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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)*

PROPOSED BONUS ISSUE OF SHARES AND AMENDMENT OF ARTICLES

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 March 2014 in relation to its annual results for the year ended 31 December 2013. On 30 April 2014, the Board convened a meeting (the “**Board Meeting**”) to propose, among others, the Bonus Issue of Shares on the basis of 4 new Shares for every 1 existing Share to the Shareholders on the register of members of the Company on the Record Date for Bonus Issue of Shares by way of the capitalization of Common Reserves of the Company. The Bonus Issue of Shares shall be subject to the approval by the Shareholders at the AGM and Class Meetings, the approval by the relevant PRC authorities, and the listing of, and the dealing in, the new Bonus H Shares to be issued under the Bonus Issue of Shares having been granted by the Stock Exchange.

At the Board Meeting, the Board further proposed to make amendments to the Articles of Association to reflect the new capital structure of the Company upon completion of the Bonus Issue of Shares and to bring the Articles in line with the current structure of the Board.

2. PROPOSED BONUS ISSUE OF SHARES

At the Board Meeting, the Board proposed that, the Bonus Issue of Shares will be made to the H Shareholders and Domestic Shareholders whose names appear on the registers of members of the Company on the Record Date for Bonus Issue of Shares on the basis of 4 new Shares for every 1 existing Shares held for the H Shareholders and Domestic Shareholders.

* *For identification purpose only*

The Bonus Issue of Shares is subject to the following conditions:

- (i) the passing of a special resolution by the Shareholders at the AGM and at each of the Class Meetings to approve the Bonus Issue of Shares and to authorize the Directors to make corresponding amendments to Article 18 and Article 21 of the Articles of Association to reflect the new capital structure upon the completion of Bonus Issue of Shares;
- (ii) the approval granted by the relevant PRC authorities; and
- (iii) the approval granted by the Stock Exchange for the listing of, and permission to deal in, the new Bonus H Shares to be issued under the Bonus Issue of Shares.

3. STATUS OF THE NEW BONUS SHARES AND FRACTIONAL ENTITLEMENT

The new Bonus Shares will, subject to the Articles of Association, rank *pari passu* in all respects with the H Shares and Domestic Shares, respectively, in issue on the date of the issue of the Bonus Shares. Holders of the Bonus Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Bonus Shares are allotted and issued. Fractional entitlements to the Bonus Shares will not be allotted to the Shareholders and will be aggregated and sold for the benefit of the Company. The Bonus Issue of Shares should not result in any change in the rights or interests of the H Shares traded on the Stock Exchange or the Domestic Shares.

4. EXPECTED TIMETABLE

The expected timetable for the Bonus Issue of Shares is set out below:

| | |
|--|--|
| AGM and Class Meetings | Monday, 16 June 2014 |
| Last day of dealings in H Shares on a cum-entitlement basis | Friday, 27 June 2014 |
| First day of dealings in H Shares on an ex-entitlement basis | Monday, 30 June 2014 |
| Latest time for lodging transfer of shares for entitlement to the Bonus Issue of Shares | Wednesday, 2 July 2014 |
| Book Closure Period (both days inclusive) | Thursday, 3 July 2014 to Tuesday, 8 July 2014 |
| Record Date for Bonus Issue of Shares | Tuesday, 8 July 2014 |
| Register of members of the Company re-opens | Wednesday, 9 July 2014 |
| Share Certificates of Bonus H Shares expected to be despatched on or around | Friday, 8 August 2014 |
| Dealings in the Bonus H Shares expected to commence | Monday, 11 August 2014 |

5. EFFECT TO THE SHAREHOLDING UPON THE COMPLETION OF BONUS ISSUE OF SHARES

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Bonus Issue of Shares (assuming that no other Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date for Bonus Issue of Shares):

| | As at the date of this announcement | | Immediately upon completion of the Bonus Issue of Shares | |
|-----------------|--|-------------|---|-------------|
| | <i>Number of Shares</i> | <i>%</i> | <i>Number of Shares</i> | <i>%</i> |
| Domestic Shares | 33,000,000 | 54.67% | 165,000,000 | 54.67% |
| H Shares | 27,360,000 | 45.33% | 136,800,000 | 45.33% |
| Total | <u>60,360,000</u> | <u>100%</u> | <u>301,800,000</u> | <u>100%</u> |

6. OVERSEAS SHAREHOLDERS

If there is any Overseas Shareholders based on the register of members of the Company as at the Record Date for Bonus Issue of Shares, the Board will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the Company's offering the Bonus H Shares to the Overseas Shareholders.

Overseas Shareholders will not be allotted the Bonus H Shares if the laws of the jurisdiction at which their registered address is located prohibit the Company from allotting the Bonus H Shares to them, or require the Company to comply with any requirements (such as filing of any registration statement or prospectus or other special formalities) which the Directors consider to be impracticable. Instead, the Bonus H Shares otherwise falling to be allotted to them would be sold in the market as soon as practicable after dealings in the Bonus H Shares commence if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholders, by ordinary post at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

7. APPLICATION FOR LISTING

The H Shares are listed on the Stock Exchange. Save for the H shares, no shares of the Company are listed or deal in any other stock exchange. Application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the new Bonus H Shares.

8. REASONS FOR THE BONUS ISSUE OF SHARES

The Board believes that the Bonus Issue of Shares (i) will provide the Company with a wider capital base and therefore increase the marketability of the Shares; and (ii) is a return to the long-term support and care of the Shareholders.

9. PROPOSED AMENDMENT OF ARTICLES

The Board announces that, subject to the approval by the Shareholders at the AGM and/or the Class Meetings (if applicable), amendments are proposed to be made to the Articles to:

- (i) Reflect the new capital structure of the Company upon the completion of the Bonus Issue of Shares; and
- (ii) Bring the Articles in line with the current structure of the Board.

The proposed scope of amendments is as follow (Note: The English version of the Articles and the proposed amendments set out below are an unofficial translation of its Chinese version prepared for reference only. In case of discrepancy between the two versions, the Chinese version shall prevail.):

| Article | Before the amendments | After the amendments |
|---------|---|--|
| 18 | <p>Having been approved by the China Securities Monitoring and Merging Committee the Company has issued 27,360,000 ordinary shares after its incorporation all of which are overseas listed foreign capital shares, representing 45.32% of the Company's Authorised Capital (ordinary shares) at incorporation the par value of each share is RMB1.00 after approval by the governing department of the State Council the par value of each share is subdivided to RMB0.10 and later consolidated to RMB1.00, therefore, the present equity structure of the Company representing 60,360,000 ordinary shares is as follows:</p> <p>(1) Shareholders of domestic capital shares together hold 29,076,100 shares representing 48.17% of the Company's issued share capital. Liu Xin holds 13,200,000 shares representing 21.86% of the Company's issued share capital. Shenzhen Langgu Technology Development Company Limited holds 13,886,400 shares, representing 23.01% of the Company's issued share capital. Shenzhen De Shi Yu Investment Company Limited holds 1,026,100 shares representing 1.70% of the Company's issued share capital, Wang Xua Thi holds 963,600 shares, representing 1.60% of the Company's issued share capital.</p> | <p>Having been approved by the China Securities Monitoring and Merging Committee the Company has issued 27,360,000 ordinary shares after its incorporation all of which are overseas listed foreign capital shares, representing 45.32% of the Company's authorised capital (ordinary shares) at incorporation the par value of each share is RMB1.00 after approval by the governing department of the State Council the par value of each share is subdivided to RMB0.10 and later consolidated to RMB1.00.</p> <p>Having been approved by the shareholders of the Company at the annual general meeting and class meeting on 16 June 2014, the Company has converted the retained profits and common reserves of the Company totalling RMB241,440,000 into paid-up capital and issued 241,440,000 bonus shares of the Company. Following the issuance of bonus shares, the issued share capital of the Company will be 301,800,000 Shares, in which 145,380,500 Shares are held by the domestic shareholders of the Company, representing 48.17% of the issued share capital of the Company.</p> <p>the present equity structure of the Company representing 301,800,000 ordinary shares is as follows:</p> |

| Article | Before the amendments | After the amendments |
|----------------|--|--|
| | <p>(2) Shareholders of foreign capital shares not listed on stock exchange together hold 3,923,900 shares representing 6.5% of the Company's issued share capital, of which: SPX Flow Technology Hong Kong Limited holds 1,646,700 shares representing 2.73% of the Company's issued share capital China Special Situations Holdings (1)(BVI) Limited holds 277,200 shares representing 0.46% of the Company's issued share capital China Special Situations Holdings (2) (BVI) Limited holds 2,000,000 shares representing 3.31% of the Company's issued share capital.</p> <p>(3) Shareholders of foreign capital shares listed outside China together hold 27,360,000 shares representing 45.32% of the Company's issued share capital.</p> | <p>(1) Shareholders of domestic capital shares together hold 145,380,500 shares representing 48.17% of the Company's issued share capital. Liu Xin holds 66,000,000 shares representing 21.87% of the Company's issued share capital. Shenzhen Langgu Technology Development Company Limited holds 69,432,000 shares, representing 23.01% of the Company's issued share capital. Shenzhen De Shi Yu Investment Company Limited holds 5,130,500 shares representing 1.70% of the Company's issued share capital, Wang Xua Thi holds 4,818,000 shares, representing 1.60% of the Company's issued share capital.</p> <p>(2) Shareholders of foreign capital shares not listed on stock exchange together hold 19,619,500 shares representing 6.5% of the Company's issued share capital, of which: SPX Flow Technology Hong Kong Limited holds 8,233,500 shares representing 2.73% of the Company's issued share capital China Special Situations Holdings (1) (BVI) Limited holds 1,386,000 shares representing 0.46% of the Company's issued share capital China Special Situations Holdings (2)(BVI) Limited holds 10,000,000 shares representing 3.31% of the Company's issued share capital.</p> <p>(3) Shareholders of foreign capital shares listed outside China together hold 136,800,000 shares representing 45.33% of the Company's issued share capital.</p> |
| 21 | The registered capital of the Company shall be RMB60,360,000. | The registered capital of the Company shall be RMB301,800,000. |

| Article | Before the amendments | After the amendments |
|----------------|---|---|
| 95 | <p>The Company shall establish the Board of Directors. The Board of Directors shall comprise nine Directors, including four executive Directors (one of which shall be the Chairman), two non-executive Directors and three independent non-executive Directors. The Board of Directors shall have one Chairman and eight Directors.</p> <p>The Directors may also be the Company Manager or other senior management officers. However not more than one half of the total number of Directors of the Company may be such Company. Manager or other senior management officers.</p> | <p>The Company shall establish the Board of Directors. The Board of Directors shall comprise eight Directors, including four executive Directors (one of which shall be the Chairman), one non-executive Director and three independent non-executive Directors.</p> <p>The Directors may also be the Company Manager or other senior management officers. However not more than one half of the total number of Directors of the Company may be such Company. Manager or other senior management officers.</p> |

10. GENERAL

A circular of the Company containing, amongst other things, further information on the Bonus Issue of Shares and the proposed amendments of Articles, together with notices convening the AGM and Class Meetings, in accordance with the requirements under the Listing Rules, and a supplemental circular together with a supplemental notice of AGM and a second proxy form both dated 30 April 2014, are despatched to the Shareholders on the date of this announcement.

DEFINITIONS

| | |
|---|---|
| “AGM” | the annual general meeting of the Company to be convened and held on Monday, 16 June 2014 at 11:00 a.m. |
| “Articles” or “Articles of Association” | the articles of association of the Company as amended from time to time |
| “Board” | the board of Directors of the Company |
| “Bonus Domestic Shares” | new unlisted Domestic Shares to be allotted and issued under the Bonus Issue of Shares |
| “Bonus H Shares” | new H Shares to be allotted and issued under the Bonus Issue of Shares |

| | |
|---------------------------|---|
| “Bonus Issue of Shares” | the issue of 4 new Shares for every 1 existing Share to the Shareholders on the register of members of the Company on the Record Date for Bonus Issue of Shares by way of the capitalization of Common Reserves of the Company, which is to be approved by the Shareholders at the AGM and the Class Meetings |
| “Bonus Shares” | Bonus Domestic Shares and Bonus H Shares |
| “Common Reserves” | Common Reserves (資本公積金) of the Company |
| “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 |
| “Class Meetings” | the class meeting for H Shareholders to be held immediately after the conclusion of the AGM and the class meeting for Domestic Shareholders to be held immediately after the conclusion of the said class meeting of H Shareholders |
| “Director(s)” | the director(s) of the Company |
| “Domestic Shares” | domestic share(s) of RMB1.00 each in the share capital of the Company which are subscribed for in RMB |
| “Domestic Shareholders” | Holders of the Domestic Shares |
| “H Shares” | the overseas listed foreign invested share(s) of RMB1.00 each in the share capital of the Company which are listed on the Main Board and subscribed for and traded in HK\$ |
| “H Shareholders” | Holders of the H Shares |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” or “HKD” | Hong Kong Dollar, the lawful currency of Hong Kong |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Overseas Shareholder(s)” | Shareholder(s) whose address(es) as stated in the register of H Shareholders is/are outside Hong Kong |
| “PRC” | the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |

| | |
|---|---|
| “Record Date for Bonus Issue of Shares” | Tuesday, 8 July 2014, being the record date for determination of entitlements to the Bonus Issue of Shares; |
| “RMB” | Renminbi the lawful currency of the PRC |
| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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

Shenzhen, the PRC
30 April 2014

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 as non-executive Director, and Mr. Pan Zhongmin, Mr. Liu Yuan and Dr. Zou Shulin as independent non-executive Directors.