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If you are in any doubt as to any aspect of this circular, or as to the action to be taken, you should consult a stockbroker, or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Launch Tech Company Limited**, you should at once hand this circular together with the enclosed forms of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of **Launch Tech Company Limited**.

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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 ISSUE OF A SHARES
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PROPOSED ADOPTION OF THE RULES OF PROCEDURES AND THE
INTERNAL RULES OF THE COMPANY
AND
NOTICE OF SPECIAL GENERAL MEETING AND CLASS MEETINGS

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

A letter from the board of Directors of the Company is set out on pages 5 to 16 of this circular.

The notices dated 2 February 2011 convening the SGM and the Class Meetings of holders of Domestic Shares and holders of H Shares of the Company to be held at 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang Longgang District, Shenzhen, the PRC on Monday, 21 March 2011 at 11:00 a.m., 10:00 a.m. and 10:30 a.m., respectively are set out on pages 154 to 176 of this circular.

Whether or not you intend to attend the meetings, you are reminded to complete the proxy forms enclosed with this circular, in accordance with the instructions printed thereon and return the same to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the Company's registered office at 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang Longgang District, Shenzhen, the PRC as soon as possible but in any event not less than 24 hours before the respective time fixed for holding the SGM and the Class Meetings for the holders of the H Shares and Domestic Shares or at any adjournment thereof. Completion and delivery of the said proxy forms will not prevent you from attending, and voting in person at, the SGM and the Class Meetings for the holders of the H Shares and the Domestic Shares or at any adjourned meeting if you so wish.

Reply slips for each of the SGM and the Class Meetings are also enclosed. You are reminded to complete and sign the relevant reply slips (if you are entitled to attend the relevant meetings) and return the signed slips in accordance with the instructions printed thereon.

2 February 2011

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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 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 Hong Kong 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 in order to obtain up-to-date information on GEM listed issuers.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:–

“A Share(s)”	the share(s) with a nominal value of RMB1.00 each (if the Shares Consolidation is implemented) in the share capital of the Company to be allotted, issued and listed on the SME Board of the Shenzhen Stock Exchange
“Administrative Measures”	證券發行與承銷管理辦法 (Administrative Measures on the Offering and Underwriting of Securities)
“Announcement”	the announcement of the Company dated 28 January 2011 in relation to, among other things, the proposed Issue of A shares, proposed amendments to the articles of association and proposed adoption of the Rules of Procedures and the Internal Rules of the Company
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“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 on Monday, 21 March 2011 for the purpose to approve, among other things, (i) the proposed Issue of A Shares; and (ii) 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
“connected person(s)”	has the meaning ascribed under Listing Rules
“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

DEFINITIONS

“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 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
“GEM”	the Growth Enterprise Market of the Hong Kong 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
“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
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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)
“Latest Practicable Date”	1 February 2011, being the latest practicable date prior to the printing of the circular for ascertaining certain information for inclusion in this circular
“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 Committee”	the listing committee of the Main Board
“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 circular, 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 Appendix II to Appendix X of this circular

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened on Monday, 21 March 2011 and held for the purpose to approve, among other things, (i) the proposed Issue of A Shares; (ii) the proposed amendments to the Articles of Association; (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 proposed 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 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
“%”	per cent

In this circular, 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.

LETTER FROM THE BOARD

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)

Executive Directors

Mr. Liu Xin (Chairman)

Mr. Liu Jun (Chief executive officer)

Ms. Liu Ping

Non-executive Director

Ms. Liu Yong

Ms. Liu Xiaohua

Independent Non-executive Directors

Mr. Jiang Chao

Mr. Liu Yuan

Dr. Zou Shulin

Registered office

Xin Yang Building

Bagua Number Four Road

Futian District

Shenzhen, the PRC

Principal place of business in Hong Kong

Room 1801, 18th Floor

Wing On Central Building

26 Des Voeux Road Central

Hong Kong

2 February 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSED ISSUE OF A SHARES;
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
PROPOSED ADOPTION OF THE RULES OF PROCEDURES AND THE
INTERNAL RULES OF THE COMPANY;
AND
NOTICE OF SPECIAL GENERAL MEETING AND CLASS MEETINGS**

1. INTRODUCTION

Reference is made to the circular of the Company dated 1 March 2010, where the Company proposed resolutions, among others, to implement the Shares Consolidation and apply to the CSRC and the Hong Kong Stock Exchange respectively for the Transfer of Listing pursuant to the streamlined transfer of listing procedures under Chapter 9A of the Main Board Listing Rules. All of the proposed resolutions were passed by the Shareholders in the special general meeting and class meetings held on 19 April 2010.

Reference is also made to the announcements made by the Company dated 12 January 2011 and 25 January 2011 respectively whereby it was announced that the approval for the Transfer of Listing has been issued by the CSRC on 10 January 2011 and the Company has made formal application to the Hong Kong Stock Exchange on 25 January 2011 to grant

LETTER FROM THE BOARD

approval to the Shares Consolidation and the Transfer of Listing. The Company would like to emphasize that the Shares Consolidation and the Transfer of Listing are still subject to, among others, the approval of the Hong Kong Stock Exchange. Shareholders and potential investors should be aware that the Company may or may not proceed with the Shares Consolidation and the Transfer of Listing, and are therefore advised to exercise caution when dealing in the H Shares.

On 28 January 2011, the Board announced that at a meeting of the Board held on 22 January 2011, it was resolved that, subject to respective approvals of relevant regulatory authorities in the PRC and the Shareholders at the SGM and Class Meetings, the Company will apply 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.

To implement the proposed Issue of A Shares, amendments will have to be made to the Articles as required by the applicable PRC laws and regulations and the relevant rules of the Shenzhen Stock Exchange.

Certain Rules of Procedures and the Internal Rules pursuant to the requirements of the applicable PRC laws and regulations, and the relevant rules of the Shenzhen Stock Exchange would also be required to be adopted.

In view of the above, the Company proposed to make the requisite amendments to the Articles and adopt the relevant Rules of Procedures and the Internal Rules which shall become effective upon completion of the Issue of A Shares.

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the SGM and the Class Meetings for, 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.

2. PROPOSED ISSUE OF A SHARES

General

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

LETTER FROM THE BOARD

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) the completion of the Shares Consolidation and Transfer of Listing; (iii) approval from the CSRC; and (iv) the approval of the Shenzhen Stock Exchange as to the listing of and dealing in the A Shares.

Structure of the Proposed Issue of A Shares

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
Method of issue:	Methods of issue stipulated in the Administrative Measures or otherwise approved by the CSRC
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)

It is currently expected that such target subscribers will not include connected persons of the Company. If any such subscribers includes connected persons of the Company, the Company will take steps to comply with the relevant connected transaction requirements under the Listing Rules

LETTER FROM THE BOARD

Price determination method: The issue price for the A Shares will be determined based on the prevailing conditions of the PRC securities market at the time of the proposed Issue of A Shares by way of market consultation or such other methods which may be approved by the CSRC and in accordance with the relevant requirements under the Administrative Measures issued by the CSRC. Thus, the amount of funds to be raised from the Issue of A Shares cannot be ascertained as at the Latest Practicable Date

As required by the relevant PRC laws and regulations, including the Administrative Measures, the price consultation will be undertaken with certain number of qualified consultation participants. However, the issue price shall not be less than the par value of the A Shares to be issued. Once the details of the issue price for the A Shares and the amount of funds to be raised from the Issue of A Shares are determined, the Company will make further announcements

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.

LETTER FROM THE BOARD

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.

Shareholders' Approval and Other Approvals

The Board shall be and is authorized to take all such actions and execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangements for all specific matters relating to, in connection with, or to give effect to, the Issue of A Shares, in accordance with the relevant requirements of the CSRC, the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, and to delegate such authorization. The authorization includes but without limit to the following:

- (i) determine and deal with at its discretion and with full authority matters relating to the Issue of A Shares, including but without limit to the place of listing, the specific timing of the issue, the number of A Shares to be issued, the target subscribers, the method of issue, the pricing mechanism, the issue price, size of the over-allotment option (if any) and other matters relating to the Issue of A Shares in accordance with the applicable laws and regulations, and pursuant to the Issue of A Shares and the listing of the A Shares and Domestic Shares as approved by the Shareholders at this SGM and the Class Meetings;
- (ii) deal with all filings and application matters relating to or in connection with the Issue of A Shares and the listing of the A Shares, including but without limit to handling the formalities of examination, registration, filing and approval from relevant governmental and regulatory authorities, the Shenzhen Stock Exchange and securities clearing institution;
- (iii) approve, sign, execute, amend or complete all necessary documents relating to the Issue of A Shares and the listing of the A Shares (including but without limit to the preliminary prospectus, prospectus, sponsors' agreement, underwriting agreement, listing agreement and various announcements and circulars);
- (iv) adjust and amend the proposal for the Issue of A Shares and the listing of the A Shares according to implementation of the proposal of the Issue of A Shares and the listing of the A Shares, market conditions, policies

LETTER FROM THE BOARD

adjustments and comments from governmental and regulatory authorities, or if there is any change to the relevant policies relating to initial issue of new shares, to deal with matters relating to the Issue of A Shares and the listing of the A Shares pursuant to such new policies;

- (v) amend the Articles of Association of the Company as a result of the implementation of the Issue of A Shares and submit the amended Articles of Association to the relevant authorities of the PRC and Hong Kong for approval, filing or registration;
- (vi) make necessary or appropriate adoption of and amendments to the Articles of Association, the Rules of Procedures and the Internal Rules of the Company in the event they conflict with the regulatory rules or documents promulgated by the CSRC and/or the Shenzhen Stock Exchange, or in accordance with the comments from the CSRC, the Hong Kong Stock Exchange and/or the relevant stock exchange;
- (vii) deal with the listing of the A Shares on the SME Board of the Shenzhen Stock Exchange;
- (viii) to deal with all matters in relation to the application or the use of net proceeds from the Issue of A Shares subject to the approval of the CSRC;
- (ix) to engage relevant intermediaries and to liaise and agree on their respective remuneration;
- (x) to process all related matters in connection with the Issue of A Shares, and to take all such actions as necessary or expedient and to determine and make arrangements for all specific matters relating to or in connection with the Issue of A Shares as permitted by the relevant laws and regulations;
- (xi) delegate such power and authorization to one or two Directors; and
- (xii) to deal with such other matters and take such actions as may be necessary to give effect 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 completion of the Shares Consolidation and the Transfer of Listing;
- (iii) the approval of the proposed Issue of A Shares by CSRC; and
- (iv) the approval of the Shenzhen Stock Exchange.

LETTER FROM THE BOARD

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.

Effects of the Issue of A Shares on Shareholding Structure of the Company

Shareholding Structure of the Company

Assuming that a total of 12 million A Shares of RMB1.00 each is issued under the proposed Issue of A Shares, that the Shares Consolidation is implemented before the Proposed Issue of A Shares and that the Company will not issue further Shares prior to the Shares Consolidation or the proposed Issue of A Shares, the expected shareholding structure of the Company immediately before and after the Shares Consolidation and immediately upon completion of the proposed Issue of A Shares is set out and summarized as follows:

	As at the Latest Practicable Date		Immediately after the Shares Consolidation but before completion of the proposed Issue of A Shares		Immediately after completion of the proposed Issue of A Shares	
	Number of Shares of RMB0.10 each	%	Number of Consolidated Shares of RMB1.00 each	%	Number of Consolidated Shares of RMB1.00 each	%
Domestic Share						
– existing Domestic Shares	330,000,000	54.68	33,000,000	54.67	33,000,000	45.61
– A Shares to be issued	–	–	–	–	12,000,000	16.58
H Shares	<u>273,600,000</u>	<u>45.32</u>	<u>27,360,000</u>	<u>45.33</u>	<u>27,360,000</u>	<u>37.81</u>
Total	<u>603,600,000</u>	<u>100.00</u>	<u>60,360,000</u>	<u>100.00</u>	<u>72,360,000</u>	<u>100.00</u>

The authorization and the shareholders' approval for the Issue of A Shares, if obtained from the shareholders at the SGM and the Class Meeting, shall be valid for a period of twelve months from the date when such authorization and approval are obtained.

LETTER FROM THE BOARD

There is no assurance that the Issue of A Shares will proceed. Investors are advised to exercise caution in dealing the H Shares. Further details about the Issue of A Shares 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.

3. CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Resulting from the expansion in the business scope of the Company, change in business license number, change in number of Directors 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 Appendix I.1 to this circular.

4. 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) 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.

The proposed amendments to be made to the Articles as a result of the proposed Issue of A Shares, include without limitation, amendments relating to the alteration to the Company's registered capital and shareholding structure, the rights and obligations of the Shareholders, the matters relating to the Shareholders' general meetings, the procedures of appointment of Directors and supervisors of the Company and other amendments in relation to the Issue of A Shares as required by the applicable PRC laws and regulations and the relevant rules of the Shenzhen Stock Exchange.

Details regarding the proposed amendments to the Articles are set out in Appendix I.2 to this circular.

LETTER FROM THE BOARD

5. 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.

Adoption of the Rules of Procedures and the Internal Rules are subject to (i) the passing of a special resolution at the SGM to consider and approve the adoption of the Rules of Procedures and the Internal Rules; (ii) the date of listing of the A Shares on the SME Board of the Shenzhen Stock Exchange; (iii) the coming into effect of the proposed amendments to the Articles; and (iv) the Shares Consolidation and the Transfer of Listing have been completed.

Details regarding the proposed adoption of the Rules of Procedures and the Internal Rules are set out in Appendices II, III, IV, V, VI, VII, VIII, IX and X to this circular.

6. PROPOSED CHANGE OF AUDITORS

Grant Thornton has resigned as the Company's auditors and the resignation took effect on 6 December 2010. The Board has approved in a Board meeting dated 6 December 2010 to appoint BDO Limited as the Company's auditors, with the term of the appointment commencing from 6 December 2010 to the date of the conclusion of the next annual general meeting.

At the SGM, an ordinary resolutions will be put forward to the Shareholders to ratify, approve and accept the appointment of BDO Limited as the Company's auditors to hold office until the conclusion of the next annual general meeting of the Company, and to authorize the Board to decide its remuneration.

7. PROPOSED APPOINTMENT OF DIRECTORS

Resignation of Executive Director

Ms. Liu Ping has resigned as an executive Director of the Company due to health reasons and her resignation shall take effect where the appointment of a new executive Director is approved by the Shareholders.

Ms. Lui has confirmed that she has no disagreement with the Board and there is no matter relating to her resignation that will need to be brought to the attention of the Shareholders. The Board would like to take this opportunity to thank Ms. Liu for her valuable contributions to the Company during her service with the Company.

LETTER FROM THE BOARD

Proposed Appointment of Directors

Due to the resignation of Ms. Lui Ping, the Board proposed to appoint Ms. Huang Zhao Huan as the new executive Director of the Company, subject to the approval of the Shareholders by an ordinary resolution at the SGM.

The Board also proposed to appoint Mr. Jiang Shiwen as a new executive Director of the Company, subject to the approval of the Shareholders by an ordinary resolution at the SGM.

At the SGM, ordinary resolutions will be put forward to the Shareholders to appoint Ms. Huang and Mr. Jiang as new executive Directors of the Company, and to authorize the Board to determine their respective remuneration. The respective term of the proposed appointments of Ms. Huang and Mr. Jiang will be a period of three years commencing from the date of the Shareholders' approval.

The Company will determine Ms. Huang's and Mr. Jiang's remuneration after consideration of the PRC markets and with reference to prevailing market level of remuneration and the actual condition of the Company. The Company will enter into a service contract with Ms. Huang and Mr. Jiang respectively.

Saved as disclosed herein, Ms. Huang and Mr. Jiang have did not hold any directorships in any Hong Kong or overseas listed public companies in the last three years and does not hold any other positions within the Group. Ms. Huang and Mr. Jiang do not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Group nor any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as at the Latest Practicable Date.

Save as disclosed above, Ms. Huang and Mr. Jiang are not aware of any other matters that need to be brought to the attention of the Shareholders nor is there any information to be disclosed by the Company pursuant to any of the requirements under rule 17.50(2) of the GEM Listing Rules.

Particulars of Ms. Huang are set out below:

Ms. Huang Zhao Huan, aged 36, is the head of the Company's domestic marketing centre. Ms. Huang is a graduate of Nanchong Teaching University with a bachelor's degree in mathematics. She is currently responsible for the development and management of the Company's domestic sales network and marketing activities and customer relationships of its major customers. She joined the Company in 1996.

Particulars of Mr. Jiang are set out below:

Mr. Jiang Shiwen, aged 36, is the Company's Chief Information Officer. Mr. Jiang graduated from Dalian University of Technology and Shanghai Jiao Tong University with a master's degree in mathematics and a MBA degree. Prior to joining

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the Company in 2002, he had worked in several major privately-owned and foreign enterprises as development engineer, in charge of the R&D work relating to large scale management system, e-commerce system and embedded system. Mr. Jiang oversees the construction, implementation and maintenance of the entire IT system of the Company. He has led the Company in the successful planning, design and online operation of a number of large IT networks including ERP, CRM and OA systems.

8. THE SGM AND THE CLASS MEETINGS

Special resolutions to approve, among other things, 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 proposed at the SGM and to the extent applicable, the Class Meetings.

No Shareholder is required to abstain from voting in connection with the matters to be resolved at the SGM and the Class Meetings. Voting on all resolutions proposed at the SGM and the Class Meetings will be taken by poll.

Notices convening the SGM and the Class Meetings to be held at 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang Longgang District, Shenzhen, the PRC on Monday, 21 March 2011 are set out on pages 154 to 176 in this circular.

Whether or not you are able to attend the SGM or the relevant Class Meetings in person, you are requested to complete the accompanying reply slip and form of proxy in accordance with the instructions printed thereon and return it to the Company at 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang Longgang District, Shenzhen, the PRC (for holders of Domestic Shares), or the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), as soon as possible but in any event for the reply slip, on or before Tuesday, 1 March 2011, and for the proxy form, not less than 24 hours before the time appointed for the holding of the SGM, the relevant Class Meetings or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meetings or any adjournment thereof (as the case may be) should you so wish.

9. CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Saturday, 19 February 2011 to Monday, 21 March 2011, both days inclusive, during which period no transfer of the H Shares will be effected. In order to be eligible to attend the SGM and the Class Meetings for the holders of the H Shares, and to vote as the Shareholders, all transfers of the H Shares together with the relevant share certificates must be delivered at the Company's H Share registrar's transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 18 February 2011. All transfers of the Domestic Shares together with the relevant share certificates must be delivered at the Company's business office at 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang, Longgang District, Shenzhen, the PRC no later than 4:30 p.m. on Friday, 18 February 2011.

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10. RECOMMENDATION

The Directors consider that the Issue of A Shares, the proposed amendments to the Articles and the proposed adoption of the Rules of Procedures and the Internal Rules are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM and the Class Meetings.

11. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

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

APPENDIX I.1 AMENDMENTS TO EXISTING ARTICLE OF ASSOCIATION

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

The proposed amendments to the Articles of Association are set out below (the numbering and sequence of relevant sections, clauses, paragraphs and sub-paragraphs shall be amended accordingly, which is not specified in this Appendix).

1. Article 1 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 1 Launch Tech Company Limited (the “Company”) is a joint stock company with limited liability established in China in accordance with Company Law of the People’s Republic of China (“PRC”) (the “Company Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”) and other related laws and administrative regulations of the PRC.

The Company, having been approved by the Shenzhen Municipal Government upon its Document Shen Fu Gu (2001) No. 16 and established by way of promotion, was registered with the Administration for Industry and Commerce of Shenzhen Municipality and obtained a company business license on 1 June 2001.

The existing business license number of the Company is 440301501126682.

2. Article 12 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 12 The Company’s scope of operations shall be based on items approved by the company registration authorities.

The Company’s scope of operations includes automotive diagnostic maintenance and care; relevant software development production and sales; car electronic products development production and sales; information network services (excluding franchised, controlled and monopoly commodities and restricted items); operation of import and export businesses stipulated by “Registration Certificate for proprietary exports and imports business” of Shen Mao Guan Deng Ji Zheng Zi No. 17.

Depending on domestic and foreign market changes, domestic and foreign businesses demands, the Company’s own developing ability, and resolutions passed on the Annual General Meeting and reported and being approved by related State authorities, the Company can make suitable adjustment to its scope of operations, investment direction or method etc.,

APPENDIX I.1 AMENDMENTS TO EXISTING ARTICLE OF ASSOCIATION

and establish branches and offices throughout PRC and Hong Kong, Macau and Taiwan regions (whether wholly owned by the Company or not).

3. Article 18 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 18 With the approval of the Securities Administration of the State Council, the Company has issued 273,600,000 ordinary shares after its incorporation, all of which are overseas listed foreign shares, representing 45.33% of the issued ordinary shares of the Company.

The structure of existing share capital of the Company comprises 603,600,000 issued ordinary shares in total, of which:

- (1) 290,761,000 shares are held by holders of domestic shares, representing 48.17% of the total share capital of the Company of which Liu Xin holds 132,000,000 shares, representing 21.86% of the total share capital of the Company; Shenzhen Langqu Technology Development Company Limited holds 138,864,000 shares, representing 23.01% of the total share capital of the Company;

Shenzhen De Shi Yu Investment Company Limited holds 10,261,000 shares, representing 1.70% of the total share capital of the Company;

Wang Xue Zhi holds 9,636,000 shares, representing 1.60% of the total share capital of the Company;

- (2) 39,239,000 shares are held by holders of unlisted foreign shares, representing 6.50% of the total share capital of the Company; of which

SPX Flow Technology Hong Kong Limited holds 16,467,000 shares, representing 2.73% of the total share capital of the Company;

China Special Situations Holdings (1) (BVI) Limited holds 2,772,000 shares, representing 0.46% of the total share capital of the Company;

China Special Situations Holdings (2) (BVI) Limited holds 20,000,000 shares, representing 3.31% of the total share capital of the Company;

- (3) 273,600,000 shares are held by holders of overseas listed foreign shares, representing 45.32% of the total share capital of the Company.

APPENDIX I.1 AMENDMENTS TO EXISTING ARTICLE OF ASSOCIATION

4. Article 95 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 100):

Article 100 The Company shall have the Board of Directors comprising nine directors. The Board of Directors shall have a chairman. Among the nine directors, four are executive directors (one of which shall act as chairman), two are non-executive directors and three are independent non-executive directors.

A director may take up the post of general manager or other senior management at the same time. However, the total number of directors who also perform the duties of managers or other senior management members shall not exceed 50% of the total number of directors.

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

The proposed amendments to the Articles of Association are set out below (the numbering and sequence of relevant sections, clauses, paragraphs and sub-paragraphs shall be amended accordingly, which is not specified in this Appendix).

1. Article 6 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 6 These Articles of Association have been resolved by a special resolution at the general meeting and approval by relevant regulatory authorities and become effective on the date when the Renminbi denominated ordinary shares of the Company offered to the public (A shares) are listed on Shenzhen Stock Exchange (the “Shenzhen Stock Exchange”). These Articles of Association are prepared mainly pursuant to the Company Law, PRC Securities Law (“PRC Securities Law”) the Mandatory Provisions for Articles of Association of the Companies to be Listed Overseas (Zheng Wei Fa [1994] No. 21) (the “Mandatory Provisions”) issued by the State Council Securities Committee and the State Commission for Restructuring the Economic System on 27 August 1994, Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1) issued by Overseas Listing Division of China Securities Regulatory Commission and the Production System Department of the former State Commission for Restructuring the Economic System on 3 April 1995 and Guidelines on Articles of Association of Listed Companies (as amended in 2006) (“Guidelines on Articles of Association”).

The original Articles of Association shall be substituted by these Articles of Association from its effective date.

As of the effective date of these Articles of Association, these Articles of Association shall become a legally binding document in regulating the organization and behavior of the Company and the rights and obligations among shareholders and between shareholders and the Company.

2. Article 13 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 13 The Company shall issue ordinary shares at all times. The Company may, according to its needs and subject to the approval by the companies’ approval authority authorized by the State Council, create other classes of shares.

Shares of the Company shall be in registered form with share certificates.

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice so that each of the shares of the same class shall carry the same rights. Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance. The same price shall be paid for each of the shares subscribed by any entity or individual.

3. Article 18 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 18 With the approval of the Securities Administration of the State Council, the Company has issued 27,360,000 ordinary shares after its incorporation, all of which are overseas listed foreign shares, representing 45.33% of the then issued ordinary shares of the Company. As of [●], with the approval of the Securities Administration of the State Council, the Company issued [●] domestic listed shares (A shares), representing [●] % of the total issued ordinary shares of the Company.

As of [●], the structure of existing share capital of the Company comprises [●] issued ordinary shares in total, of which [●] shares are domestic shares, representing [●] % of the total issued share capital of the Company; [●] shares are non-listed foreign shares, representing [●]% of the total issued share capital of the Company; and [●] shares are H shares, representing [●] % of the total issued share capital of the Company.

Among the holders of domestic shares, [●] held [●] shares while [●] shares were held by other holders of A shares.

4. Article 23 and Article 24 of the existing Articles of Association shall be combined and replaced by the following:

Article 23 Unless otherwise provided for by the laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

Upon a transfer of share(s) of the Company, the name(s) (title(s)) of the transferee(s) shall be recorded in the register of members as the holder(s) of such share(s).

The Company does not accept pledges created over the Company's shares.

5. The new article below is added into the Articles of Association as Article 24:

Article 24 Shares held by promoters shall not be transferred within one year from the date of establishment of the Company. Shares previously issued by the Company prior to the public offering shall not be transferred within one year from the first day listing and trading of the Company's shares on a stock exchange.

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The directors, supervisors and other senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer in a given year during their terms of office more than 25% of the total number of shares of the Company which they hold; the shares of the Company held by them shall not be transferred within one year from the first day on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their leaving the Company.

Any gains from any sale of shares of the Company by any director, supervisor, senior management member or shareholder of the Company holding 5% or more of the shares of the Company within six months after the date of purchase of the same, and any gains from any purchase of shares of the Company by any of the aforesaid parties within six months after the date of sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties, provided that disposals by brokerage companies holding 5% or more of the shares in the Company as a result of their underwriting obligations in relation to the shares unsubscribed shall not be subject to the six-month limit.

If the Board of Directors of the Company fails to comply with the requirements in accordance with the preceding paragraph, a shareholder shall have the right to request the Board of Directors to effect the same within 30 days. If the Board of Directors of the Company fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in the Court directly in his own name for the interests of the Company.

If the Board fails to comply with the requirements in accordance with the third paragraph, the responsible director or directors shall assume joint and several liabilities in accordance with the law.

6. Article 29 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 29 In case the registered capital of the Company is to be reduced, a balance sheet and financial statement shall be prepared.

The Company shall inform its creditors of the reduction in registered capital within 10 days and publish announcement for at least 3 times in the newspaper within 30 days from the date of the resolution approving the reduction. The creditors may within 30 days from receipt of such notice, or for those who did not receive the notice, 45 days from the date of the first announcement, require the Company to settle its debts or provide guarantees covering the debts.

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The reduced registered capital of the Company must not be lower than the statutory minimum amount.

7. Article 30 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 30 The Company may, by passing in accordance with the procedure as required in the Articles of Association and subject to necessary approvals of the relevant government authority, repurchase its outstanding shares under the following circumstances:

- (1) for canceling shares to reduce the Company's registered capital;
- (2) when merging with another company that holds shares in the Company;
- (3) when offering the shares to employees as a bonus;
- (4) when the shareholder disagrees with the resolution of the general meeting on the merger or spin-off of the Company and requires the Company to repurchase its shares;
- (5) under other circumstances permitted by the laws and administrative regulations.

8. Article 31 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 31 The Company may, with the approval of the relevant governmental authority, conduct the repurchase in any one of the following ways:

- (1) making a pro rata offer of repurchase to all of the shareholders;
- (2) repurchasing shares through public trading on a stock exchange;
- (3) repurchasing by an over-the-counter agreement;
- (4) by other means as authorized by the China Securities Regulatory Commission and the regulatory authorities in the place where the shares are listed.

9. Article 34 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 34 After legally repurchasing shares, the Company shall cancel such shares within the period prescribed by laws and administrative regulations and make an application to its original registration authority to apply for the registration on the change of its registered capital.

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The total par value of the cancelled shares shall be deducted from the registered capital of the Company.

The Company shall cancel shares purchased under item (1) of Article 30 in these Articles of Association within ten days of the purchase, cancel or transfer shares purchased under items (2) and (4) within six months.

If the Company repurchases its own shares in accordance with item (3) of Article 30 in these Articles of Association for offering shares to employees as a bonus, the shares so repurchased shall not exceed 5% of total shares issued by the Company, and the fund for repurchase shall be paid out of the after-tax profit of the Company whereas those shares shall be transferred to the employees within one year.

10. Article 37 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 37 For the purposes of this Chapter, the term “financial assistance” shall include (but not limited to):

- (1) gifts;
- (2) advances;
- (3) guarantee (including the assumption of liability or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company’s own default) or release or waiver of any rights;
- (4) provision of a loan or entering into any other agreement under which the obligations of the Company are to be fulfilled prior to the fulfillment of obligations of another party to the agreement, or a change in the parties to, or the assignment of rights under, such loan or agreement;
- (5) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

11. Article 39 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 39 The Company’s share-certificates are registered shares. The share-certificate is a certificate issued by the Company to prove the shares held by the shareholders.

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Shares of the Company shall specify:

- (1) name of the Company;
- (2) date of incorporation of the Company;
- (3) class of shares, par value and number of shares represented;
- (4) shares number;
- (5) other matters to be specified as required by the stock exchange with which the Company is listed other than those provided in the Company Law.

12. Article 43 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 43 The Company shall maintain a complete register of members.

A register of members shall contain:

- (1) register of members maintained at the Company's premise other than those specified in items (2), (3) and (4) of this Article;
- (2) register of the domestic shareholders maintained at the domestic registration and settlement institution;
- (3) register of the shareholders of the Company's overseas listed foreign shares maintained at the location of the stock exchange where such shares are listed;
- (4) register of members maintained in other locations according to the decision of the Board of Directors as required for the listing of shares.

13. Article 52 and Article 53 of the existing Articles of Association shall be combined and replaced by the following:

Article 52 A shareholder of the Company is a person who lawfully holds shares of the Company and has his name (title) recorded in the register of members.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares held. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

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When two or more persons are registered as joint holders of any shares, they shall be deemed to be joint owners of such shares and subject to constraints of the following terms:

- (1) the Company does not need to register more than 4 persons as joint holders for any shares;
- (2) the joint shareholders shall jointly or severally assume the liability to pay for all amount of fee payable for relevant shares;
- (3) in case that any shareholder of the joint shareholders passes away, only the other surviving shareholders among the joint shareholders shall be deemed as the owners of the relevant shares, but the Board of Directors is entitled to demand the death certificate as its deemed as appropriate; and
- (4) among the joint shareholders of any shares, only the shareholders listed in the first place on the shareholder register is entitled to receive the relevant shares, or to receive the notice of the Company, or to attend the general meetings or to vote or to receive dividends. Any notice received by such shareholders shall be deemed as to have reached all joint shareholders.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

14. Article 54 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Article 53 The holders of ordinary shares of the Company shall have the following rights:

- (1) the right to receive dividends and other distributions in proportions to the number of shares held;
- (2) the right to attend or appoint a proxy to attend and vote on any general meeting;
- (3) the right to supervise the Company's operations and present proposals or to raise queries;
- (4) the right to transfer shares in accordance with the provisions of laws, administrative regulations, and the Articles of Association;

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (5) the right to obtain relevant information in accordance with the Articles of Association, including:
 - (1) to obtain a copy of the Articles of Association, subject to payment of costs;
 - (2) to inspect and copy, subject to payment of a reasonable fee:
 - (i) all parts of the register of members;
 - (ii) personal information of the directors, supervisors, general managers and other senior management members, including:
 - (a) present and former name and alias;
 - (b) principal address (place of residence);
 - (c) nationality;
 - (d) full-time and all other part-time occupations and duties;
 - (e) identification documents and numbers thereof;
 - (iii) the position of share capital of the Company;
 - (iv) reports showing the aggregate nominal value, amount, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;
 - (v) minutes of general meetings;
 - (6) in the event of the dissolution or liquidation of the Company, to participate in the distribution of surplus assets of the Company in proportions to the number of shares held;
 - (7) to demand the Company to purchase the shares of any shareholder opposing any resolution regarding a merger or spin-off at a general meeting;
 - (8) other rights conferred by laws, administrative regulations and the Articles of Association.

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The Company shall not have any right to freeze or adopt other means to damage any right and interests attached to the shares merely due to any person who has direct or indirect interests not disclosing his or her interests to the Company.

15. The new articles below are added into the Articles of Association as Article 54, Article 55, Article 56 and Article 57:

Article 54 Any shareholder who wishes to inspect or request any relevant information or materials referred to in the preceding article shall provide to the Company a written document evidencing the class and number of the shares held by him/her in the Company. The Company shall, after verifying the identity of the shareholder, provide such information or materials as required by such shareholder.

Article 55 Shareholders shall have the right to apply to the People's Court for rescission if any resolution passed at the general meetings or the meetings of the Board of Directors is in contravention of the laws or administrative regulations.

Where the procedures for holding general meetings or meetings of the Board of Directors, or the voting procedures thereof are in contravention of any law or administrative regulations or the Articles of Association, or any resolution passed at such meeting is in contravention with the Articles of Association, the shareholders shall have the right to, within sixty days of the date of passing of the relevant resolution, apply to the People's Court for rescission of such resolution.

Article 56 Where a director and any other senior management member is in contravention of the provisions of laws, administrative regulations or the Articles of Association in discharging his/her duties and causes losses to the Company, shareholder(s) individually or jointly holding over 1% of the shares in the Company for over 180 consecutive days shall have the right to request the supervisory committee in writing to initiate legal proceedings at the People's Court. Where the supervisory committee is in contravention of the provisions of laws, administrative regulations or the Articles of Association in discharging its duties and causes losses to the Company, the said shareholder(s) shall have the right to request the Board of Directors in writing to initiate legal proceedings at the People's Court.

Where the supervisory committee or the Board of Directors refuses to initiate legal proceedings upon receipt of the written request of shareholder(s) as stipulated in the preceding paragraph, or fails to initiate legal proceedings within thirty days upon receipt of the request, or in the event that any failure to immediately initiate legal proceedings will result in irreparable damage to the interests of the Company in the case of an

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

emergency, the shareholder(s) as prescribed in the preceding paragraph shall, for the benefit of the Company and in their own names, have the right to directly initiate legal proceedings at the People's Court.

Where any person infringes the lawful interests of the Company and causes losses to the Company, the shareholders as prescribed in the first paragraph of this Article may initiate legal proceedings at the People's Court in accordance with the provisions of the first and second paragraphs of this Article.

Article 57 Where a director and any other senior management member is in contravention of the provisions of laws, administrative regulations or the Articles of Association and detrimental to the interests of the shareholders, the shareholders may initiate legal proceedings at the People's Court.

16. Article 55 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 58):

Article 58 The holders of ordinary shares of the Company shall have the following obligations:

- (1) to comply with the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw shares unless as required by the laws and regulations;
- (4) not to abuse its rights to prejudice the interests of the Company or other shareholders and not to abuse the status of the Company as an independent legal person and the limited liability of a shareholder to prejudice the interests of the creditors of the Company; where a shareholder of the Company abuses his/her rights and causes losses to the Company or other shareholders, he/she shall assume the liability of compensation in compliance with the law; where a shareholder of the Company abuses the status of the Company as an independent legal person and the limited liability of a shareholder to avoid his/her liabilities and severely impairs the interests of the creditors of the Company, he/she shall assume vicarious liability for the liabilities of the Company.
- (5) other obligations imposed by the provisions of law, administrative regulation and the Articles of Association.

Shareholders are not obliged to make any additional contribution to the share capital other than as agreed when subscribing such shares.

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17. The new Article below is added as Article 59:

Article 59 Where a shareholder holding 5% or more voting shares of the Company pledges his shares in his possession, he shall report the same to the Company in writing on the day on which he pledges his shares.

18. Article 56 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 60):

Article 60 The controlling shareholders and beneficial controllers of the Company shall not take the advantage of its connected relationship to impair the Company's interest. Any of such shareholders or controllers who violate this requirement and causes losses to the Company shall be liable for damages.

The controlling shareholders and beneficial controllers of the Company have fiduciary duties toward the Company and its public shareholders. The controlling shareholders shall exercise its rights as an investor in strict compliance with the laws. The controlling shareholders shall not jeopardize the lawful interests of the Company and its public shareholders by way of profit appropriation, asset reorganization, external investments, misappropriation and provision of guarantee for loans, nor shall they jeopardize the interests of the Company and its public shareholders by utilizing its controlling position.

The Company shall not have any right to block or adopt other means to damage any right and interests attached to the shares due to any person who has direct or indirect right interests not disclosing his or her rights and interests to the Company.

19. Article 59 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 64):

Article 64 The general meeting shall perform the following functions:

- (1) to decide on the Company's business policies and investment plans;
- (2) to elect and replace directors and to decide on matters relating to remuneration of directors;
- (3) to elect and replace supervisors who are appointed by shareholders' representative and to decide on matters relating to remuneration of supervisors;
- (4) to consider and approve reports of the Board of Directors;
- (5) to consider and approve reports of the board of supervisors;

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- (6) to consider and approve the Company's annual financial budget and final accounts;
- (7) to consider and approve the Company's profit distribution proposals and proposals for making up losses;
- (8) to resolve on the increase or reduction of the Company's registered capital;
- (9) to resolve on the issuance of debentures by the Company;
- (10) to resolve on matters such as merger, division, dissolution and liquidation of the Company;
- (11) to amend the Articles of Association;
- (12) to resolve on the appointment, removal or non-renewal of the services of an auditor for the Company;
- (13) to consider shareholders' proposals raised by shareholders who individually or jointly hold not less than 3% (inclusive) of the total voting shares of the Company;
- (14) to examine and approve the purchase and disposal of material assets by the Company (including holding subsidiaries) within a year which account for more than 30% of the latest audited total assets;
- (15) to consider and approve share based award schemes;
- (16) to consider the matters about external guarantee as required by Article 65;
- (17) to consider the repurchase of the Company's share; and
- (18) to consider other issues which require approval by the general meeting as stipulated by laws, administrative regulations as well as the Articles of Association.

The general meeting may authorize or appoint the Board of Directors to handle other matters, other than the above functions, authorized or assigned by the general meeting.

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20. The new Article below is added as Article 65:

Article 65 The following external guarantee of the Company (including holding subsidiaries) shall be considered and passed by the general meeting:

- (1) provision of a single guarantee whose amount exceeds 10% of the latest audited net assets;
- (2) any provision of guarantee, where the total amount of external guarantees provided by the Company or its holdings subsidiaries reaches or exceeds 50% of the latest audited net assets;
- (3) any provision of guarantee with total amount exceeding 70% of the Company's gearing ration;
- (4) any provision of guarantee with total amount in 12 consecutive months reaching or exceeding 30% of the Company's latest audited total assets;
- (5) provision of guarantee to shareholders, effective controllers and their connected parties.

The resolution on the guarantee specified in the foregoing Paragraph (4), when being considered at the general meeting, shall be approved by more than two-thirds of the voting rights held by shareholders present at the meeting if the total amount in 12 consecutive months exceeding 30% of the Company's latest audited total assets.

21. Article 61 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 67):

Article 67 There are two types of general meeting: annual general meeting and extraordinary general meeting. A general meeting shall be convened by the Board of Directors. The annual general meeting shall be held once a year within 6 months after the end of each financial year.

An extraordinary general meeting shall be convened within 2 months from the occurrence of any of the following events:

- (1) the number of directors is less than the quorum as required by the Company Law or is less than two thirds of the members as required by the Articles of Association;
- (2) the outstanding loss of the Company reaches one-third of the Company's total share capital;
- (3) shareholder(s) holding more than 10% of the voting shares of the Company request to convene the extraordinary meeting in writing;

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- (4) the Board of Directors deems it is necessary to convene the meeting;
- (5) when the accountant's firm as engaged by the Company requests to convene an extraordinary general meeting in accordance with Article 180;
- (6) over 50% of independent directors suggest to call for meeting;
- (7) other circumstances as stipulated by the laws, administrative regulations and departmental rules and the Articles of Association.

22. Article 63 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 69):

Article 69 The Board of Directors, the supervisory committee, and shareholders individually or jointly holding 3% or more of voting shares of the Company shall have the right to submit a new proposal in writing to the Company at the general meeting held by the Company, which if within the powers of the general meeting, shall be added to the agenda of that meeting.

Shareholder(s) severally or jointly holding more than 3% of the total number of voting shares of the Company shall have the right to propose an ex tempore proposal ten days prior to the general meeting by submitting the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within two days after receiving the proposal to announce the contents of the ex tempore proposal.

Save as provided in the preceding paragraph, the convener shall not amend proposals stated in or add new proposals set out in the notice of general meeting after the same has been issued.

No voting or resolution shall be effected or adopted at the general meeting for proposals that have not been stated in the notice of general meeting or that do not comply with the requirements set out in this Article.

23. Article 65 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 71):

Article 71 Notice of a general meeting shall satisfy the following criteria:

- (1) be in the form of writing;
- (2) with designated address, date and time of the meeting;
- (3) specify the matters to be considered at the meeting;

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- (4) provide shareholders with such information and explanation required for them to make sensible decisions on the matters to be considered. These principles include (but not limited to) the provision of the specific conditions and contracts of the contemplated transactions (if any) in the event of a proposed merger, repurchase of shares, reorganization of share capital or other restructuring by the Company, and give due accounts of the cause and effect of such proposal;
- (5) disclose the nature and extent of the material interests of any director, supervisor, manager and other senior management members in the matters to be considered; in case that the impact of the matters to be considered on such director, supervisor, manager and other senior management members in their capacity as shareholders is different from that on other shareholders of the same class, such difference shall be specified;
- (6) set out the full text of any special resolution to be proposed at the meeting for approval;
- (7) contain a clear statement specifying that a shareholder eligible for attending and voting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf, and that such proxy does not need to be a member of the Company;
- (8) specify the time and venue for lodging a proxy form for the meeting;
- (9) specify the record date for shareholders who are entitled to attend the general meeting; and
- (10) specify the name and telephone number of the contact person for the meeting.

The requirements regarding the notice of meeting set out in this Article is applicable to the general meeting independently convened by the board of supervisors or the shareholders.

The interval between the book closure date and the date of the meeting shall not exceed seven working days. Once determined, the book closure date shall not be changed.

24. Article 68 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 74):

Article 74 All the shareholders or their proxies recorded in the register of members on the registration date are entitled to attend the general meeting, and shall exercise their voting rights pursuant to the laws, regulations and the Articles of Association.

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Shareholders may attend the meeting in person, or they may appoint proxies to attend the meeting and vote on their behalf.

Any shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxy (proxies) to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote on a show of hands or on a poll, but for a shareholder who has appointed more than one proxy, such proxies may only vote on a poll.

Where such shareholder is a recognized clearing house (or its nominees) within the meaning of Securities and Futures Ordinance (Chapter 571 of Hong Kong Law), the shareholder may authorize a person or persons as he thinks fit to act as his representative (or representatives) at any general meeting or any meeting of any class of shareholders, provided that if more than one person is so authorized, the authorization must specify the number and class of shares in respect of which each such person is so authorized. The person so authorized is entitled to exercise the rights on behalf of the recognized clearing house (or its nominees) as if he was an individual shareholder of the Company.

25. Article 76 of the existing Articles of Association shall be deleted in its entirety.
26. Article 77 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 82):

Article 82 On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way. Any voter with a vote that is not filled in, incorrectly filled in or in unrecognizable writing or not cast shall be deemed as having waived the voting right and the corresponding voting shall be counted as "abstain".

27. Article 80 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 85):

Article 85 The following matters shall be resolved by a special resolution at the general meeting:

- (1) increase or reduction of the share capital and issue of shares of any class, warrants or other similar securities;

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- (2) issuance of corporate bonds;
- (3) division, merger, dissolution and liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) purchase and sale of assets after the major assets purchased and sold by the Company within one year reach or exceed 30% of the latest period's audited total assets;
- (6) external guarantees after the total amount of external guarantees of the Company reaches or exceeds 30% of the latest period's audited total assets;
- (7) share based award schemes;
- (8) the buyback of the shares;
- (9) variation or abrogation of the rights of any class of shareholders;
- (10) other matters approved by ordinary resolution of the general meeting pursuant to the laws, administrative regulations or the Articles of Association which are believed could materially affect the Company and need to be approved by special resolution.

Matters considered at the general meeting shall be passed by ordinary resolutions unless otherwise provided in this Article and the Articles of Association.

28. Article 82 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 87):

Article 87 The general meeting shall be convened and presided over by the chairman. Where the chairman is unable to perform or fails to perform his duties and responsibilities, the Board of Directors may designate a director of the Company to convene and preside over the meeting on his behalf. Where no chairman is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the shareholders holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.

All directors, supervisors and the secretary of the Company shall attend the shareholders' meeting. Managers and the senior management members shall also be present at the meeting.

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29. Article 83 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 88):

Article 88 The chairman of the meeting shall be responsible for deciding whether a resolution has been adopted. The chairman's shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

Where any shareholder is, under any applicable laws and regulations, required to abstain from voting on any particular resolution or restricted to vote only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

If the chairman of the meeting has any question on the result of a resolution, counting of the votes cast could be proceeded. If the chairman of the meeting would not proceed with the counting, shareholder(s) or the proxy/proxies attending the meeting who have/has any question on the result as announced by the chairman of the meeting may exercise his/their right to request for counting of votes immediately after the result is announced, and the chairman of the meeting should proceed with the counting immediately.

30. Article 84 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 89):

Article 89 The Company shall formulate rules of procedures of the general meeting to specify in details the convention and voting procedures of the meeting, including notice, registration, deliberation of proposals, votes, vote counting, announcement of voting results, form of resolutions, minutes and the signatures thereon, announcements, as well as the principles of authorization by the general meeting to the Board of Directors, the contents of such authorization shall be expressly specified. The rules of proceedings of the general meeting shall be an appendix to the Articles of Association, and shall be drafted by the Board of Directors and approved by the general meeting.

31. Article 85 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 90):

Article 90 If there is a count of votes in a general meeting, the results shall be recorded in the minutes.

The resolution adopted at a general meeting shall be recorded in the gist of the meeting. The minutes and gist of the meeting shall be written in Chinese. Minutes of meetings and the attendance records signed by the attending shareholders and proxies shall be kept at the Company's premise.

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The minutes, attendance records and proxies shall not be destroyed within ten years.

32. Article 97 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 102):

Article 102 Directors shall be elected at the shareholders meeting. The term of office shall be three years.

Directors may be re-appointed upon election. The chairman shall be elected and removed by more than one half of all the Board of Directors. The term of office of the chairman shall be three years, and renewable upon re-election. A director may not be elected for more than two terms consecutively.

The minimum length of the period, during which written notice to the Company of intention of a member to propose a person for election as a Director and during which written notice to the Company by that person of his willingness to be elected should be at least 7 days. The period for lodgement of such written notice will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date appointed for such meeting.

A director may resign before the expiration of his term. The resigning director shall submit to the Board of Directors a written notice of resignation. The Board of Directors shall disclose the relevant information within two days.

If the resignation of any director makes the number of directors constituting the Board of Directors fall below the quorum, before a new director is appointed, the original director shall perform his duties as a director according to the laws, administrative regulations and the relevant provisions of the Articles of Association.

Save and except for the circumstances specified above, the resignation of a director shall become effective upon notice of resignation is served to the Board of Directors.

Any director shall, upon effectiveness of his resignation or expiration of his term of office, complete all the transfer process with the Board of Directors. His commitment and duty of fiduciary towards the Company and the shareholders shall not be necessarily discharged upon conclusion of his term of labour, but shall remain in force within a reasonable period stipulated in the Articles of Association.

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Without stipulation by the Articles of Association or lawful authorization by the Board of Directors, no director shall in his own name act for the Company or the Board of Directors. Provided where a director acts in his own name but a third party reasonably believes that such director is acting for the Company or the Board of Directors, such director shall declare in advance his position and status.

Where a director violates any laws, administrative regulations, departmental rules or the provisions of the Articles of Association in the course of performing his duties and causes loss to the Company, such director shall be liable for compensation.

A director is not required to hold shares of the Company.

Any directors appointed by the Board of Directors to fill a casual vacancy on or as an addition to the Board of Directors shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

The general meeting may, by ordinary resolution, remove any director (including managing director or other executive director) before the expiration of his term of office, but without prejudice to such director's right to claim damages based on any contract, on the condition that all the relevant laws and administrative regulations are fully complied with.

Directors may assume the position as general managers or other senior management members of the Company (other than supervisors).

33. Article 98 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 103):

Article 103 The Board of Directors is responsible to the general meeting, with the following duties and authorities:

- (1) be responsible for calling the general meeting, and report details of their work at the general meeting;
- (2) to execute resolutions adopted at the general meeting;
- (3) to formulate operational plans, investment proposals of the Company;
- (4) to formulate the Company's annual budget proposals and final accounts proposals;
- (5) to formulate the Company's profit allocation and loss recovery compensation proposals;

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- (6) to formulate the Company's proposals of increasing or decreasing registered capital and bond issuance;
- (7) to draft the Company's proposals of mergers, division, dissolution;
- (8) to draw up the Company's internal management organization;
- (9) to appoint or dismiss the Company's general manager; based on nomination by the general manager, appoint or dismiss the Company's senior management members such as the deputy general manager, financial supervisors etc, and make decisions on issues related to their remuneration and way of payments;
- (10) to formulate the Company's basic management systems;
- (11) to formulate amendments to these Articles of Association;
- (12) to draft the Company's proposals of major acquisition or disposal;
- (13) subject to in compliance with the relevant laws, regulations, the Articles of Association and the relevant rules, to exercise the power to raise funds and to borrow for the Company as well as to exercise the power to determine mortgage, leasing, subcontracting or transfer of the important assets of the Company and to authorize the general managers to exercise such power to some extent;
- (14) to determine matters including external investment, acquisition and disposal of assets, pledge of assets, designated financial management and connected transactions of the Company, etc, within the authorization of the general meeting;
- (15) to exercise other powers conferred by the general meeting and the Articles of Association.

34. Article 100 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 105):

Article 105 The Chairman shall exercise and perform the following functions:

- (1) to preside over and to convene general meetings of shareholders, and to preside over Board meetings;
- (2) to oversee the implementation of the resolutions passed by the Board of Directors;
- (3) to execute securities issued by the Company;

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- (4) to execute other important documents of the Company, or to authorize by document in writing one or more Directors to execute other important documents of the Company.
- (5) to perform the duties of a legal representative;
- (6) to be responsible for the strategic research and management of the Company and the building of corporate culture;
- (7) The right to make final decisions on important decisions regarding the finance and human resources (the appointment and dismissal of middle management, the proposal to appoint or dismiss senior management members) of the Company (including subsidiaries of the Company);
- (8) in case of major natural disaster or other circumstances of force majeure, to exercise special management of matters of the Company in accordance with laws, regulations, and the interests of the Company, and subsequently to report to the Board and the general meeting;
- (9) Other duties authorized by the Board.

When the chairman is unable to perform his duties, a director jointly elected by half or more of the total number of the directors shall perform the said duties.

35. Article 101 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 106):

Article 106 Meetings of the Board shall be convened at least four times every year. Such meetings shall be convened by the chairman of the Board;

In case of emergency, when proposed by more than one-third of the directors, over half of the independent directors, shareholders representing more than one-tenth of the voting rights, the Supervisory Committee, the chairman of the Board or the general manager, an extraordinary board meeting can be convened.

Such regular meeting does not include the practice of obtaining Board consent through the circulation of written resolutions.

36. Article 102 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 107):

Article 107 Notice of the Board meeting need not be given, when the time and venue have been set by the Board in advance. Otherwise, the Chairman shall authorize the secretary of the Company to dispatch a notice of the time

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and venue of the Board meeting to all Directors and the chairman of the Supervisory Committee by telex, telegraph, facsimile, express mail, registered mail or in person not less than fourteen and not more than thirty days prior to the commencement of the meeting.

Should an extraordinary Board meeting is required to be convened in case of emergencies, Chairman shall authorize the secretary of the Company to dispatch a notice of the time, venue and form of the extraordinary Board meeting to all Directors and the chairman of the Supervisory Committee by telex, telegraph or in person not less than two and not more than ten days prior to the commencement of the meeting.

Notices shall be in Chinese, and shall include the agenda and the subject of the meeting. An English translation of the related notice may be attached.

A director shall be deemed to have received the notice of the meeting if he is present at the meeting and does not raise the issue of the non-receipt of such notice prior to or at the time of his arrival at the meeting.

37. Article 103 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 108):

Article 108 The board meetings shall be held only if more than half of the directors are present.

Each Director shall have one vote. Under the situation not violating the circumstance as described in paragraph 2 of Article 103, a simple majority of the votes of all directors is required for passing of a board resolution.

Where the number of votes cast for and against a resolution is equal, the chairman shall have a casting vote.

Subject to such exceptions specified in the Articles of Association as the Hong Kong Stock Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined in the Rules governing the listing of securities on the Main Board of Hong Kong Stock Exchange) has a material interest nor shall he be counted in the quorum present at the meeting.

In this Article, “material interest” of a director or his associate means any contract, arrangement or proposal in which the director or his associate is interested in 5% or more.

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38. Article 104 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 109):

Article 109 Directors may attend the regular or extraordinary Board meeting by telephone or other telecommunication devices. As long as all the attendees are able to hear the speeches of other participants and can have conversations or communicate with each other by such devices, the directors shall be deemed to have attended the meeting in person.

Directors shall attend any board meeting in person. Where a director is unable to attend for some reasons, he may authorize in writing another director to attend the board meeting on his behalf. The instrument of proxy shall specify the scope of authorization.

If a director fails to attend the board meeting in person twice consecutively and has not appoint another director to attend the board meeting, the director shall be deemed to be unable to perform his or her duties, and the Board of Directors shall propose to the general meeting to replace the director.

The director attending a meeting on other's behalf shall exercise the rights of the director who appoints him or within the scope of the authorization. If a director is unable to attend a meeting of the Board of Directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at such meeting.

The appointed proxy shall be a director. When counting the quorum of the board meeting, the proxy shall be counted separately as on behalf of another director and on behalf of himself; he is not required to cast all his votes as dissenting votes or affirmative votes at the same time. The director who appoints a proxy shall notify the Company of the termination of the proxy.

There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The Board of Directors should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his / their duties to the Company.

39. Article 109 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 114):

Article 114 According to the relevant requirements of the Company Law, etc, there is one secretary to the Board of the Company. The secretary to the Board is a member of the senior management of the Company.

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40. Article 110 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 115):

Article 115 The secretary to the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. His primary responsibilities are:

- (1) to ensure the Company has complete constitutional documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents as required by the authorities entitled thereto in accordance with laws;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that the persons entitled to the access to the relevant records and documents are furnished with the same without delay;
- (4) to organize and arrange for Board meetings and general meetings; to prepare meeting materials, to handle relevant meeting affairs; to prepare minutes of the meetings and ensure their accuracy; to keep meeting documents and minutes; to proactively monitor the progress of the implementation of relevant resolutions; to report any important issues occurred during the implementation and give suggestions to the Board;
- (5) to ensure any material matters decided by the Board of the Company to be carried out in strict compliance with the procedures stipulated; as requested by the Board, to participate in the arrangement of consultation on and analysis of the matters to be decided by the Board and offer relevant opinions and suggestions; to handle the daily affairs of the Board and its committees as entrusted;
- (6) to act as the liaison officer of the Company with the securities regulatory authorities, to be responsible for the organization, preparation and timely submission of the documents as required by the regulatory authorities as well as to be responsible for taking up any tasks assigned by the regulatory authorities and organizing the completion thereof;
- (7) to be responsible for coordinating and organizing the Company's information disclosure; to establish and improve the relevant information disclosure system; to attend all the Company's meetings involving information disclosure; and to keep abreast of the Company's material operation decisions and related information in a timely manner;

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- (8) to be responsible for the confidentiality of the Company's price-sensitive information and establishing effective confidentiality systems and measures; in case of any of the Company's price-sensitive information divulged for any reason, to take necessary remedial measures by giving explanation and clarification in a timely manner, and notifying the regulatory authorities in overseas jurisdictions where the Company is listed and the securities regulatory authority of the State Council;
- (9) to be responsible for coordinating and organizing marketing activities; to coordinate reception of visitors, to handle the investor relations; to keep in touch with the investors, intermediaries and news media; to coordinate replies to inquiries from the public; and to ensure that the investors will obtain the information disclosed by the Company in a timely manner; to organize and prepare the Company's domestic and overseas marketing and promotion activities; to prepare summary reports on marketing and important visits; and to organize matters relating to the reports to the securities regulatory authority of the State Council;
- (10) to be responsible for managing and maintaining the register of members, register of directors, records and information of the shareholding of substantial shareholders and directors, as well as the list of equity holders of debentures issued by the Company; to be responsible for keeping the seals of the Company, and establish a sound management method for the seals of the Company;
- (11) to assist the directors and the general manager in practically complying with the domestic and foreign laws, regulations, the Articles of Association and other relevant provisions during exercising their functions and powers. Upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant provisions, the secretary to the Board is obligated to immediately remind the Company and is entitled to report such facts to the securities regulatory authority of the State Council and other regulatory authorities;
- (12) to coordinate the provision of necessary information and data to the Company's Supervisory Committee and other examination authorities to discharge their supervising duties; to assist the investigation on the chief financial officer, directors and general manager of the Company in discharging their fiduciary duties;
- (13) to exercise other functions and powers as conferred by the Board, as well as other functions and powers as required by laws in any overseas jurisdictions where the Company is listed.

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41. Article 111 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 116):

Article 116 According to the relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Company has one company secretary. The company secretary shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. His primary responsibilities are:

- (1) to ensure the Company has complete documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents as required by the industrial and commercial administration authorities and other organizations in accordance with laws;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that the persons entitled to the access to the relevant records and documents are furnished with the same without delay;
- (4) to perform other duties of a company secretary as stipulated in laws and the Articles of Association (including the reasonable requirements from the Board)

42. Article 112 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 117):

Article 117 Directors or other senior management members may also act as the secretary of the Board of Directors or company secretary. The accountants of the accounting firm appointed by the Company shall not concurrently act as the secretary of the Board of Directors or company secretary. Where a director concurrently acts as the secretary of the Board of Directors or company secretary, and in the event an action should be done by a director and secretary of the Board of Directors or the company secretary respectively, the person who is both a director and the secretary of the Board of Directors or company secretary shall not act in dual capacity.

43. The following new article will be added as Article 118:

Article 118 The directors, general manager and relevant departments within the Company shall support the secretary to the Board and the company secretary to perform his duties pursuant to the laws, and provide the necessary assurance in terms of organizational structure, staff deployment and expenditures. Relevant departments of the Company shall actively support the work of the secretary to the Board and the company secretary.

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44. Chapter 12 of the existing Articles of Association shall be deleted in its entirety and replaced by the following:

Chapter 12 General Manager and other senior management members

45. Article 121 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 127):

Article 127 Supervisory Committee meeting shall be convened at least two times per year and at least one meeting shall be convened every six months. The chairman of the Supervisory Committee shall be responsible for convening the meeting, and shall inform all supervisors ten days before the holding of the meeting. In case of emergency, if proposed by over one-third of the supervisors, an extraordinary meeting of the Supervisory Committee can be convened which is not subject to the following Supervisory Committee meeting notice requirements.

Meeting of the supervisory committee shall in principle be convened in the premise of the Company. When resolution of the Supervisory Committee is passed, the meeting can be convened elsewhere in the People's Republic of China.

46. Article 121 of the existing Articles of Association (other than the first and second paragraphs) shall be separated as Article 128:

Article 128 The notice of the meeting of the supervisory committee shall be given as follows:

- (1) no notice is required to be given if the supervisory committee has previously stated the time and venue of the meeting to be convened;
- (2) if prior to the meeting, the supervisory committee has not decided the time and venue of the meeting, the chairman of the supervisory committee shall at least 10 days but not more than 30 days in advance, except otherwise stated in item (1) above, by teletype, telegraph, facsimile, courier or registered mail or notify the supervisors in person, the time and venue of the meeting;
- (3) the notice shall be written in Chinese and shall attach an English version if necessary together with an agenda of the meeting. Any supervisor may waive his rights to be notified of the meeting of the supervisory committee.

If the supervisor attends the meeting and did not raise the issue that he has not received any notice prior to the meeting or at the meeting, such shall be deemed as due notice.

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Supervisors may attend the regular or extraordinary meeting of the supervisory committee by telephone or other telecommunication devices. As long as all the attendees are able to hear the speeches of other participants and can have conversations or communicate with each other by such devices, the supervisors shall be deemed to have attended the meeting in person.

The supervisory committee may accept resolutions in writing in lieu of convening a meeting of the supervisory committee, however, a draft of such resolution shall be delivered by hand, post, telex or facsimile to every supervisor. A resolution shall be a resolution of the supervisory committee without convening a meeting of supervisors if it has been sent to all supervisors and approved and signed by the requisite number of supervisors to pass the resolution.

47. Article 149 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 156):

Article 156 The financial statements of the Company shall be prepared not only in accordance with the PRC accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the PRC where the Company's shares are listed. If there are major differences in the financial statements prepared in accordance with these two types of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Company's distribution of after-tax profits in any fiscal year, the lower amount of the sum of net profit for the year and non-distributed profits shown in the abovementioned two types of financial statements shall be adopted.

48. Article 151 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 158):

Article 158 The Company shall submit its annual financial and accounting report to the China Securities Regulatory Commission and the domestic stock exchanges within 120 days from the end of each accounting year and the interim financial and accounting report to the branch of the China Securities Regulatory Commission and the foreign stock exchanges within 60 days from the end of the first six months of each accounting year; and the quarterly financial and accounting report to the branch of the China Securities Regulatory Commission, and the domestic and foreign stock exchanges within one month from the end of the first three months and the first nine months of each accounting year.

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49. Article 154 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 161):

Article 161 The Company's after-tax profit shall be distributed in accordance with the following order:

- (1) making up for losses;
- (2) allocation to the statutory common reserve fund;
- (3) allocation to the discretionary common reserve fund after approval of the general meeting;
- (4) payment of dividends in respect of ordinary shares.

50. Article 155 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 162):

Article 162 The Company shall not distribute dividends or distribute its profit in any other manner before it makes up for its losses and makes allocations to statutory common reserve fund. No dividends, unless the same are not paid by the Company when they have become due and payable, shall bear interest.

51. Article 156 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 163):

Article 163 When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund first. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous year, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings.

If the general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the company.

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

52. Article 159 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 166):

Article 166 The Company shall implement initiative methods of profit distribution. The cumulative profit distribution in cash by the Company for any last three years period shall be not less than 30% of the average of the same three years' annual distributable profits.

53. Article 161 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 168):

Article 168 The Company may distribute dividend in cash or in specie (or both).

Dividends or other distributions for ordinary shares shall be declared and denominated in Renminbi.

Dividends or other cash distributions for domestic shares shall be paid in Renminbi.

Dividends or other cash distributions for overseas-listed foreign shares listed in Hong Kong shall be paid in Hong Kong dollar in accordance with the requirements of foreign exchange administration measures of the PRC. The exchange rate to be used for the conversion shall be the average closing exchange rate of Hong Kong dollar against Renminbi for each of the business day during the week prior to the declaration date as quoted by the People's Bank of China.

After the general meeting adopts a resolution on the profit distribution plan, the Board of Directors must finish the distribution of dividends (or shares) within two months after the general meeting is held.

54. Article 180 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 187):

Article 187 Company merger can be achieved by two means, absorption and new entity for merger.

For company merger, the involved parties shall sign the merger agreement and prepare the balance sheets and inventory of assets. The Company shall advise creditors within 10 days of the merger resolution, and publish in newspaper the merger notice at least three times within 30 days. The creditor may request the Company to settle the liabilities or provide the relevant guarantee within 30 days from receiving the notice or within 45 days from the announcement if the notice is not received.

After the merger, interests and debts of the merger parties shall be borne by the merged company or by the new company established after the merger.

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

55. Article 194 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 201):

Article 201 The Articles of Association may be amended in accordance with the laws, administrative regulations and these Articles of Association.

The Articles of Association shall be amended on occurrence of any of the following circumstances:

- (1) After any amendment of the Company Law or the relevant laws and administrative regulations, the Articles of Association are in conflict with the revised laws and administrative regulations;
- (2) any changes of the Company resulting in inconsistency with the matters set out in the Articles of Association;
- (3) it is resolved to amend the Articles of Association at general meetings.

56. Article 196 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 203):

Article 203 Any amendment to the Articles of Association which involves amending the mandatory provisions shall become effective only after the approval of the companies supervisory authorities of the State Council and the approval of the securities supervisory authorities of the State Council are obtained; any amendment involving the Company's registration shall be registered in accordance with the law.

Where the amendments to the Articles of Association fall to be information required to be disclosed under laws or regulations, such amendments shall be announced in accordance with the relevant requirements.

57. Article 203 of the existing Articles of Association shall be deleted in its entirety and replaced by the following (renumbered as Article 210):

Article 210 Unless the context otherwise requires, the following terms and expressions contain the following meanings:

“Articles of Association”	Articles of Association
“Board”	The Board of Directors of the Company
“Chairman”	Chairman of the Company
“Directors”	Directors of the Company

APPENDIX I.2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

“Legal address”	2nd – 8th floor, Xin Yang Building, Bagua Number Four Road, Futian District, Shenzhen, the PRC
“RMB”	The lawful currency of PRC
“Company Secretary”	The company secretary appointed by the Board of Directors
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“State”, “PRC”	The People’s Republic of China

The accounting firm referred in the Article of Association shall mean an “auditor”.

In these Articles of Association, “effective controllers” mean persons who exercise effective control over the Company as the person, not being a shareholder of the Company, who is able to exercise control over the acts of the Company through an investment relationship, agreement or other arrangement.

In these Articles of Association, “affiliated relation” means the relation between the controlling shareholder of the Company, effective controller, directors, supervisors, senior management members and the enterprise they control directly or indirectly, and other relation that may cause the transfer of interest of the Company.

58. The new article below is added into the Articles of Association as Article 212:

Article 212 Appendices to the Articles of Association include the Procedural Rules for General Meetings, the Procedural Rules for Board Meetings, and the Procedural Rules for Meetings of Supervisory Committee.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Launch Tech Company Limited Rules of Procedures of the General Meeting

Chapter 1 General Provisions

- Article 1 In accordance with the relevant laws, administrative regulations and rules of securities regulatory authorities in China such as *the Company Law of the People's Republic of China* (hereafter referred as "Company Law"), *the Securities Law of the People's Republic of China* (hereafter referred as "Securities Law"), *the Code of Corporate Governance for Listed Companies in China*, *the Rules for General Meeting of Shareholders of Listed Companies*, *the Rules Governing the Listing of Stocks* (hereafter referred as "Stocks Listing Rules") *on Shenzhen Stock Exchange* ("Shenzhen Stock Exchange") and the rules of securities regulatory authorities of the Hong Kong Special Administrative Region such as *the Rules Governing the Listing of Securities* (hereafter referred as "Securities Listing Rules") *on the Stock Exchange of Hong Kong Limited* (hereinafter referred as the "Stock Exchange"), as well as the Articles of Association of Launch Tech Company Limited (hereinafter referred as the "Articles of Association") together with the actual conditions of the Company, the Rules and Procedures (hereinafter referred as the "Rules") are formulated to protect the legal rights of the Company, the shareholders and the creditors, regulate the organization and actions of the General Meeting of Launch Tech Company Limited (hereinafter referred to as the "Company"), raise the efficiency of the procedures of the General Meeting, and ensure the legality and effectiveness of the procedures and resolutions of the General Meeting.
- Article 2 The General Meeting is formed by all shareholders of the Company and represents the decision-making authority of the Company with the highest power to exercise duties according to the law.
- Article 3 The General Meeting can exercise the following duties:
- (1) Determine business directions and investment plans of the Company;
 - (2) Elect and replace directors as well as supervisors who are not staff representatives, and determine remuneration issues of related directors and supervisors;
 - (3) Consider and approve report from the Board;
 - (4) Consider and approve report from the Supervisory Committee;

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

- (5) Consider and approve financial budget and final account of the Company for each fiscal year;
- (6) Consider and approve profit distribution plan and loss recovery plans of the Company;
- (7) Consider change in investment of proceeds;
- (8) Resolve Company's plan to increase or registered capital;
- (9) Resolve Company's plan to issue bonds;
- (10) Resolve issues about merger, division, dissolution, liquidation or change of company forms of the Company;
- (11) Amend Articles of Association;
- (12) Resolve the appointment, dismissal and discontinuation of audit firms;
- (13) Consider proposition from shareholders who individually or jointly possess over 3% (including 3%) of the Company's issued shares with voting rights;
- (14) Consider material purchase or sale of assets of the Company (including subsidiaries) within 1 year with value over 30% of the aggregate asset value in the latest audited account;
- (15) Consider share incentive plan;
- (16) Consider the external guarantee activities stipulated in Article 4 of the Rules;
- (17) Consider the repurchase of the shares of the Company; and
- (18) Consider other issues to be determined by the General Meeting according to the law, regulations and the Articles of Association.

The General Meeting can authorize or appoint the Board to handle matters other than the duties mentioned above.

Article 4 When the Company carries out guarantee activities, they shall be considered by the Board and disclosed promptly. The following external guarantee activities require approval by the Board and then by the General Meeting:

- (1) One-off guarantee with an amount exceeding 10% of the total asset recorded in the latest audited account;

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

- (2) Any guarantee provided after the amount of external guarantee by the Company or its subsidiaries reached or exceeded 50% of the net asset of the latest audited accounts;
- (3) Guarantee provided for object with an asset to debt ratio of over 70%;
- (4) The secured amount in twelve consecutive months exceeds 30% of the latest audited total assets;
- (5) The guarantee provided to a shareholder, de facto controller and their affiliated parties;

The resolution on the guarantee specified in the foregoing paragraph (4), when being considered at the General meeting, shall be approved by more than two-thirds of the voting rights held by shareholders present at the meeting if the guarantee amount exceeds 30% of the latest audited total assets of the Company for twelve consecutive months.

Article 5 The General Meeting shall exercise its duties within the requirements of the Company Law and shall not involve in disciplinary actions against the personal rights of the shareholders.

Matters discussed and decided in the General Meetings shall be determined in accordance with the Company Law and the Articles of Association.

Article 6 General Meetings are classified into Annual General Meetings and Extraordinary General Meetings. General Meetings are convened by the Board. Annual General Meetings are held once a year and shall be conducted within 6 months after the end of the previous financial year.

Should any one of the following situations occurs, the Board shall convene an Extraordinary General Meeting within 2 months after the occurrence of the incident:

- (1) When the number of directors is less than the number required by the Company Law or less than 2/3 of the number required by the Articles of Association;
- (2) Losses not recovered reach 1/3 of the aggregate share capital of the Company;
- (3) Shareholders who individually or jointly possess 10% or over 10% of all issued shares (with voting right) of the Company request in writing an Extraordinary General Meeting;
- (4) The Board considers necessary or the Supervisory Committee suggests to convene a meeting;

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

- (5) The accounting firm engaged by the Company request to convene an Extraordinary General Meeting according to Article 180 of the Articles of Association;
- (6) Over 50% of the independent directors suggest to convene a meeting; or
- (7) Other situations required by law, administrative regulations, departmental rules or the Articles of Association.

Amount of shares held by shareholders mentioned in item 3 above is calculated on the date of which the request is made.

Article 7 The General Meetings are held at the location of production and operation of the Company or other locations determined by the convener of the General Meeting.

When convening General Meetings, the Company will arrange a venue and hold the meeting in the form of on-the-spot meeting. Given that the legality and effectiveness of the General Meetings are guaranteed by the Company, multiple means and methods, including modern information technology like the provision of online voting platform can be used to offer convenience to shareholders for attending the General Meetings. Shareholders attending the General Meeting via the abovementioned methods are considered as attendees of the meetings.

Article 8 When convening General Meetings, the Company will appoint lawyers and seek for legal advice, which will be announced, regarding the following issues:

- (1) Whether the convening and organization of the General Meeting is in accordance with the laws, administrative regulations and the Articles of Association;
- (2) Whether the qualifications of participants and convener are legally effective;
- (3) Whether the voting mechanism and voting results are legally effective;
- (4) Other legal advice as requested by the Company.

Chapter 2 The Convening of the General Meeting

Article 9 The Board shall convene General Meetings according to the regulations set out in the Articles of Association.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Article 10 Over 1/2 of the independent directors have the right to propose the Board to convene Extraordinary General Meetings. The Board shall reply in written form regarding the acceptance or refusal to convene Extraordinary General Meeting within 10 days upon receiving the request in accordance with the requirements of the law, administrative regulations and the Articles of Association.

If the Board agrees to convene Extraordinary General Meeting, notice convening the meeting shall be issued within 5 days after the Board reached the resolution to do so. If the Board does not agree to convene Extraordinary General Meeting, reasons shall be explained and announced.

Article 11 The Supervisory Committee has the right to request the Board to convene Extraordinary General Meeting in writing. The Board shall reply in writing regarding the acceptance or refusal to convene Extraordinary General Meeting within 10 days upon receiving the request in accordance with requirements of the law, administrative regulations and the Articles of Association.

If the Board agrees to convene Extraordinary General Meeting, notice convening the meeting shall be issued within 5 days after the Board of Directors reached the resolution to do so. Should there be amendments to the original proposals, consent has to be obtained from the Supervisory Committee.

If the Board does not agree to convene Extraordinary General Meeting or does not reply within 10 days upon receiving the request, the Board will be considered as unable or refused to fulfill the obligation to convene General Meetings and the Supervisory Committee can convene and preside the meeting on its own.

Article 12 Shareholders shall follow the following procedures when requesting to convene Extraordinary General Meetings:

(1) Shareholders individually or jointly possessing over 10% of the shares of the Company can sign one or several copies of the same written requests and demand the Board to convene Extraordinary General Meeting and explain the subjects of the meeting. Number of shares held by shareholders mentioned above is calculated on the date on which the written request is made. The Board shall reply in writing regarding the acceptance or refusal to convene Extraordinary General Meeting within 10 days upon receiving the request in accordance with the requirements of the law, administrative regulations, departmental rules and the Articles of Association.

If the Board agrees to convene Extraordinary General Meeting, notice convening the Extraordinary General Meeting shall be issued within 5 days after the Board reached the resolution to do so. Should there be amendments to the original requests in the notice, consent has to be obtained from the related shareholders.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

- (2) If the Board does not agree to convene Extraordinary General Meeting or does not reply within 10 days upon receiving the request, shareholders individually or jointly possessing over 10% voting shares in the proposed meeting have the right to request the Supervisory Committee to convene Extraordinary General Meeting in writing.

If the Supervisory Committee agrees to convene Extraordinary General Meeting, notice convening the General Meeting shall be issued within 5 days upon receiving the request. Should there be amendments to the original requests in the notice, consent has to be obtained from the related shareholders.

If the Supervisory Committee does not issue the notice of the General Meeting within the required period, it will be considered as not going to convene and preside the Extraordinary General Meeting, and shareholders individually or jointly possessing over 10% of the voting shares in the proposed meeting for 90 consecutive days before the resolution announcement of the General Meeting have the right to convene and preside the meeting on their own.

If shareholders convene a meeting on their own because the Board and the Supervisory Committee do not convene a meeting as per the aforementioned requests, all costs reasonably incurred shall be borne by the Company, which is to be deducted from the reduction in remuneration to the directors or supervisors who failed to perform their duties.

- Article 13 Supervisors or shareholders, if decided to convene General Meetings on their own, shall inform the Board in writing and make record with the appointed organization of the securities regulatory department of the State Council, the Stock Exchange and the Shenzhen Stock Exchange for record.

Before publication of announcement regarding resolutions of the General Meeting, ratio of shares held by shareholders convening the meeting cannot be less than 10%.

Shareholders convening the meeting shall submit evidences to the appointed organization of the securities regulatory department of the State Council, the Stock Exchange and the Shenzhen Stock Exchange before publication of the notice and announcement regarding resolutions of the General Meeting.

- Article 14 The Board and its secretary should cooperate with the Supervisory Committee or shareholders convening General Meetings on their own. The Board shall provide the shareholders register as of the share capital registration day. The Company will bear all the costs for the General Meeting convened by the Supervisory Committee or shareholders.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Chapter 3 Propositions & Notice of General Meeting

Article 15 Motions at a General meeting shall meet the following requirements:

- (1) The contents shall comply with the laws and provisions of regulations and shall fall within the scope of business of the Company and terms of reference of a General meeting;
- (2) The motions shall cover specific topics for discussion and specific issues to be resolved;
- (3) Comply with the requirements of laws, administrative regulations and the Articles;
- (4) The motions shall be served or submitted to the Board in writing.

Article 16 The convener shall dispatch written notice 45 days before the date on which the General Meeting will be convened by the Company and notify all shareholders on the shareholders register with proposed topics of discussions of the meeting and date and venue of the meeting. Shareholders planning to attend the General Meeting shall reply in writing to the Company 20 days before the meeting is held.

Article 17 The Board, the Supervisory Committee and shareholders who individually or jointly possess over 3% of the voting shares among all issued shares of the Company have the right to propose new resolutions in written form in General Meetings convened by the Company. The Company shall include propositions that are within the authority of the General Meeting into the agenda of the meeting.

Shareholders who individually or jointly possess over 3% of the voting shares among all issued shares of the Company can propose interim propositions to the convener in written form 10 days before the General Meeting. The convener shall issue supplementary notice of the General Meeting within 2 days upon receiving the proposition to announce the content of the interim proposition.

Except for requirements set out in the previous items, the convener shall not amend propositions already listed out in the notice of the General Meeting or add new propositions after the issuance of the notice of the General Meeting.

Propositions not listed in the notice of the General Meeting or which do not meet the requirements of the previous articles of the Rules will not be considered and resolved during the General Meeting.

Article 18 The Company will estimate the amount of voting shares represented by shareholders who are attending the meeting according to the written replies received 20 days before the General Meeting. If the voting shares represented

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

by shareholders who are attending the meeting reaches or exceeds 1/2 of the total amount of shares with voting rights, the Company can proceed with the General Meeting; if the abovementioned quorum cannot be reached, the Company shall inform shareholders again the matters to be considered, the meeting date and venue in the form of an announcement within 5 days. After publication of the announcement, the Company can convene the General Meeting.

Extraordinary General Meeting shall not resolve matters not included in the notice of the meeting.

Article 19 Notice of the General Meeting shall conform to the followings:

- 1) Issued in written form;
- 2) Specify the venue, date and time;
- 3) Describe matters to be discussed in the meeting;
- 4) Provide necessary information and explanation about the matters to be discussed to enable well-informed decision by the shareholders. This principle applies (but not limited to) to merger, repurchase of shares, restructuring of share capital or other restructuring of the Company of which solid terms and contracts (if any) of such proposed transactions shall be provided and detailed explanation about the causes and results of such transactions shall also be provided;
- 5) If any director, supervisor, general manager and other senior management staff has serious conflict of interest with the matters to be discussed, he or she shall disclose the nature and level of the conflict. If the matters to be discussed will have impact on such director, supervisor, general manager and senior management staff as shareholders that are different from the impact on other shareholders within the same class, these differences shall be explained;
- 6) Full context of the special resolutions proposed to be passed at the meeting;
- 7) Explicitly explain that shareholders who are eligible to attend and vote at the meeting are entitled to appoint 1 or more than 1 proxy to attend and vote on his/her behalf and such proxy need not be a shareholder;
- 8) Clearly publish the time and venue for the delivery of the proxy form;
- 9) Date of shareholding confirmation of shareholders eligible to attend the General Meeting; and
- 10) Name and contact number of contact persons of the General Meeting.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

The requirements regarding the notice of meeting set out in this Article is applicable to the general meeting independently convened by the board of supervisors or the shareholders.

The interval between the book closure date and the date of the meeting shall not exceed seven working days. Once determined, the book closure date shall not be changed.

Article 20 When matters concerning the election of directors or supervisors will be discussed at the meeting, the notice of the General Meeting shall disclose detailed information about the director candidates or supervisor candidates and shall at least include the followings:

- (1) Personal information including educational background, work experiences, part time professions, etc;
- (2) Any relationship with the Company, the controlling shareholders and the actual controlling person of the Company;
- (3) Disclose the number of shares of the Company held;
- (4) Whether he/she has been penalized by the securities regulatory department of the State Council or other related departments, the Stock Exchange and the Shenzhen Stock Exchange.

Except for using accumulative voting mechanism for the election of directors and supervisors, each nomination of director and supervisor shall be submitted by proposition individually.

Article 21 Notice of the General Meeting and other related documents shall be sent to shareholders (regardless of whether they have voting rights or not) by courier or pre-paid mail. Addresses in the shareholders register should be taken as the correct correspondence addresses of all shareholders. For holders of domestic shares, the notice of the General Meeting, circulars for shareholders and related documents can also be dispatched in the form of announcement. For the holders of H Shares, the notice of the General Meeting, circulars for shareholders and related documents can also be dispatched through the Company's website and the website of the Stock Exchange according to the relevant procedures of the Securities Listing Rules of the Stock Exchange.

Announcement mentioned above shall be published in one or more newspapers designated by the securities regulatory department of the State Council within the period of 45 days to 50 days before the meeting. All holders of domestic shares are deemed to have received the notice of the General Meeting once the announcement is published.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Article 22 Failure to deliver the notice to certain persons who have the right to be informed about the meeting accidentally or such persons have not received the notice about the meeting does not result in the ineffectiveness of the meeting and the resolutions of the meeting.

Article 23 General Meeting shall not be postponed or cancelled without a proper reason after the dispatch of the notice of the General Meeting. Propositions listed in the notice of the General Meeting shall not be cancelled. Should the meeting be postponed or cancelled, the convener of the meeting shall explain the reasons at least 2 days before the date on which the meeting shall originally be held. Should the General Meeting be postponed, the shareholding record date confirmed in the notice shall not be changed.

Chapter 4 The Holding of the General Meeting

Article 24 The Board of the Company and other conveners shall take necessary measures to ensure the order at the General Meeting. Except shareholders (or proxies), directors, supervisors, the secretary of the Supervisory Committee, senior management, company lawyer and guests invited by the Company who attend the meeting, the Company has the right to legally refuse other persons from entering the venue of the meeting. Any actions that causes interference to the General Meeting, provocation and troubles, and damages to the legal rights and interests of other shareholders, measures shall be taken to stop such actions and reports shall be made to related departments for further consideration & handling.

Article 25 All the shareholders or their proxies recorded in the register of members on the registration date are entitled to attend the general meeting, and shall exercise their voting rights pursuant to the laws, regulations and the Articles of Association.

Shareholders may attend the meeting in person, or they may appoint proxies to attend the meeting and vote on their behalf.

Any shareholder with the right to attend and vote in the General Meeting has the right to appoint one or several persons (the persons may or may not be a shareholder) as their proxy to attend and vote in the meeting on their behalf. The proxy may exercise the following rights entrusted by the shareholder:

- (1) The shareholder's right to speak at the General Meeting; and
- (2) Exercise voting rights.
- (3) the right to vote on a show of hands or on a poll, but for a shareholder who has appointed more than one proxy, such proxies may only vote on a poll.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

If the shareholder concerned is an “authorized clearing house” (or its agent) under the definition of the SFO (Chapter 571 of the Hong Kong laws), the abovementioned shareholder may authorize one or more persons it consider suitable to represent them at any General Meeting or any class of General Meetings; However, should there be more than one person being authorized, the authorization letter shall clearly state the number and classes of shares each of these persons are authorized with. Such authorized persons have the right to exercise the rights of the authorized clearing house or its agents, as if these persons are individual shareholders of the Company.

Article 26 Shareholders shall appoint proxies in writing, and the authorization letter shall be signed by the shareholder or by the proxies appointed in writing by the shareholder; Should the shareholder be a legal person, the letter shall bear the stamp of the legal person or be signed by its director or persons or representatives formally authorized.

Article 27 Individual shareholders attending the meeting in person shall present their personal identity cards or other effective documents, certificates or shareholding certificates of the individual shareholder that can prove their identities; Proxies attending the meeting shall present their effective personal identity cards, authorization letters from the shareholder and shareholding certificates.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative, the Board or other decision-making bodies. Legal representatives attending the meeting shall present their personal identity cards, effective documents or shareholding certificates of the corporate shareholder that can prove its identity as the legal representative; Proxies authorized to attend the meeting shall present their personal identity cards, the authorization letter legally issued by the legal representative, the Board or other decision-making bodies of the corporate shareholder or the shareholding certificate of the corporate shareholder.

Article 28 The authorization letter issued by shareholders to authorize other persons to attend the General Meeting shall clearly state the followings:

1. The name of the proxies;
2. Number of shares represented by the proxies
3. Whether the proxies have the right to vote;
4. Instructions to vote for, against or abstain from voting on each of the items in the agenda of the meeting;
5. The signing date and the effective period of the authorization letter;

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

6. Signature (and/or seal) of the shareholders who appoint the proxies. For letters from domestic corporate shareholders, the seal of the corporate entity shall be affixed.

It shall be stated in the authorization letter that, should there be no instructions from the shareholders, the proxies may or may not vote on their own discretion.

Article 29 Any authorization letter distributed by the Board or the convener to the shareholders for appointing proxies shall allow the shareholders to choose freely to instruct the proxies to vote for or against the resolutions, and to give instructions on each and every item that requires voting listed on the agenda. It shall be stated in the authorization letter that, should there be no instructions from the shareholders, the proxies may or may not vote on their own discretion.

Article 30 Letters authorizing proxies shall, at least 24 hours before the meeting that requires the votes to be cast convenes or at least 24 hours before the designated voting time, be delivered to the Company's address or any other places designated in the notice convening the meeting. For authorization letters signed by other representatives of the shareholders, the letters authorizing the representative to sign or other documents of authorization shall be notarized. Letters authorizing the representative to sign or other documents of authorization shall, along with the letters authorizing proxies, be placed at the Company's address or any other places designated in the notice convening the meeting.

Should the shareholder be a legal person, it should be represented at the General Meeting by its legal representative or persons authorized by the Board or other decision-making bodies. For the purpose of the Rules, the attendance of the proxies at the meeting or any actions taken by such proxies during the meeting shall be deemed as the attendance of the shareholder and actions taken by the shareholders themselves at the meeting (where applicable).

Article 31 The Company is responsible for producing a register of the participants of the meeting. The register shall clearly bear the names of the participants (or units), identity card numbers, home addresses, number of shares with voting rights held or represented, the name of the shareholders (or units) represented by the proxies, etc.

Article 32 Should the authorizing person pass away, become incapacitated, cancel the authorization of proxies, cancel the authorization to sign the authorization letter or the related shares have been transferred before the voting, as long as the Company has not received written notification on the abovementioned events, votes cast by their proxies according to the authorization letter remains effective.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Article 33 The convener and the lawyer appointed by the Company will examine the legitimacy of the eligibility of the shareholders according to the register of shareholders provided by the registration and settlement institution, and register the names of the shareholders and the number of shares with voting rights they hold. Registration of the meeting shall stop before the chairman of the meeting announces the number of participating shareholders and proxies and the total number of shares with voting rights they hold.

Article 34 During the General Meeting, all of the Company's directors, supervisors and the secretary of Board shall attend the meeting, the general managers and other senior management staff shall attend as observers.

Article 35 The General meeting shall be convened and presided over by the chairman. Where the chairman is unable to perform or fails to perform his duties and responsibilities, the Board of Directors may designate a director of the Company to convene and preside over the meeting on his behalf. Where no chairman is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the shareholders holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.

In a General Meeting convened by the Supervisory Committee, the chairman of the Supervisory Committee serves as the host and chairman of the General Meeting. Should the chairman of the Supervisory Committee be unable to or fail to perform his duties, the supervisor elected by more than half of the supervisors shall serve as the host and chairman of the meeting.

In a General Meeting convened by the shareholders, the convener shall nominate a representative to host and serve as the chairman of the meeting.

During a General Meeting, should the host of the meeting violates the rules of procedures and hence the meeting cannot continue, the General Meeting may elect a person to host and continue the meeting with the approval of more than half of the participating shareholders with voting rights.

Article 36 At the Annual General Meeting, the Board and the Supervisory Committee shall report to the General Meeting their work in the past year. Each and independent director shall also report on their work.

Article 37 Directors, supervisors, senior management staff shall offer clarifications and explanations to the interpellations and proposals made by shareholders during the General Meeting.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Article 38 Prior to voting, the chairman of the General Meeting shall announce the number of shareholders and proxies present and the total number of shares with voting rights held by them. The number of shareholders and proxies present and the total number of shares with voting rights held by them shall be as stated in the registration of the meeting.

Article 39 The secretary of the Board shall be responsible for the minutes of the General Meetings, The minutes shall record the following information:

- (1) The time, venue, agenda and the name of the convener of the meeting;
- (2) The name of the host of the General Meeting, and the names of the directors, supervisors, the secretary of the Board, the general managers and other senior management staffs who attend or observe in the meeting;
- (3) Number of shareholders and proxies who attend the meeting, the total number of shares with voting rights held and the ratio to the total number of shares of the Company;
- (4) Voting results on each resolution by the shareholders and proxies present at the General meeting;
- (5) Outlines of the speeches on each resolution made by each speaker;
- (6) The course of consideration of each proposal, the summary of speeches and the voting result;
- (7) The interpellations and proposals raised by shareholders and the corresponding answers or explanations;
- (8) The names of the lawyer, counting officer and scrutineer;
- (9) Other details that are required by the Articles of Association to be recorded in the minutes.

Article 40 The convener shall ensure the truthfulness, accuracy and completeness of the meeting minutes. Directors, supervisors, the secretary of the Board, the convener or his/her representative and the chairman of the meeting who attend the meeting shall sign on the meeting minutes. The minutes shall be kept together with the signature book of shareholders attending the meeting, the authorization letter of proxies as well as all valid materials of voting through the internet or other ways for no less than 10 years.

Article 41 The convener shall ensure that the General Meeting is held continuously until final resolutions are reached. In the event that the General Meeting is adjourned or resolutions fail to be reached due to force majeure or other special reasons, measures shall be adopted to resume the meeting as soon as possible or the meeting shall be concluded immediately, and an announcement shall be

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promptly made accordingly. The convener shall also report the same to the local authority of the securities regulatory department of the State Council of the place where the Company is domiciled as well as the Stock Exchange and the Shenzhen Stock Exchange.

Chapter 5 Voting and Resolutions of the General Meeting

Article 42 Shareholders (including their proxies) are entitled to voting rights in proportion to the number of their voting shares and shall have one vote for every share held. Shares held by the Company do not carry any voting rights and shall not be counted towards the total voting shares held by the shareholders present at the General Meeting.

Article 43 The resolutions of the General Meeting shall be classified as ordinary resolutions and special resolutions.

Ordinary resolutions put forward in the General Meeting shall be adopted by a simple majority of shareholders (including their proxies) with voting rights attending the meeting.

Special resolutions put forward in the General Meeting shall be adopted by not less than two thirds of the shareholders (including their proxies) with voting rights attending the meeting.

Article 44 The following resolutions shall be adopted as ordinary resolutions at a General Meeting:

- (1) working reports of the Board and the Supervisory Committee;
- (2) profit distribution proposals and plans for making up losses formulated by the Board;
- (3) removal of the members of the Board and the members of the Supervisory Committee, and determination of their emoluments and method of payment;
- (4) annual financial budgets, audited accounts, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws and administrative regulations or the Articles of Association.

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Article 45 The following resolutions shall be adopted as special resolutions at a General Meeting:

- (1) increase or decrease of registered capital and issuance of shares of any class, warrants and other similar securities of the Company;
- (2) issuance of debentures of the Company;
- (3) division, merger, change in corporate form, dissolution or liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) purchase and sale of assets after the major assets purchased and sold by the Company within one year reach or exceed 30% of the latest period's audited total assets;
- (6) external guarantees after the total amount of external guarantees of the Company reaches or exceeds 30% of the latest period's audited total assets;
- (7) share based award schemes;
- (8) the buyback of the shares;
- (9) variation or abrogation of the rights of any class of shareholders;
- (10) other matters approved by ordinary resolution of the general meeting pursuant to the laws, administrative regulations or the Articles of Association which are believed could materially affect the Company and need to be approved by special resolution.

Matters considered at the general meeting shall be passed by ordinary resolutions unless otherwise provided in this Article and the Articles of Association.

Article 46 According to laws, administrative regulations and Articles of Association, the following items requires approval by the General Meeting, and be approved by over 50% of voting rights held by participating shareholders of public share:

- (1) The new issuance of public shares by the Company (including issuance of H Shares or warrants of other types of shares), issuance of convertible corporate bonds, placing shares to original shareholders (but excluding shares which controlling shareholders have promised to fully subscribe with cash before the meeting);

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- (2) Material restructuring of the Company asset, of which the premium of the acquired asset exceeds 20% or more of audited net value of all assets purchased;
- (3) A shareholder using his or her share equity to reimburse his or her debt to the Company;
- (4) Subsidiaries that have major impact on the Company to be listed in overseas markets;
- (5) Any event under development of the Company may have major impact on the interests of public shareholders.

Should the Company convene a General Meeting to discuss the abovementioned items, a platform for voting through the internet shall be provided to the shareholders.

Article 47 The Board, independent directors and shareholders who conform to conditions set out in related regulations may collect voting rights at the General Meeting from shareholders of the Company. The collection of voting rights should proceed gratis, and shareholders being approached should be fully informed.

Article 48 Except for special circumstances such as a crisis, the Company is forbidden from entering into any contracts with any person other than the Company's directors, general manager and other senior management staff to hand over all the management responsibilities or that of important businesses, unless it is approved through special resolution by the General Meeting.

Article 49 When the General Meeting is examining items related to connected transactions, the related shareholders should not participate in the voting process. The number of shares with voting rights represented by the related shareholders will not be counted as effective ballots cast; the announcement of resolutions made by the General Meeting should fully disclose the voting details of the non-related shareholders. Should there be special circumstances under which the related shareholders cannot avoid, the Company should obtain approval from related departments before proceeding to voting on normal procedures, and detailed explanations shall be made in the resolution announcement of the General Meeting. The announcement should be published on the website of regulatory bodies and/or newspapers that conform to related regulations.

In case any shareholder is required to abstain from voting or is restricted to vote only for or against any individual resolution by the Company Law or other laws, administrative regulations, the Stock Listing Rules of Shenzhen Stock Exchange and the Securities Listing Rules of the Stock Exchange, any votes by shareholders (or their proxies) violating the related requirements or restrictions will not be counted as effective vote.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Article 50 Lists of candidates for the positions of directors, supervisors should be submitted for approval at the General Meeting in the form of resolution;

According to the Articles of Association or resolutions reached at the General Meeting, accumulative voting mechanism may be used in the election of directors and supervisors by the General Meeting.

The accumulative voting mechanism mentioned above means that when the General Meeting elects a director or supervisor, each share holds the same number of voting rights as the number of directors or supervisors to be voted in, the shareholders may concentrate their votes. The Board should disclose to shareholders the personal particulars and basic information of the director candidate or supervisor candidate.

Article 51 Except for accumulative voting mechanism, the General Meeting should vote on each motion individually. Should there be different motions on the same issue, voting should be done according to the order of the motions raised. Except for special reasons such as force majeure causing the General Meeting to suspend or unable to reach a resolution, the General Meeting shall not set aside any motion or have any motion not voted.

Article 52 During the consideration of motions in the General Meeting, no amendments shall be made to the motions, otherwise, any such change shall be considered as a new motion, of which the voting shall not proceed in that meeting.

Article 53 Any voting must be conducted by way of poll in General Meetings, and the poll results shall be published according to the relevant requirements of the law, regulations, the Securities Listing Rules of the Stock Exchange and the Stock Listing Rules of the Shenzhen Stock Exchange.

Article 54 Should the item which requires voting by poll be the election of chairman or the suspension of the meeting, such poll shall be conducted immediately; for other items which require voting by poll, the chairman shall decide to conduct the poll at any time before the end of the current General Meeting. The meeting may proceed to discuss other items. The poll results shall be regarded as the resolutions passed in the General Meeting.

Article 55 The same voting rights can only be exercised either through on-the-spot voting, the internet or other means of voting. Should there be repeated voting by the same voting right, the first vote cast shall be taken.

Article 56 During the poll, shareholders (including their proxies) with two or more than two voting rights do not necessarily have to cast all their votes in the same way.

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Article 57 Before voting on motions in the General Meeting, two shareholder representatives shall be recommended to participate in vote counting and scrutiny. Should there be conflict of interests between the item considered and the shareholders, the related shareholders and proxies shall not participate in vote counting and scrutiny.

During the vote on a motion in the General Meeting, vote counting and scrutiny shall be carried out jointly by lawyer, shareholder representatives and supervisor representatives, and the result of the vote shall be announced on the spot. The result of the vote shall be included in the meeting minutes.

Shareholders or their proxies who voted through the internet or other means have the right to check the results of their votes in the corresponding voting system.

Article 58 The chairman of the meeting shall determine, according to the results of the votes, whether the resolutions of the General Meeting are approved. The chairman's decision is the final decision, and the results of the votes shall be announced in the meeting. The results of the votes shall be recorded in the meeting minutes.

Article 59 Should the General Meeting adopts voting through the internet, the starting time must be no earlier than the 15:00 on the day prior to the General Meeting and no later than 09:30 on the day the General Meeting convenes. The closing time must not be earlier than 15:00 on the day the General Meeting convenes.

The General Meeting must not end earlier than the closing time of the voting through the internet or by other means. The host of the meeting shall announce details and results of the vote on each motion, and announce whether the motion is approved according to the results of the votes.

Before the formal announcement of the voting results, all related parties including companies, counting officer, scrutineer, major shareholders, internet service providers involved in the process, whether on the spot, through the internet or other means of vote, have the obligation to keep the details of the vote confidential.

Article 60 Shareholders attending the General Meeting shall express one of the following opinions on the motion submitted for voting: for, against or abstain from voting.

Votes that are not filled, filled wrongly, or on which writing cannot be recognised, or are not cast, the related voters are deemed to have given up their rights to vote and the voting result of the number of shares they hold will be counted as "abstention".

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Article 61 Should the chairman of the meeting has any doubts on the result of the vote on any resolution, he may carry out a ballot count; should the chairman has yet to conduct a ballot count and any participating shareholder or his or her proxies have dissenting view on the announced voting result, they have the right to request a ballot count immediately after the announcement of the voting result, and the chairman shall carry out a ballot count immediately.

Article 62 Should a ballot count be conducted in the General Meeting, the result of the ballot count shall be recorded in the meeting minutes.

The minutes, together with the book of signatures of attending shareholders and the authorization letters for proxies shall be kept at the Company's registered address.

Article 63 Shareholders may examine photocopies of the minutes for free during office hours of the Company. Should any shareholder request photocopies of the minutes, the Company shall send the photocopies within 7 days after receiving a reasonable fee.

Article 64 Resolutions reached at the General Meeting shall be announced immediately. The following details should be included in the announcement:

- (1) The time, venue, mode, convener and host of the meeting, together with explanations on whether it is in compliance with the laws, administrative regulations, departmental rules and Articles of Association;
- (2) Number of shareholders and proxies attended the meeting, the number of shares with voting rights they hold and its ratio to the total number of shares with voting rights of the Company;
- (3) The way in which the voting is conducted, voting results of each motion, details of each approved resolution and details of the voting by shareholders; should motions be proposed by shareholders, the names of the shareholders, the shareholding ratios and the content of the motions shall be stated; should the motions involve connected transactions, the details of abstention from voting by the related shareholders shall be stated; should the motion be objected or resolution from a previous General Meeting be changed in the current General Meeting, details shall be explained in the resolution announcement of the General Meeting; and
- (4) Written legal opinion presented by the lawyers engaged.

Should the announcement on resolutions reached in the General Meeting involves items stipulated in Article 46 of the Rules, there should also be a clarification on the number of participating shareholders of public shares, the total number of shares they hold, its ratio to the number of public shares issued by the Company and the voting result, together with a disclosure of the number of shares held by the top 10 shareholders of public shares and their voting

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details. Should a motion be objected, or resolutions from a previous General Meeting be changed in the current General Meeting, details should be clarified in the resolution announcement of the General Meeting.

Article 65 Should motion on appointments of directors or supervisors be approved in the General Meeting, the day of the approval marks the beginning of the time these new directors or supervisors assume office.

Article 66 Should a resolution be reached on the distribution of profits in the General Meeting, the Board shall complete the distribution of dividends (or shares) within two months after the General Meeting.

Chapter 6 Special Procedure for the Voting of Class Shareholders

Article 67 Shareholders holding different classes of shares are referred to as “class shareholders”. Except for other classes of shareholders, holders of domestic shares and holders of H Shares are different classes of shareholders.

Class shareholders enjoy rights and bear responsibilities according to the requirements of law, administrative regulations and the Articles of Association.

Article 68 The Company’s proposition to amend or cancel rights of class shareholders is required to be passed as special resolution in General Meetings and passed by the General Meeting convened by the class shareholders affected according to Article 70 to 74 of the Rules before actions can be taken.

Article 69 The following circumstances shall be deemed to be a variation or abrogation of the rights of holders of certain class shares:

- (1) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting or equity rights, distribution rights, or privileges equal or superior to the shares of such class;
- (2) to convert all or part of a class of shares into another class, or to convert all or part of another class of shares into that class of shares, or to grant such conversion right;
- (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the increase, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;

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- (6) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (7) the creation of a new class of shares having voting or equity rights, distribution rights or other privileges equal or superior to the shares of such class;
- (8) the imposition of restrictions or additional restrictions on the transfer of ownership of the shares of such class;
- (9) the issue of rights to subscribe for, or convert into, shares of such class or another class;
- (10) the increase in rights or privileges of shares of another class;
- (11) the restructuring of the Company which will result in shareholders of different classes bearing a disproportionate burden of such proposed restructuring;
- (12) the variation or abrogation of the provisions of this chapter.

Article 70 Shareholders of the affected class, whether or not otherwise entitled to vote at General Meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) to (12) of Article 69, but interested shareholder(s) shall not be entitled to vote at class meetings.

The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph is:

- (1) in the case of a repurchase of shares by pro rata offers to all shareholders or public dealing on the Stock Exchange or the Shenzhen Stock Exchange according to the Articles of Association, a controlling shareholder within the meaning of the Articles of Association;
- (2) in the case of a repurchase of share by an off-market agreement outside of the Stock Exchange and the Shenzhen Stock Exchange under the Articles of Association, a shareholder to whom the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

Article 71 Resolutions of a class meeting shall be passed by votes representing two-thirds or more of the voting rights of shareholders of that class attending the class meeting who have the right to vote at the meeting according to the Rules.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Article 72 A written notice convening a class meeting shall be given 45 days (including the date of the meeting) before the convention of the meeting, to notify shareholders whose names appear in the register of shareholders of such class shares of the matters proposed to be considered and the date and place of the meeting. The shareholders who intend to attend the meeting shall serve the written reply to the Company 20 days prior to the date of the meeting.

If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total voting class shares at the meeting, the Company may hold the class meeting; if not, the Company shall within 5 days notify the shareholders by public notice of the matters to be transacted at, the place and date for, the meeting again. The Company may convene such a meeting after such announcement.

Quorum for the separate class meeting (adjourned meeting excluded) which is held for considering revising the rights of any shares of a class, shall be at least one-third of the holders of these issued shares.

Article 73 A notice of a class meeting shall be served exclusively on shareholders entitled to vote at such meeting.

Any class meeting shall be conducted as nearly as possible as any general Meeting. Provisions in the Articles of Associations which relate to any general meeting shall apply to any class meeting.

Article 74 Apart from holders of other classes of shares, holders of domestic shares and H Shares shall be regarded as holders of different classes of shares.

The special procedures for voting by a class shareholder shall not apply to the following circumstances:

- (1) any proposed issuance of domestic shares and H Shares by the Company in every 12 months, whether separately or together, if such proposed issuance of domestic shares and H Shares are approved by the shareholders in a general meeting by way of special resolution, and the domestic shares and H Shares proposed to be issued by the Company of not exceeding 20% of the shares in issue of such class; and
- (2) where the Company's plan to issue domestic shares and H Shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory department of the State Council.

APPENDIX II RULES OF PROCEDURES OF THE GENERAL MEETING

Chapter 7 Supplementary Provisions

- Article 75 Any disputes regarding the convening, holding, voting procedures and legality of resolutions of the General Meeting that cannot be settled through coordination, the parties concerned may initiate litigation at the People’s Court. For holders of H Shares, arbitration may be applied for according to the Articles of Association.
- Article 76 In the Rules, reference to “over” or “more than” shall be inclusive.
- Article 77 Amendments to the Rules shall be proposed by the Board and submitted for consideration and approval at General Meetings.
- Article 78 The Rules shall be subject to the interpretation by the Board.
- Article 79 Save as otherwise specified, terms used in the Rules shall have the same meaning as those defined in the Articles of Association.
- Article 80 Matters not covered by the Rules shall be executed in accordance with the Articles of Association, relevant laws and administrative regulations.
- Article 81 The Rules shall take effect from the date of the initial public issue of RMB-denominated ordinary shares (A Shares) of the Company and the listing of which on the Shenzhen Stock Exchange, after being considered and approved at the General Meeting of the Company.

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

LAUNCH TECH COMPANY LIMITED

Rules and Procedures of the Board

Chapter 1 General Provisions

- Article 1 In order to safeguard the independence, scope of work and effective execution of duties of the Board of Directors of Launch Tech Company Limited (the “Company”) under the law so as to ensure the working efficiency and scientific decision-making of the Board of Directors, the Rules and Procedures of the Board of Directors (the “Rules”) are hereby formulated in accordance with the relevant laws, administrative regulations and rules of security regulatory authorities, including Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China (the “Securities Law”), Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (the “SZ Stock Exchange”) (the “Share Listing Rules”), the rules of securities regulatory authorities in Hong Kong including Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”) (the “HK Listing Rule”), and the requirements set out in the Articles of Association of Launch Tech Company Limited (the “Articles of Association”) and in light of actual conditions of the Company.
- Article 2 The Board of Directors is set up by the Company according to the law. The Board of Directors is the business execution unit and operational decision making unit of the Company that operates and manages legal properties of the Company and responsible to the general meeting in accordance with the Company Law, related law and regulations and requirements of the Articles of Association.

Chapter 2 Structure of Board of Directors and Its Subordinate Organizations

- Article 3 A Board of Directors is set up in the Company, comprising of 9 directors. A director may take up the post of general manager or other senior management at the same time. However, the total number of directors who also perform the duties of managers or other senior management members shall not exceed 50% of the total number of directors. The Board of Directors shall have a chairman who shall be appointed and dismissed by more than 50% of all the directors by election.
- Article 4 The Board of Directors of the Company sets up special committees including Strategic Development Committee, Audit Committee, Remuneration and Assessment Committee and Nomination Committee. Each of these special committees reports to the Board of Directors. Members of these special committees shall all be the Company’s directors, and there should be at least

three members in each committee. Independent directors shall act as conveners and make up the majority in the Audit Committee, Remuneration and Assessment Committee and Nomination Committee. At least one independent director of the Audit Committee shall be from the accounting profession.

Special committees under the Board of Directors shall formulate bylaws, which will become effective upon obtaining approval by the Board of Directors.

Article 5 There is a secretary of the Board of Directors who is responsible for the general affairs of the Board of Directors. The secretary of the Board of Directors may also be the person-in-charge of secretariat and responsible for keeping the seals of the Board of Directors. The secretary of the Board of Directors shall be nominated by the chairman, and appointed or dismissed by the Board of Directors.

According to the relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Company has one company secretary. The company secretary shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board.

Directors or senior management staff of the Company can serve concurrently as secretary of the Board of Directors or secretary of the Company. But the general manager, financial principal and supervisors must not serve as secretary of the Board of Directors or secretary of the Company. The registered accountants from accounting agencies appointed by the Company must not serve concurrently as secretary of the Board of Directors.

When the director serves concurrently as the secretary of the Board of Directors or secretary of the Company, and an action must be conducted by the director, the secretary of the Board of Directors or secretary of the Company respectively, the abovementioned director is forbidden to conduct such action with dual identities.

Article 6 The secretary of the Board of Directors may designate relevant personnel such as securities affairs representative to assist him or her in handling daily affairs.

Chapter 3 Duties of the Board of Directors

Article 7 The Board of Directors shall stringently execute duties required by related laws, regulations and the Articles of Association, make sure that the Company is in compliance with the laws, regulations and the Articles of Association, that all shareholders are treated equally and that the interests of other stakeholders have been considered.

Article 8 The Board of Directors is responsible to the general meeting, with the following duties and authorities:

- (1) Be responsible for calling the general meeting, and report details of their work at the general meeting;
- (2) To execute resolutions adopted at the general meeting;
- (3) To formulate operational plans, investment proposals of the Company;
- (4) To formulate the Company's annual budget proposals and final accounts proposals;
- (5) To formulate the Company's profit allocation and loss recovery compensation proposals;
- (6) To formulate the Company's proposals of increasing or decreasing registered capital and bond issuance and other proposals of securities or listings;
- (7) To draft the Company's major acquisitions, repurchase of company stocks or mergers, division, alterations of forms of the Company and dissolution;
- (8) To draw up the Company's internal management organization;
- (9) to appoint or dismiss the Company's general manager; based on nomination by the general manager, appoint or dismiss the Company's senior management members such as the deputy general manager, financial supervisors etc, and make decisions on issues related to their remuneration and way of payments;
- (10) to formulate the Company's basic management systems;
- (11) to formulate amendments to this Articles of Association;
- (12) to draft the Company's proposals of major acquisition or disposal;
- (13) subject to in compliance with the relevant laws, regulations, the Articles of Association and the relevant rules, to exercise the power to raise funds and to borrow for the Company as well as to exercise the power to determine mortgage, leasing, subcontracting or transfer of the important assets of the Company and to authorize the general managers to exercise such power to some extent;
- (14) to determine matters including external investment, acquisition and disposal of assets, pledge of assets, designated financial management and connected transactions of the Company, etc, within the authorization of the general meeting;
- (15) to exercise other powers conferred by the general meeting and the Articles of Association.

All of the above resolutions adopted by the Board of Directors, except those in (6), (7), (11) and (12) that must be approved by more than a two-thirds vote of the directors, shall be approved by a simple majority of votes by the Directors.

The Board of Directors may exercise any power which is not provided for in the Articles of Association to be exercised by general meetings. The Board of Directors must comply with the provisions of Articles of Association and the provisions made by general meetings from time to time, provided that such provisions made by general meetings of the Company will not invalidate the originally valid action taken by the Board of Directors prior to the making of such provisions.

Resolutions in respect of connected transactions of the Company made by the Board of Directors shall take effect when signed by independent non-executive directors.

Article 9 The chairman possesses the following authorities:

- (1) To host the general meeting, to call for and preside board meetings;
- (2) To examine the implementation of resolution adopted at board meetings;
- (3) To sign on securities issued by the Company;
- (4) To sign important documents of the Board of Directors and other documents that must be signed by legal representatives of the Company;
- (5) To exercise authorities as the Company's legal representatives;
- (6) to be responsible for the strategic research and management of the Company and the building of corporate culture;
- (7) The right to make final decisions on important decisions regarding the finance and human resources (the appointment and dismissal of middle management, the proposal to appoint or dismiss senior management members) of the Company (including subsidiaries of the Company);
- (8) Should any major natural disaster or any other force majeure emergencies occur, to exercise special management rights allowed by related regulations on the Company's affairs and interests, and report to the Company's Board of Directors and general meeting afterwards;
- (9) To exercise other authorities conferred by the Board of Directors.

Article 10 When the chairman is unable to perform his duties, a director jointly elected by half or more of the total number of the directors shall perform the said duties.

Article 11 Duties of external directors shall include but not limited to the followings:

- (1) To participate in board meetings and provide independent opinion on issues designing strategies, policies, performance of the company, query about the Company, resources, major appointment and code of practice;
- (2) To take leadership role when possible conflict of interest issues emerge;
- (3) To act as members of Audit Committee, Remuneration and Assessment Committee and other governance committees as requested; and
- (4) To verify if performance of the Company meets the goals of the Company and the reports on the performance of the Company.

Article 12 The main responsibility of the Strategic Development Committee under the Board of Directors is to study and recommend on the long-term strategic development plans and major investment decision of the Company.

Article 13 The main responsibilities of the Audit Committee under the Board of Directors include:

- (1) To propose on appointment or replacement of the external auditing organizations;
- (2) To supervise the internal audit system of the Company and its implementation;
- (3) Be responsible for the communications between the internal and external auditing;
- (4) To monitor the financial information of the Company and its disclosure;
- (5) To investigate the internal control of the Company;
- (6) Any other issues authorized by the Board of Directors.

Article 14 The main responsibilities of the Remuneration and Assessment Committee under the Board of Directors include:

- (1) To research and study the standard of the assessment on directors and other senior management staff, and examine and make proposals on assessment standards according to the Company's situations;
- (2) To research and make proposals on remuneration policies for directors and senior management staff;
- (3) Any other issues authorized by the Board of Directors.

Article 15 The main responsibilities of the Nomination Committee under the Board of Directors include:

- (1) To make proposals to the Board of Directors on the scale and composition of the Board of Directors, based on the Company's operational activities, scale of assets, and equity structures;
- (2) To study and research on the standard and the procedure of choosing directors and senior management staff, and make proposals to the Board of Directors on such regard;
- (3) To search widely for qualified candidates for directors and senior management staff;
- (4) To conduct initial examination on the candidates for directors and senior management staff and make recommendation;
- (5) Any other issues authorized by the Board of Directors.

Article 16 The main responsibilities of the secretary of the Board of Directors include:

- (1) To ensure the Company has a complete file of organization documents and records;
- (2) To ensure the Company prepares and submits all reports and documents, as required by law, to responsible organizations;
- (3) To ensure the register of the shareholders of the Company to be set up, and ensure timely access to records and documents related to the Company by individuals with the right of access;
- (4) To organize and arrange board meetings and general meetings, prepare documents for the meetings, arrange related affairs, take minutes for the meetings, ensure the accuracy of the minutes, safe-keep the records and documents of the meetings, actively understand the implementation of resolutions reached at the meetings, and report and propose to the Board of Directors the serious problems in implementation of resolutions;
- (5) To ensure the decision-making on major items voting process by the Board of Directors strictly follows related regulations. As requested by the Board of Directors to participate and organize the consultation and analysis of items under discussion of the Board of Directors, and make related comments and recommendation. To undertake the daily operation of the Board of Directors and the related committees;
- (6) To organize, prepare and ensure timely delivery of documents requested by the regulatory authorities and to take up and complete any assignments ordered by the regulatory authorities;

- (7) Be responsible for coordination and organization in disclosure of information of the Company, to establish and improve the system of information disclosure, to participate in all meetings related to information disclosure of the Company, and to comprehend in a timely manner any major operational decisions made by the Company and the related information;
- (8) Be responsible for the confidentiality of price sensitive information of the Company, and establish effective systems and measures on confidentiality. When any price sensitive information of the Company is disclosed for various reasons, to take necessary remedial actions, offer timely explanation and clarification, notify foreign regulatory authorities where the Company is listed, and submit report to regulatory authorities under the State Council Securities Committee;
- (9) Be responsible for organization and coordination in the marketing activities, to coordinate the reception of guests, handle the relationship among the investors, communicate with investors, agencies and news media, and coordinate with the general public and answer questions raised, ensure investors have timely received the information disclosed by the Company. To organize and arrange the marketing and promotional activities of the Company within and beyond the borders, to compose summary reports on activities such as marketing and major guest visits, and organize reporting of related matters to the regulatory departments under the State Council Securities Committee;
- (10) Be responsible for managing and keeping records, including the register of the shareholders of the Company, the register of the directors, number of shares held by majority shareholders and shares held by the directors, and the register of holders of bonds issued externally. To keep the Company seals and establish sturdy management mechanism for the Company seals;
- (11) To assist directors and the general manager exercise their authorities in compliance with the laws and regulations within and beyond the borders, and the Articles of Association and other related regulations. When it is known that the Company is reaching or may reach resolutions that are against related regulations, has the obligation to offer timely warning and has the authority to honestly report such information to the State Council Securities Committee and other regulatory authorities;
- (12) To coordinate submission of integrant information required by the board of supervisors of the Company and other regulatory committees and to perform their liabilities, to assist in investigation in honesty and responsibility of related financial managers, directors and the general manager of the Company;
- (13) To discharge any other responsibilities authorized by the Board of Directors and any other responsibilities for overseas listing.

Chapter 4 Convocation, Proposal and Notice of Board Meeting

Article 17 The Board of Directors must convene at least four meetings a year, and at least one regular meeting in each half of a year.

Article 18 The Board of Directors shall convene an extraordinary meeting within 10 days in any of the following circumstances:

- (1) when proposed by the shareholders representing more than 10% of voting rights;
- (2) when proposed jointly by more than one third of the directors;
- (3) when proposed by more than half of the independent directors;
- (4) when proposed by the Supervisory Committee;
- (5) when the chairman considers it is necessary;
- (6) when proposed by the general manager;
- (7) when required by the State Council Securities Committee;
- (8) other circumstances provided by the Articles of Association.

Article 19 Regular board meetings include:

- (1) Board meeting to examine and discuss annual reports of the Company and suggest convening annual general meetings, which is required to convene within 120 days after end of each financial year;
- (2) Board meeting to listen to annual progress report from management of the Company;
- (3) Regular board meetings that the Board of Directors considers necessary.

Article 20 In principle, the board meeting shall be held on-site. Extraordinary board meeting may also be held as voting via video, telephone, fax, or e-mail, etc. upon consent of the convener (presider) and the proponents so long as the directors are able to fully express their opinions. The meeting of the Board can also be held on-site in combination with other means.

In the case of meetings not held on-site, the number of attending directors shall be calculated by including the directors who are on the spot as showed by video, the directors who have expressed opinions in the telephone conference, valid votes actually received within the prescribed deadline via faxes, e-mails, or the written confirmation letters submitted by the directors proving that they have attended the meeting.

Article 21 The notice calling for a board meeting or an extraordinary board meeting can be delivered in-person, by fax, e-mail, express courier services, registered air mail, etc. The notice shall be in Chinese, with English version if necessary, and include an agenda of the meeting.

All directors and supervisors shall be notified of a board meeting not less than 14 days and not more than 30 days before the meeting. All directors and supervisors shall be notified of an extraordinary board meeting not less than 2 days and not more than 10 days before the meeting convenes. Notices are not required if the time and venue of a regular meeting is stipulated by the Board of Directors beforehand.

If a director has attended a meeting, and has not brought up the issue of not receiving a notice calling for the meeting prior to the meeting or during the meeting, it is considered that notice has been issued.

Article 22 The written notice calling for board meeting shall at least include the following information:

- (1) date and venue of the meeting;
- (2) form of the meeting;
- (3) matters to be discussed (proposals);
- (4) convener and chairman of the meeting and the proposer of an extraordinary meeting and his/her written proposal;
- (5) documents necessary for directors' consideration for voting;
- (6) requirement of directors to attend in person or by proxy of other directors;
- (7) contact person and contact method;
- (8) date of the notice.

Verbal meeting notice shall at least include items (1) and (2) above and the explanation of the urgency of holding extraordinary board meeting.

Article 23 Procedure of drafting a proposal for regular meeting:

- (1) Before dispatching a notice of convening a regular board meeting, the secretary of the Board of Directors shall seek directors' opinion one by one via telephone and fax;
- (2) The secretary of the Board of Directors shall make a written record for the directors' opinion and submit the preliminary proposal to the chairman;

- (3) The chairman shall seek the general manager and other senior management staff's opinions if necessary;
- (4) The chairman determines the regular proposals.

Article 24 Procedures of proposing an extraordinary meeting:

- (1) For the subject matters for which meet the requirements of convening an extraordinary board meeting according to Article 18 of the Rules, a written proposal on such regard signed (or sealed) by a person proposing the meeting shall be submitted to the chairman directly or through the secretariat of the Board of Directors;
- (2) The secretariat of the Board of Directors shall present to the chairman the aforesaid proposal and related documents on the day of receipt of the same;
- (3) If the chairman considers that the particulars of the proposal are unclear or not specific or the relevant documents are inadequate, the chairman may require the proposer to amend or supplement the proposal.
- (4) The chairman shall convene and host a board meeting within 10 days upon the receipt of such proposal or the demand of the State Council Securities Committee.

Article 25 When an extraordinary board meeting is convened according to the aforesaid requirements, a written proposal signed (or sealed) by a person proposing the meeting shall be submitted to the chairman. The written proposal shall contain:

- (1) the name of the proposer;
- (2) reasons for the proposal or the objective facts on which the proposal is based;
- (3) time or duration, venue or form of the meeting proposed;
- (4) clear and specific particulars of the proposal;
- (5) contacts of the proposer and date of proposal, etc.

The proposal shall be within the authority and powers of the Board of Directors as specified in the Articles of Association. If the chairman considers that the particulars of the proposal are unclear or not specific or the relevant documents are inadequate, the chairman may require the proposer to amend or supplement the proposal.

Article 26 If, after the written notice of a regular board meeting is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or withdraw any proposal to or from the meeting, a written notice for such changes shall be sent three days before the date originally scheduled for the meeting providing explanations and details of the new proposals and the relevant documents. If the notice of change is sent less than three days, the date of meeting shall be postponed accordingly unless unanimously approved by all the attending directors.

If, after the notice of an extraordinary board meeting is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or withdraw any proposal to or from the meeting, prior consent of all attending directors must be sought and proper records shall be maintained.

Article 27 The quorum of board meeting shall be more than half of the directors.

Supervisors may attend board meetings as non-voting attendees. The general manager and the secretary of the Board of Directors who do not serve concurrently as director shall attend board meetings as a non-voting attendee. The chairman of the board meeting may, if he deems necessary, invite other relevant persons to attend board meetings as non-voting attendees.

Article 28 Board meetings shall be convened and presided over by the chairman; or if the chairman is unable to perform the duty, it shall be in accordance with Article 10 of the Rules.

Article 29 Directors shall in principle attend board meetings in person. If any director cannot attend the meeting in person for any reason, he shall review the materials to be tabled at the meeting in advance and formulate his views for submission at the meeting by another director appointed by him as proxy in writing.

Article 30 The power of attorney shall specify:

- (1) the name of the principal and proxy as well as their respective ID card number;
- (2) reasons of the principal failing to attend meeting;
- (3) brief opinion on each proposal;
- (4) scope of authorization and instructions for voting on the proposals;
- (5) signature of the principal, and date etc.

A director who is appointed as a proxy shall submit to the chairman the written power of attorney and specify in the attendance record that he/she attends the meeting as a proxy.

Article 31 The following shall be observed when appointing a proxy and accepting the appointment as proxy:

- (1) If any connected transaction is to be considered, a non-connected director shall not appoint a connected director to attend the meeting on his/her behalf, and a connected director shall not accept the appointment by a non-connected director;
- (2) An independent director shall not appoint a non-independent director to attend the meeting on his/her behalf, and a non-independent director shall not accept the appointment by an independent director;
- (3) A director shall not give any other director carte blanche to attend the meeting and vote on his/her behalf without giving his/her own views and voting instruction, and the relevant director shall not accept the carte blanche or any unspecified appointment;
- (4) A director shall not accept appointments from more than two directors, and a director shall not appoint any other director who has been appointed by two other directors to attend the meeting and vote on their behalf.

Chapter 5 Board Resolutions

Article 32 The voting methods of a board meeting are: by raising hands, by poll or voting by mail.

Article 33 The chairman of the meeting shall seek the views of the attending directors on each proposal. Regarding any proposal requiring prior consent of independent directors, the written consent formed by the independent directors shall be read out by a designated independent director before the relevant proposal is discussed by the attending directors.

The chairman of board meeting shall promptly prevent any director from hindering the normal progress of the meeting or interrupting another director who is making a speech.

Without unanimous consent by all attending directors, resolution not contained in the notice of the meeting shall not be put to vote at a board meeting. A director acting as a proxy of another director shall not vote on behalf of any other director on any resolution not contained in the notice of the meeting.

Article 34 The directors shall carefully read the materials to be tabled at the meeting and express their well-informed, independent and discreet opinions.

The directors may, before the meeting, inquire about information necessary for decision making from relevant persons or institutions such as the convener of the meeting, the general manager and other senior management members,

special committees, accounting firms or law firms, and may, while the meeting is underway, suggest the chairman of the meeting to invite the aforesaid persons or institutions to give explanations at the meeting.

Article 35 After adequate discussion, the chairman of the meeting shall put each resolution to the vote of the attending directors.

Each attendee shall cast one vote and proposals shall be voted in written form unless more than a half of attending directors agree to vote on a show of hands.

Each director may vote for, or against a resolution or abstain from voting. Each attending director shall choose one out of the aforesaid intents. If any director does not make any choice or selects two or more choices, the chairman of the meeting shall require the director to make his/her choice again, otherwise the director shall be deemed as having abstained from voting. Any director who has left the meeting without making any choice shall be deemed as having abstained from voting.

Article 36 After voting by attending directors, securities affairs representative and relevant personnels shall promptly collect the ballots cast by the directors for counting by the secretary of the Board of Directors under the supervision of a supervisor or independent director.

For meetings being held onsite, the chairman of the meeting shall announce the voting result immediately. Otherwise, the chairman of the meeting shall require the secretary of the Board of Directors to notify the directors of the voting result before the next business day after the voting deadline.

The vote cast by any director after the chairman of the meeting announces the voting result or after the voting deadline shall not be counted.

Article 37 Resolutions adopted at board meetings shall be passed if voted for by more than 50% of all directors of the Company. If the laws, administrative regulations and the Articles of Association require approval by more directors, such requirement shall apply.

If different resolutions conflict with each other, the resolutions passed at the latter time shall prevail.

Article 38 If any director is a connected party to an enterprise or individual involved in any matter to be resolved at a board meeting, the said director shall not vote on the said resolution or vote on behalf of another director. If the number of non-connected directors attending the board meeting is less than half of all directors, the relevant proposal shall be submitted to the general meeting for consideration.

Article 39 The directors shall act in strict accordance with the authorization granted by general meetings and the Articles of Association and shall not pass any resolution beyond their authority.

Article 40 Where the board meeting needs to make a resolution regarding the distribution of profits, it may first notify the certified public accountant of the preliminary distribution plan to be submitted to the Board of Directors for review, and require the certified public accountant to issue a draft of audit report based thereon (all financial data other than those relating to the distribution of profits shall have been ascertained). After making a resolution on the distribution of profits, the Company shall require the certified public accountant to issue a formal audit report, on the basis of which the Board of Directors shall make resolutions on other relevant matters of the regular report.

Article 41 If any resolution is not passed, the same resolution shall not be considered by the board meeting within one month unless the relevant conditions and factors have changed significantly.

Article 42 If more than half of the attending directors or more than two independent directors are of the view that the relevant proposal is not clear or specific or the materials provided are inadequate and that no judgment can be made thereon, the chairman of the meeting shall demand a suspension of voting on the said proposal.

A director proposing suspension of a proposal shall state the specific information required for resubmission of the proposal.

Article 43 Board meetings held onsite or via videoconference or telephone may be tape-recorded where necessary. If it is arranged for tape recording, relevant personnel attending the meeting or attending as a non-voting attendee shall be informed in advance.

Chapter 6 Minutes of Board Meetings

Article 44 Minutes shall be made on all board meetings. Directors attending the meeting and the compiler of the minutes shall sign on such minutes. Directors who attended the meeting have the right to request their speech at the meeting to be recorded as a statement.

Article 45 The minutes shall include the following information:

- (1) number of the meeting, time, venue and form of the meeting;
- (2) delivery of the notice of meeting;
- (3) convener and chairman of the meeting;
- (4) attendance of directors in person or by proxy;
- (5) the proposals considered, main comments and opinions of directors and their votes on relevant issues;
- (6) the form and result of voting on each proposal (specify the numbers of votes for, against and abstention); and
- (7) other matters that the attending directors consider shall be included.

Article 46 The chairman shall organize and oversee the implementation of the board resolutions and report accordingly at subsequent board meetings.

Article 47 The secretary of the Board of Directors or the secretary of the Company shall submit the board resolutions and make an announcement about the resolutions as required by the regulatory authorities where the Company is listed.

Documents of board meetings, including notices of meetings, meeting documents, attendance book, power of attorney for proxy, meeting recordings, votes, minutes signed by attending directors, etc., shall be kept by the secretary of the Board of Directors for no less than 10 years.

Chapter 7 Supplementary Provisions

Article 48 In the Rules, reference to “over” or “more than” shall be inclusive.

Article 49 Amendments to the Rules are required to be proposed by the Board of Directors and submitted for discussion and approval at the general meeting.

Article 50 The Rules are written in Chinese, the interpretation of which shall be subject to the Board of Directors of the Company.

- Article 51 Unless otherwise stated, terms used in the Rules shall have the same meaning with those used in the Articles of Association.
- Article 52 The matters not regulated in the Rules shall be in accordance with the Articles of Association as well as requirements of the relevant laws and administrative regulations.
- Article 53 The Rules shall be approved by the general meeting of the Company upon consideration and become effective on the listing date of the Company's RMB ordinary shares (A shares) issued through IPO on SZ Stock Exchange.

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

LAUNCH TECH COMPANY LIMITED
Rules and Procedures of Meetings of the Supervisory Committee

Chapter 1 General Provisions

Article 1 In accordance with the relevant laws, administrative regulations and rules of securities regulatory authorities in China such as *the Company Law of the People's Republic of China* (hereafter referred as "Company Law"), *the Securities Law of the People's Republic of China* (hereafter referred as "Securities Law"), *the Code of Corporate Governance for Listed Companies in China*, *the Rules Governing the Listing of Stocks* (hereafter referred as "Stocks Listing Rules") on Shenzhen Stock Exchange ("Shenzhen Stock Exchange") and the rules of securities regulatory authorities of the Hong Kong Special Administrative Region such as *the Rules Governing the Listing of Securities* (hereafter referred as "Securities Listing Rules") on the Stock Exchange of Hong Kong Limited (hereinafter referred as the "Stock Exchange"), as well as the Articles of Association of Launch Tech Company Limited (hereinafter referred as the "Articles of Association") together with the actual conditions of the Company, these Rules and Procedures (hereinafter referred as the "Rules") are formulated to improve the governance structure of the Company and ensure that the Supervisory Committee exercise its supervisory power legally and independently.

Articles 2 The Supervisory Committee is a standing regulatory organization of the Company accountable to shareholders' meeting, and is responsible for supervising the Board and its members as well as the senior managements such as the general manager, deputy general manager and financial officer, so as to prevent the aforesaid staff from abusing rights and infringing the legal rights of shareholders, the Company and the staff of the Company.

Chapter 2 Composition and Power of the Supervisory Committee

Articles 3 The Company has a Supervisory Committee. The Supervisory Committee comprises three supervisors, two of which are shareholder's representatives and one of which is a staff representative. A chairman of the Supervisory Committee is appointed.

Shareholder's representatives are elected and dismissed by the general meeting. Staff representatives are democratically elected and dismissed.

The term of office for a supervisor is three years and re-appointment is allowed subject to re-election.

The appointment and removal of the chairman of the Supervisory Committee should be resolved and passed by more than two-third of the members of the Supervisory Committee.

Directors, general managers and other senior management (including but not limited to the financial officer of the Company) shall not serve as supervisors concurrently.

Article 4 The daily affairs of the Supervisory Committee are handled by a designated personnel (the secretary of the Supervisory Committee) who is responsible for the safekeeping of the seals of the Supervisory Committee.

Article 5 The Supervisory Committee is the supervisory body of the Company accountable to the general meeting of shareholders and exercises its following duties and powers:

- (1) To examine the Company's financial situation;
- (2) To check whether the directors, president and other senior administrative officers have violated any laws, administrative regulations and these Articles of Association in the course of performing their duties;
- (3) To demand rectification from the directors, president or other senior administrative officers when the acts of such persons are harmful to the Company's interest;
- (4) To check the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the shareholders' general meetings and, should any queries arise, to authorise in the name of the Company public certified accountants and practising auditors to re-examine the financial information;
- (5) To propose the convening of extraordinary general meeting;
- (6) To represent the Company in negotiation with or bringing an action against a director;
- (7) Other functions and powers specified in these Articles of Association.

The Supervisory Committee may give recommendations to the accounting firm engaged by the Company, may otherwise engage other accounting firms in the name of the Company for the independent auditing of the Company's finance when necessary, may directly report to the securities supervisory and administration bodies of the State Council and other relevant departments, and

the external supervisors of the Company shall independently report to the general meeting of the shareholders the integrity and performance of the senior management.

Supervisors may attend the meetings of the Board, and raise questions or suggestions on the decisions of the Board.

When considered necessary, the Supervisory Committee may give comments on the resolutions considered in the general meetings of the shareholders, and provide independent report.

Article 6 All reasonable fees incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors by the supervisory committee in exercising its functions and powers shall be borne by the Company. Reasonable fees incurred by supervisors for attending Supervisory Committee meetings shall be borne by the Company.

Article 7 The Supervisory Committee may engage intermediaries for professional comments, and the expenses incurred shall be borne by the Company.

Chapter 3 The Convention, Proposal and Notification of the meeting of the Supervisory Committee

Article 8 Meetings of the Supervisory Committee include both regular and extraordinary meetings.

Article 9 Supervisory Committee meetings are held at least two times each year, and at least one meeting is held every six months. The meetings shall be convened by the chairman of the Supervisory Committee, and all supervisors shall be informed ten days before the meeting is held. In case of emergency, an extraordinary meeting may be convened when proposed by one-third or more of the supervisors and shall not be subject to the following notice of Supervisory Committee meeting.

Meeting of the Supervisory Committee shall in principle be convened in the registered office of the Company. When resolution of the Supervisory Committee is passed, the meeting can be convened elsewhere in the People's Republic of China.

Article 10 If any of the following circumstances occurs, the Supervisory Committee shall convene extraordinary meeting within ten days:

(1) Any of the supervisors proposes convening the meeting;

- (2) Any resolution in violation of laws, regulations, rules, requirements of supervisory authorities, Articles of Association, resolutions of the general meeting and other relevant regulations has been approved in the general meeting of shareholders or the board meeting;
- (3) Improper action of directors or senior management which may possibly bring huge loss to the Company or cause bad influence within the market;
- (4) Any action is brought against the Company, any director, supervisor, senior management by shareholders;
- (5) When the chairman of the Supervisory Committee consider necessary;
- (6) Other circumstances stipulated by the Articles of Association.

Article 11 When convening regular meetings of the Supervisory Committee, the Company shall inform all supervisors by sending a written meeting notice sealed with the seal of the Supervisory Committee ten days before through speed-post, registered mail, telegram, telex, fax or personal delivery, etc. For deliveries made indirectly, a confirmation shall be made through phone call and keeping record. Meeting notice of extraordinary meetings shall be delivered one day before the convention of the meeting.

Article 12 The Notice of the meeting of the Supervisory Committee shall be given as follows:

- (1) No notice is required to be given if the Supervisory Committee has previously stated the time and venue of the meeting to be convened.
- (2) If prior to the meeting, the Supervisory Committee has not decided the time and venue of the meeting, the chairman of the Supervisory Committee shall at least 10 days but not more than 30 days in advance, except otherwise stated in clause (1) above, by teletype, telegraph, facsimile, courier or registered mail or notify the supervisors in person, the time and venue of the meeting.
- (3) The notice shall be written in Chinese and shall attach an English version if necessary together with an agenda of the meeting. Any supervisor may waive his rights to be notified of the meeting of the Supervisory Committee.

If the supervisor attends the meeting and did not raise the issue that he has not received any notice prior to the meeting or at the meeting, such shall be deemed as due notice.

Regular meetings and extraordinary meetings of the Supervisory Committee may be conducted by means of video conference or other similar telecommunication equipments. As long as the attending supervisors can clearly hear the conversation of and communicate with other supervisors, all attending supervisors are considered to have attended the meetings in person.

The Supervisory Committee may accept resolutions in writing in lieu of convening a meeting of the Supervisory Committee, however, a draft of such resolution shall be delivered by hand, post, telex or facsimile to every supervisor. A resolution shall be a resolution of the Supervisory Committee without convening a meeting of supervisors if it has been sent to all supervisors and approved and signed by the requisite number of supervisors to pass the resolution.

Article 13 Meetings of the Supervisory Committee may only be held in the presence of two-third or more of the supervisors.

Article 14 The chairman of the Supervisory Committee convene and presider the meeting of the Supervisory Committee; if the chairman of the Supervisory Committee is unable or has otherwise failed to perform his duties, the meeting shall be convened and presided over by a supervisor recommended by a simple majority of the supervisors.

Article 15 Before issuing notices convening regular Supervisory Committee meetings, the secretary of the Supervisory Committee shall collect draft resolutions from all supervisors. When collecting draft resolutions and seeking for opinions, the secretary of the Supervisory Committee shall explain that the Supervisory Committee emphasizes on the regulated operation of the Company and the supervision of the duty and performance of the directors and senior management, but not the decisions on the operation and management of the Company.

Article 16 When the Supervisory Committee propose to convene extraordinary meeting of the Supervisory Committee, a written proposal signed by the supervisor who propose the convention of the meeting shall be submitted through the secretary of the Supervisory Committee or directly to the chairman of the Supervisory Committee. The written proposal shall include the following items:

- (1) The name of the proposing supervisor;
- (2) Reasons for proposing or objective reasons for proposing;
- (3) The time or period, venue and way of convening the proposed meeting;
- (4) Clear and specific proposals;
- (5) Contact method of the proposing supervisor and the proposing date, etc.

Within three days after the secretary of the Supervisory Committee or the chairman of the Supervisory Committee receiving the written proposal from the proposing supervisor, the secretary of the Supervisory Committee shall issue a notice to convene an extraordinary meeting of the Supervisory Committee. In case the secretary of the Supervisory Committee delayed in issuing meeting notice, the proposing supervisor shall timely report to the regulatory department.

Article 17 The chairman of the Supervisory Committee convene and presider the meeting of the Supervisory Committee; if the chairman of the Supervisory Committee is unable or has otherwise failed to perform his duties, the meeting shall be convened and presided over by a supervisor recommended by a simple majority of the supervisors.

Article 18 Meetings of the Supervisory Committee shall be convened on-site.

In case of emergency, voting in the meetings of the Supervisory Committee can be carried out through telecommunications. However, the convener of the Supervisory Committee (the presider of the meeting) shall explain to the attending supervisors the specific emergency conditions. When voting by telecommunications, the supervisors shall fax to the company a signed copy of their written opinions on the matters considered and their voting intentions. Supervisors shall not just write their voting intention without expressing their written opinions or the reasons of voting.

Article 19 After receiving the written notice, the supervisors should attend the meetings of the Supervisory Committee in person. Failure of which for any reason, such supervisors may appoint other supervisors in writing to act as their proxies.

The letter of authorization shall indicate the name of proxy, authorized items, scope of authorization and validity period, and shall be signed or sealed by the authorizing party.

The supervisor attending the meeting as proxy shall execute rights of supervisor within the scope of authorization. Supervisors who has not been present in the meeting of the Supervisory Committee and has not authorized any representative to attend the meeting shall be deemed as waiving his voting right in the meeting.

Article 20 If a supervisor fails to attend or appoint other supervisors to attend on his behalf the meetings of the Supervisory Committee for two consecutive times, he shall be deemed to have failed to perform his duties. The Supervisory Committee shall propose to the general meeting or staff representative meeting to have such supervisor dismissed.

Chapter 4 Resolution of the Supervisory Committee

Article 21 Matters on the agenda of a meeting of the Supervisory Committee shall in principle be voted upon one by one. Namely, a motion shall be voted upon after due examination. The next motion shall not be voted upon until voting in respect of the preceding motion is completed. Each supervisor shall have one vote.

Article 22 To ensure that the supervisors can fully express their opinions, the Supervisory Committee meeting can pass resolution by voting through telecommunications, and the resolution shall be signed by the supervisors attending the meeting.

Article 23 Voting at the Supervisory Committee meetings may be conducted by show of hands, votes bearing names or telecommunications. The resolution and the adoption of the report shall be announced on the basis of the result of the vote, and the voting results shall be recorded in the minutes of the meeting.

Article 24 The chairman of the meeting shall remind Supervisors attending the meeting to express definite views on the motions.

Upon the proposal by any Supervisor, the chairman of the meeting shall request the directors, general manager, senior management, other staff of the Company or personnel of relevant intermediaries to attend the meeting to answer queries.

Article 25 Resolutions of the Supervisory Committee shall be passed by over two-third of the supervisors of the Company.

Where a supervisor holds fundamentally different views on the resolutions or reports, such views shall be stated in such resolutions or reports.

Article 26 Minutes shall be made for meetings of the Supervisory Committee and shall be signed by each supervisor and the clerk attending the meeting. Supervisors attending the meeting shall have the right to request to supplement in the minutes the explanation of their statements made at the meeting.

Article 27 The minutes of the meetings of the Supervisory Committee shall include the following contents:

- (1) the date and place of the meetings and the way of convening the meeting;
- (2) the distribution of meeting notice;
- (3) the person who convenes the meeting and the presider of the meeting;
- (4) the names of supervisors who attend the meeting and the proxy supervisors who attend the meeting on behalf of other supervisor;

- (5) the agenda of the meeting;
- (6) The proposals considered at the meeting, the main points and key opinions of each supervisor on related matters and their tendency of voting to the proposals;
- (7) The means and result of voting of each proposal, with the numbers of votes for and against the proposal and for abstaining from voting;
- (8) Other items that supervisors present at the meeting consider necessary.

Article 28 The supervisors shall urge the relevant personnel to execute its resolutions. The chairman of the Supervisory Committee shall report at future Supervisory Committee meetings the implementation of resolutions passed.

Article 29 Documents of Supervisory Committee meetings, including the notice, meeting materials, attendance records, minutes and resolutions signed by the attended supervisors etc. shall be kept by a designated personnel of the Company for a period of not less than ten years.

Chapter 5 Supplementary Provisions

Article 30 Within these Rules, the word “over” includes the number concerned.

Article 31 Amendment to these Rules shall be proposed by the Supervisory Committee in form of an amendment proposal, and shall be proposed for the approval of the general meeting.

Article 32 These Rules are written in Chinese, and are construed by the Supervisory Committee.

Article 33 Save as otherwise defined, terms used in these Rules shall have the same meanings as those defined in the Articles of Association of the Company.

Article 34 Issues not stipulated in these Rules shall be handled according to the Articles of Association, the relevant laws, administrative regulations and rules.

Article 35 These Rules are reviewed and approved by the general meeting, and shall come into effect on the date on which the RMB ordinary shares (A shares) of the Company are publicly offered initially and listed on the Shenzhen Stock Exchange.

APPENDIX V DETAILED WORKING RULES FOR INDEPENDENT DIRECTORS

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Launch Tech Company Limited Detailed Working Rules for Independent Directors

Article 1. In order to further improve the corporate governance structure and the Board structure of Launch Tech Company Limited, strengthen the supervising and encouraging mechanism for the directors and the management, protect the interests of the minority shareholders and interested parties and enhance the standardized operation of the Company, the Company has formulated the Detailed Working Rules (hereinafter referred to as the “Rules”) in accordance with the Guidance on Establishment of Independent Director System at Listed Companies (hereinafter referred to as the “Guidance”), the related law in China, administrative regulations, the rules of securities supervising authorities, the rules of securities supervising authorities of the Hong Kong SAR and the requirements of the “Articles of Association of Launch Tech Company Limited” (hereinafter referred to as the “Articles of Association”), taking into account the virtual conditions of the Company.

Article 2. Independent director refers to the director holding no position other than the directorship in the Company and having no relationship with the Company and its substantial shareholders which may hinder his/her independent and objective judgment.

Article 3. Independent directors have the obligation to act in good faith and due diligence towards the Company and all of its shareholders. Independent directors shall perform their duties conscientiously in accordance with the requirements of relevant laws, administrative regulations, regulatory documents and the Articles of the Association to protect the Company’s interests, especially the legal interests of minority shareholders from damage.

Independent directors shall perform their duties independently without being affected by the Company’s substantial shareholders, de facto controller or other entities or individuals who are interested in the Company.

Article 4. Qualifications for appointment as independent director of the Company:

- (1) being qualified for directors of listed companies in accordance with laws, administrative regulations and other relevant provisions;
- (2) possessing the independence as required by the Guidance;
- (3) having over 5 years of experience in law, regulations, research and development, enterprise management, economics or other areas that are necessary to the duties to be executed as independent directors;

APPENDIX V DETAILED WORKING RULES FOR INDEPENDENT DIRECTORS

- (4) having basic knowledge about the operation of the Company and being familiar with relevant laws, administrative regulations, rules and regulations; and
- (5) independent directors shall not concurrently hold the position of independent director in more than 5 listed companies, and shall ensure that they have sufficient time and energy to effectively perform their duties as independent directors.

Article 5. The following persons shall not serve as independent directors of the Company:

- (1) under the circumstances as stipulated in Article 147 of the Company Law that prohibit a person from taking the post of director;
- (2) the employees of the Company or its affiliate enterprises, and their lineal relatives and major social connections (the former refers to spouses, parents and children, etc., and the latter refers to brothers and sisters, parents-in-law, daughters-in-law, sons-in-law, spouses of brothers and sisters, and brothers and sisters of spouses, etc.);
- (3) the natural person shareholders directly or indirectly holding 1% or more of issued shares of the Company or any of the top ten shareholders of the Company and their lineal relatives;
- (4) persons who hold position in the shareholder directly or indirectly holding 5% or more of issued shares of the Company or any of the top five shareholders of the Company and their lineal relatives;
- (5) persons falling within the circumstances as set out in paragraphs (2), (3) and (4) in past one year;
- (6) persons providing financial, legal and consulting services to the Company or its affiliate enterprises or those who are employees of the relevant institutions;
- (7) those provided by laws, regulations and the Articles of Association.

Article 6. The number of independent directors and their formation:

- (1) Independent directors should make up one-third (at least 3 members) of the Board, amongst whom at least one should be from the accounting profession;
- (2) Independent directors must perform their duties honestly, protect the Company's interests, and particularly, the legal rights and interests of the public shares' shareholders;

APPENDIX V DETAILED WORKING RULES FOR INDEPENDENT DIRECTORS

- (3) When conditions occurs so that an independent director cannot comply with the abovementioned conditions or becomes unsuitable to perform their duties thus cause the number of independent directors of the Company to fall below quorum required by the Articles of Association, the Company should substitute the position according to regulation;

Article 7. The formation processes of independent directors:

- (1) The Board, Supervisory Committee, or shareholders individually or jointly holding 1% or more of shares of the Company are entitled to nominate candidates for independent directors for election at the General Meetings;
- (2) Nominator(s) of independent directors shall secure the consent of the nominee prior to the nomination. The nominator shall acquire all the personal particulars of his/her nominee as to their professional and educational background, job title, specifics of working experiences, and all part time jobs, and provide opinion on their qualifications and independence for the post of independent directors. The nominee shall make public statements that they have no relationship with the Company which may affect its independent and objective judgment;
- (3) Upon the listing of the Company, prior to the General Meeting in which an independent director is to be elected, the Company should submit all information on the nominee to the CSRC, the local representative office of the CSRC where the Company is located, and the Stock Exchange on which the Company's stock is listed for trading. The Company should also submit a written report on the dissenting view held by the Board towards information on nominee, if any.

At the General Meeting for election of independent directors, the Board shall make an explanation as to whether CSRC objects to the candidates for independent directors. The nominee who was objected by CSRC can serve as the candidate for directors of the Company, but can not serve as the candidate for independent director of the Company;

- (4) The terms of office of independent directors are same as the directors of the Company. When a term ends, the independent director can be elected for another term of not more than six years. After the six-year term, the persons concerned may continue to serve the Company as a director, but never as an independent director. In the event that the terms of office of directors end without another independent director being duly elected to fill the vacancy, the current independent director shall perform its duty in the capacity of an independent director in compliance with laws, administrative regulations, rules by the authorities and the requirements by the Articles of Association, until the election of another independent director;

APPENDIX V DETAILED WORKING RULES FOR INDEPENDENT DIRECTORS

- (5) Should an independent director fail to attend in person the Board Meetings for three times in succession, the Board may propose to the General Meeting for replacing such directors;
- (6) Proposition to nominate independent directors should be included in the agenda of the General Meeting and notify all shareholders 45 days before the General Meeting together with the details of the nominated independent shareholders including their occupations, education backgrounds, business titles and detailed work experiences;
- (7) Nominated independent directors should publish announcement on newspapers designated by the Articles of Association for disclosure of information within the same time specified above and clarify their compliance with requirements listed in Article 2 and Article 3 of the Rules;
- (8) Upon passing the resolution to appoint the independent directors by the General Meeting of the Company, names, occupations, educations backgrounds, business titles, detailed work experiences of the independent directors should be announced during the General Meeting and filed at the CSRC of the location of the Company, the Stock Exchange and Hong Kong Stock Exchange.

Article 8. Dismissal of independent directors requires the approval by the General Meeting of the Company. Independent directors cannot be dismissed during the contract period except if the following conditions emerge:

- (1) Conditions that forbid one to take up position as director specified by Company Law emerge;
- (2) Independent directors fail to perform duties;
- (3) Independent directors unable to attend Board Meetings and General Meetings of the Company in person for 3 times.

Independent directors cannot be dismissed during the contract period without proper reason. Any early dismissal should be disclosed by the Company as an extraordinary disclosure. The removed independent director who is of the view that the reason for such dismissal by the Company is improper shall make a public announcement.

Independent Directors may resign before their terms are up. The resignation report should be submitted to the Board in writing to explain any condition that requires or deemed to require the attention of shareholders and creditors in relation to the resignation.

APPENDIX V DETAILED WORKING RULES FOR INDEPENDENT DIRECTORS

Should the resignation of independent directors result in the proportion of independent directors in the Board of the Company falling below the minimum requirement as stipulated in the Articles of Associations, the resignation report of the said independent director(s) shall not become effective until the vacancy resulting from his/her resignation is filled up by succeeding independent director(s).

Article 9. Duties of independent directors

Apart from general duties to be performed by independent directors of the Company as required by Company Law, Listing Rules and other related laws and regulations, independent directors should give independent opinion on the following matters:

- (1) nomination, appointment and dismissal of directors;
- (2) appointment or dismissal of senior management members;
- (3) remuneration of directors and senior management members;
- (4) substantial connected transactions, existing or occurred, made between the Company's shareholders, de facto controllers and their related enterprises, and whether the Company has adopted any effective measures to recover the arrears;
- (5) matters that the independent directors considered detrimental to the legal interests of minority shareholders of the Company;
- (6) other matters required by law, regulations, legal documents and the Articles of Association.

If the abovementioned should be disclosed as required, the Company should disclose related details on newspapers designated for disclosure of information. If independent directors are unable to reach a compromise, the Company should disclose the different opinions of the independent directors separately.

Independent directors must attend Board Meetings on schedule, understand the Company's business and operational conditions, actively investigate and obtain materials and information that are required to make appropriate decisions. Independent directors should draft and submit to the General Meeting a report by all independent directors, clarifying the situations of their duty performances.

Article 10. Independent directors shall be vested with the following special powers in addition to the powers of the Company's directors:

APPENDIX V DETAILED WORKING RULES FOR INDEPENDENT DIRECTORS

- (1) to approve substantial connected transactions before submitting them to the Board for discussion, where independent directors may engage intermediaries to prepare independent financial reports as the basis for their judgment before making any judgment;
- (2) to propose to the Board for the appointment or dismissal of accounting firms;
- (3) to propose to the Board to convene Extraordinary General Meetings;
- (4) to propose to convene the Board Meetings;
- (5) to independently employ external auditors and consulting firms for auditing or consultation on issues regarding specific issues in the Company;
- (6) to publicly solicit the voting rights from the shareholders prior to the General Meetings.

Any independent director wishing to exercise the abovementioned authorities (excluding item (5)) must obtain approval from more than half of the independent directors. Independent directors wishing to exercise authorities listed in item (5) should obtain approval from all independent directors.

If the abovementioned suggestions are not accepted, or if the abovementioned authorities cannot be exercised, the Company should disclose the related information.

Article 11. To guarantee the effective exercise of the duties and powers by independent directors, the Company shall provide the independent directors with the following conditions:

- (1) The Company shall undertake that independent directors will enjoy the same right of access to information as other directors. For any matters subject to decisions by the Board, the Company shall lawfully advise the independent directors in advance and provide them with adequate information; and if the said information is deemed as inadequate, the independent directors are entitled to request supplement information. When two or more independent directors hold that the information is inadequate or the grounds are indefinite, they may jointly propose in writing to the Board to postpone the Board Meeting or the consideration of the matter, and the Board is obliged to accept such proposal. The Company and independent directors shall keep the information provided by the Company to the independent directors for a period no less than 5 years.

APPENDIX V DETAILED WORKING RULES FOR INDEPENDENT DIRECTORS

- (2) The Company should establish a working system for independent directors. The Secretary to the Board shall proactively assist independent directors in their discharge of duties, provide related materials and information to independent directors, regularly inform independent directors of the Company's operational conditions, and organize field trips for independent directors, if necessary. With regard to independent opinion, proposal and written statement made by independent directors which shall be announced, the Secretary to the Board shall make timely arrangement with the Stock Exchange for such announcement.
- (3) In the exercise of duties and powers by the independent directors, the relevant personnel of the Company shall actively cooperate with them, and shall not reject, hinder the provision of or conceal relevant information, or interfere with their exercising duties and powers independently.
- (4) The expenses incurred by the independent directors in the engagement of intermediaries and other expenses in the performance of their duties and powers shall be borne by the Company.
- (5) The Company may establish the requisite system of liability insurance for independent directors to mitigate the risks that may arise in the normal performance of their duties and responsibilities.

Article 12. Remuneration and expenses of independent directors:

- (1) The Company shall offer appropriate remuneration and allowances to independent directors. The rate of such remuneration and allowances shall be proposed by the Board for revision and approval by General Meetings and shall be disclosed in the annual report of the Company;
- (2) Save for the above remuneration and allowances, independent directors shall not receive any other additional and undisclosed benefits from the Company, its shareholders and associates or interested parties and persons;
- (3) The expenses incurred by the independent directors in the performance of their duties and powers shall be borne by the Company.

Article 13. In these Rules, the expressions of "or above" or "or more" shall include the figures immediately preceding such expressions in the text.

Article 14. The Board has proposed amendment proposition for the amendment to the Rules, which has been submitted to the General Meeting for resolution and approval.

Article 15. These Rules shall be subject to the interpretation and supervision by the Board of the Company.

APPENDIX V DETAILED WORKING RULES FOR INDEPENDENT DIRECTORS

Article 16. Unless specified, capitalized words and expression shall have the same meaning as in the Articles of Association.

Article 17. Matters without stipulation by the Rules should follow requirements of the Articles of Association, related laws and administrative regulations.

Article 18. The Rules, after being approved at the General Meeting, shall take effect and be implemented from the date of the initial listing of the ordinary shares (A Shares) of the Company in RMB in the Stock Exchange.

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

LAUNCH TECH COMPANY LIMITED
Investment Decision Making Processes and Rules

Chapter 1 General Provisions

- Article 1 To further optimize the legal person governance structure of Launch Tech Company Limited (the “Company”), regulate the investment decision making process, enhance the efficiency of decision making, clearly identify the decision making responsibility, ensure scientific decision making and secure the legal interest of the Company as well as the safety, completeness and efficient operation of each asset, the Investment Decision Making Processes and Rules (the “Rules”) are formulated in accordance with the relevant laws, administrative regulations and rules of security regulatory authorities in PRC, including Company Law of the People’s Republic of China (the “Company Law”) and the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (the “Shenzhen Stock Exchange”) (the “Listing Rules”), and the requirements set out in the Articles of Association of Launch Tech Company Limited (the “Articles of Association”) with reference to the actual situation of the Company.
- Article 2 Investments referred to herein are those financing by the funds of the Company involving in main business and side business.
- Article 3 Investments in main business refer to the intangible assets related to the Company’s main business which is set up with production facilities, including technology improvement, newly constructed production facilities and acquired patented technique.
- Article 4 Investments in side business include:
- (1) external equity investment, in which the Company establishes a new corporation with other legal person entities, acquires equity held by other legal persons or invests in other companies, thus holding other companies’ equity for investment purpose;
 - (2) security investment, in which the Company trades listed stocks via stock transfer and purchases funds, national debts, corporate debts and other financial derivatives on stock exchanges;
 - (3) risky investment, in which the Company contributes risk capital to newly established or unlisted young companies rapid growth (mainly comprising high-tech companies) and makes long-term equity investment and provides

value-added services to the investees on the basis of undertaking investment risks, and lastly achieves a high return by disinvestment through the way of listing, acquisition and merge or other equity transfer;

- (4) other external investment as required by laws and regulations.

Article 5 Pursuant to the relevant national requirements on the investment management, investment projects which require approval from governmental authorities shall follow the requisite approval procedure to ensure the Company's investments are in compliance with laws and regulations as well as national macro-economic policies.

Chapter 2 Limits of Authority on Investment Decision

Article 6 Establishing an investment project shall be approved by general meeting of the Company, the Board of Directors and the general manger in accordance with their respective authority.

Article 7 The Company shall make prompt disclosure and propose to the general meeting for approval if an external investment fulfills one of the following criteria:

- (1) the total investment amount of such transaction accounts for more than 50% of the latest audited total assets of the Company for which the calculation shall be based on the higher of carrying value and evaluation value of total investment amount in respect of such transaction if they coexist;
- (2) the relevant operating income of the transaction subject (such as equity) during the latest accounting year accounts for more than 50% of the latest audited operating income of the Company during the latest accounting year with an absolute amount larger than RMB 50 million;
- (3) the relevant net profit of the transaction subject (such as equity) during the latest accounting year accounts for more than 50% of the latest audited net profit of the Company during the latest accounting year with an absolute amount larger than RMB 5 million;
- (4) the final price of such transaction (including assumed liability and costs) accounts for more than 50% of the latest audited net asset of the Company with an absolute amount larger than RMB 50 million;
- (5) the profit from the transaction accounts for more than 50% of audited net profit during the latest accounting year with an absolute amount larger than RMB 5 million.

In the event that the data for calculation set out in the above criteria is a negative value, the calculation shall be made with its absolute value.

Article 8 An external investment of the Company shall be proposed to the Board of Directors for approval if it fulfills one of the following criteria:

- (1) the total asset of the transaction accounts for 10% to 50% of the latest audited total asset of the Company for which the calculation shall be based on the higher of carrying value and evaluation value of total investment amount in respect of such transaction if they coexist;
- (2) the relevant operating income of the transaction subject (such as equity) during the latest accounting year accounts for 10% to 50% of the latest audited operating income of the Company during the latest accounting year with an absolute amount larger than RMB 10 million but smaller than RMB 50 million;
- (3) the relevant net profit of the transaction subject (such as equity) during the latest accounting year accounts for 10% to 50% of the latest audited net profit of the Company during the latest accounting year with an absolute amount larger than RMB 1 million but smaller than RMB 5 million;
- (4) the final price of such transaction (including assumed liability and costs) accounts for more 10% to 50% of the latest audited net asset of the Company with an absolute amount larger than RMB 10 million but smaller than RMB 50 million;
- (5) the profit from the transaction accounts for more than 10% to 50% of audited net profit during the latest accounting year with an absolute amount larger than RMB 1 million but smaller than RMB 5 million.

In the event that the data for calculation set out in the above criteria is a negative value, the calculation shall be made with its absolute value.

If any of the above transaction involves fund raising through security issuance, it is subject to the approval of general meeting.

Article 9 The Board of Directors shall formulate a strict approval and decision making procedure and matters beyond its limits of authority shall be proposed to general meeting for approval. Material investment projects shall be reviewed by relevant experts and professionals.

Article 10 If the amount of an external investment does not fall on one of the criteria in Articles 7 and 8, it shall be determined by the general manager. The general manager shall formulate strict approval and decision making procedure and matters beyond the limits of authority of the general manager have to be proposed to general meeting or the Board of Directors for approval. Material investment projects shall be reviewed by relevant experts and professionals.

Article 11 If an external investment represents a connected transaction, it shall be made in accordance with limits of authority of the Company in respect of a connected transaction.

Chapter 3 Investment Decision Making Processes for Main Business

Article 12 Any investment proposal for main business shall be submitted in written form by shareholders, directors, senior officers, relevant functional departments, relevant business departments and each subsidiary of the Company.

Article 13 Assets management department carries out preliminary analysis and assessment for each investment proposal or opportunity from the view of market prospect of such investment project, the growth of the sector it involves in, whether the project has been restricted or potentially restricted by relevant policies and regulations, whether the Company has the critical ability for the success of project, whether the Company can acquire necessary resources for the project, the competition of the project and whether the project accords with the long term strategy of the Company; if it is feasible, a proposal for the project will be compiled and submitted to the general manager.

Article 14 If the general manager considers it is feasible after reviewing the project proposal, assets management department will be directed to compile a feasibility report and submit the same to the Board of Directors for review.

Article 15 External organization and experts may be engaged to advise and study the investment project if the Board of Directors and the general manager consider it is necessary.

Article 16 An internal investment project requiring approval from general meeting shall be proposed to general meeting for review after it is passed by the Board of Directors.

Article 17 If the assets management department or the general manager considers that an investment project is infeasible, a written infeasibility report shall be submitted in accordance with the above procedure while the final decision shall be made by the Board of Directors or general meeting.

Chapter 4 Investment Decision Making Processes for Side Business

Article 18 Any investment proposal for side business shall be submitted in written form by shareholders, directors, senior officers, relevant functional departments, relevant business departments and each subsidiary of the Company.

Article 19 The general manger will designate relevant staff to review the investment proposal.

Article 20 If the general manager considers it is feasible, relevant departments and staff such as assets management department and financial department will be designated to compile the draft of the investment proposal and comment on the feasibility of the project. Then, such project will be proposed to the Board of Directors with the approval from general manager.

Article 21 External organization and experts may be engaged to advise and study the investment project if the Board of Directors and the general manager consider it is necessary.

Article 22 An external investment project requiring approval from general meeting shall be proposed to general meeting for review after it is passed by the Board of Directors.

Article 23 If the general manager considers that an investment project is infeasible, a written infeasibility report shall be submitted in accordance with the above procedure while the final decision shall be made by the Board of Directors (general meeting).

Chapter 5 Implementation, Inspection and Supervision

Article 24 An investment project shall be implemented by the general manager only after it is reviewed and passed by general meeting or the Board of Directors or the general manager.

Article 25 During the course of implementation of an investment project, if the general manager identifies that such investment proposal comprises of material inadvertence, the external environment for the project has a material change or it is affected by force majeure that may make the investment failed, an extraordinary board meeting shall be convened to amend, modify or terminate the investment proposal.

Any investment proposal for an investment project approved by general meeting shall be revised, amended or terminated by convening an extraordinary general meeting for consideration.

Article 26 Upon the completion of investment project, the general manager shall designate relevant departments and staff to check and accept the investment project and report the findings to the Board of Directors and general meeting.

Article 27 The Board of Directors of the Company shall periodically check the progress of material investment projects as well as the return of investment. If it is found that the investment is not made as it is planned or it is failed to achieve expected return or there is an investment loss etc., the directors of the Company shall investigate and call to account.

Article 28 The board of supervisors of the Company is entitled to supervise investments made by the Company.

Article 29 The independent directors are entitled to investigate investments made by the Company.

Chapter 6 Responsibility of Directors, General Manager, Other Management and Relevant Responsible Departments

Article 30 The directors, general manager and other management shall carefully and strictly control the risks arising from investments and those of them who shall assume supervising responsibility or direct responsibility for the irregularities and misconduct of investments shall undertake joint liability in accordance with law for any loss caused by an investment mistake.

If the above unauthorized staff arrogates to approve an investment project in defiance of the procedure set out in the Rules, which makes the Company suffers from a loss, such staff shall assume the economic liability and administrative liability.

Article 31 If any of the Company's responsible departmental staff or other responsible officers fails to fulfill his duties and subsequently causes a loss to the Company; he shall be subject to sanctions including economic punishment and assume liability for compensation depending on the severity of his failure in duties.

Article 32 The general meeting and the Board of Directors of the Company shall impose corresponding penalty on the responsible departmental staff or other responsible officers with reference to the size of the loss and risk, and the significance of the misconduct.

Chapter 7 Supplementary Provisions

Article 33 These Rules are not applicable to the management of external investment of H shares, which shall be managed in accordance with relevant requirements of the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited.

Article 34 In these Rules, reference to "over" or "more than" shall be inclusive.

Article 35 The amendments of these Rules shall be drafted by the Board of Directors and proposed to general meeting for approval.

Article 36 These Rules are written in Chinese, the interpretation of which shall be subject to the Board of Directors of the Company.

Article 37 Unless otherwise stated, terms used in these Rules shall have the same meaning with those used in the Articles of Association.

APPENDIX VI INVESTMENT DECISION MAKING PROCESSES AND RULES

Article 38 The matters not regulated in these Rules shall be in accordance with the Articles of Association as well as requirements of the relevant laws and administrative regulations.

Article 39 These Rules shall be approved by general meeting upon its consideration and become effective on the listing date of the Company's RMB ordinary shares (A shares) issued through IPO on Shenzhen Stock Exchange.

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LAUNCH TECH COMPANY LIMITED
Management System of External Guarantees

Chapter 1 General Provisions

- Article 1 In order to regulate the management of external guarantees provided by Launch Tech Company Limited (hereinafter referred to as the “Company”), and to strictly control the debt risk incurred by external guarantees to protect the legal rights of the Company, all shareholders and other stakeholders, the management system (hereinafter referred to as the “System”) is hereby formulated according to the rules under relevant laws and administrative regulations in China and the rules of securities regulatory bodies such as Company Law of the People’s Republic of China (《中華人民共和國公司法》) (hereinafter referred to as the “Company Law”), Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the “Securities Law”), The Guarantee Law of the People’s Republic of China (《中華人民共和國擔保法》) (hereinafter referred to as the “Guarantee Law”), Circular on Regulating the External Guaranties Provided by Listed Companies (《關於規範上市公司對外擔保行為的通知》), Notice Concerning Some Issues on Regulating the Funds between Listed Companies and Associated Parties and Listed Companies’ Provision of Guaranty to Other Parties (《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》), and the Share Listing Rules (hereinafter referred to as the “Share Listing Rules”) of Shenzhen Stock Exchange (hereinafter referred to as “SZSE”) as well as the provisions under the Articles of Association of Launch Tech Company Limited (hereinafter referred to as the “Articles of Association”), combining with the actual situation of the Company.
- Article 2 The external guarantee mentioned herein refers to the guarantee provided by the Company, as a third party, for the debtor against the debt owed to the creditor under which the Company undertakes to perform the obligation or assume the responsibility as covenanted when the debtor fails to perform its obligation. Such guarantee shall be in the form of warranty, security and pledge.
- Article 3 The Company’s external guarantees must comply with the relevant provisions under relevant laws and regulations, including the Securities Law, Company Law and Guarantee Law, etc., regulatory documents and the Articles of Association with the primary goal to strictly control the debt risk incurred by external guarantees.
- Article 4 The Company implements a multi-assessment system for the management of its external guarantees. Relevant departments of the Company involved include: Financial officers and their subordinate departments-responsible departments for the preliminary assessment and daily management of the Company’s external

guarantees which receive all guarantee applications lodged and perform preliminary assessment therefor while providing daily management of and continuous risk control over external guarantees; secretary of the board and its subordinate departments-responsible departments for the compliance review and information disclosure on the Company's external guarantees which conduct compliance review on the Company's external guarantees, organize and perform the approval process at board meetings or shareholders' meetings and make information disclosure on external guarantees.

Chapter 2 External guarantee requirements to be followed by the Company

Article 5 Neither the controlling shareholder nor other associated parties shall force the Company to provide guarantee for others.

Article 6 When a guarantee is raised for consideration and discussion at a board meeting, it shall be considered and approved by at least two-thirds of the directors attending the board meeting. The following external guarantees that are subject to consideration and discussion at shareholders' meeting must be considered and approved by at least two-thirds of the entire Board of Directors before they may be put forward for consideration and approval at shareholders' meeting:

- (1) Any single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (2) Any guarantee provided after the aggregate amount of the external guarantees of the Company and its controlling subsidiaries has already reached or exceeded 50% of the latest audited net assets;
- (3) Guarantee provided for a secured object which ratio of assets to liabilities is over 70%;
- (4) Guarantee fund reaching or exceeding 30% of the latest audited total assets of the Company for a consecutive period of twelve months;
- (5) Guarantee fund exceeding 50% of the latest audited net assets of the Company and with an absolute amount of more than RMB50 million;
- (6) Guarantee provided for any shareholder, actual controller and associated party;
- (7) Other guarantee conditions as stipulated by SZSE or under the Articles of Association.

When a guarantee mentioned in (4) above is put forward for consideration and discussion at a shareholders' meeting and where the guarantee fund exceeds 30% of the latest audited total assets of the Company for a consecutive period of twelve months, it shall be passed by more than two-thirds of shareholders holding voting rights and attending the meeting.

APPENDIX VII MANAGEMENT SYSTEM OF EXTERNAL GUARANTEES

Article 7 When considering a proposed resolution at a shareholders' meeting concerning the provision of guarantee for a shareholder, actual controller and its associated party, such shareholder or shareholders dominated by such actual controller shall not participate in the vote, which shall be passed by more than half of such other shareholders holding voting rights and attending the meeting.

Article 8 The abovementioned external guarantee so considered and approved shall be timely disclosed in a newspaper for information disclosure as designated by the Company. The content as disclosed shall include the resolution of the shareholders' meeting as well as the aggregate amount of external guarantees provided by the Company and its controlling subsidiaries and the aggregate amount of guarantees provided by the Company for its controlling subsidiaries as of the date of such information disclosure.

Article 9 For corporate unit which is not related to the Company and satisfies one of the following conditions:

- (1) Mutual security unit for the Company's business needs;
- (2) Unit having actual or potential significant business contacts with the Company.

Upon execution of the abovementioned external guarantee, the Company must require the counter party to provide a counter guarantee for which the counter guarantor shall have actual affordability.

Article 10 Before making a decision to provide a guarantee, the Company shall properly acquaint itself with the credit conditions of the unit applying therefor. The Company's financial department shall send people specially assigned for conducting audit verification against the basic information provided by the guarantee applicant and counter guarantor to perform full analysis on the financial conditions of the guarantee applicant and counter guarantor as well as the validity, benefits and risks of the guarantee, and then a written report on whether or not to provide such guarantee shall be delivered and reported to the general manager of the Company for preliminary assessment and confirmation before the matter is put forward for consideration and approval at the Company's board meeting.

Article 11 The Company must strictly comply with the relevant provisions under the Share Listing Rules of SZSE and the Articles of Association to conscientiously perform its information disclosure obligations concerning external guarantees and must provide as stipulated all such truthful information on the external guarantees of the Company to the certified public accountants responsible for the Company's financial auditing. In the annual reports, independent directors shall make special statements on the Company's accumulated and current external guarantees as well as the compliance with the provisions under the Articles of Association in relation thereto and shall express an independent opinion thereon.

**Chapter 3 Acceptance criteria and review process of the Company for
external guarantee application**

Article 12 All external guarantee applications made to the Company shall be accepted for processing by the Company's financial officers and their subordinate departments. The secured party shall, at least fifteen working days in advance, tender to the financial officers and their subordinate departments its guarantee application and attachments thereto, which shall include at least the following elements:

- (1) Basic conditions of the secured party;
- (2) Statement of the principal indebtedness to be guaranteed;
- (3) Guarantee form and guarantee period;
- (4) Principal terms of the guarantee agreement;
- (5) Statement of the secured party's repayment plan and the source thereof concerning the guaranteed obligations;
- (6) A counter guarantee plan.

Article 13 When tendering a guarantee application, the secured party shall attach thereto information related to the guarantee including:-

- (1) A copy of Business License for Corporate Body of the secured party;
- (2) Latest audited annual and interim financial statements of the secured party;
- (3) Contract of the principal indebtedness to be guaranteed;
- (4) Format text of the contract of indebtedness provided by the creditor or the secured party;
- (5) Such other information as deemed necessary by the financial officers and their subordinate departments.

Article 14 Upon acceptance of the secured party's application, the financial officers and their subordinate departments shall perform timely investigation into the secured party's credit conditions and evaluate the risks of providing guarantee therefor with a written report thereof (together with a copy of the guarantee application and attachments thereto) to be submitted to the secretary of the board.

Article 15 Upon receipt of the written report from the financial officers and their subordinate departments together with the information related to the guarantee application, the secretary of the board and its subordinate departments shall conduct a compliance review as well as a review on the control of the accumulated amount of total external guarantees.

Article 16 After passing the compliance review on a guarantee application as well as the review on the control of the accumulated amount of total external guarantees, the secretary of the board and its subordinate departments shall organize and perform the approval process at board meetings or shareholders' meetings in accordance with the relevant provisions under the Articles of Association.

Article 17 The risk of debt incurred by external guarantee shall be carefully managed and strictly controlled by the Board of Directors of the Company when reviewing a guarantee application tendered by a secured party. If any of the following situations occurs to a guarantee applying unit, no guarantee shall be provided therefor:

- (1) Unclear property rights, unfinished restructuring or the establishment of which being not consistent with national laws or the national property policy;
- (2) Provide false financial statements and other information to cheat the Company out of its guarantee;
- (3) Occurrence of overdue debt and arrears of interest in the previous guarantee provided for the party by the Company;
- (4) Suffered a loss or made little profits in last year and expected to fall into loss making for the current year;
- (5) Deterioration of operating conditions with bad reputation;
- (6) Unable to provide valid property for counter guarantee;
- (7) Counter guarantee or other effective risk prevention measures provided by the guarantee applying unit have failed to match the amount of guarantee provided by the Company or that the property provided by the guarantee applying unit for counter guarantee is prohibited from circulation or is non-transferable according to laws and regulations;
- (8) The Company considers such guarantee could otherwise be harmful to the interests of the Company or the shareholders.

The Board of Directors may, where necessary, engage external professional organizations to conduct evaluation against the risk of executing external guarantees to form the basis for decision making at board meetings or shareholders' meetings.

- Article 18 Where there are two or more applications for external guarantees being reviewed at the same board meeting of the Company, voting for each external guarantee shall take place by separate ballot and that each external guarantee shall be signed and approved by more than two-thirds of all members of the board.
- Article 19 Director or shareholder who has an interest in a guarantee shall abstain from voting on the resolution approving such guarantee at the Company's board meeting or shareholders' meeting.
- Article 20 The secretary of the board shall record in detail the discussion and voting process relating to guarantees considered and discussed at board meetings and shareholders' meetings and shall perform the information disclosure obligations in a timely manner.

Chapter 4 Daily management of and continuous risk control over external guarantees

- Article 21 A written contract shall be entered into by the Company for the provision of external guarantee and that the guarantee contract shall comply with the provisions under relevant laws and regulations (e.g. the Guarantee Law) with its principal terms being specific and unambiguous. An opinion shall be sought from a legal adviser or expert when entering into a particularly important guarantee contract and, where necessary, the Company may engage a law firm to conduct reviews or issue a written legal opinion thereon. Upon approval of a guarantee contract by the Board of Directors or shareholders' meeting of the Company, the external guarantee contract shall then be signed by the chairman of the board (legal representative) or his duly authorized representative(s).
- Article 22 Financial officers and their subordinate departments are the responsible departments for the daily management of the Company's external guarantees which are in charge of the unified registration and record management of all external guarantees of the Company and its controlling subsidiaries.
- Article 23 The Company's financial officers and their subordinate departments shall properly maintain and manage all documents and information related to the Company's external guarantees (including but not limited to guarantee applications and their attachments, audit opinions given by the Company's financial officers and their subordinate departments, other departments and the Board of Directors/shareholders' meetings of the Company, duly signed guarantee contracts, etc.), and shall fill out quarterly report forms recording details of the Company's external guarantees, and send the duplicate copies thereof to the general manager of the Company and the secretary of the board of the Company.
- Article 24 The Company's financial officers and their subordinate departments shall keep tracking and monitoring the operating conditions and financial situations of the secured parties during the guarantee period to implement continuous risk control thereover. If there has been a material adverse change in the secured

party's ability to repay its debt during the guarantee period, corresponding solutions shall be promptly raised and a report thereon shall be made to the Board of Directors of the Company.

- Article 25 Guaranteed debt which may need to be extended after its expiry and require the Company to continue to provide guarantee therefor shall be considered a new external guarantee for which the review and approval process for guarantee application must be carried out according to the procedures as provided in Chapter 3 of the System.

Chapter 5 Legal liability

- Article 26 All directors of the Company shall review the Company's external guarantees strictly in accordance with the provisions under the System, relevant laws and regulations and regulatory documents and shall legally assume joint and several liability for any loss incurred as a result of irregular or inappropriate external guarantees.

- Article 27 In case of any actual loss incurred by the Company as a result of unauthorized signing of external guarantee contract or neglect of duty by the relevant review departments and personnel or other senior management staff of the Company involved in the System due to their failure to comply with the prescribed procedures, the Company shall pursue the liability against the responsible person and take disciplinary action depending on the actual circumstances.

Chapter 6 Supplementary provisions

- Article 28 The Company implements the principle of unified management for its external guarantees with the relevant provisions under the System being applicable to the external guarantees of the Company's controlling subsidiaries.
- Article 29 The System is not applicable to the management of H-share external guarantees. The management of H-share external guarantees shall be implemented according to the relevant provisions of the Securities and Futures Commission of Hong Kong and the Stock Exchange of Hong Kong Limited.
- Article 30 The Board of Directors of the Company shall be charged with the interpretations and revisions to the System.
- Article 31 Unless specified otherwise, the terms used herein shall have the same meanings with those in the Articles of Association.
- Article 32 Matters not provided herein shall be subject to the provisions under the Articles of Association and relevant laws and administrative regulations.

Article 33 Upon consideration and approval by the shareholders' meeting of the Company, the System shall take effect from the date on which the Renminbi denominated ordinary shares (A shares) issued under the initial public offering made by the Company are listed on SZSE.

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

LAUNCH TECH COMPANY LIMITED
Related Party Transaction Decision-making System

Chapter 1 General Provisions

- Article 1 To assure that the related party transactions between Launch Tech Company Limited (the “Company”) and the related parties comply with the fair, just and public principle and ensure that the Company’s act of the related party transactions does not damage the legal rights of the Company and the non-related shareholders, the decision-making system (the “System”) is formulated in accordance with the *Company Law of the People’s Republic of China* (“Company Law”), *Securities Law of the People’s Republic of China* (“Securities Law”), *Share Listing Rules on the Shenzhen Stock Exchange* (“Share Listing Rules”) and other relevant laws, regulations, requirements of the securities regulators in the PRC and the *Articles of Association* of Launch Tech Company Limited (“Articles of Association”) and other relevant provisions and in view of the practical circumstances of the Company.
- Article 2 In addition to the relevant laws, regulations and the Articles of Association, the related party transactions between the Company and the related parties also have to comply with the relevant provisions of the System.

Chapter 2 Related Parties and Connected Relations

- Article 3 Related parties of the Company include related body corporate and related natural persons.
- Article 4 In any of the following circumstances, a body corporate is deemed as a related body corporate of the Company:
- (I) The body corporate that controls the Company directly or indirectly;
 - (II) The body corporate directly or indirectly controlled by the body corporate in the above, except the Company and its controlling subsidiaries;
 - (III) The body corporate directly or indirectly controlled by the Companies’ related natural person listed in Article 5 of the System, or the body corporate in which the related natural persons act as directors and senior management staff, except the Company and its controlling subsidiaries;
 - (IV) The body corporate holds more than 5% of the shares of the Company or its concerted parties;

- (V) Any of other body corporates, with special relations with the Company, may cause the interest of the Company to its favor, as confirmed by the CSRC, the Shenzhen Stock Exchange, or the Company in the principle of substance over form.

Article 5 In any of the following circumstances, a natural person is deemed as a related natural person of the Company:

- (I) Any natural person directly or indirectly holds more than 5% of the Company's shares;
- (II) The Company's directors, supervisors and senior management staff;
- (III) Directors, supervisors and senior management staff of the body corporates listed in (I) of Article 4 of the System;
- (IV) Close family members of the persons listed in (I) and (II) of this article, including spouses, parents and spouse's parents, brothers, sisters and their spouses, children over 18 years of age and their spouses, spouse's brothers and sisters and parents of children's spouses;
- (V) Any natural person, with special relations with the Company, may cause the interest of the Company to its favor, as confirmed by CSRC, the Shenzhen Stock Exchange or the Company in the principle of substance over form.

Article 6 In any of the following circumstances, a person or body corporate is deemed as a related person of the Company:

- (I) According to the agreements signed with the Company or arrangements, after the agreements or arrangements becoming effective, or in the future 12 months, the person or body corporate will have any of circumstances specified in Article 4 or Article 5 of the System;
- (II) During the past 12 months, the person or body corporate had any of the circumstances specified in the Article 4 or Article 5 of the System.

Article 7 Connected relations mainly refer to the way or channel which directly or indirectly control or materially affect the Company in the course of financial and operational decision making, which include, but not limited to, the equity relationship between related parties and the Company, interpersonal relationship, management relationship and relationship with commercial interests.

Article 8 Connected relations should be practically judged in respect of the specific ways and channels of or the extent to which the Company is controlled or affected by the related parties.

Chapter 3 Related Party Transactions

- Article 9 Related party transaction is defined as resources or obligations transferred among the Company or controlling subsidiaries and related parties of the Company, including but not limited to:
- (I) Purchase or sale of assets;
 - (II) Sales of products and commodities;
 - (III) Purchase of raw materials, fuel and power;
 - (IV) Provide or receive labouring;
 - (V) Commission or entrusted of sales;
 - (VI) Making external investment (including entrusted financing and entrusted loans);
 - (VII) Provide financial assistance;
 - (VIII) Provide guarantee;
 - (IX) Rent or lease of assets;
 - (X) Execution of management contracts (including entrusted management and contracted management);
 - (XI) Granting or taking gift of property;
 - (XII) Restructuring of claims or debts;
 - (XIII) Transfer of research and development project;
 - (XIV) Signed licensing agreement;
 - (XV) Non-currency transactions;
 - (XVI) Remuneration, rewards and subsidies for key management personnel;
 - (XVII) Joint investment with related persons;
 - (XVIII) Other matters that may cause transfers of resources or obligations through agreements;
 - (XIX) Other matters which are deemed to be related party transactions by the CSRC and the Shenzhen Stock Exchange.

APPENDIX VIII RELATED PARTY TRANSACTION DECISION-MAKING SYSTEM

Article 10 Related party transactions of the Company shall be conducted under the following principles:

- (I) Principle of truthfulness and honesty;
- (II) Without prejudice to the legal rights of the Company and the non-related shareholders;
- (III) A related party shall abstain from voting if it holds voting right at the general meeting of the Company;
- (IV) A director who has interest shall withdraw from the board meeting considering the related party transaction;
- (V) The board shall evaluate if the related party transaction is in the interest of the Company on objective basis. If necessary, the board shall retain a professional valuation firm or independent financial adviser;
- (VI) The independent directors should clearly express their independent opinions on material related party transactions.

Article 11 The pricing principles of the related party transactions are executed in accordance with the following provisions and the Company shall disclose completely the criteria for setting the price of a related party transaction:

- (I) Prices according to laws and regulations in the PRC and relevant regulations and policies of local governments;
- (II) Prevailing market prices;
- (III) Cost-plus pricing if there is no market price;
- (IV) Negotiated pricing if there is neither market price nor cost-plus pricing but fair and reasonable pricing has to be guaranteed.

Both parties shall determine pricing methods in accordance with the specific circumstances of the related transactions, and shall clearly confirm it in the related transaction agreement.

Article 12 The Company shall enter into a written contract or agreement for the related party transactions with the related party on an equal, voluntary, reciprocal and commercial basis with clearly defined terms and conditions.

Chapter 4 Procedures of resolutions in respect of related party transactions

Article 13 The following measures shall be observed when the Company enters into related party transaction or makes other arrangement with a connected party:

- (I) Any individual shall only represent a party to enter into an agreement;
- (II) No connected party shall interfere the Company's decision on the relevant related party transaction;
- (III) When the Board of Directors is considering the related party transactions, connected directors shall abstain from voting, nor shall he/she vote on behalf of other directors. The connected directors referred to in the foregoing article include the following directors or those directors under one of the following circumstances:
 - 1. The other party to the transactions;
 - 2. Employed by the other party to the transactions or by a body corporate with direct or indirect control over the party to the transactions and by a body corporate under direct or indirect control of the party to the transactions;
 - 3. Have direct or indirect control over the other party to the transactions;
 - 4. A close family member of a party to the transactions or of a person who has direct or indirect control over the other party to the transactions (for the details of the scope, please refer to the provisions of clause 4 of Article 5 of the System);
 - 5. A close family member of any director, supervisor or senior management of a party to the transactions or of a person who has direct or indirect control over the party to the transactions (for details of the scope, please refer to the provisions of clause 4 of Article 5 of the System);
 - 6. A director whose independent business judgement may be affected as determined by the CSRC and the Shenzhen Stock Exchange or the Company based on other reasons.
- (IV) When the Board of Directors is considering the related party transactions, the following shareholders or those shareholders under one of the following circumstances shall abstain from voting:
 - 1. The other party to the transactions;

2. Have direct or indirect control over the other party to the transactions;
3. Directly or indirectly controlled by the other party to the transactions;
4. Directly or indirectly controlled by the same body corporate or natural person together with the other party to the transaction;
5. Shareholders that has equity transfer agreement or other agreements not been carried out with other related shareholders, thus the voting right of such shareholders is restricted;
6. Body corporate or natural persons confirmed by CSRC or Shenzhen Stock Exchange that the Company's interests may be caused in their favor.

Article 14 When the Board of Directors of the Company is considering the related party transaction, the board meeting may be convened if more than one half of the non-connected directors attend the meeting. Resolutions shall be approved by more than one half of non-connected directors. When there are less than three non-connected directors present at the board meeting, such matters shall be submitted to the general meeting for consideration.

Article 15 When a related party transaction is considered at a general meeting, the connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights; the announcement of any resolution made at the shareholders' general meeting shall adequately disclose information relating to voting by non-connected shareholders.

If connected shareholders have expressed their intention to abstain from voting, the related party transactions shall be voted by other shareholders. The resolution so passed shall have the same legal effect of other resolutions passed at general meetings.

Article 16 In accordance with the requirements of classification by amount of related party transactions of the Share Listing Rules on the Shenzhen Stock Exchange, the approval authority for the related party transactions between the Company and the Shenzhen Stock Exchange is as follows:

- (I) If the Company incurs any related party transaction with an amount over RMB30 million with a related person which makes up more than 5% of the latest audited net assets absolute value of the Company (except that guarantee is provided), such related party transaction shall be approved at the general meeting;

- (II) If the Company incurs any related party transaction with an amount between RMB3 million and RMB30 million with a related person which makes up between 0.5% and 5% of the latest audited net assets absolute value of the Company (except that guarantee is provided), such related party transaction shall be approved by the Board of Directors and advised by independent directors;
- (III) If the Company incurs any related party transaction with an amount below RMB3 million with a related person which makes up less than 0.5% of the latest audited net assets absolute value of the Company (except that guarantee is provided), such related party transaction shall be approved by the general manager.

Article 17 Where the Company conducts any transaction such as “provision of financial supports”, “provision of guarantees” and “consigned financial management”, calculation shall be based on the amount actually incurred and shall be made by transaction category accumulated in 12 consecutive months. Transactions which have undergone procedures of resolutions shall not be included in the scope of relevant aggregation.

Article 18 If the Company enters into similar related party transactions in relation to the transaction target for consecutive twelve months, the principle of aggregation and the provisions of Article 16 of this System shall apply. Transactions which have undergone procedures of resolutions shall not be included in the scope of relevant aggregation.

Article 19 Where the Company and a related person enter into a related party transaction relating to the Company’s daily operation as specified in (II) to (V) of Article 9, such related party transactions shall be disclosed and the corresponding review procedures shall be undergone in accordance with the following requirements:

- (I) For a daily related party transaction entered into for the first time, the Company shall enter into a written agreement with the related person and make prompt disclosure. Such transaction shall, with reference to the transaction amount involved in such agreement (where the requirements under Article 16 are applicable), be submitted to the general manager, the board or the general meeting for consideration. Where no specific transaction amount is provided in the agreement, the transaction shall be submitted to the general meeting for consideration.
- (II) If the agreements of the daily related party transactions, which have been considered and approved by the board of the Company or the general meeting and are being executed, do not have any significant changes to their major terms in the course of execution, the Company shall disclose the actual situation in respect of the performance of such agreements in its regular reports and shall state whether the terms of such agreements are complied with. In the event of any substantial changes to the major terms

of such agreements during the course of execution or where any of the agreements expires and shall be renewed, the Company shall, with reference to the transaction amount involved in such agreements (where the requirements under Article 16 are applicable), submit the newly amended or renewed agreements on the daily related party transactions to the general manager, the board or the general meeting for consideration. Where no specific transaction amount is provided in the agreement, the transaction shall be submitted to the general meeting for consideration.

- (III) If the Company has many daily related party transactions each year, while it is necessary to enter into new agreements on the daily related party transactions frequently, thereby making the Company difficult to submit each agreement to the general manager, the board or the general meeting for consideration in accordance with clause (I) of this Article, the Company may make reasonable estimation of the total amount of such daily related party transactions to be entered into in the year prior to the disclosure of the annual report for the preceding year, and submit the transactions to the general manager, the board or the general meeting for consideration with reference to such estimated amount (where the requirements under Article 16 are applicable) and make relevant disclosure. For daily related party transactions within the range of estimation, the Company shall make disclosure in its regular reports. If the actual amount of such daily related party transactions exceeds the estimated total amount, the Company shall resubmit the transactions to the general manager, the board or the general meeting for consideration with reference to the exceeding amount (where the requirements under Article 16 are applicable) and make relevant disclosure.

Article 20 Related party transaction of the controlling subsidiary of the Company is deemed as that of the Company and the requirements of the System are applicable to matters such as the procedures of resolutions and disclosures.

Article 21 The Company shall also employ an intermediary organization qualified in carrying out business relating to securities and futures to audit or value the object of the related party transaction which requires to be approved at the general meeting. Related party transaction on sale and purchase or service relating to the daily operation of the Company may be exempted from auditing or valuation but shall comply with the requirements of relevant laws, regulations or regulatory documents (if any).

The Company may retain an independent financial adviser to advise whether the related party transaction which requires to be approved at the general meeting is fair and reasonable to the shareholders as a whole and issue a report.

Chapter 5 Information Disclosure of Related Party Transactions

Article 22 In accordance with the disclosure requirements of the Share Listing Rules on Shenzhen Stock Exchange, the following related party transactions shall be disclosed promptly:

- (I) Related party transactions with an amount over RMB300,000 between the Company and related natural persons;
- (II) Related party transactions with an amount over RMB3 million between the Company and related body corporates, and accounting for more than 0.5% of the latest audited net assets absolute value of the Company;
- (III) Related party transactions with an amount over RMB30 million between the Company and related persons (except that the Listed Company receives cash asset and guarantee is provided), and accounting for more than 0.5% of the latest audited net assets absolute value of the Company.

Article 23 In disclosing a related party transaction, the following documents shall be submitted to the Shenzhen Stock Exchange:

- (I) a copy of the announcement;
- (II) any agreements or letters of intent related to the transaction;
- (III) a copy of the resolution of the Board of Directors, as well as opinion of independent directors, if applicable;
- (IV) government approvals involved in the transaction, if applicable;
- (V) professional report issued by intermediate agencies, if applicable;
- (VI) any other documents as required by the Shenzhen Stock Exchange.

Article 24 Announcements disclosing related party transactions by the Company shall contain the following:

- (I) an overview of the transaction and background information about the subject of the transaction;
- (II) prior consent of the independent directors and his/her/their independent opinions;
- (III) voting conducted by the Board of Directors, if applicable;
- (IV) related relations between parties to the transaction and background information about the related persons;

- (V) policy and basis of the pricing of the transaction, including how the transaction prices relate to the book value or appraised value of the subject of the transaction and clear and fair market prices, and such other matters relating to pricing as required to be explained depending on the specific circumstances of the transaction. Where the transaction prices differ significantly from the book value, appraised value or market prices, reasons shall be given in that regard. Where the transaction is not considered fair, disclosure shall be made as to how interests would be transferred as a result of the related party transaction so contemplated;
- (VI) major details of the agreement of the transaction including, among others, the amount and method of settlement of the transaction prices, nature of and percentage in interests in the transaction attributable to the related person, conditions precedent to and time and period of validity of the agreement. For continuing or recurring related party transactions in the ordinary business of the Company, the expected total annual amount of the related party transaction shall also be stated;
- (VII) purpose of the transaction and its effect on the Company, including, among others, the necessity and true intention for the related party transaction, and effect on the current and future financial position and results of operations;
- (VIII) accumulated total transaction amount in related party transactions with the same related person incurred during the period from the beginning of the same year to the date of disclosure;
- (IX) other requirements of Rule 9.15 of the Share Listing Rules;
- (X) such other information as would help illustrate the substance of the transaction and be required by CSRC and the Shenzhen Stock Exchange.

Article 25 The following related transactions between the Company and any related person can be exempted from voting and disclosure in accordance with the procedure of a related party transaction:

- (I) A party subscribes in cash the shares, corporate or business debentures, convertible debentures or other derivative products publicly offered by the other party;
- (II) Any party, as a member of the underwriting group, underwrites the shares, corporate or business debentures, convertible debentures or other derivative products publicly offered by the other party;
- (III) A party receives dividends, bonus or remunerations according to the resolution of general meeting of shareholders of the other party;

(IV) The related party transactions caused by either party participating in public tender, auction and other similar activities;

(V) Other transactions confirmed by the Shenzhen Stock Exchange.

Chapter 6 Supplementary Provisions

Article 26 The system does not apply to decisions on related party transactions of H shares, which are based on relevant requirements of the Hong Kong Securities and Futures Commission and The Stock Exchange of Hong Kong Limited.

Article 27 The transaction records, such as documents about decision-making records and decisions, shall be kept by the secretary of the Board, the retention period shall be twenty years.

Article 28 In the System, “above” includes the identified number, and “more than” and “less than” do not include the identified number.

Article 29 The Board of Directors has proposed amendment proposition for the amendment to the System, which has been submitted to the general meeting for resolution and approval.

Article 30 The rules are written in Chinese. The Board has the right to explain details of the System.

Article 31 Unless otherwise specifically stated, the expressions used in the System shall have the same meanings as those in the Articles of Association.

Article 32 Anything not specified by these rules shall refer to the Articles of Association and relevant provisions of laws and regulations.

Article 33 The System has been examined and passed at the general meeting of the Company and is effective from the date when its RMB ordinary shares (A Shares) is listed in the Shenzhen Stock Exchange after the initial public offering.

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LAUNCH TECH COMPANY LIMITED
Management System for Disclosure of Information

Chapter 1 General Provisions

- Article 1 To strengthen the management of information disclosure of Launch Tech Company Limited (the “Company”), regulate the disclosure of information of the Company and guarantee the information is disclosed correctly, accurately and completely in a timely manner, the management system (the “System”) is formulated in accordance with the *Company Law of the People’s Republic of China* (“Company Law”), the *Securities Law of the People’s Republic of China* (“Securities Law”), the *Guidelines on Corporate Governance of Listed Companies*, the *Administrative Procedures on Information Disclosure of Listed Companies*, the *Share Listing Rules on the Shenzhen Stock Exchange* (“Share Listing Rules”) and other relevant laws and regulations in the PRC and the *Articles of Association of Launch Tech Company Limited* (“Articles of Association”) and other relevant provisions and in view of the practical circumstances of the Company.
- Article 2 The discloseable information described in the System refers to all information which may have significant impact on the trading price of the shares and derivatives of the Company and is unknown to the investors, including but not limited to:
- (I) information related to matters provided in Rules 9.2, 11.8.2 and 11.8.3 of the Share Listing Rules;
 - (II) information related to matters such as the results and profits of the Company, e.g. financial results, profit forecast and distribution, reserve capitalization and etc.;
 - (III) information related to matters such as mergers and acquisitions, restructuring, major investment and external guarantees of the Company and etc.;
 - (IV) information related to matters such as issue, repurchase and split of shares of the Company and etc.;
 - (V) information related to operations of the Company, e.g. development of new products, new inventions, new customers and new suppliers, formulation of future business plans and entering into major contracts;
 - (VI) information related to major litigations and arbitrations of the Company.

Chapter 2 Basic Principles and General Provisions of Information Disclosure

Article 3 Principles of Information Disclosure:

- (I) Fulfill obligations of information disclosure in accordance with relevant provisions in laws, regulations, regulatory documents and rules and guidelines and notices promulgated by the Shenzhen Stock Exchange;
- (II) Disclose all information which may have significant impact on the trading price of the shares and derivatives of the Company fairly and in a timely manner;
- (III) The directors, supervisors and senior management of the Company confirm that the information disclosed is true, accurate and complete and that there are no false and misleading statements or material omissions.

Article 4 The directors, supervisors and senior management of the Company and other informed parties shall minimize the number of informed parties, ensure no leakage of insider information and no conduct of insider dealing, or no manipulation of the trading price of the Company's shares and their derivatives under concerted action with other parties.

Article 5 Before the disclosure of information, the Company shall submit the text of the related announcements and the documents available for inspection in accordance with the Shenzhen Stock Exchange.

Article 6 Information disclosed by the Company shall be easily comprehensible with descriptive language and concise and understandable content which highlights the matters in real terms. It shall not contain words of publicity, advertising, complimenting or slandering nature.

Article 7 If there are uncertainties, temporary commercial secrets or other circumstances approved by the Shenzhen Stock Exchange in the information to be disclosed by the Company which may prejudice the interests of the Company or mislead investors and subject to the fulfillment of the following conditions, the Company can apply to the Shenzhen Stock Exchange for delay of disclosure by stating the reasons for and duration of the delay:

- (I) the information to be disclosed is not leaked;
- (II) the related insiders have made confidentiality undertakings in writing;
- (III) there is no volatile trading in the shares and derivatives of the Company.

The Company can delay the disclosure of relevant information with the approval of the Shenzhen Stock Exchange. The duration of the delay generally does not exceed two months.

In the event that the application for the delay of disclosure is not agreed by the Shenzhen Stock Exchange, the reasons for the delay no longer exist or the duration of the delay has ended, the Company should disclose the information in a timely manner.

Article 8 If the information to be disclosed by the Company is state secret, business secret or other circumstance as recognized by the Shenzhen Stock Exchange, and disclosure of the same or fulfillment of relevant obligation in accordance with the requirements of the Share Listing Rules or the System may run counter to state laws and regulations on confidentiality or damage the interests of the Company, the Company may apply to the Shenzhen Stock Exchange for exemption from disclosure or fulfillment of relevant obligation.

Article 9 Major event of the controlling subsidiary of the Company provided by the Share Listing Rules or the System is deemed as that of the Company and the relevant requirements of the Share Listing Rules and the System are applicable for the fulfillment of the disclosure obligations.

For major event of the equity company of the Company provided by the Share Listing Rules and the System or related party transaction entered into with related person of the Company which may have significant impact on the trading price of the shares and derivatives of the Company, the Company shall fulfill the disclosure obligations with reference to the provisions of the Share Listing Rules and the System.

Article 10 Upon registration in the Shenzhen Stock Exchange, the information publicly disclosed by the Company shall be announced in the Securities Times and on the website of CNINFO, the designated media. Information disclosure made in other public media should not be earlier than in designated newspaper and on designated website. The Company shall not use methods such as news conference or answers to the questions from journalists in place of the Company's official announcement.

Chapter 3 Management and Procedures of Information Disclosure

Article 11 All disclosure of information relating to the Company is made through the unified leadership and management of the Board and the secretary of the Board is responsible for the coordination and organization of the information disclosure with the assistance of the securities representative.

Article 12 The secretary of the Board of the Company is responsible for the organization of the communications with the China Securities Regulatory Commission and its agencies, the Shenzhen Stock Exchange, related securities institutions, news agencies etc., preparation of the documents for information disclosure of the Company and ensuring true, accurate and complete disclosure of information of the Company in a timely manner.

Article 13 To ensure smooth disclosure of the Company's information, related departments of the Company should seek advice on information disclosure from the secretary of the Board before making any major decision and report on the progress from time to time to allow the secretary of the Board to have an accurate understand of various aspects of the Company and to ensure the information disclosed is true, accurate, complete and in a timely manner with no material omission. The Company shall facilitate the secretary to the Board of Directors on his/her duties. Directors, supervisors, senior management members and other relevant staff members shall support and coordinate with the work of the secretary to the Board of Directors.

Article 14 The disclosure of information should strictly observe the following approval process:

- (I) the departments should provide the information to be disclosed to the secretariat of the Board for preparation or review;
- (II) the secretariat of the Board should disclose periodic reports and resolutions of the general meetings, board meetings and supervisory meetings after observing the statutory approval process in accordance with the provisions of relevant laws, regulations and Articles of Association;
- (III) the Board should publicly disclose temporary reports which exclude resolutions of the general meetings, board meetings and supervisory meetings after observing the following approval process:
 1. temporary reports issued on behalf of the Board shall be submitted to the Chairman for review and signing;
 2. temporary reports issued on behalf of the supervisory committee shall be submitted to the chairman of the supervisory committee for review and signing;
 3. for business matters within the authority of the Board which may be approved by the general manager and are required to be publicly disclosed, the announcements of such matters should be submitted to the general manager for review before submission to the Chairman for review and approval and published in name of the Company;
 4. for major business matters of the controlling subsidiaries and equity subsidiaries which are required to be publicly disclosed in accordance with the Share Listing Rules, the announcements of such matters should be submitted to the chairmen of those controlling subsidiaries or the directors of those equity subsidiaries of the Company for review and signing before submission to the general manager of the Company for review and final submission to the chairman of the Company for review and approval and published in the name of the Company.

- (IV) documents such as reports and proposals submitted to the China Securities Regulatory Commission, Shenzhen Stock Exchange or other relevant government authorities by the Company and promotional information involving major decisions and economic data of the Company which will be published in the media should be submitted to the chairman of the Company for signing.

Article 15 If the following events happen to the shareholders and beneficial controller of the Company, they should take the initiative to inform the Board of the Company and cooperate with the Company in fulfilling the disclosure obligations in a timely manner:

- (I) significant changes happened or to be happened in the shares held or companies controlled by shareholders or beneficial controller who hold more than 5% of the shares of the Company;
- (II) the court ruled against the transfer of shares held by the controlling shareholders and more than 5% of the shares held by any shareholder were pledged, frozen, auctioned, trusted or limited for voting according to the law;
- (III) proposed major restructuring of assets or business of the Company;
- (IV) bankruptcy or liquidation of the shareholders or beneficial controller of the Company;
- (V) other circumstances provided by the China Securities Regulatory Commission or the Shenzhen Stock Exchange.

Article 16 Before disclosing any information which should be disclosed according to the law, shareholders or beneficial controller should accurately report to the Company in writing in a timely manner and cooperate with the Company in making accurate and timely announcements on information which has been spread in the media or trading anomaly of securities and derivatives of the Company.

Article 17 Directors, supervisors, senior management, shareholders with more than 5% shareholding of the Company and parties acting in concert with them, and the beneficial controller shall on a timely basis file with the Board of the Company a list of related persons of the Company and a statement of their related relations.

The Company shall perform the procedures for consideration of related party transactions and strictly implement the non-voting system of the related transactions. Parties to the transaction shall not conceal their connected relationship or use other means to avoid the procedures for consideration of the related party transactions of the Company and their disclosure obligations.

Article 18 Shareholders or beneficial controller holding more than 5% of shares of the Company through custody or trust shall inform the Company of the position of the trustees and cooperate with the Company to fulfill its disclosure obligations.

Chapter 4 Publication of Regular Reports

Article 19 Annual report:

- (I) The Company shall prepare the full text and summary of its annual report in accordance with *Issue No. 2 of The Content and Format of Disclosure of Information by Listed Companies – The Content and Format of Annual Report* of the China Securities Regulatory Commission and the provisions of relevant notices within 4 months from the end of its financial year.
- (II) The Company shall submit the annual report to the Shenzhen Stock Exchange within 2 business days upon its approval by the Board. Upon registration with the Shenzhen Stock Exchange, the summary and full text of the annual report shall be published in designated newspapers and on designated websites respectively.

Article 20 Interim report:

- (I) The Company shall prepare the full text and summary of its interim report in accordance with *Issue No. 3 of The Content and Format of Disclosure of Information by Listed Companies – The Content and Format of Interim Report* of the China Securities Regulatory Commission and the provisions of relevant notices within 2 months from the end of the first 6 months of its financial year.
- (II) The Company shall submit the interim report to the Shenzhen Stock Exchange within 2 business days upon its approval by the Board. Upon registration with the Shenzhen Stock Exchange, the summary and full text of the interim report shall be published in designated newspapers and on designated websites respectively.

Article 21 Quarterly report:

- (I) The Company shall prepare the quarterly reports in accordance with *Issue No. 13 of The Content and Format of Disclosure of Information by Listed Companies – The Special Requirement on Content and Format of Quarterly Reports* and the provisions of relevant notices within 1 month from the end of the first 3 months and first 9 months of its financial year.
- (II) The Company shall submit the quarterly reports to the Shenzhen Stock Exchange within 2 business days upon its approval by the Board. Upon registration with the Shenzhen Stock Exchange, the disclosure report shall be published in designated newspapers and on designated websites.

(III) The publication of the first quarterly report of the Company shall not be earlier than that of the annual report of the Company for the previous year.

Article 22 The Company should schedule the time of publication for the regular reports with the Shenzhen Stock Exchange and proceed with the publication of the regular reports in accordance with the time arranged by the Shenzhen Stock Exchange. Changes in the publication time with reasons should be applied to the Shenzhen Stock Exchange in writing with the stated reasons and the amended publication time 5 trading days in advance. The Company shall report to the Shenzhen Stock Exchange promptly and announce the reasons for the delay, the solutions and the extended publication period.

Chapter 5 Publication of Temporary Reports

Article 23 The Company shall submit the resolutions of its Board meeting to the Shenzhen Stock Exchange for record and announcement within 2 business days from the conclusion of the Board meeting.

Article 24 The Company shall submit the resolutions of its supervisory meeting to the Shenzhen Stock Exchange for record and announcement within 2 business days from the conclusion of the supervisory meeting.

Article 25 The Company shall submit the resolutions of its general meeting to the Shenzhen Stock Exchange within 2 business days from the conclusion of the general meeting and publish the announcement in designated newspapers upon approval by the Shenzhen Stock Exchange.

Article 26 The temporary reports (except for supervisory reports) shall be published by the Board of the Company with the common seal of the Board.

Article 27 In case of postponement and cancellation of general meeting, the relevant announcement containing the reasons thereof shall be issued at least 2 business days prior to the originally day appointed for holding the general meeting. Announcement of postponement shall contain the date for holding the postponed meeting.

Article 28 If any ad hoc resolution is proposed by a shareholder prior to the general meeting, the Company shall issue supplementary notice for the general meeting within the designated time to disclose the name and shareholding of the shareholder and particulars of the resolution.

If the general meeting is adjourned due to unforeseen incident, the Company shall notify the Shenzhen Stock Exchange the reasons thereof and issue a relevant announcement.

Article 29 Announcement of resolutions of general meeting shall include the following contents:

- (I) the time, venue, manner, convener and chairman of the meeting, and descriptions on whether it is in compliance with the relevant laws, rules, regulations and the Articles of Association;
- (II) the number of attending shareholders (their proxies), the total number of shares represented in person or by proxy and its proportion to the total number of shares of the Company having voting rights;
- (III) the way of voting on each resolution;
- (IV) the voting results of each resolution. Regarding the resolution proposed by the shareholder, the announcement shall state the name of the proposing shareholders, the proportion of their shareholdings and the content of such proposed resolution. When voting on related party transactions at the meeting, the announcement shall include a statement on the related shareholders who abstain from voting.
- (V) summarized legal opinion, or in the event that any resolution is voted against at the general meeting, the whole text of such legal opinion shall be disclosed.

Article 30 Major events which shall be disclosed by the Company include:

- (I) transactions which shall be disclosed include but not limited to:
 - 1. acquisition or disposal of assets;
 - 2. making investment (including entrusted financing and entrusted loans);
 - 3. provision of financial assistance;
 - 4. provision of guarantee (except for counter-guarantee);
 - 5. renting or leasing of assets;
 - 6. execution of management contracts (including entrusted management and contracted management);
 - 7. granting or taking gift of property;
 - 8. restructuring of claims or debts;
 - 9. transfer of research and development projects;

10. execution of licensing agreement;
11. other transactions recognized by the Shenzhen Stock Exchange.

Relevant provisions of Chapter 9 of the Share Listing Rules should be strictly complied with for confirmation of whether the transactions are qualified for disclosure.

(II) related party transactions which shall be disclosed include but not limited to:

1. transactions provided above in the System;
2. purchase of raw materials, fuel and power;
3. sales of products and commodities;
4. provision or receipt of labouring;
5. commission or entrusted of sales;
6. joint investment with related persons;
7. other matters that may cause transfers of resources or obligations through agreements;

Relevant provisions of Chapter 10 of the Share Listing Rules should be strictly complied with for confirmation of whether the related party transactions are qualified for disclosure.

(III) other major events:

1. major litigations and arbitrations;
2. changes in fund-raising investment projects;
3. results forecast, announcement of preliminary results and profit forecast;
4. profit distribution and reserve capitalization;
5. volatile trading in the shares and clarification;
6. repurchase of shares;
7. major events involving convertible bonds of the Company (if applicable);
8. others.

Relevant provisions of Chapter 11 of the Share Listing Rules should be strictly complied with for confirmation of other major events.

Chapter 6 Confidentiality of Temporary Information

- Article 31 The external disclosure documents (including periodic and temporary reports) of the Company should be filed in a special archive. Documents of general meetings, board meetings, supervisory meetings and information disclosure should be classified and filed in special archives.
- Article 32 The directors, supervisors, senior management and other officers who may have access to discloseable information shall be obliged to keep confidential such undisclosed information which may have significant impact on the share price of the Company.
- Article 33 The directors, supervisors and senior management of the Company and other informed parties shall minimize the number of informed parties and shall not conduct any insider dealing or gain any inappropriate profit before the disclosure of information referred to in the System.
- Article 34 For major events under planning, the Company and the persons who are obliged to disclose the relevant information shall adopt measures for confidentiality to ensure that the information is manageable. Once the information is not manageable, the Company and the persons who are obliged to disclose the relevant information shall announce the progress of the major events under planning immediately.
- Article 35 If it is difficult to keep any undisclosed information confidential or leakage of such information has occurred or extraordinary movement of share price of the Company is noticed, the Company shall disclose the relevant information immediately.

Chapter 7 Investigation of Liabilities and Proceedings

- Article 36 The directors, supervisors and senior management of the Company shall be responsible for the truthfulness, accuracy, completeness, timeliness and fairness of the information disclosure, except for those who have sufficient proof that they have fulfill their obligations diligently.
- Article 37 If non-compliance of the disclosure requirements occurs and material consequence or loss to the Company is incurred as a result of the default or non-compliance of the System of any responsible officer, the officer should be required to provide appropriate compensation depending on the seriousness.

Article 38 If discloseable event of the departments (subsidiaries) of the Company is not reported promptly or is reported inaccurately or there is material leakage of information which causes material error or omission due to delay in information disclosure and loss to the Company is incurred, the relevant officer should be penalized and required to provide appropriate compensation.

Article 39 The Company shall penalize the officer who violates the System and discloses information without permission as disclosing company secrets and pursue legal liabilities of the relevant officers depending on the situation.

Chapter 8 Supplementary Provisions

Article 40 The system does not apply to information disclosure management of H shares, which are based on relevant requirements of the Hong Kong Securities and Futures Commission and The Stock Exchange of Hong Kong Limited.

Article 41 In the System, “above” includes the identified number.

Article 42 Any amendments to the System shall be proposed by the Board and submitted to the general meeting for resolution and approval.

Article 43 The system is written in Chinese. The Board has the right to explain details of the System.

Article 44 Unless otherwise specifically stated, the expressions used in the System shall have the same meanings as those in the Articles of Association.

Article 45 Anything not specified by these rules shall refer to the Articles of Association and relevant provisions of laws and regulations.

Article 46 The System has been examined and passed at the general meeting of the Company and is effective from the date when its RMB ordinary shares (A Shares) is listed in the Shenzhen Stock Exchange after the initial public offering.

The English version of this Appendix is an unofficial translation of its Chinese version prepared for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

LAUNCH TECH COMPANY LIMITED
Administrative System of Use of Proceeds

Chapter 1 General Provisions

Article 1 In order to regulate the administration and use of proceeds of Launch Tech Company Limited (hereinafter referred to as the “Company”) and to the greatest extent possible, protect investors’ interest, the administrative system (hereinafter referred to as the “System”) is hereby formulated according to the rules under relevant laws and administrative regulations such as Company Law of the People’s Republic of China (《中華人民共和國公司法》) (hereinafter referred to as the “Company Law”), Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the “Securities Law”), Measures for the Administration of Initial Public Offering and Listing of Stocks (《首次公開發行股票並上市管理辦法》), Administrative Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》), Circular on Further Regulating the Use of Proceeds of Listed Companies (《關於進一步規範上市公司募集資金使用的通知》), and rules of securities regulatory bodies such as the Share Listing Rules (hereinafter referred to as the “Share Listing Rules”) of Shenzhen Stock Exchange (hereinafter referred to as “SZSE”), Shenzhen Stock Exchange, Companies Listed on the Small and Medium-sized Board Special Provisions (《深圳證券交易所中小企業板塊上市公司特別規定》), Rules on the Administration of Proceeds of Companies Listed on the Small and Medium-sized Enterprise Board (《中小企業板上市公司募集資金管理細則》) as well as the provisions under the Articles of Association of Launch Tech Company Limited (hereinafter referred to as the “Articles of Association”), combining with the actual situation of the Company.

Article 2 Proceeds mentioned in the System refer to the funds for specific purposes raised by the Company from social public investors and particular investors by way of stock issues (including initial public offering of shares, placement of shares after listing, additional share offer, etc.), issuance of convertible corporate bonds, issuance of corporate bonds or such other means as permitted under relevant laws and regulations.

Article 3 Proceeds shall be carefully used by the Company to ensure consistency with the use as committed in the share offer prospectus or capital raising prospectus. Investment direction of proceeds shall not be changed without permission.

The Company shall make true, accurate and complete disclosure of the actual usage of proceeds and shall engage certified public accountants to conduct verifications against the deposit and usage of proceeds when preparing the annual audit.

Article 4 As to proceeds for investment projects which are implemented through the Company's subsidiary or other entities controlled by the Company, the Company shall ensure compliance with the System by such subsidiary or such other entities controlled by it.

Article 5 No person shall have the right to alter the use of proceeds as announced in the Company's share offer prospectus or capital raising prospectus unless such alteration is approved by way of resolution legally made at the Company's shareholders' meeting.

Article 6 The Board of Directors of the Company shall disclose usage of proceeds according to the provisions under relevant laws and regulations, regulatory documents, the Share Listing Rules and the Articles of Association.

Chapter 2 Deposit of proceeds

Article 7 The Company's proceeds shall be deposited into a special account (hereinafter referred to as "Special Account") as decided by the Board of Directors for centralized administration. The number of Special Accounts for proceeds shall, in principle, be no more than the number of investment projects utilizing the proceeds. Should the Company intend to increase the number of Special Accounts for proceeds for reasons such as there are too few investment projects for proceeds, etc., prior approval shall be sought from SZSE.

Article 8 A tripartite regulatory agreement (hereinafter referred to as the "Agreement") shall be signed between the Company, the sponsor(s) and the commercial bank in which the proceeds are deposited (hereinafter referred to as the "Commercial Bank") within one month upon receipt of the proceeds. The Agreement shall include at least the following elements:

- (1) All proceeds shall be deposited by the Company into the Special Accounts;
- (2) Should an amount drawn by the Company from the Special Accounts at one time or within a 12 months period exceeding RMB10 million in aggregate or 5% of the total proceeds, notification to the sponsor(s) shall be made by the Company and the Commercial Bank in a timely manner;
- (3) The Commercial Bank shall provide monthly reconciliation statements to the Company with copy to the sponsor(s);
- (4) The sponsor(s) may at any time inquire information on the Special Accounts from the Commercial Bank;
- (5) Liability for breach of contract faced by the Company, Commercial Bank and sponsor(s).

Upon signing of the Agreement, the Company shall promptly report to SZSE for record thereof and make an announcement on the main contents of the agreements.

In case of early termination of any of the abovementioned Agreement before expiry of validity, the Company shall sign a new agreement with the related parties within one month from the date of termination of the Agreement and promptly report to SZSE before making an announcement thereon.

- Article 9 The Company shall actively procure performance of the Agreement by the Commercial Bank. In case of the Commercial Bank's failure, for three consecutive times, to provide reconciliation statements or make notification to the sponsor(s) on large lump sum drawing from the Special Account(s), and failure to meet the sponsor(s)' request to inquire and investigate into information on the Special Account(s), the Company may terminate the Agreement and cancel such Special Account(s) in which the proceeds are placed.

Chapter 3 Administration of use of proceeds

- Article 10 The Company shall use the proceeds in accordance with the proceeds investment plan as committed in the issue application document. In situations which could seriously affect normal operation of the proceeds investment plan, the Company shall promptly report to SZSE and make an announcement thereon.

- Article 11 The proceeds shall not be used for financial investment purposes such as holding trading financial assets and saleable financial assets, loan to others, entrusted financial management, etc., and shall not be invested directly or indirectly in companies mainly engaged in the trading of marketable securities.

The proceeds shall not be used by the Company in pledge, trust loan or such other investments which would in a way alter the use of proceeds.

- Article 12 The Company shall ensure truthfulness and fairness of the use of proceeds to avoid use or misappropriation of proceeds by associated party and shall take effective measures to avoid obtaining illegitimate interests by associated party through taking advantage of the investment projects for proceeds.

- Article 13 When a project investment is implemented by the Company, as to the funds to be invested, the review and approval procedures for the use of funds must be strictly followed according to the Company's capital management system. All expenditures related to every sum of proceeds shall only be paid out when a fund use plan submitted by the relevant department(s) is signed by the responsible manager and reported to the Company's financial department, and, upon review by the financial department, signed by all levels of management from the project officer(s), financial officer(s), general manager(s) to the

chairman of the board. Expenditure which goes beyond the authority of the chairman of the board shall be reported to the Board of Directors for review and approval.

Investment project for proceeds shall be organized and implemented in accordance with the planned schedule as committed by the Board of Directors of the Company. The department which uses the fund shall prepare a specific work schedule plan to ensure completion of all kinds of work according to the schedule as planned and shall report and deliver on a regular basis the specific work schedule plan and actual completion progress to the financial department.

Article 14 The Company shall perform comprehensive verification against the progress of investment projects for proceeds after the end of each accounting year.

In case of a discrepancy of more than 30% between the annual actual amount of proceeds used under the investment projects for proceeds and the expected amount of proceeds to be used for the year according to the proceeds investment plan as previously disclosed, the Company shall adjust the proceeds investment plan and disclose in the special statement for annual usage of proceeds the previous year's annual proceeds investment plan, current actual investment progress, expected investment plan by year after adjustment, and reasons for the changes in investment plan, etc.

Article 15 In case of the following situations, the Company shall examine the feasibility of, and expected income from, etc., the investment project for proceeds to decide whether or not to proceed with the project, and disclose in the latest regular report progress of the project, reasons for the occurrence of the abnormal situations and the adjusted proceeds investment plan (if any):

- (1) Occurrence of significant changes in the market environment related to an investment project for proceeds;
- (2) Investment project for proceeds which has been shelved for more than one year;
- (3) Project which has been delayed beyond the time of completion of the previous proceeds investment plan with an invested amount out of proceeds amounts to less than 50% of the relevant amount as planned;
- (4) Other abnormal situations occurred in the investment projects for proceeds.

Article 16 Should the Company decide to terminate an existing investment project for proceeds, an investment project under the new administrative system for use of proceeds shall be selected on a scientific basis as soon as possible.

Article 17 Replacement with proceeds made by the Company of self-raised funds pre-invested in the investment plan for proceeds shall be implemented only upon consideration and approval by the Board of Directors of the Company, special audit by certified public accountants and issue of an explicit consent from the sponsor(s) unless disclosure has already been made in the issue application document that the Company intends to replace the pre-invested self-raised funds with proceeds and that there is a definite amount set for the pre-investment.

Article 18 Alteration made by the Company to the place of implementation or implementation methods, etc. of an investment project for proceeds shall be subject to consideration and approval by the Board of Directors of the Company and a report shall be made to SZSE and an announcement on the reasons for alteration shall also be published within two trading days.

Article 19 Idle proceeds may be used by the Company to temporarily supplement working capital on the following conditions:

- (1) It shall not alter the use of proceeds in any way;
- (2) It shall not affect normal progress of the proceeds investment plan;
- (3) The period for use of one single working capital supplement shall not last for more than six months;
- (4) An explicit consent has been issued by the sponsor(s);
- (5) An explicit consent has been issued by the independent directors.

The abovementioned issues shall be subject to consideration and approval by the Board of Directors of the Company and a report shall be made to SZSE and an announcement thereon shall also be published within two trading days.

Idle proceeds for temporary working capital supplement shall only be used for production and operation related to the main businesses; idle proceeds for temporary working capital supplement representing more than 10% of the amount of proceeds shall be subject to consideration and approval at shareholders' meeting and that certain decisions can be taken by online voting. The independent directors and sponsor(s) shall express separately their opinions.

Upon expiry of the period in using the supplementary working capital, the Company shall report to SZSE and make announcement thereon within two trading days.

Chapter 4 Change of investment direction of proceeds

- Article 20 Projects for proceeds investment shall be consistent with the projects as committed in the Company's share offer prospectus or capital raising prospectus and, in principle, shall not be changed. If the investment direction of proceeds needed to be changed as a result of actual market changes, the related investment project alteration shall be implemented only after consideration by the Board of Directors of the Company, approval at shareholders' meeting, completion of necessary review and approval procedures and disclosure in a designated newspaper.
- Article 21 The Company's proceeds investment after the change shall, in principle, be made in the main businesses.
- Article 22 If the Board of Directors of the Company decided to abandon an original investment project and intended to alter the use of proceeds, a new investment project shall be determined and submitted to a shareholders' meeting for decision as soon as possible and in the notice convening the shareholders' meeting an explanatory shall be made on the reasons for alteration of use of proceeds, basic facts about the new project as well as its impact on the Company's future.
- Article 23 The Company's intention to alter the investment direction of proceeds shall be reported to SZSE within two trading days after its submission to the Board of Directors for consideration and discussion with an announcement being made to provide information as follows:
- (1) Basic facts about the original project and specific reasons for the change;
 - (2) Basic facts, feasibility study and risk warning about the new project;
 - (3) Investment plan for the new project;
 - (4) Explanatory on approval obtained from or pending approval by the relevant departments (where applicable) in relation to the new project;
 - (5) Opinion of the independent directors, supervisory board and sponsor(s) on altering the investment direction of proceeds;
 - (6) Explanation on pending submission of the alteration of investment project for proceeds to a shareholders' meeting for consideration and discussion; other contents as required by SZSE.
- Article 24 If the Company intended that implementation of an investment project for proceeds be made for the operation of a joint venture, careful consideration shall be given to the necessity of forming a joint venture on the basis of a full

understanding of the basic conditions of the joint venture partner(s) and that the Company shall hold a controlling interest to ensure effective control over the investment project for proceeds.

Article 25 If the Company changed the direction of investment to use the proceeds to acquire shareholders' assets (including interests), effective avoidance of horizontal competition and minimization of related party transactions shall be ensured after the acquisition.

The Company shall make disclosure on the reasons for entering into transaction with its shareholders, pricing policy and pricing basis for related party transaction, impact of related party transaction on listed companies and solutions to relevant issues.

Article 26 Upon completion of an investment project for proceeds, a small amount of the remaining funds may be otherwise used by the Company subject to the following conditions:

- (1) An independent opinion issued by the independent directors expressing their explicit consent;
- (2) A special audit report on the proceeds issued by certified public accountants containing an audit opinion of "consistent" or "basically consistent";
- (3) An explicit consent given by the sponsor(s).

Chapter 5 Regulation of use of proceeds

Article 27 The Company's internal audit department shall at least quarterly perform checking on the deposit and use of proceeds according to the administrative system of use of proceeds and promptly make report on the check results to the audit committee of the Board of Directors.

In case of a violation existed in the administration of the Company's proceeds as considered by the audit committee of the Board of Directors or the internal audit department's failure to submit a report on check results as prescribed above, a report thereon shall be made to the Board of Directors on a timely basis. The Board of Directors shall, within two trading days upon receipt of the report from the audit committee, report to SZSE and make an announcement, the contents of which shall include the violation existed in the administration of proceeds, consequences incurred or may be incurred and measures taken or intended to be taken.

Article 28 The Board of Directors of the Company shall issue a special explanation on the annual deposit and use of proceeds and engage certified public accountants to conduct a special audit on the deposit and use of proceeds and issue a special audit report thereon.

In the special audit report, an explicit audit opinion shall be given on whether the annual actual deposit and use of proceeds are consistent with the contents of the special explanation given by the Board of Directors. If the audit opinion given by the certified public accountants were “basically inconsistent” or “completely inconsistent”, the Board of Directors of the Company shall provide an explanation on the reasons for the discrepancy and the corresponding adjustment and correction measures and make disclosure thereof in the annual report.

- Article 29 The independent directors shall concern about whether there is a significant discrepancy between the actual use of proceeds and the information disclosure made by the Company. Upon agreement by more than 1/2 of the independent directors, the independent directors may engage certified public accountants to conduct a special audit on the use of proceeds. The Company shall fully cooperate with the special audit work and pay the audit fees as necessary.

Chapter 6 Supplementary provisions

- Article 30 The System is not applicable to the administration of use of proceeds from H-share issue. The administration of use of proceeds from H-share issue shall be implemented according to the relevant provisions of the Securities and Futures Commission of Hong Kong and the Stock Exchange of Hong Kong Limited.
- Article 31 “More than” as used in the System shall include the number in question.
- Article 32 Amendment to the System shall be made by the Board of Directors by tendering a draft amendment for submission to a shareholders’ meeting for consideration and approval.
- Article 33 The System is written in Chinese and the Board of Directors shall be charged with the interpretations thereto.
- Article 34 Unless specified otherwise, the terms used herein shall have the same meaning with those in the Articles of Association.
- Article 35 Matters not provided herein shall be subject to the provisions under the Articles of Association and relevant laws and administrative regulations.
- Article 36 Upon consideration and approval by the shareholders’ meeting of the Company, the System shall take effect from the date on which the Renminbi denominated ordinary shares (A shares) issued under the initial public offering made by the Company are listed on SZSE.

NOTICE OF SPECIAL GENERAL MEETING

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Launch Tech Company Limited (the “**Company**”) will be convened and held at 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang Longgang District, Shenzhen, the PRC on Monday, 21 March 2011 at 11:00 a.m., for the purpose of considering and, if thought fit, approving the following special resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 2 February 2011 (the “**Circular**”):

SPECIAL RESOLUTIONS

1. “**THAT** subject to and conditional, among other things, (i) the Shares Consolidation and the Transfer of Listing becoming effective; and (ii) upon obtaining the requisite approval from the relevant regulatory authorities, including the CSRC; and (iii) the granting of approval by the Shenzhen Stock Exchange for the listing of and dealing in the A Shares, the following terms and conditions of the Issue of A Shares be and are hereby approved:

- (i) Type of securities to be issued

A Shares

- (ii) Nominal Value of A Shares to be issued

A Shares with a nominal value of RMB1.00 each in the share capital of the Company

- (iii) Place of listing

The Shenzhen Stock Exchange (the SME Board)

- (iv) Number of A Shares to be issued

Not more than 12 million A Shares with a nominal value of RMB1.00 each, 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

NOTICE OF SPECIAL GENERAL MEETING

(v) Method of issue

The issue will be conducted based on the methods stipulated in the Administrative Measures or otherwise approved by the CSRC

(vi) Target subscribers

Individuals, legal persons and other institutions recognized by the CSRC who maintain A share account 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)

It is currently expected that such target subscribers will not include connected persons of the Company. If any such subscribers includes connected persons of the Company, the Company will take steps to comply with the relevant connected transaction requirements under the Listing Rules

(vii) Price determination method

The issue price for the A Shares will be determined based on the prevailing conditions of the PRC securities market at the time of the proposed Issue of A Shares by way of market consultation or such other methods which may be approved by the CSRC and in accordance with the relevant requirements under the Administrative Measures issued by the CSRC. Thus, the amount of funds to be raised from the Issue A Shares cannot be ascertained as at the Latest Practicable Date

As required by the relevant PRC laws and regulations, including the Administrative Measures, the price consultation will be undertaken with certain number of qualified consultation participants. However, the issue price shall not be less than the par value of the A Shares to be issued. Once the details of the issue price for the A Shares and the amount of funds to be raised from the Issue of A Shares are determined, the Company will make further announcements

(viii) 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

NOTICE OF SPECIAL GENERAL MEETING

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 as additional working capital for other core operations of the Company

(ix) 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

(x) Authorization to the Board

The Board shall be and is authorized to take all such actions and execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangements for all specific matters relating to, in connection with, or to give effect to, the Issue of A Shares, in accordance with the relevant requirements of the CSRC, the Hong Kong Stock Exchange, the Shenzhen Stock Exchange and to delegate such authorization. The authorization includes but without limit to the following:

- (a) determine and deal with at its discretion and with full authority matters relating to the Issue of A Shares, including but without limit to the place of listing, the specific timing of the issue, the number of A Shares to be issued, the target subscribers, the method of issue, the pricing mechanism, the issue price, size of the over-allotment option (if any) and other matters relating to the Issue of A Shares in accordance with the applicable laws and regulations, and pursuant to the Issue of A Shares and the listing of the A Shares and Domestic Shares as approved by the Shareholders at this SGM and the Class Meetings;
- (b) deal with all filings and application matters relating to or in connection with the Issue of A Shares and the listing of the A Shares, including but without limit to handling the formalities of examination, registration,

NOTICE OF SPECIAL GENERAL MEETING

filing and approval from relevant governmental and regulatory authorities, the Shenzhen Stock Exchange and securities clearing institution;

- (c) approve, sign, execute, amend or complete all necessary documents relating to the Issue of A Shares and the listing of the A Shares (including but without limit to the preliminary prospectus, prospectus, sponsors' agreement, underwriting agreement, listing agreement and various announcements and circulars);
- (d) adjust and amend the proposal for the Issue of A Shares and the listing of the A Shares according to implementation of the proposal of the Issue of A Shares and the listing of the A Shares, market conditions, policies adjustments and comments from governmental and regulatory authorities, or if there is any change to the relevant policies relating to initial issue of new shares, to deal with matters relating to the Issue of A Shares and the listing of the A Shares pursuant to such new policies;
- (e) amend the Articles of Association of the Company as a result of the implementation of the Issue of A Shares and submit the amended Articles of Association to the relevant authorities of the PRC and Hong Kong for approval, filing or registration;
- (f) make necessary or appropriate adoption of and amendments to the Articles of Association, the Rules of Procedures and the Internal Rules of the Company in the event they conflict with the regulatory rules or documents promulgated by the CSRC, the Hong Kong Stock Exchange and/or the Shenzhen Stock Exchange, or in accordance with the comments from the CSRC and/or the relevant stock exchange;
- (g) deal with the listing of the A Shares on the SME Board of the Shenzhen Stock Exchange;
- (h) to deal with all matters in relation to the application or the use of net proceeds from the Issue of A Shares subject to the approval of the CSRC;
- (i) to engage relevant intermediaries and to liaise and agree on their respective remuneration;
- (j) to process all related matters in connection with the Issue of A Shares, and to take all such actions as necessary or expedient and to determine and make arrangements for all specific matters relating to or in connection with the Issue of A Shares as permitted by the relevant laws and regulations;
- (k) delegate such power and authorization to one or two Directors; and

NOTICE OF SPECIAL GENERAL MEETING

- (1) to deal with such other matters and take such actions as may be necessary to give effect to the Issue of A Shares.

Effective Period of the Approval Obtained under this Special Resolution

The authorization and the Shareholders' approval for the Issue of A Shares, if obtained from the Shareholders at the SGM and the Class Meetings, shall be valid for a period of twelve months from the date when such authorization and approval are obtained."

2. **"THAT** the consequential amendments to the Articles of Association of the Company as a result of the expansion in business scope, change in business licence number, change in number of Directors and the change of shareholdings of Domestic Shares which is set out in Appendix I.1 of the Circular (subject to further amendments (if any) being made to the Articles of Association by the Directors as authorized by the Shareholders of the Company), be and hereby ratified, approved, accepted and confirmed, and that such amendments be incorporated into the Articles of Association of the Company and that the Board be authorized to modify the wordings of such Articles as appropriate and to take all such actions and execute all documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to deal with other related issues arising from or relating to the proposed amendments to the Articles accordingly."

This Special Resolution is effective immediately after Shareholders' approval, with no limitation to the period of its validity.

3. **"THAT** upon the completion of the Shares Consolidation and the Transfer of Listing, clause 18 of the Articles of Association, as set out in the Company's circular of 1 March 2010 (special resolution 3(ii) of the Notice of the Special General Meeting therein), shall be deleted in its entirety and replaced by the following:

With the approval of the Securities Administration of the State Council, the Company has issued 27,360,000 ordinary shares after its incorporation, all of which are overseas listed foreign shares, representing 45.33% of the issued ordinary shares of the Company. The par value of each share was RMB1.00 at the time of its incorporation. With the approval of the China Securities Regulatory Commission, the par value of each share was sub-divided into RMB0.10. With the approval of the shareholders of the Company, the par value of each share was consolidated into RMB1.00 again.

The Company's existing share capital of the Company comprises 60,360,000 issued ordinary shares in total, of which:

- (1) 29,076,100 shares are held by holders of domestic shares, representing 48.17% of the total share capital of the Company of which Liu Xin holds 13,200,000 shares, representing 21.86% of the total share capital of the

NOTICE OF SPECIAL GENERAL MEETING

Company; Shenzhen Langqu Technology Development Company Limited holds 13,886,400 shares, representing 23.01% of the total share capital of the Company;

Shenzhen De Shi Yu Investment Company Limited holds 1,026,100 shares, representing 1.70% of the total share capital of the Company;

Wang Xue Zhi holds 963,600 shares, representing 1.59% of the total share capital of the Company;

- (2) 3,923,900 shares are held by holders of unlisted foreign shares, representing 6.50% of the total share capital of the Company; of which

SPX Flow Technology Hong Kong Limited holds 1,646,700 shares, representing 2.73% of the total share capital of the Company;

China Special Situations Holdings (1) (BVI) Limited holds 277,200 shares, representing 0.46% of the total share capital of the Company;

China Special Situations Holdings (2) (BVI) Limited holds 2,000,000 shares, representing 3.31% of the total share capital of the Company;

- (3) 27,360,000 shares are held by holders of overseas listed foreign shares, representing 45.33% of the total share capital of the Company.”

This Special Resolution is effective immediately after Shareholders’ approval, with no limitation to the period of its validity.

4. “**THAT** subject to the passing of special resolution number 1 above, and conditional upon the completion of the Issue of A Shares and the Company’s obtaining all required approval or endorsement from or registration with the relevant regulatory authorities, the amended Articles (details of which are set out in the Appendix I.2 to the Circular) be approved and confirmed, and that the Board be authorized to modify the wordings of such Articles as appropriate and to take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to the Articles accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

5. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Rules and Procedures of the General Meeting (details of which are set out in the Appendix II to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as

NOTICE OF SPECIAL GENERAL MEETING

appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

6. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Rules and Procedures of the Board (details of which are set out in the Appendix III to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

7. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Rules and Procedures of Meetings of the Supervisory Committee (details of which are set out in the Appendix IV to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

8. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Detailed Working Rules for Independent Directors (details of which are set out in the Appendix V to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

NOTICE OF SPECIAL GENERAL MEETING

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

9. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Investment Decision Making Processes and Rules (details of which are set out in the Appendix VI to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

10. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Management System of External Guarantees (details of which are set out in the Appendix VII to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

11. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Related Party Transaction Decision-Making System (details of which are set out in the Appendix VIII to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

12. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Management System for Disclosure of Information (details of which are set out in

NOTICE OF SPECIAL GENERAL MEETING

the Appendix IX to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

13. “**THAT** subject to the passing of special resolution numbers 1, 2, 3 and 4 above, and conditional upon the completion of the Issue of A Shares, the proposed Administrative System of Use of Proceeds (details of which are set out in the Appendix X to the Circular) be approved, confirmed and adopted, and that the Board be authorized to modify the wordings of such rules of procedures as appropriate and take all such actions and execute all such documents or instruments for and on behalf of the Company as the Board may, in its absolute discretion, consider necessary or expedient in order to effect the Issue of A Shares, and to deal with other related issues arising from or relating to the proposed amendments to such rules of procedures accordingly.”

This Special Resolution is effective immediately upon the completion of the Issue of A Shares, with no limitation to the period of its validity.

14. “**THAT** the validity period of all relevant resolutions relating to the Shares Consolidation and Transfer of Listing (as defined in the Circular) in the same structure and manner and in essentially identical terms as those considered and passed at the special general meeting and the class meetings of the Company for each of the holders of H Shares and holders of Domestic Shares of the Company held on 19 April 2010 and the authorization of the Board to do all acts and sign all such agreements and/or documents as the Board deems necessary for completing the Shares Consolidation and Transfer of Listing be extended for a further one year commencing from 18 April 2011 be and are hereby considered and approved.”

This Special Resolution is effective immediately after Shareholders’ approval, with no limitation to the period of its validity.

ORDINARY RESOLUTIONS

15. “**THAT** the appointment of BDO Limited as the Company’s auditors to hold office until the conclusion of the next annual general meeting of the Company be and are hereby approved, accepted and ratified and **THAT** the Board be and is hereby authorized to decide their remuneration.”

This Ordinary Resolution is effective immediately after Shareholders’ approval, with no limitation to the period of its validity.

NOTICE OF SPECIAL GENERAL MEETING

16. “**THAT** the appointment Ms. Huang Zhao Huan as an executive Director of the Company for a period of three years commencing on the date on which this resolution is passed be and are hereby approved.”

This Ordinary Resolution is effective immediately after Shareholders’ approval, with no limitation to the period of its validity.

17. “**THAT** the appointment Mr. Jiang Shiwen as an executive Director of the Company for a period of three years commencing on the date on which this resolution is passed be and are hereby approved.”

This Ordinary Resolution is effective immediately after Shareholders’ approval, with no limitation to the period of its validity.

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

2 February 2011
Shenzhen, the PRC

Branch H Share registrar and transfer office in Hong Kong:
Computershare Hong Kong Investor Services Ltd.
17M Floor
Hopewell Centre
183 Queen’s Road East
Wanchai, Hong Kong

Notes:

- (A) Shareholders of the Company shall note that pursuant to Article 46 of the Articles of Association of the Company, the share register of the Company will be closed during the period from Saturday, 19 February 2011 to Monday, 21 March 2011, both days inclusive, during which period no transfer of shares will be registered. Shareholders of the Company whose names appear on the register of shareholders of the Company on Monday, 21 March 2011 shall be entitled to attend the SGM of the Company and to vote thereat.
- (B) Any shareholders of the Company entitled to attend and to vote at the SGM shall be entitled to appoint a proxy who need not be a shareholder of the Company, to attend and to vote on his behalf. A member who is the holder of two or more shares may appoint more than one proxy.
- (C) Where a shareholder of the Company appoints more than one proxy, his proxy may only vote in a poll.
- (D) To be valid, the proxy forms for the use of shareholders of the Company and, if such proxy is signed by a person on behalf of the appointer pursuant to a power of attorney or other authority, a notarised copy of that power of attorney or other authority must be delivered to the Company not less than 24 hours before the time scheduled for holding the special meeting or its adjourned meetings of the Company.
- (E) Shareholders of the Company who intend to attend the SGM are required to return the reply slip to the Company on or before Tuesday, 1 March 2011. Please refer to the reply slip and instruction for details.

NOTICE OF SPECIAL GENERAL MEETING

- (F) Completion and return of the proxy form and the reply slip will not affect the right of the shareholders of the Company to attend and to vote at the SGM. In such event, the form of proxy will be deemed to have been revoked.
- (G) Holders of domestic shares shall deliver the proxy form and, if such proxy is signed by a person on behalf of his appointer pursuant to a power of attorney or other authority, a notarially certified copy of the power of attorney or other authority and the reply slip to the Company's principal place of business in the PRC.
- (H) Holders of H Shares shall deliver the proxy form and, if such proxy is signed by a person on behalf of his appointer pursuant to a power of attorney or other authority, a notarially certified copy of the power of attorney or other authority and the reply slip to the Company's H Share registrar and transfer office in Hong Kong.
- (I) The SGM is expected to last for half an hour. Shareholders of the Company and their proxies attending the SGM shall be responsible for the transportation and accommodation expenses on their own.

NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

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)

NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN that a class meeting of holders of the H shares of Launch Tech Company Limited (the “**Company**”) will be convened and held at 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang Longgang District, Shenzhen, the PRC on Monday, 21 March 2011 at 10:30 a.m., for the purpose of considering and, if thought fit, approving the following special resolution. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 2 February 2011 (the “**Circular**”):

SPECIAL RESOLUTIONS

1. “**THAT** subject to and conditional, among other things, (i) the Shares Consolidation and the Transfer of Listing becoming effective; and (ii) upon obtaining the requisite approval from the relevant regulatory authorities, including the CSRC; and (iii) the granting of approval by the Shenzhen Stock Exchange for the listing of and dealing in the A Shares, the following terms and conditions of the Issue of A Shares be and are hereby approved:

- (i) Type of securities to be issued

A Shares

- (ii) Nominal Value of A Shares to be issued

A Shares with a nominal value of RMB1.00 each in the share capital of the Company

- (iii) Place of listing

The Shenzhen Stock Exchange (the SME Board)

- (iv) Number of A Shares to be issued

Not more than 12 million A Shares with a nominal value of RMB1.00 each, 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

NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

(v) Method of issue

The issue will be conducted based on the methods stipulated in the Administrative Measures or otherwise approved by the CSRC

(vi) Target subscribers

Individuals, legal persons and other institutions recognized by the CSRC who maintain A share account 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)

It is currently expected that such target subscribers will not include connected persons of the Company. If any such subscribers includes connected persons of the Company, the Company will take steps to comply with the relevant connected transaction requirements under the Listing Rules

(vii) Price determination method

The issue price for the A Shares will be determined based on the prevailing conditions of the PRC securities market at the time of the proposed Issue of A Shares by way of market consultation or such other methods which may be approved by the CSRC and in accordance with the relevant requirements under the Administrative Measures issued by the CSRC. Thus, the amount of funds to be raised from the Issue A Shares cannot be ascertained as at the Latest Practicable Date

As required by the relevant PRC laws and regulations, including the Administrative Measures, the price consultation will be undertaken with certain number of qualified consultation participants. However, the issue price shall not be less than the par value of the A Shares to be issued. Once the details of the issue price for the A Shares and the amount of funds to be raised from the Issue of A Shares are determined, the Company will make further announcements

(viii) 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

NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

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 as additional working capital for other core operations of the Company

(ix) 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

(x) Authorization to the Board

The Board shall be and is authorized to take all such actions and execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangements for all specific matters relating to, in connection with, or to give effect to, the Issue of A Shares, in accordance with the relevant requirements of the CSRC, the Hong Kong Stock Exchange, the Shenzhen Stock Exchange and to delegate such authorization. The authorization includes but without limit to the following:

- (a) determine and deal with at its discretion and with full authority matters relating to the Issue of A Shares, including but without limit to the place of listing, the specific timing of the issue, the number of A Shares to be issued, the target subscribers, the method of issue, the pricing mechanism, the issue price, size of the over-allotment option (if any) and other matters relating to the Issue of A Shares) in accordance with the applicable laws and regulations, and pursuant to the Issue of A Shares and the listing of the A Shares and Domestic Shares as approved by the Shareholders at this SGM and the Class Meetings;
- (b) deal with all filings and application matters relating to or in connection with the Issue of A Shares and the listing of the A Shares, including but without limit to handling the formalities of examination, registration,

NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

filing and approval from relevant governmental and regulatory authorities, the Shenzhen Stock Exchange and securities clearing institution;

- (c) approve, sign, execute, amend or complete all necessary documents relating to the Issue of A Shares and the listing of the A Shares (including but without limit to the preliminary prospectus, prospectus, sponsors' agreement, underwriting agreement, listing agreement and various announcements and circulars);
- (d) adjust and amend the proposal for the Issue of A Shares and the listing of the A Shares according to implementation of the proposal of the Issue of A Shares and the listing of the A Shares, market conditions, policies adjustments and comments from governmental and regulatory authorities, or if there is any change to the relevant policies relating to initial issue of new shares, to deal with matters relating to the Issue of A Shares and the listing of the A Shares pursuant to such new policies;
- (e) amend the Articles of Association of the Company as a result of the implementation of the Issue of A Shares and submit the amended Articles of Association to the relevant authorities of the PRC and Hong Kong for approval, filing or registration;
- (f) make necessary or appropriate adoption of and amendments to the Articles of Association, the Rules of Procedures and the Internal Rules of the Company in the event they conflict with the regulatory rules or documents promulgated by the CSRC, the Hong Kong Stock Exchange and/or the Shenzhen Stock Exchange, or in accordance with the comments from the CSRC and/or the relevant stock exchange;
- (g) deal with the listing of the A Shares on the SME Board of the Shenzhen Stock Exchange;
- (h) to deal with all matters in relation to the application or the use of net proceeds from the Issue of A Shares subject to the approval of the CSRC;
- (i) to engage relevant intermediaries and to liaise and agree on their respective remuneration;
- (j) to process all related matters in connection with the Issue of A Shares, and to take all such actions as necessary or expedient and to determine and make arrangements for all specific matters relating to or in connection with the Issue of A Shares as permitted by the relevant laws and regulations;
- (k) delegate such power and authorization to one or two Directors; and

NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

- (l) to deal with such other matters and take such actions as may be necessary to give effect to the Issue of A Shares.

Effective Period of the Approval Obtained under this Special Resolution

The authorization and the Shareholders' approval for the Issue of A Shares, if obtained from the Shareholders at the SGM and the Class Meetings, shall be valid for a period of twelve months from the date when such authorization and approval are obtained."

2. "THAT the validity period of all relevant resolutions relating to the Shares Consolidation and Transfer of Listing (as defined in the Circular) in the same structure and manner and in essentially identical terms as those considered and passed at the special general meeting and the class meetings of the Company for each of the holders of H Shares and holders of Domestic Shares of the Company held on 19 April 2010 and the authorization of the Board to do all acts and sign all such agreements and/or documents as the Board deems necessary for completing the Shares Consolidation and Transfer of Listing be extended for a further one year commencing from 18 April 2011 be and are hereby considered and approved."

This Special Resolution is effective immediately after Shareholders' approval, with no limitation to the period of its validity.

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

2 February 2011
Shenzhen, the PRC

Branch H Share registrar and transfer office in Hong Kong:
Computershare Hong Kong Investor Services Ltd.
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Notes:

- (A) Holders of the Company's H Shares are reminded that pursuant to Article 46 of the Articles of Association, the register of members of the Company will be closed from Saturday, 19 February 2011 to Monday, 21 March 2011, both days inclusive, during which period no transfer of shares will be registered. The Company's H shares shareholders, whose names appear on the register of members of the Company on Monday, 21 March 2011, are entitled to attend the H Class Meeting and to vote thereat.
- (B) Any holder of the Company's H Shares entitled to attend and vote at the H Class Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a shareholder of the Company. A shareholder holding two or more H Shares may appoint more than one proxy.

NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

- (C) Where a holder of H Shares of the Company appoints more than one proxy, his proxies may only vote in a poll.
- (D) To be valid, the proxy forms for the use of holders of H Shares and, if such proxy is signed by a person on behalf of the appointor pursuant to a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority must be delivered to the Company's branch share registrar and transfer office in Hong Kong not less than 24 hours before the time scheduled for holding the H Class Meeting.
- (E) Holders of H Shares of the Company who intend to attend the H Class Meeting are required to complete and return to the Company the enclosed reply slip by Tuesday, 1 March 2011. Further details are set out in the reply slip and explanation thereto.
- (F) Completion and return of the proxy forms and reply slip will not affect the right of shareholders of the Company to attend and vote at the H Class Meeting, if the shareholders of the Company so desire and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (G) The H Class Meeting is expected to last for half an hour. Shareholders of the Company and proxies attending the H Class Meeting shall be responsible for their own transportation and accommodation expenses.

NOTICE OF CLASS MEETING OF HOLDERS OF DOMESTIC SHARES

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)

NOTICE OF CLASS MEETING OF HOLDERS OF DOMESTIC SHARES

NOTICE IS HEREBY GIVEN that a class meeting of holders of the domestic shares of Launch Tech Company Limited (the “**Company**”) will be convened and held at 9th Floor, Office Block, Launch Industrial Park, North of Wuhe Road, Banxuegang Longgang District, Shenzhen, the PRC on Monday, 21 March 2011 at 10:00 a.m., for the purpose of considering and, if thought fit, approving the following special resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 2 February 2011 (the “**Circular**”):

SPECIAL RESOLUTIONS

1. “**THAT** subject to and conditional, among other things, (i) the Shares Consolidation and the Transfer of Listing becoming effective; and (ii) upon obtaining the requisite approval from the relevant regulatory authorities, including the CSRC; and (iii) the granting of approval by the Shenzhen Stock Exchange for the listing of and dealing in the A Shares, the following terms and conditions of the Issue of A Shares be and are hereby approved:

- (i) Type of securities to be issued

A Shares

- (ii) Nominal Value of A Shares to be issued

A Shares with a nominal value of RMB1.00 each in the share capital of the Company

- (iii) Place of listing

The Shenzhen Stock Exchange (the SME Board)

- (iv) Number of A Shares to be issued

Not more than 12 million A Shares with a nominal value of RMB1.00 each, 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

NOTICE OF CLASS MEETING OF HOLDERS OF DOMESTIC SHARES

(v) Method of issue

The issue will be conducted based on the methods stipulated in the Administrative Measures or otherwise approved by the CSRC

(vi) Target subscribers

Individuals, legal persons and other institutions recognized by the CSRC who maintain A share account 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)

It is currently expected that such target subscribers will not include connected persons of the Company. If any such subscribers includes connected persons of the Company, the Company will take steps to comply with the relevant connected transaction requirements under the Listing Rules

(vii) Price determination method

The issue price for the A Shares will be determined based on the prevailing conditions of the PRC securities market at the time of the proposed Issue of A Shares by way of market consultation or such other methods which may be approved by the CSRC and in accordance with the relevant requirements under the Administrative Measures issued by the CSRC. Thus, the amount of funds to be raised from the Issue A Shares cannot be ascertained as at the Latest Practicable Date

As required by the relevant PRC laws and regulations, including the Administrative Measures, the price consultation will be undertaken with certain number of qualified consultation participants. However, the issue price shall not be less than the par value of the A Shares to be issued. Once the details of the issue price for the A Shares and the amount of funds to be raised from the Issue of A Shares are determined, the Company will make further announcements

(viii) 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

NOTICE OF CLASS MEETING OF HOLDERS OF DOMESTIC SHARES

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 as additional working capital for other core operations of the Company

(ix) 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

(x) Authorization to the Board

The Board shall be and is authorized to take all such actions and execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangements for all specific matters relating to, in connection with, or to give effect to, the Issue of A Shares, in accordance with the relevant requirements of the CSRC, the Hong Kong Stock Exchange, the Shenzhen Stock Exchange and to delegate such authorization. The authorization includes but without limit to the following:

- (a) determine and deal with at its discretion and with full authority matters relating to the Issue of A Shares, including but without limit to the place of listing, the specific timing of the issue, the number of A Shares to be issued, the target subscribers, the method of issue, the pricing mechanism, the issue price, size of the over-allotment option (if any) and other matters relating to the Issue of A Shares) in accordance with the applicable laws and regulations, and pursuant to the Issue of A Shares and the listing of the A Shares and Domestic Shares as approved by the Shareholders at this SGM and the Class Meetings;
- (b) deal with all filings and application matters relating to or in connection with the Issue of A Shares and the listing of the A Shares, including but without limit to handling the formalities of examination, registration,

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filing and approval from relevant governmental and regulatory authorities, the Shenzhen Stock Exchange and securities clearing institution;

- (c) approve, sign, execute, amend or complete all necessary documents relating to the Issue of A Shares and the listing of the A Shares (including but without limit to the preliminary prospectus, prospectus, sponsors' agreement, underwriting agreement, listing agreement and various announcements and circulars);
- (d) adjust and amend the proposal for the Issue of A Shares and the listing of the A Shares according to implementation of the proposal of the Issue of A Shares and the listing of the A Shares, market conditions, policies adjustments and comments from governmental and regulatory authorities, or if there is any change to the relevant policies relating to initial issue of new shares, to deal with matters relating to the Issue of A Shares and the listing of the A Shares pursuant to such new policies;
- (e) amend the Articles of Association of the Company as a result of the implementation of the Issue of A Shares and submit the amended Articles of Association to the relevant authorities of the PRC and Hong Kong for approval, filing or registration;
- (f) make necessary or appropriate adoption of and amendments to the Articles of Association, the Rules of Procedures and the Internal Rules of the Company in the event they conflict with the regulatory rules or documents promulgated by the CSRC, the Hong Kong Stock Exchange and/or the Shenzhen Stock Exchange, or in accordance with the comments from the CSRC and/or the relevant stock exchange;
- (g) deal with the listing of the A Shares on the SME Board of the Shenzhen Stock Exchange;
- (h) to deal with all matters in relation to the application or the use of net proceeds from the Issue of A Shares subject to the approval of the CSRC;
- (i) to engage relevant intermediaries and to liaise and agree on their respective remuneration;
- (j) to process all related matters in connection with the Issue of A Shares, and to take all such actions as necessary or expedient and to determine and make arrangements for all specific matters relating to or in connection with the Issue of A Shares as permitted by the relevant laws and regulations;
- (k) delegate such power and authorization to one or two Directors; and

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- (l) to deal with such other matters and take such actions as may be necessary to give effect to the Issue of A Shares.

Effective Period of the Approval Obtained under this Special Resolution

The authorization and the Shareholders' approval for the Issue of A Shares, if obtained from the Shareholders at the SGM and the Class Meetings, shall be valid for a period of twelve months from the date when such authorization and approval are obtained."

2. "THAT the validity period of all relevant resolutions relating to the Shares Consolidation and Transfer of Listing (as defined in the Circular) in the same structure and manner and in essentially identical terms as those considered and passed at the special general meeting and the class meetings of the Company for each of the holders of H Shares and holders of Domestic Shares of the Company held on 19 April 2010 and the authorization of the Board to do all acts and sign all such agreements and/or documents as the Board deems necessary for completing the Shares Consolidation and Transfer of Listing be extended for a further one year commencing from 18 April 2011 be and are hereby considered and approved."

This Special Resolution is effective immediately after Shareholders' approval, with no limitation to the period of its validity.

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

2 February 2011
Shenzhen, the PRC

Principal Place of Business in PRC:
9th Floor, Office Block,
Launch Industrial Park,
North of Wuhe Road,
Banxuegang Longgang District,
Shenzhen, the People's Republic of China

Notes:

- (A) Any holder of the Company's Domestic Shares, whose names appear on the register of members of the Company on Monday, 21 March 2011, are entitled to attend the Domestic Class Meeting and to vote thereat.
- (B) Any holder of the Company's Domestic Shares entitled to attend and vote at the Domestic Class Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy needs not be a shareholder of the Company. A shareholder holding two or more Domestic Shares may appoint more than one proxy.
- (C) Where a holder of Domestic Shares of the Company appoints more than one proxy, his proxies may only vote in a poll.

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- (D) Holders of Domestic Shares of the Company who intend to attend the Domestic Class Meeting are required to complete and return to the Company's principal place of business in the PRC the enclosed reply slip by Tuesday, 1 March 2011. Further details are set out in the reply slip and explanation thereto.
- (E) Completion and return of the proxy forms and reply slip will not affect the right of shareholders of the Company to attend and vote at the Domestic Class Meeting, if the shareholders of the Company so desire and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (F) Holders of Domestic Shares shall deliver the proxy forms (and a notarially certified copy of the power of attorney or other authority if such proxy is signed by a person on behalf of the appointor pursuant to a power of attorney or other authority) and the reply slip to the Company's principal place of business in the PRC.
- (G) The Domestic Class Meeting is expected to last for half an hour. Shareholders of the Company and proxies attending the Domestic Class Meeting shall be responsible for their own transportation and accommodation expenses.