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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 with limited liability)

(Stock code: 8196)

PROPOSED SHARES CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

The Board wishes to announce that it has resolved that, subject to, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Consolidated H Shares in issue, the Shares Consolidation on the basis of every 10 ordinary shares of the Company with a nominal value of RMB0.10 each in the issued or unissued share capital of the Company be consolidated into one ordinary share of the Company with a nominal value of RMB1.00 each be effected. The Board further proposed to change the board lot size from 5,000 H Shares to 500 Consolidated H Shares once the Shares Consolidation becomes effective.

Reference is made to the circular of the Company dated 1 March 2010 in relation to, among other things, the Shares Consolidation and Transfer of Listing, and the announcement of the Company dated 19 April 2010 in relation to the poll results of the SGM and the Class Meetings, at which, among other things, the Board has been authorised to effect the Shares Consolidation on the basis of every 10 ordinary shares of the Company with a nominal value of RMB0.10 each in the issued or unissued share capital of the Company be consolidated into one ordinary share of the Company with a nominal value of RMB1.00 each.

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BACKGROUND AND REASONS FOR THE SHARES CONSOLIDATION

To facilitate the 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 pursuant to the authorisation granted to it by the Shareholders at the SGM and Class Meetings.

EFFECTS OF THE 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.

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 as at the date of this announcement and on the assumption that there will be no further Shares issued by the Company from the date of this announcement up to the Effective Date, upon the Shares Consolidation becoming effective, the registered share capital of the Company on the Effective Date 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. The Consolidated Shares shall rank *pari passu* in all respects with each other.

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

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.

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\$3.60 per existing H Share as quoted on the Stock Exchange on the date of this announcement, the board lot value is HK\$18,000. Theoretically, the change in board lot size to 500 Consolidated H Shares will keep the board lot value to HK\$18,000 (calculated based on the closing price of the Share 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 Board 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. In addition, the Board expected that the Shares Consolidation will not result in fractional H Shares and therefore will not provide matching service for the odd lot trading.

CONDITIONS OF SHARES CONSOLIDATION

The Shares Consolidation and the change in board lot size of the H Shares are conditional upon, among others things, 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.

LISTING APPLICATION

An application will be made by the Company to the GEM Listing Committee and/or the Main Board Listing Committee for the listing of, and permission to deal in, the Consolidated H Shares in issue upon the Shares Consolidation becoming effective.

CCASS ELIGIBILITY

Subject to the granting of the listing of, and permission to deal in, the Consolidated H Shares on the Stock Exchange, the Consolidated H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated H Shares on the Stock Exchange or such other date as determined by HKSCC. 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.

EXCHANGE OF SHARE CERTIFICATE AND TRADING ARRANGEMENT

Subject to the Shares Consolidation becoming effective, which is expected to be on Tuesday, 15 February 2011, holders of H Shares may, on or after Tuesday, 15 February 2011 until Wednesday, 23 March 2011 (both days inclusive) submit the share certificates of existing H Shares to the H Shares registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 46/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for new share certificates of the Consolidated H Shares on the basis of 10 existing H Shares for one Consolidated H Share. Existing H Shares certificates will be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Monday, 21 March 2011 and thereafter will not be accepted for delivery, trading and settlement purposes. Thereafter, certificates of existing H Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled (whichever number is higher) payable by Shareholders. Otherwise, certificates of existing H Shares will continue to be good evidence of legal title and may be exchanged for certificates of Consolidated H Shares at any time.

It is expected that the new share certificates of the Consolidated H Shares will be available for collection within 10 Business Days after submission of the existing share certificates of H Shares to the H Share registrar of the Company for exchange.

EXPECTED TIMETABLE

2011

Effective Date of the Shares Consolidation 15 February, Tuesday

First day of free exchange of existing share certificates of H Shares for new share certificates of Consolidated H Shares. 15 February, Tuesday

Dealing in Consolidated H Shares commences9:30a.m. on 15 February, Tuesday

Original counter for trading in existing H Shares in board lots of 5,000 existing H Shares (in the form of existing share certificates) to be temporarily closed.9:30a.m. on 15 February, Tuesday

Temporary counter for trading in Consolidated H Shares in board lot size of 500 Consolidated H Shares (in the form of existing shares certificates) opens9:30a.m. on 15 February, Tuesday

Original counter for trading in Consolidated H Shares in board lot size of 500 Consolidated H Shares (in the form of new share certificates) re-opens9:30a.m. on 1 March, Tuesday

Parallel trading in Consolidated H Shares in the original counter (in the form of new share certificates) and in the temporary counter (in the form of existing shares certificates) commences9:30a.m. on 1 March, Tuesday

Temporary counter for trading in Consolidated H Shares in board lot size of 500 Consolidated H Shares (in the form of existing share certificates) closes 4:00 p.m. on 21 March, Monday

Parallel trading in Consolidated H Shares in the form of existing share certificates and new share certificates ends. 4:00 p.m. on 21 March, Monday

Last date for free exchange of share certificates 23 March, Wednesday

Dates and times specified in the above timetable are Hong Kong dates and times.

The above timetable is indicative only and may be varied by the Company. Further announcement will be made by the Company on any consequential change to the expected timetable as and when necessary and appropriate.

DEFINITIONS

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

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Class Meetings”	the class meeting for holders of H Shares and the class meeting for holders of Domestic Shares held on 19 April 2010, for the purpose to approve, among other things, the Shares Consolidation and 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
“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)
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	the ordinary shares of RMB0.10 each (or RMB1.00 each if the Shares 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
“Domestic Stock Exchange”	the Shenzhen Stock Exchange and/or the Shanghai Stock Exchange
“Effective Date”	the effective date of the proposed Shares Consolidation, which is expected to be 15 February 2011
“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 GEM

“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“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 (or RMB1.00 each if the Shares 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
“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)
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Main Board Listing Committee”	the listing committee of the Main Board
“PRC”	People’s Republic of China, for the purpose of this announcement, excluding 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 held on 19 April 2010, for the purpose to approve, among other things, the Shares Consolidation and Transfer of Listing
“Shares(s)”	H Shares, Domestic Shares and all shares of other class(es) resulting from any sub-division, consolidation or re-classification thereof from time to time in the share capital of the Company

“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
“Shareholder(s)”	the holder(s) of Share(s)
“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, 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

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

Shenzhen, the PRC, 31 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.