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: 2488)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

CHAIRMAN'S STATEMENT

I am pleased to announce the audited interim results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 30 June 2011.

The Group's principle developments in the first half of the year under review are set out as follows:

Operating results

During the interim period of 2011, the Group recorded a turnover of RMB382.8 million and net profit of RMB42 million, representing a growth of 22.6% and a decrease of 16.4% respectively compared to the same period last year. The operating result meets our expectation.

According to the provisions of the "Notice of the State Council on the Issue of Certain Policies for Further Encouraging the Development of Software and Integrated Circuit Industries" issued by the State Council (Guo Fa [2011] No.4), in respect of the sale of self-developed and produced software products by the Company and its subsidiary 深圳市元征軟件開發有限公司, such VAT concession policy on software products shall remain in force. At present, since the guideline for the relevant policy has yet to be issued, as at the end of the reporting period, the Company has not implemented the VAT concession policy for the first half of 2011. It is expected that the Company would process the related application in the second half of 2011. The VAT tax refund for the last year of the same period was approximately RMB7,800,000. The VAT tax refund for the full year of 2010 was approximately RMB27,300,000. The Board expects that it would not have a material effect on the full year VAT tax refund.

Business Review

Market

During the first half of 2011, the global sales of the Group's X431 Electronic EYE reached approximately 30,000 units, representing a growth of 29% year on year, of which sales in the PRC market increased 46%. The global sales of the Group's lifter reached approximately 24,000 units, representing a growth of 55% year on year, of which sales in the PRC market increased 60%. With the rise in steel prices, our profit margin declined slightly. For the second half year, the management will adjust upward the pricing for certain products in anticipation that the profit margin will gradually stabilize.

During the first half of 2011, with refined market management, we enjoyed a more reasonable channel structure and division of labour so as to enhance our work efficiency and market competitiveness. To tap the opportunity of rapid development of the China automobile market, the Group formulated flexible market strategy and increased its authorized distributors to over 200 in the China market. As for foreign market, the Group optimized its sales team in the foreign market and strengthened the management of distributors, with its overseas distributors increased to 70. In addition, the Group signed cooperation agreement with China Unicom, ZTE, etc. for the joint development of car owner's card business based on diagnostic technology, as well as providing customized automobile electronic products for certain domestic car manufacturers.

In June 2011, the Group convened the sixteenth PRC annual conference in Wuhan, Hubei. PRC distributors and main business partners attending the conference highly appreciated the Company's technological capabilities and showed much interest in the Company's new products in the pipeline. The sales result achieved at the annual conference exceeded our expectation. In July, the Group also held the sixteenth conference for overseas distributors in Shanghai. Shanghai plant was recognized by the overseas distributors for its advance production and quality control. Distributors attending the conference have confident in the future development plan of the Group. In view of the above two distributor conferences, the Group is optimistic about its result in the second half of the year.

Finance

For the first half of 2011, sales revenue increased steadily year on year, while the proportion of receivables decreased. Operating management cost was effectively controlled, cash flow was adequate and as bank loans decreased significantly, finance costs were reduced.

Technology

During the first half of 2011, under its IPD R&D systems, the Group successfully developed or has been developing products such as the second generation X431 3G, Pocket Tech, Creader VI, Iphone CR, MD4mycar, iCar, vehicle diagnosis-based services (DBS), central processing chip for diagnosis platform, general diagnosis box software for DBS; while the R&D of inspection products such as X712 4-wheel aligner, 3D 4-wheel aligner; mechanical and electrical Products such as KWB-501, KWB-502, KWB-503 tire balancer, and automobile electronic products such as vehicle meters, reversing radars and tire pressure examining products also achieved breakthrough. In addition, the Group provided 486 versions of software upgrade for end users. Judging from the distributors' comments on the products developed by the Group, the market prospect of products in the pipeline is promising. Currently, orders have been secured for certain products. The launching of such new products will bring more development opportunities and revenue to the Group.

The X-431 3G automotive diagnostic device was honoured with the "Classical Quality Award for Auto Maintenance Equipment and Tools of 2010" by the magazine Auto and Driving Repair of the PRC;

The X-431 3G automotive diagnostic device was also awarded as "Top 20 Maintenance and Repair Tool for 2010" by the magazine MOTOR for Repair and Maintenance of the PRC;

"LAUNCH" was awarded as "Shenzhen Well-known Brand" by the Shenzhen Well-known Brand Evaluation Committee;

Mr. Charles Liu, chief executive officer of the Company, was selected as "Top 10 Figures" by the "慧聰汽車維修保養網".

Production

With the implementation of enhanced production, the Group achieved significant results in areas such as manufacturing technology, manufacturing procedures, quality management and inventory management, which allowed it to have better cost control, ensured product quality and significantly enhanced efficiency. The production of lifters by the Shanghai plant reached record high, while its production management and R&D system have been optimized and improved. The enhanced production contributed significantly to the growth of the Group's product sales.

Management

During the first half of 2011, the Group adopted various incentive measures to motivate and inspire the staff, and particularly for its R&D and marketing personnel, for which the Group implemented strict internal appraisal and reward and punishment system, and maintained a high morale generally.

To give full play to the Group's advantages in technology R&D and product innovation, its R&D team was supplemented with experienced staff and the R&D management team structure was optimized. The IPD R&D system of the Group has been improving and stable, while the morale of R&D team was high.

During the first half of 2011, the Group continued to implement enhanced production and 6S management and procedure management. Also, the Group implemented refined management in human resources management, systematical procedure management, marketing management, general budget management, cost control and management, quality management, efficiency management, R&D management and corporate culture establishment.

During the first half of 2011, the procedural efficiency of the Group's ERP, CRM, IO and OA systems was enhanced. Moreover, the internal communication was further streamlined and optimized.

Prospect

For the second half of 2011, the Group will continue to strengthen and perfect internal management, implement various incentive systems, and strictly apply the internal appraisal and reward and punishment system. It will also deepen its corporate culture establishment in respect of "innovation, quality, efficiency, professionalism and competitiveness". The Group will strive to raise the staff's passion for work and stimulate their potential and morale, which will in turn enhance the competitive advantage of the Group.

As for its development plan, the Group will continue to draw on its core technology in diagnosis accumulated over the years, and provide more advance auto maintenance and diagnosis tool and value-added services to professional users in the automotive aftermarket. Through the use of wireless network technology such as 3G and WiFi, the Group will also expedite the development of vehicle networking application based on diagnostic technology, and gradually develop into a core enterprise of vehicle networking application based on diagnostic technology.

For its domestic and foreign markets, the Group will gradually implement refined management, strengthen the management of receivables, and carry out an elimination system to eliminate the domestic and overseas distributors with worst performance in order to optimize the structure and deployment of distributors and realize the Group's channel advantage. In marketing, the Group will formulate relevant marketing policies according to characteristics of various regions in line with the strategic planning and development of the Group's headquarters. It will also conduct various marketing activities such as various types of exhibitions, annual conferences, promotional activities, technical competitions and professional media to promote awareness towards the differential advantages of the Group's products and enhance the popularity and influence of "LAUNCH". Furthermore, the Group will keep improving its after sale technical service network and provide satisfactory technology and service to the market.

For R&D, the Group will continue to use the IPD R&D systems, recruit experienced R&D talent, optimize the structure of the R&D team and stabilise the team, and strictly apply internal appraisal and incentive system and encourage innovation. With diagnostic technology as the core, the Group will give full play to its technological advantage drawing on its 18 years of experience in the area to expedite the R&D of new products. The Group will leverage on its differential advantages in technology and products to increase the dependence of distributors on it and to win the confidence of end users.

While developing new products and technology, the Group will maintain strict control on R&D, manufacturing and sale costs, and adopt enhanced production and flexible market management and human resources policy to facilitate the Group's healthy and sustainable growth and provide even better return for shareholders and investors.

As for production, the Group will continue to implement enhanced production, optimize manufacturing procedures, enhance production efficiency, ensure product quality, reduce production cost and control inventory effectively to cope with the requirement of a rapidly growing market and achieve higher profit margin for the benefit of shareholders and investors.

Liu Xin
Chairman

Shenzhen, the PRC, 31 August 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial resources and liquidity

The Group adheres to a prudent financial management policy and has a healthy financial position. The Group had cash and bank balances of approximately RMB245,000,000 as at 30 June 2011.

As at 30 June 2011, shareholders' equity of the Group amounted to approximately RMB697,000,000. Current assets amounted to approximately RMB695,000,000 The Group's current liabilities amounted to approximately RMB351,000,000, which comprised short term bank borrowings amounted to approximately RMB151,000,000, and the remainder mainly consists of account payables and accruals. The Group's net asset value per share amounted to approximately RMB11.55. The Group's gearing ratio, representing the percentage of bank borrowings over gross asset value was 14%.

Pledge of assets

As at 30 June 2011, apart from the pledged land, property and plant of approximately RMB156,000,000 and bank deposits of approximately RMB60,000, the Group had no other major pledged assets.

Major investment

During the period, the Group did not make substantial acquisition and disposals of its subsidiaries and associated company.

Contingent liabilities

The Group did not have any major contingent liabilities as at 30 June 2011.

Capital commitments and future plans for material investments

The material capital commitment and future plans for material investment or capital assets of the Group as at 30 June 2011 was disclosed in note 13.

Employees

As at 30 June 2011, the Group had 1,265 and 23 employees based in the PRC and overseas respectively. For the six months ended 30 June 2011, the total staff cost net of the remunerations of the Directors and supervisors amounted to approximately RMB46,000,000 (2010: approximately RMB36,000,000). The Group's employment and remuneration policies remained the same as stated in the annual report of the Group for the year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	**Six months ended 30 June 2011** *RMB'000* **(Audited)**	2010 *RMB'000* (Unaudited)
Revenue	*(4)*	**382,751**	312,266
Cost of sales		**(233,994)**	(167,450)
Gross profit		**148,757**	144,816
Other income		**8,211**	12,940
Selling expenses		**(34,785)**	(37,763)
Administrative expenses		**(34,894)**	(38,504)
Research and development expenses		**(17,252)**	(13,192)
Other operating expenses		**(13,638)**	–
Finance costs	*(5)*	**(5,750)**	(9,163)
Share of losses of an associate		**(1,978)**	(2,586)
Profit before income tax	*(6)*	**48,671**	56,548
Income tax expenses	*(7)*	**(6,527)**	(6,146)
Profit for the period		**42,144**	50,402
Other comprehensive income for the period			
Exchange gain on translation of financial statements of foreign operations		**995**	–
Total comprehensive income attributable to owners of the Company		**43,139**	50,402
			(Unaudited and restated)
Basic earnings per share	*(9)*	**RMB70 cents**	RMB84 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	30 June 2011 RMB'000 (Audited)	31 December 2010 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	(10)	**294,443**	258,795
Leasehold land and land use rights	(10)	**20,612**	20,875
Goodwill	(10)	**2,161**	2,161
Development costs	(10)	**57,154**	53,677
Interests in an associate	(10)	**–**	1,978
Club membership	(10)	**1,177**	1,177
Deferred tax asset	(10)	**15**	11
		375,562	338,674
Current assets			
Inventories		**139,322**	96,171
Trade receivables	(11)	**234,672**	225,370
Bills receivables		**18,725**	17,371
Other receivables, deposits and prepayments		**56,412**	75,439
Financial asset at fair value through profit or loss		**–**	10,000
Amount due from an associate		**53**	108
Pledged/Restricted bank deposits		**60**	–
Cash and cash equivalents		**245,266**	355,263
		694,510	779,722
Current liabilities			
Trade payables	(12)	**127,327**	106,028
Other payables and accrued charges		**68,936**	30,050
Income tax payables		**3,761**	1,836
Bank borrowings		**150,814**	305,393
		350,838	443,307
Net current assets		**343,672**	336,415
Total assets less current liabilities		**719,234**	675,089
Non-current liabilities			
Bank borrowings		**1,931**	925
Deferred income		**20,000**	20,000
		21,931	20,925
Net assets		**697,303**	654,164
EQUITY			
Equity attributable to the Company's owners			
Share capital		**60,360**	60,360
Reserves		**636,943**	593,804
Total equity		**697,303**	654,164

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2011

(1) General

Launch Tech Company Limited (the "Company") was established in Shenzhen, the People's Republic of China (the "PRC") as a joint stock limited company. The address of the Company's registered office is 2-8 Floors, Xin Yan Building, Bagua Number Four Road, Futian District, Shenzhen, the PRC and its principal place of business is Launch Industrial Park, North of Wuhe Road, Banxuegang, Longgang District, Shenzhen, the PRC.

The Company's overseas listed foreign invested shares ("H Shares") had been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since October 2002. On 19 April 2010, a special general meeting and class meetings were held by the shareholders to approve the transfer of listing of the existing H Shares of the Company from GEM to the Main Board of the Stock Exchange (the "Transfer of Listing"). On 10 January 2011 and 14 March 2011, the Transfer of Listing has been approved by the China Securities Regulatory Commission and the Stock Exchange respectively. Further details are set out in the announcement of the Company dated 14 March 2011.

The H Shares of the Company have been listed on the Main Board of the Stock Exchange since 28 March 2011.

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

(2) Basis of consolidation

The interim financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June. All significant intra-group transactions and balances have been eliminated on consolidation.

(3) Accounting policies and adoption of new or revised statements of standard accounting practice

The interim financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The accounting policies adopted in the preparation of the interim results are consistent with those adopted in the preparation of the Group's results for the year ended 31 December 2010.

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the interim financial statements beginning on 1 January 2011:

HKAS 24 (Revised) Related Party Disclosures
Amendments to HKAS 34 Interim Financial Reporting

The adoption of the new HKFRSs has no significant impact on the interim financial statements.

The Group has not early adopted certain new or revised standards that have been issued at the time of preparing the interim financial statements but not yet effective. The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are also currently assessing the possible impact of the new or revised standards but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group.

HKFRS 10 *Consolidated Financial Statements*
HKFRS 11 *Joint Arrangements*
HKFRS 12 *Disclosure of Interests in Other Entities*
HKFRS 13 *Fair Value Measurment*
HKAS 27 (as revised in 2011) *Separate Financial Statements*
HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures.*

(4) Turnover and segment information

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

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

(4) Turnover and segment information (continued)

The directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for internal reporting to the executive directors are the same as those used in its interim financial statements prepared under HKFRSs, except that certain items are not included in arriving at the operating results of the operating segment (rental income and corporate expenses).

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

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

This operating segment is monitored and strategic decisions are made on the basis of segment operating results. Revenue reported below represents revenue generated from external customers. There were no inter-segment sales during the six months ended 30 June 2011 and 2010.

The following table presents reportable segment assets and liabilities of the Group's operating segment:

	30 June 2011	31 Decmeber 2010
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Reportable segment assets	**1,068,895**	1,117,219
Interests in an associate	–	1,978
Reportable segment liabilities	**372,769**	464,232

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Additions to non-current segment assets	**65,318**	11,234

(4) Turnover and segment information (continued)

The revenue, profit and other information of the Group's operating segment are summarised as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Reportable segment revenue	**382,751**	312,266
Reportable segment profit	**46,837**	53,598
Interest income	**857**	580
Interest expenses	**(5,429)**	(8,892)
Depreciation of property, plant and equipment and amortisation of development costs	**(25,488)**	(17,308)
Amortisation charge on leasehold land and land use rights	**(263)**	(526)
Loss on disposal of property, plant and equipment	**(67)**	-
Impairment of trade and other receivables	**(3,871)**	(10,059)

The Group's reportable segment profit reconciles to the Group's profit before income tax as presented in the interim financial statements as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Reportable segment profit	**46,837**	53,598
Rental income	**3,673**	3,268
Corporate expenses	**(1,839)**	(318)
Profit before income tax	**48,671**	56,548

(4) Turnover and segment information (continued)

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Revenue from external customers		
Local (country of domicile):		
– The PRC, other than Hong Kong	**239,511**	170,839
Europe	**50,336**	52,535
America	**56,358**	72,181
Others	**36,546**	16,711
	143,240	141,427
Total	**382,751**	312,266

	30 June	31 Decmeber
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Non-current assets		
Local (country of domicile):		
– The PRC, other than Hong Kong	**375,151**	338,325
Europe	**396**	338
Total	**375,547**	338,663

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets including property, plant and equipment, leasehold land and land use rights is based on the physical location of the asset and location of operations in case of goodwill, development costs, interests in an associate and club membership.

5. Finance costs

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Interest charges on bank loans stated at amortised cost:		
– wholly repayable within five years	**5,429**	8,892
Bank charges	**321**	271
	5,750	9,163

6. Profit before income tax

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Profit before income tax has been arrived at after charging/(crediting) the following items:		
Staff costs		
Directors' and supervisors' remuneration	**1,133**	685
Other staff costs	**38,161**	31,864
Retirement benefits under defined contribution scheme	**7,768**	4,539
	47,062	37,088
Less: Staff costs capitalised as development costs	**(6,740)**	(6,064)
	40,322	31,024
Research expenditure for current period charged to profit or loss	**9,233**	8,192
Add: Amortisation of development costs	**8,019**	5,000
Research and development expenses	**17,252**	13,192

6. Profit before income tax (continued)

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Depreciation of property, plant and equipment	**17,469**	12,308
Operating lease charges on land and buildings	**3,686**	2,516
Amortisation charge on leasehold land and land use rights	**263**	526
Loss on disposal of property, plant and equipment	**67**	-
Auditors' remuneration	**2,100**	1,436
Net exchange losses	**7,151**	155
Impairment of trade and other receivables	**3,871**	10,059
Rental income less direct outgoings	**(3,673)**	(3,268)

The Group's cost of inventories recognised as expenses during the periods ended 30 June 2011 and 2010 is equal to the cost of sales shown in the consolidated statement of comprehensive income.

(7) Income tax expense

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Audited)	(Unaudited)
Enterprise income tax-PRC		
– current period	**4,924**	6,146
– under-provision for prior periods	**1,202**	-
Income tax – overseas	**405**	-
Deferred tax	**(4)**	-
Total income tax expense	**6,527**	6,146

PRC enterprise income tax ("EIT") has been provided based on the estimated taxable income for PRC taxation purposes at the rates of taxation prevailing in the provinces in which the Group operates. The Company's overseas subsidiary is subject to income tax at the rate of 32% (Six months ended 30 June 2010: 32%).

(7) Income tax expense (continued)

Pursuant to the PRC Corporate Income Tax Law which was effective from 1 January 2008, a unified income tax rate has been applied to Company and 深圳市元征軟件開發有限公司 ("Launch Software"), one of the subsidiaries of the Company established in the PRC. In respect of tax rate that applies to the Company and Launch Software, they enjoyed a preferential tax rate of 15% in the past and the tax rate will be transitioned to 25% over five years.

Launch Software and 上海元征機械設備有限責任公司 ("Launch Shanghai"), another subsidiary of the Company established in the PRC, which previously enjoyed the preference of tax holidays continue to enjoy original preference in accordance with the preferential measures and terms stipulated by the original tax law, administrative regulations and relevant documents until the expiration of the preference.

On 29 October 2009, the Company continued to be recognised as a high technology enterprise and is thereby subject to a preferential tax rate of 15% for 3 financial years from 2009 to 2011. Accordingly, income tax rate applicable to the Company for the period was 15% (Six months ended 30 June 2010: 15%).

Launch Software was originally subject to income tax at the rate of 25% (Six months ended 30 June 2010: 22%). It was entitled to the tax holiday of "two-year exemption and three-year 50% reduction" from the first profitable year of operation. 2006 was the first profit-making year for Launch Software and was the first year of its tax holiday. The tax holiday was expired on 2010. On 6 September 2010, Launch Software was recognised as a high technology enterprise and is thereby subject to a preferential tax of 15% for 3 financial years from 2011 to 2013. Accordingly, income tax rate applicable to Launch Software for the period was 15% (Six months ended 30 June 2010: 11%).

Launch Shanghai is subject to income tax at the rate of 25% (Six months ended 30 June 2010: 25%). It is entitled to the tax holiday of "two-year exemption and three-year 50% reduction" from its first profitable year of operation. As 2008 was the first year for Launch Shanghai to entitle to the tax exemption, the income tax rate applicable to Launch Shanghai for the period was 12.5% (Six months ended 30 June 2010: 12.5%).

(8) Dividends

The Board does not recommend an interim dividend for the six months ended 30 June 2011 (Six months ended 30 June 2010: Nil).

(9) Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB42,144,000 for the six months ended 30 June 2011 (Six months ended 30 June 2010: RMB50,402,000 (unaudited)) and on weighted average number of 60,360,000 (six months ended 30 June 2010: 60,360,000 (unaudited and restated)) shares in issue during the six months ended 30 June 2011.

(9) Earnings per share (continued)

Pursuant to a special resolution of the Company passed on 19 April 2010, every ten domestic and unlisted foreign shares and H Shares of RMB0.1 each of the Company was approved to consolidate into one consolidated share of RMB1 each (the "Shares Consolidation"). The Shares Consolidation was effective on 15 February 2011.

As a result of the Shares Consolidation, the registered, issued and fully paid share capital of the Company became RMB60,360,000 divided into 33,000,000 domestic and unlisted foreign shares per RMB1 each and 27,360,000 H Shares per RMB1 each.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the Share Consolidation and the comparative figure has been restated accordingly.

No diluted earnings per share has been presented as there had been no potential ordinary shares in both periods.

(10) Non-current assets

	Property, plant and equipment *RMB'000*	Leasehold land and land use rights *RMB'000*	Goodwill *RMB'000*	Development costs *RMB'000*	Interests in an associate *RMB'000*	Club membership *RMB'000*	Deferred tax asset *RMB'000*
Audited net book amounts at 31 December 2010 and 1 January 2011	258,795	20,875	2,161	53,677	1,978	1,177	11
Additions	53,822	–	–	11,496	–	–	–
Disposal	(727)	–	–	–	–	–	–
Exchange realignment	22	–	–	–	–	–	–
Depreciation/annual charges/ amortisation	(17,469)	(263)	–	(8,019)	–	–	–
Share of loss	–	–	–	–	(1,978)	–	–
Credited to profit or loss	–	–	–	–	–	–	4
Audited net book amounts at 30 June 2011	294,443	20,612	2,161	57,154	–	1,177	15

(11) Trade receivables

The Group's credit terms are one to six months for its trade customers.

Ageing analysis is as follows:

	30 June 2011 (Audited) *RMB'000*	31 December 2010 (Audited) *RMB'000*
Within 6 months	**108,247**	88,276
Over 6 months but less than 1 year	**21,965**	63,490
Over 1 year but less than 2 years	**90,627**	64,308
Over 2 years	**13,833**	9,296
	234,672	225,370

(12) Trade payables

Ageing analysis is as follows:

	30 June 2011 (Audited) *RMB'000*	31 December 2010 (Audited) *RMB'000*
Within 6 months	**121,306**	97,422
Over 6 months but less than 1 year	**3,737**	4,657
Over 1 year but less than 2 years	**2,284**	3,949
	127,327	106,028

13. Capital commitments

	30 June 2011 (Audited) *RMB'000*	31 December 2010 (Audited) *RMB'000*
Capital expenditure contracted but not provided for:		
– expenditures on construction in progress	**56,338**	15,249
– acquisition of plant and equipment	**509**	–
– capital injection to an associate	**–**	11,040
	56,847	26,289

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

(a) Interests and short positions of Directors, chief executives and supervisors of the Company in the share capital of the Company and its associated corporations

As at 30 June 2011, the Directors, chief executives and supervisors of the Company have the following interests and short positions in the shares, debentures or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which have been required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which have been required, pursuant to the Model Code For Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares

Domestic shares

Name of Director	Capacity in which shares were held	Number of domestic shares	Approximate percentage of the Company's issued domestic shares	Approximate percentage of the Company's total issued shares
Mr. Liu Xin	Beneficiary owner	13,200,000	40.00%	21.87%
	Interest in a controlled company	13,886,400	42.08% *(Note 1)*	23.01%
	Interest in a controlled company	1,026,100	3.11% *(Note 2)*	1.70%
Mr. Liu Jun	Interest in a controlled company	13,886,400	42.08% *(Note 3)*	23.01%

Notes:

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

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

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

Save as disclosed above, as at the 30 June 2011, none of the Directors, chief executives or supervisors of the Company has any personal, family, corporate or other interests or short positions in any shares, debentures or underlying shares of the Company or any of its associated corporations as defined in the SFO.

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

So far as known to the Directors, as at 30 June 2011, the following (not being a Director or supervisor of the Company) have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in shares and underlying shares in the Company

(i) Domestic shares

Name	Capacity in which shares were held	Number of domestic shares	Approximate percentage of the Company's issued domestic shares	Approximate percentage of the Company's total issued shares
Shenzhen Langqu	Interest of corporation controlled by substantial shareholder	13,886,400	42.08% *(Note)*	23.01%

Note:

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

(ii) H Shares

Name	Capacity in which shares were held	Interests in H shares long position	Approximate percentage of the Company's issued H shares	Approximate percentage of the Company's total issued shares
Templeton Asset Management Ltd.	Investment manager	4,374,000	15.99%	7.25%
SPX Corporation	Beneficial owner	2,463,500	9.00%	4.08%

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

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

BOARD PRACTICES AND PROCEDURES

The Company has complied with all the code provisions stipulated in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the period.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the Code. The primary duties of the remuneration committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and to make recommendation to our Board on our Group's policy and structure for all remuneration of our Directors and senior management. The remuneration committee comprises one executive Director, namely, Mr. Liu Jun and two independent non-executive Directors, namely Dr Zou Shulin and Mr. Liu Yuan. Mr. Liu Yuan has been appointed as the chairman of the remuneration committee.

NOMINATION OF DIRECTORS

The Company established a nomination committee with written terms of reference in compliance with the Code. The principal duties of the nomination committee are to identify and nominate suitable candidates for the appointment of the Directors and make recommendations to the Board on succession planning for the Directors. The nomination committee comprises one executive Director, namely, Mr. Liu Xin and two independent non-executive Directors, namely Dr Zou Shulin and Mr. Liu Yuan.Dr Zou Shulin has been appointed as the chairman of the nomination committee.

AUDIT COMMITTEE

The Company has established the audit committee (the "Audit Committee") in accordance with the requirements of the Code on Corporate Governance Practice ("Code") as set up in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises the three independent non-executive directors, Mr. Pan Zhongmin, Mr. Liu Yuan, and Dr. Zou Shulin.

Three audit committee meetings were held this year to perform the following duties:

– review 2010 annual report, and this interim results of the Group;

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 of the Listing Rules. The Company has also made specific enquiry of all directors and the Company are not aware of any non-compliance with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period.

COMPETING INTERESTS

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

INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's interim results for the six months period ended 30 June 2011 have been agreed by the Company's auditor, Messrs. BDO Limited, to the amounts set out in the Company's audited consolidated financial statements for the period.

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

Shenzhen, the PRC
31 August 2011

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Liu Xin (Chairman), Mr. Liu Jun, Ms. Huang Zhao Huan and Mr. Jiang Shiwen as executive Directors, Ms. Liu Yong and Ms. Liu Xiaohua as non-executive Directors, and Mr. Pan Zhongmin, Mr. Liu Yuan and Dr. Zou Shulin as independent non-executive Directors.

This announcement will remain on the HKExnews at http://www.hkexnews.hk and on the website of the Company at http://www.cnlaunch.com.