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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: 2488)

2024 ANNUAL RESULTS

Highlights:

Turnover: RMB1,880 million

Net profit: RMB340 million

Earning per share: RMB0.8165

Final dividend declared: RMB0.45 per share

The board of directors (the “Board”) of Launch Tech Company Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 prepared in accordance with China Accounting Standards for Business Enterprises:

I. FINANCIAL INFORMATION

(All amounts in RMB unless otherwise stated)

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	2024	2023
Current assets:			
Bank balances and cash		547,765,774.30	619,527,034.44
Trading financial assets		9,624,004.27	6,052,715.96
Bills receivable		13,881,835.08	31,825,078.38
Accounts receivable	4	307,418,809.73	227,936,578.26
Accounts receivable financing		9,637,013.80	7,522,612.37
Prepayments		74,508,098.30	30,615,441.08
Other receivables	5	18,608,061.99	46,965,396.13
Inventories	6	212,768,820.10	207,175,760.36
Other current assets		32,681,513.31	27,949,326.50
Total current assets		<u>1,226,893,930.88</u>	<u>1,205,569,943.48</u>
Non-current assets:			
Long-term equity investment		–	–
Investment in other equity instruments		55,670,094.77	20,590,231.57
Investment property		334,814,807.30	48,830,951.54
Fixed assets		100,227,529.98	106,771,660.27
Construction in progress		63,422,681.73	309,069,055.81
Right-in-use assets		9,108,775.31	15,993,870.93
Intangible assets		96,326,810.45	56,103,788.16
Goodwill		104,552,160.76	88,187,271.36
Long-term deferred expenditure		502,053.60	500,986.35
Deferred income tax assets		2,979,929.93	157,655.21
Other non-current assets		2,172,897.36	3,443,435.00
Total non-current assets		<u>769,777,741.19</u>	<u>649,648,906.20</u>
Total assets		<u>1,996,671,672.07</u>	<u>1,855,218,849.68</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

	<i>Note</i>	2024	2023
Current liabilities:			
Short-term borrowings		79,921,465.28	177,991,686.07
Bills payable		7,410,838.09	–
Accounts payable	7	201,536,543.97	163,898,887.83
Contract liabilities		159,390,608.82	95,860,921.38
Employee remuneration payable		54,793,709.83	46,405,379.67
Tax payables		20,683,872.93	8,253,217.96
Other payables		32,602,669.65	32,566,026.85
Non-current liabilities due within one year		8,679,105.86	26,502,346.37
Other current liabilities		19,978,522.84	35,868,273.78
		<u>584,997,337.27</u>	<u>587,346,739.91</u>
Non-current liabilities:			
Long-term borrowings		158,610,542.03	176,279,661.24
Lease liabilities		4,771,863.20	9,250,706.07
Deferred income		4,464,712.14	7,502,455.77
Deferred tax liabilities		–	–
		<u>167,847,117.37</u>	<u>193,032,823.08</u>
Total non-current liabilities		<u>167,847,117.37</u>	<u>193,032,823.08</u>
Total liabilities		<u>752,844,454.64</u>	<u>780,379,562.99</u>
Shareholders' equity:			
Share capital		415,788,100.00	415,788,100.00
Capital reserve		393,801,164.14	393,801,164.14
Other comprehensive income		12,727,173.63	-1,382,900.13
Surplus reserve		102,894,736.26	72,469,704.17
Undistributed profit	8	312,753,202.09	186,552,329.98
		<u>1,237,964,376.12</u>	<u>1,067,228,398.16</u>
Total owners' equity attributable to parent company		<u>1,237,964,376.12</u>	<u>1,067,228,398.16</u>
Minority shareholders' equity		5,862,841.31	7,610,888.53
		<u>1,243,827,217.43</u>	<u>1,074,839,286.69</u>
Total shareholders' equity		<u>1,243,827,217.43</u>	<u>1,074,839,286.69</u>
Total liabilities and shareholders' equity		<u>1,996,671,672.07</u>	<u>1,855,218,849.68</u>

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2024	2023
Operating income	3	1,882,044,159.72	1,598,352,611.56
Less: Operating costs		986,964,323.48	911,854,193.46
Tax and surcharge		11,708,453.18	7,630,080.51
Selling expenses		254,106,712.99	207,718,935.69
Administrative expenses		113,391,543.62	111,602,184.94
Research and development expenses		201,483,668.44	172,741,911.72
Finance costs		-7,388,443.99	14,739,591.02
Add: Other revenue		39,813,890.20	28,363,378.25
Gain on investments		2,318,137.91	2,167,726.32
Loss on changes in fair value		82,137.63	18,289.76
Impairment loss on credit		3,439,783.78	-4,304,337.29
Impairment loss on assets		-15,212,461.00	-27,019,007.14
Gain on disposals of assets		-55,455.18	1,643,113.94
		<hr/>	<hr/>
Operating profit		352,163,935.34	172,934,878.06
Add: Non-operating income		1,109,199.74	620,480.33
Less: Non-operating expenses		4,358,158.71	711,648.44
		<hr/>	<hr/>
Total profit		348,914,976.37	172,843,709.95
Less: Income tax expenses	9	7,653,175.46	3,941,073.90
		<hr/>	<hr/>
Net profit		341,261,800.91	168,902,636.05
		<hr/>	<hr/>
Profit from continued operations		341,261,800.91	168,902,636.05
Net profit attributable to owners of the parent company		339,505,814.80	168,903,408.36
Net profit attributable to minority shareholders		1,755,986.11	-772.31
		<hr/>	<hr/>
Other comprehensive income		14,110,073.76	7,862,849.82
		<hr/>	<hr/>
Total comprehensive income		355,371,874.67	176,765,485.87
		<hr/>	<hr/>
Attributable to shareholders of the parent company		353,615,888.56	176,766,258.18
Total comprehensive income attributable to minority shareholders		1,755,986.11	-772.31
		<hr/>	<hr/>
Earnings per share:			
Basic earnings per share	10	0.8165	0.3932

CONSOLIDATED CASH FLOW STATEMENT

	<i>Note</i>	2024	2023
Net cash flows from operating activities		<u>391,417,410.42</u>	<u>163,608,767.04</u>
Net cash flows from investing activities		<u>-114,871,653.88</u>	<u>173,013,316.06</u>
Net cash flows from financing activities		<u>-342,212,460.48</u>	<u>-212,875,382.75</u>
Impact on cash by changes in foreign exchange rates		<u>-4,982,129.14</u>	<u>-2,567,054.73</u>
Net increase in cash and cash equivalents		-70,648,833.07	121,179,645.62
Add: Cash and cash equivalents at beginning of the period		<u>610,732,095.28</u>	<u>489,552,449.66</u>
Cash and cash equivalents at end of the period		<u><u>540,083,262.21</u></u>	<u><u>610,732,095.28</u></u>
Restricted bank balances and cash		<u>7,682,512.09</u>	<u>8,794,939.16</u>
Bank balances and cash		<u><u>547,765,774.30</u></u>	<u><u>619,527,034.44</u></u>

CONSOLIDATED STATEMENT OF MOVEMENT ON EQUITY

	2024
Opening balance of current year	1,074,839,286.69
Comprehensive income	355,371,874.67
Interim dividend	-182,879,910.60
Others	<u>-3,504,033.33</u>
Ending balance for current year	<u><u>1,243,827.217.43</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements of the Company were prepared according to the transactions and matters actually occurred, and recognitions and measurements were made in accordance with the Accounting Standards for Enterprises – Basic Standards published by the Ministry of Finance and specific accounting standards, guidance on application of accounting standards for enterprises, interpretations to accounting standards for enterprises and other relevant requirements (hereinafter collectively referred to as the “Accounting Standards for Enterprises”) on this basis, in conjunction with the provisions of the China Securities Regulatory Commission, “Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15-General Provisions on Financial Reporting” (revised in 2023).

The Company carried out assessment on the going concern for the 12 months’ period after the report date, and did not recognize any matters or situation which leading to material doubt on the continuity of operation. Therefore this financial report is based on recognition and measurement on a going concern basis.

In addition, the Financial Statements have also complied with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

2. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS

(1) Accounting period

The accounting period is from 1 January to 31 December.

(2) Reporting currency

Renminbi was adopted as the reporting currency. The Company’s foreign subsidiaries choose their reporting currencies the basing on the primary economic environment in which they operate and converted into when preparing financial statements.

(3) Method of preparing consolidated financial statements

The scope of consolidation of the consolidated financial statements of the Company is determined on the basis of control. All subsidiaries are included in the consolidated financial statements.

Based on the financial statements of the Company and its subsidiaries, the consolidated financial statements are prepared by the Company according to other relevant information.

All subsidiaries within the scope of consolidation of the consolidated financial statements shall adopt accounting policies and financial period consistent with the Company. When there is any inconsistency on the accounting policies or financial period adopted by the subsidiaries and the Company, the financial statements of subsidiaries are adjusted according to the accounting policies or financial period adopted by the Company as necessary.

When consolidating the financial statements, the effects of intra-transactions between the Company and its subsidiaries, and among subsidiaries on the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity shall be offset.

(4) Changes in accounting policies

Content and reasons for changes in accounting policies	Remarks
The Company has implemented the Enterprise Accounting Standard Interpretation No. 17 from 1 January 2024, which was issued by the Ministry of Finance in 2023	(1)
The Company has implemented the Interim Provisions on Accounting Treatment of Enterprise Data Resources from 1 January 2024, which was issued by the Ministry of Finance on 21 August 2023	(2)
The Company has implemented the Enterprise Accounting Standard Interpretation No. 18 from 1 January 2024, which was issued by the Ministry of Finance in 2024	(3)

Explanation of the changes in accounting policies:

(1) Impact of the implementation of Enterprise Accounting Standard Interpretation No. 17 on the Company

On 25 October 2023, the Ministry of Finance issued the Interpretation of Enterprise Accounting Standards No. 17 (Accounting [2023] No. 21, hereinafter referred to as “Explanation No. 17”). The Company has implemented Explanation No. 17 from 1 January 2024 (the “Implementation Day”).

The implementation of Explanation No. 17 had no significant impact on the financial statements for the reporting period.

(2) Impact of the implementation of Interim Provisions on Accounting Treatment of Enterprise Data Resources on the Company

The Company has implemented the Interim Provisions on Accounting Treatment of Enterprise Data Resources (hereinafter referred to as the “Interim Provisions”) from 1 January 2024. The implementation of the Interim Provisions had no significant impact on the financial statements for the reporting period.

(3) Impact of the implementation of Enterprise Accounting Standard Interpretation No. 18 on the Company

On 6 December 2024, the Ministry of Finance issued the Interpretation of Enterprise Accounting Standards No. 18 (Accounting [2024] No. 24, hereinafter referred to as “Explanation No. 18”). The Company has implemented Explanation No. 18 from the date of its issuance. The implementation of Explanation No. 18 had no significant impact on the financial statements for the reporting period.

(5) Changes in accounting estimates

There is no change in the major accounting estimates during the reporting period.

3. REVENUE

Revenue from main operations includes the net value of the received and receivable for the sales of different types of vehicle maintenance equipment, and provision of internet upgrade service as follows:

	Current year	Previous year
Revenue from main operations	1,824,507,041.15	1,513,039,475.79
Revenue from other operations	<u>57,537,118.57</u>	<u>85,313,135.77</u>
	<u>1,882,044,159.72</u>	<u>1,598,352,611.56</u>
Rental income included in the revenue from other operations	<u>43,683,013.12</u>	<u>33,102,437.02</u>

4. ACCOUNTS RECEIVABLE

The Company basically used credit terms when dealing with customers and normally offered credit period from 30 days to 210 days. Should a customer possessed long and good records or in case of being a major customer, or under the circumstances that the Company would like to maintain prolong operational relationship, and then a different credit period might be considered.

Ageing	At the period end	At the beginning of the period
Within 1 year	324,006,854.06	237,798,305.76
Includes: Within 90 days	313,810,979.67	228,809,129.16
91-180 days	5,994,518.68	4,609,891.64
181-270 days	2,645,602.42	-
271-365 days	1,555,753.29	4,379,284.96
1-2 years	2,740,508.71	4,128,377.63
2-3 years	2,678,204.90	6,720,181.22
3-4 years	5,558,271.14	2,233,889.66
4-5 years	515,390.30	64,380.87
Over 5 years	<u>2,605,063.16</u>	<u>2,540,930.79</u>
Subtotal	338,104,292.27	253,486,065.93
Less: provision for bad debts	<u>30,685,482.54</u>	<u>25,549,487.67</u>
Total	<u>307,418,809.73</u>	<u>227,936,578.26</u>

Details of the ageing of the carrying amounts of the not-past-due and overdue accounts receivable (from the billing date) are as follows:

Items	Ending balance			Beginning balance		
	Carrying balance	Provision	Book value	Carrying balance	Provision	Book value
Not past due	276,783,283.65	13,839,164.18	262,944,119.47	201,753,057.41	10,087,652.87	191,665,404.54
overdue	61,321,008.62	16,846,318.36	44,474,690.26	51,733,008.52	15,461,834.80	36,271,173.72
Total	<u>338,104,292.27</u>	<u>30,685,482.54</u>	<u>307,418,809.73</u>	<u>253,486,065.93</u>	<u>25,549,487.67</u>	<u>227,936,578.26</u>

5. OTHER RECEIVABLES

Aging	Ending balance	Beginning balance
Within 1 year	14,388,241.87	27,791,744.54
1-2 years	9,380,214.26	47,420,949.26
2-3 years	10,268,501.28	2,711,041.86
3-4 years	2,237,295.71	826,852.39
4-5 years	817,944.32	4,267,430.23
Over 5 years	6,795,227.23	2,560,036.11
Subtotal	43,887,424.67	85,578,054.39
Less: provision for bad debts	25,279,362.68	38,612,658.26
Total	<u>18,608,061.99</u>	<u>46,965,396.13</u>

6. INVENTORIES

Item	Ending balance			Beginning balance		
	Carrying balance	Provision for impairment	Book value	Carrying balance	Provision for impairment	Book value
Raw materials	15,552,365.58	2,872,368.11	12,679,997.47	26,390,673.63	4,475,349.98	21,915,323.65
Work in progress	741,883.39	–	741,883.39	10,217,623.60	–	10,217,623.60
Finished goods	207,217,512.55	23,447,596.39	183,769,916.16	175,563,665.43	14,883,927.32	160,679,738.11
Consigned processing materials	12,326,623.99	109,466.91	12,217,157.08	11,971,985.52	260,079.04	11,711,906.48
In-house WIP	3,816,552.04	456,686.04	3,359,866.00	3,675,444.64	1,024,276.12	2,651,168.52
Total	<u>239,654,937.55</u>	<u>26,886,117.45</u>	<u>212,768,820.10</u>	<u>227,819,392.82</u>	<u>20,643,632.46</u>	<u>207,175,760.36</u>

7. ACCOUNTS PAYABLE

Item	Ending balance	Beginning balance
Under 1 year	201,140,325.62	152,768,960.48
1-2 years	308,540.13	492,214.09
2-3 years	74,991.47	10,625,026.51
Over 3 years	12,686.75	12,686.75
Total	<u>201,536,543.97</u>	<u>163,898,887.83</u>

8. UNDISTRIBUTED PROFITS

	Current year
As at the beginning of the period	186,552,329.98
Net profit attributable to shareholders of the parent company in the current year	339,505,814.80
Appropriation of surplus reserve	-30,425,032.09
Interim dividend	-182,879,910.60
As at the end of the period	<u><u>312,753,202.09</u></u>

9. INCOME TAX EXPENSE

	Current year	Previous year
Income tax for the current period	10,459,175.37	4,087,349.89
Adjustment of deferred tax	<u>-2,805,999.91</u>	<u>-146,275.99</u>
Total	<u><u>7,653,175.46</u></u>	<u><u>3,941,073.90</u></u>

10. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit for holder of ordinary share of the parent company by average weighted number of outstanding ordinary share of the parent company.

Items	Current year	Previous year
Consolidated net profit for holder of ordinary share of the parent company	339,505,814.80	168,903,408.36
Average weighted number of outstanding ordinary share of the parent company	415,788,100.00	429,558,725
Basic earnings per share (RMB/share)	<u><u>0.8165</u></u>	<u><u>0.3932</u></u>

(2) Diluted earnings per share

As there was no ordinary shares with dilutive potential for the year 2024 and 2023, thus no diluted earnings per share was presented.

11. DIVIDEND

The Board recommended the distribution of a final dividend of RMB0.45 per share.

12. SUBSIDIARIES

Name of the corporation	Shareholding	Business nature
Xi'an Launch Software Technology Co., Ltd.	100%	Software and information technology services
Launch Software Development Co., Ltd.	100%	Software and information technology services
Launch Europe GmbH	100%	Sales of computer software and hardware, electronic products and technical information consulting services
Shenzhen Golo Internet of Vehicle Data Technology Co., Ltd.	100%	Software and information technology services
Launch Tech International Co., Ltd.	100%	Car diagnosis, testing, sales of maintenance equipment, information network services
Nanjing Launch Intelligent Technology Co., Ltd.	100%	Research and experimental development
Shenzhen Launch Future Auto Technology Co., Ltd.	100%	Software and information technology services
Shenzhen Launch Information Technology Development Co., Ltd.	100%	Software and information technology services
Nanjing Golo Big Data Technology Co., Ltd.	100%	Internet and related services
Launch Italy GmbH	100%	Sales of computer software and hardware, electronic products and technical information consulting services
Shenzhen Yuan Xiang Li Heng Technology Co., Ltd.	100%	Software and information technology services
Shenzhen Yi Kong Li Chu Software Development Co., Ltd.	100%	Software and information technology services
Shanghai Launch Yisheng New Energy Technology Co., Ltd.	100%	Professional technology services
LAUNCH NORTH AMERICAN CORP	100%	Sales and services of auto diagnostic products
LAUNCH TECH (USA)	100%	Sales and services of auto diagnostic products
Shenzhen Yi Xin Yi Yi Software Development Company Limited	100%	Software and information technology services
Launch Investment Company Limited	100%	Business services
Shenzhen Zhongcheng Yingli Management Consulting Partnership (Limited Partnership)	100%	Business services
Launch Consultating Management Company Limited	100%	Business services
Launch No. 1 Consultating Partnership (Limited Partnership)	100%	Business services
Shenzhen Yixin Zhicheng Consulting Limited Partnership (Limited Partnership)	99.75%	Business services
Shenzhen Ming Rui Da Consulting Enterprise (Limited Partnership)	100%	Software and information technology services
Shenzhen Mingrui Data Technology Company Limited	71.81%	Software and information technology services
Shenzhen Ming Rui Zhi Ke Technology Company Limited	71.81%	Software and information technology services
LAUNCH TECH (Japan)	100%	Sales and services of auto diagnostic products
Launch Tech Korea Co., Ltd.	100%	Sales and services of auto diagnostic products
Launch Tech International Mena DMCC	100%	Sales and services of auto diagnostic products
Shenzhen Yiqi Information Technology Consulting Co., Ltd.	100%	Business services
Shenzhen Mingyuan Zhirui Consulting Limited Partnership (Limited Partnership)	73.33%	Business services
Shenzhen Xinguan Consulting Co., Ltd.	100%	Software and information technology services
Shenzhen Xinxi Blockchain Technology Co., Ltd.	100%	Software and information technology services
Shenzhen Qigao Technology Co., Ltd.	100%	Other services

13. CONTINGENT LIABILITY

As at 31 December 2024, the Group did not have significant contingent liability.

14. PLEDGE OF ASSETS

As at 31 December 2024, the Group pledged properties and buildings, investment property and land use rights with original value approximately amounted to approximately 264,000,000 (2023: 264,000,000) for certain bank borrowings.

15. CAPITAL COMMITMENTS

As at 31 December 2024, the Company does not have material capital commitments that have not been disclosed.

16. LEASE COMMITMENTS

As at 31 December 2024, commitments for the Group in the future which brought by non-cancellable lease contracts are as follows:

	Current year	Previous Year
Within 1 year	5,046,247.18	7,833,073.21
2 to 5 years	4,945,754.15	9,723,436.37
	<u>9,992,001.33</u>	<u>17,556,509.58</u>

17. POST-BALANCE SHEET EVENTS

The Group does not have material matter that should be disclosed under the Post-balance sheet events.

II. MANAGEMENT DISCUSSION AND ANALYSIS

2024 Review

The automobile industry in the PRC continued to grow this year, with production and sales volumes reaching approximately 31.28 million and 31.44 million vehicles, respectively, representing an increase of approximately 4% and 5% year-on-year, respectively. Based on the growth of the industry, the Group insisted on developing its new strategy, resulting in the growth of both operating income and profit.

Financials

For the year, the Revenue from main operation of the Group amounted to approximately RMB1,825 million, representing an increase of 21% over the same period in last year (the “YOY Increase”). The consolidated net profit attributable to the parent company was approximately RMB340 million, representing the YOY increase of 101%; and the net profit margin was 18%, increasing by 7 percentage points over the same period in last year.

The increase in results was mainly due to the application of intelligent algorithms and AI technology. Based on intelligent algorithms, the Group launched digital operation. Our overseas business (including overseas e-commerce) was at an all-time high in the year, realizing a revenue of approximately RMB1,300 million, accounting for 70% of total revenue. Based on AI technology, the Group analyzed user behaviors and intelligent pricing, which have effectively enhanced the proportion of customers who make the payment. In the year, the amount of software purchased by customers was approximately RMB170 million, achieving a new high.

Meanwhile, the super remote diagnostics of the Group has become a leading online diagnostic service platform for automobiles in the world. Since the launch of the charging model in March this year, the service revenue has been realized approximately RMB12.99 million, and the business volume achieved a YOY Increase of approximately 83%. The Group developed the automotive data business, with the data revenue of approximately RMB10.76 million.

At the same time, the Group strengthened cost control. In the year, the ratio of cost from principal operation to income decreased by 4%; the proportion of four expenses (management expenses, R&D expenses, sales expenses, and finance costs) over the income from principal operation decreased by 3%; the inventory turnover days were approximately 77 days, representing a year-on-year decrease of 14%.

Based on the Group’s performance for the year, the Board recommended a final dividend of RMB0.45 per share.

Customers

Customers of the Group include repair shops, mechanics, vehicle manufacturers, vehicle owners and vehicle repair schools, insurance companies and second-hand vehicle dealers, covering every aspect of the whole life cycle of automobiles. As of the end of this year, the Group had cumulatively established connections with over 370 million vehicles globally through vehicle diagnostic equipment, with the number of active automotive diagnostic terminals of vehicle diagnostic equipment exceeding 3.3 million, one million automotive diagnostic reports were generated on average daily, and the cumulative number of automotive diagnostic reports exceeded 1,700 million.

The Group's end-users are spread all over the world, among them, nearly 1.2 million yearly active users were in China and nearly one million yearly active users were in the United States.

With "customer service" as the starting point, the Group has built an intelligent, localized and grid-based service system, to continuously improve customer satisfaction. During the year, the Group held 2,892 customer training sessions globally, which were highly recognized by the customers.

Internal Operations

The Group launched three major strategies, namely ADS, AAS and EVS, during the year and achieved positive milestones.

1. AI Diagnostic Service (ADS), whose purpose is to make vehicle diagnostics smarter. The Group will enhance the intelligence level of vehicle diagnostics, achieve full voice control for diagnostic software and create an intelligent analysis and prediction system for automobile failures. The Group will continue to develop the super remote diagnosis business and strengthen its global leadership in online diagnostic service platforms for automobiles.
2. AI Auto Service (AAS), means that we will utilize AI technology to make vehicle service easier. The Group integrated multi-dimensional data and provided automotive AI services for vehicle owners, repair shops, vehicle manufacturers, and parts dealers, namely LAUNCH AI, and the product has currently been put on the market for testing. At the same time, LAUNCH AI has integrated the Deep Think large model DeepSeek-R1, which can locate faults more accurately and recommend more optimized repair solutions to users.
3. Electric Vehicle Service (EVS), which aims at new energy vehicles, helps global auto repair shop customers to upgrade. The Group has developed the LAUNCH EVS to provide customers with new energy vehicle repair station transformation, vehicle test drive and sales, and after-sales service. Currently, more than 100 LAUNCH EVS stations have been established globally, covering 12 domestic cities and 4 overseas countries.

Learning and Growth

The Group strengthened the research and development of patent technologies, and obtained 108 authorized invention patents in the year, with R&D personnel accounting for approximately 50% of the total number of employees.

Outlook and Future Strategy

The Group has been focusing on the automotive diagnostics field for 30 years, and has accumulated profound technology. In the future, the Group will leverage its advantages, based on the above three major strategies with the four major businesses of hardware, software, services and data as the cornerstone, transform from a manufacturing enterprise to an intelligent enterprise, apply AI technology to the automotive industry, and strive to become the world's leading brand of automotive AI.

The Group will:

1. Increase the scale of its overseas business, expand the volume of super remote diagnostics transactions, and develop the LAUNCH AI, striving to significantly increase the revenues for the hardware, software, service and data businesses.
2. Establish digital and intelligent customer relationships.
3. Continue to reduce internal operating costs and product costs, and improve the work efficiency through AI and advanced tools.
4. Introduce more strategic talents.

Major Financial Data for the profit changes

RMB million

a	Profit after tax in 2024	341
b	Profit after tax in 2023	169
c=a-b	Increase in profit in 2024	172
Mainly due to:		
	Increase in gross profit	209
	Increase in selling expenses	(46)
	Increase in R&D expenses	(29)
	Decrease in finance costs	22
	Decrease in impairment on assets	12
	Decrease in impairment on credit	8
	Other	(4)
	Increase in profit in 2024	<u>172</u>

The increase in profit was mainly due to the growth in turnover. The strong overseas sales revenue this year brought about a substantial growth in gross profit, leading to the increase in selling expenses to a certain extent; benefiting from exchange rate advantages, the finance costs have also decreased. During the year, the Company increased its R&D expenses as well.

Principal Sources and Usage of Fund

RMB million

	Inflow from operation	391
	Partial consideration received for the disposal of a subsidiary	31
	Acquisition of fixed assets and investment in R&D	(75)
	Investment payments	(72)
	Repayment of borrowings	(131)
	Interest paid	(13)
	Dividend distributed	(190)
	Others	(12)
	Change in cash	<u>(71)</u>

Total net cash outflow for the year was of RMB71,000,000 and the period end balances of cash and cash equivalents was RMB540,000,000.

Capital Structure

The Company's capital structure consists of interests and liabilities attributable to shareholders during the reporting period. Total liabilities amounted to RMB753,000,000, interests attributable to shareholders amounted to RMB1,244,000,000. Total assets amounted to RMB1,997,000,000. As at the end of the period, the gearing ratio calculated by total liabilities divided by interests attributable to shareholders was 0.61 (2023: 0.73). The overall gearing ratio improved from last year, reaching a more favorable gearing ratio level.

Customers and suppliers

Total revenue from the top five customers of the Company was approximately RMB556,000,000 (2023: RMB355,000,000), accounting for approximately 30% (2023: 23%) of total revenue for the year. The largest customer accounted for approximately 9% (2023: 8%) of the total revenue for the year.

Total purchases from top five suppliers of the Company amounted to approximately RMB794,000,000 (2023: RMB408,000,000), accounting for approximately 44% (2023: 51%) of the total purchases for the year. The largest supplier accounted for approximately 15% (2023: 16%) of the total purchases for the year.

None of the directors, their respective associates, or any shareholders (which to the knowledge of the directors own more than 5% of the share capital of listed issuer) had any interest in any of the customers or the suppliers disclosed above.

III. NOTES TO OTHER MATERIAL EVENTS

1. Scope of consolidation

During the reporting period, other than the establishment of seven new subsidiaries through acquisition and investment, as well as reduction of two subsidiaries, there was no other significant change in respect of the scope of consolidation.

2. Audit of financial statements for the reporting period by the audit committee

The 2024 audited financial statements is reviewed and confirmed by the audit committee of the Board of the Company.

3. Code on Corporate Governance Practices

During the reporting period, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited. Details of implementation of the Code on Corporate Governance Practices will be set out on the Corporate Governance Report in 2024 Annual Report.

4. Model Code for securities transactions by directors and supervisors

During the reporting period, the Company has adopted a set of code of practice regarding securities transactions by directors and supervisors on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules. Having made specific enquiry to all directors and supervisors of the Company, the Company confirmed that, each of the Directors and supervisors has complied with the required standards regarding securities transactions by directors set out in the Model Code within the 12 months ended 31 December 2024.

5. Share capital

- (1) During the reporting period, there has been no change in the total number of shares of the Company.
- (2) During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.
- (3) During the reporting period, the Company had no share options granted under the share option scheme.

IV. ANNUAL REPORT

This announcement is set out on the websites of the Company (www.cnlaunch.com) and the Stock Exchange (www.hkexnews.hk). The annual report will be published on the aforesaid websites in due course.

By Order of the Board
Launch Tech Company Limited*
Liu Xin
Chairman

Shenzhen, the PRC
25 March 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. Liu Xin (Chairman), Ms. Huang Zhao Huan, Mr. Jiang Shiwen and Mr. Liu Guozhu as executive Directors, Mr. Peng Jian as non-executive Director, and Ms. Zhang Yanxiao, Mr. Bin Zhichao and Ms. He Xujin as independent non-executive Directors.

* *for identification only*