendments to the Articles; (ii) the date of listing of the A Shares on the SME Board of the Shenzhen Stock Exchange; (iii) obtaining all required approval or endorsement from or the registration with relevant regulatory authorities; and (iv) the Shares Consolidation and the Transfer of Listing have been completed.

Proposed Adoption of the Rules of Procedures and the Internal Rules of the Company

As a result of the aforesaid amendments to the Articles in relation to the Issue of A Shares, the Company proposed to adopt the Rules of Procedures and the Internal Rules pursuant to the requirements of the applicable PRC laws regulations, and relevant rules of the Shenzhen Stock Exchange.

GENERAL

The Company will convene the SGM for the purpose of, among other things, seeking Shareholders' approval on the Issue of A Shares, the proposed amendments to the Articles, and the proposed adoption of the Rules of Procedures and the Internal Rules. The Issue of A Shares will also be put forward to the Shareholders for approval at the respective Class Meetings.

A circular containing, among other things, further details of the Issue of A Shares, the proposed amendments to the Articles, the proposed adoption of the Rules of Procedures and the Internal Rules, as well as the notices of the SGM and the Class Meetings respectively, will be despatched to the Shareholders as soon as possible.

There is no assurance that the Issue of A Shares will proceed. Shareholders and potential investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares, the proposed amendments to the Articles, the proposed adoption of the Rules of Procedures and the Internal Rules will be disclosed by the Company in the PRC in due course and the relevant information will be disclosed in Hong Kong concurrently in accordance with the Listing Rules.

(I) PROPOSED ISSUE OF A SHARES

The Board is pleased to announce that at a meeting of the Board held on 22 January 2011, it was resolved that, subject to Shareholders' approval, the Company will apply to the relevant regulatory authorities in the PRC for the issue of not more than 12 million A Shares with a nominal value of RMB1.00 each to natural persons, legal persons and other institutional investors recognized by the CSRC, who maintain A share account with the Shenzhen Stock Exchange (except those prohibited by PRC laws and regulations, and other regulatory requirements to which the Company is subject to), and apply to the Shenzhen Stock Exchange for the listing of, and permission to deal in, the A Shares.

The proposed Issue of A Shares is subject to, among others, (i) approval from the Shareholders at the SGM and the Class Meetings; (ii) approval from the CSRC; (iii) the completion of the Shares Consolidation and Transfer of Listing; and (iv) the approval of the Shenzhen Stock Exchange as to the listing of and dealing in the A Shares.

Details of the Issue of A Shares

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| Type of securities to be issued: | A Shares |
| Nominal value: | RMB1.00 per A Share |
| Place of listing: | The Shenzhen Stock Exchange (the SME Board) |
| Number of A Shares to be issued: | Not more than 12 million A Shares. The final number of A Shares to be issued and the structure of the issue shall be subject to the adjustment made by the Board as authorized by the Shareholders at the SGM and the Class Meetings and approval by the relevant regulatory authorities in the PRC |
| Target subscribers: | Individuals, legal persons and other institutions with A share accounts with the Shenzhen Stock Exchange (except those who are prohibited from subscribing for A shares pursuant to the relevant PRC laws and regulations and other applicable regulatory requirements) |
| Price determination method: | The issue price for the A Shares will be determined by way of market consultation or such other methods approved by the CSRC |

Use of Proceeds

The Company intends to apply the net proceeds from the Issue of A Shares (i.e. after deducting relating expenses) in the following projects, namely:

1. RMB108.72 million will be used for investment in “the project for the reconstruction of automotive diagnostic and car electronics production lines” (汽車診斷及車用電子產品生產線改造項目);
2. RMB133.16 million will be used for investment in “the project for the establishment of an online integrated service platform based on automotive diagnostic technique” (基於汽車診斷技術的網路綜合服務平臺建設項目); and
3. RMB152 million will be used in the project for the establishment of a research and development center.

The above projects require a capital of RMB393.88 million in total. In case the actual proceeds raised by the offering are less than that required by all such projects, the difference will be raised by the Company through other means. If the proceeds exceed the requirement of the above investments, the remaining funds will be used to as additional working capital for other core operations of the Company.

Rights attached to A Shares

The A Shares to be issued are domestically listed ordinary shares denominated in RMB and, except as otherwise provided for in the applicable laws, regulations, rules and the Articles of Association, will rank *pari passu* in all respects with the Consolidated Domestic Shares and the Consolidated H Shares with a nominal value of RMB1.00 each. Once the proposed Issue of A Shares is completed, all the shareholders of the Company then shall be entitled to the accumulated undistributed profits at the time of the issue of the A Shares.

For the avoidance of doubt, the holders of the A Shares are not entitled to any dividends declared prior to the issue of A Shares.

Completion of the Proposed Issue of A Shares

The proposed Issue of A Shares is conditional upon the following:

- (i) the passing of the special resolutions at the SGM and Class Meetings to approve the proposed Issue of A Shares;
- (ii) the approval of the proposed Issue of A Shares by CSRC;

(iii) the completion of the Shares Consolidation and the Transfer of Listing; and

(iv) the approval of the Shenzhen Stock Exchange

Reasons for and the Benefits of the Proposed Issue of A Shares

The Directors believe that the proposed Issue of A Shares will further broaden the Company's funding channels, and thereby improve the Company's capital structure and its debt financing capacity. In addition, the Issue of A Shares will provide the Company with financial resources for the specific needs as stipulated in the paragraph headed "Use of Proceeds" above and improve the competitiveness of the Group. The Directors believe that the Issue of A Shares will enhance the profile and corporate image of the Group, and is beneficial to the long term development of the Group.

The Directors consider that the Issue of A Shares is in the interests of the Group and the Shareholders as a whole.

(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Consequential amendments to the Articles of Association

Resulting from the expansion in the business scope of the Company and the change in shareholdings of Domestic Shares, consequential amendments are proposed to be made to the Articles pursuant to the applicable laws and regulatory requirements. The said consequential amendments shall come into effect upon the passing of the relevant special resolution at the SGM.

Details regarding the said consequential amendments to the Articles are set out in the Circular which will be dispatched to the Shareholders as soon as possible.

Proposed amendments to the Articles of Association

In light of the proposed Issue of A Shares, certain amendments are proposed to be made to the Articles pursuant to the applicable laws and regulatory requirements. The proposed amendments to the Articles shall come into effect upon (i) the passing of a special resolution at the SGM to consider and approve the amendments to the Articles; (ii) the date of listing of the A Shares on the SME Board of the Shenzhen Stock Exchange; (iii) obtaining all required approval or endorsement from or the registration with relevant regulatory authorities; and (iv) the Shares Consolidation and the Transfer of Listing have been completed.

Details regarding the said proposed amendments to the Articles are set out in the Circular which will be dispatched to the Shareholders as soon as possible.

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| “Articles” | the articles of association of the Company, as amended from time to time |
| “Board” | the board of Directors of the Company |
| “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 proposed Issue of A Shares; (ii) the proposed amendments to the Articles; (iii) the proposed adoption of the Rules of Procedures and the Internal Rules of the Company; 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 |
| “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 (or RMB1.00 each if the Share Consolidation is implemented) 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 Hong Kong Stock Exchange |
| “GEM” | the Growth Enterprise Market of the Hong Kong Stock Exchange |
| “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 |

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| “H Share(s)” | the overseas listed foreign invested ordinary shares of RMB0.10 each (or RMB1.00 each if the Share Consolidation is implemented) in the share capital of the Company, which are currently listed on the GEM and subscribed for and traded in Hong Kong Dollars |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Issue of A Shares” | the proposed issue of not more than 12 million A Shares with a nominal value of RMB1.00 each (subject to any adjustment resulting from any change to the issued share capital of the Company up to completion of the Issue of A Shares) to natural persons, legal persons and other institutional investors recognised by the CSRC, who maintain A share account with the Shenzhen Stock Exchange (except those prohibited by PRC laws and regulations, and other regulatory requirements to which the Company is subject to) |
| “Listing Rules” | The Main Board Listing Rules and/or the GEM Listing Rules (as the case may be) |
| “Main Board” | the main board of the Hong Kong Stock Exchange |
| “Main Board Listing Rules” | the Rules Governing the Listing of Securities on the Hong Kong 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 |
| “Rules of Procedures and the Internal Rules” | the rules of procedures of the Company in relation to general meetings, the Board, the supervisory committee, respectively, the detailed working rules for independent Directors, the investment decision making process and rules, the management system of external guarantees, the related party transaction decision making system, the management system for disclosure of information and the administrative system of use of proceeds, all as set out in the circular |

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| “SGM” | the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, (i) the proposed Issue of A Shares; (ii) the proposed amendments to the Articles; (iii) the proposed adoption of the rules of procedures and the internal rules of the Company; 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 |
| “Share(s)” | the Domestic Share(s) and the H Share(s) |
| “Shares Consolidation” | the consolidation of every 10 Shares in the registered share capital of the Company with a nominal value of RMB0.10 each into one consolidated share in the registered share capital of the Company with a nominal value of RMB1.00 each, as detailed in the circular of the Company dated 1 March 2010 and approved by the Shareholders in the special general meeting and class meetings of 19 April 2010 |
| “Shareholders” | holders of the Shares, including holders of the Domestic Shares and the H Shares, unless specified otherwise |
| “SME Board” | the Small and Medium Enterprise Board (中小企業板) of the Shenzhen Stock Exchange |
| “Transfer of Listing” | the transfer of listing of the existing H Shares of the Company from the GEM to the Main Board, as detailed in the circular of the Company dated 1 March 2010 and approved by the Shareholders in the special general meeting and class meetings of 19 April 2010 |
| “%” | per cent |

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

Shenzhen, the PRC, 28 January 2011

As at the date hereof, the executive Directors of the Company are Mr. Liu Xin, Mr. Liu Jun and Ms. Liu Ping; the non-executive Director of the Company is Ms. Liu Yong and Ms. Liu Xiaohua; the independent non-executive Directors of the Company are Mr. Jiang Chao, Mr. Liu Yuan and Dr. Zou Shulin.

This announcement includes particulars given in compliance with the GEM Listing Rules and the Main Board Listing Rules for the purpose of giving information with regard to the Company. The directors collectively and individually accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

In this announcement, the English names of the PRC entities are translations of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.