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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)*

DISTRIBUTION OF SPECIAL DIVIDEND OF H SHARES FOR THE TWO MONTHS ENDED 28 FEBRUARY 2018 AND THE WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE HOLDERS OF OVERSEAS H SHARES AND INDIVIDUAL INCOME TAX FOR INDIVIDUAL HOLDERS OF OVERSEAS H SHARES

The Board resolved on 4 April 2018 to recommend the distribution of Special Dividend of H shares for the two months ended 28 February 2018 and would like to make the following statement with regard to the payment of the Special Dividend and the withholding and payment of enterprise income tax for non-resident enterprise holders and individual income tax for individual holders of overseas H Shares in respect of the Special Dividend.

DISTRIBUTION OF SPECIAL DIVIDEND OF H SHARES FOR 2018

The board of directors (the “**Board**”) of Launch Tech Company Limited. (the “**Company**”) resolved on 4 April 2018 to recommend the distribution of Special dividend of RMB0.25 (tax inclusive) per Share for the two months ended 28 February 2018 (the “**Special Dividend**”). The Special Dividend will be distributed on or before 8 June 2018 to holders of the overseas listed foreign shares of the Company (the “**H Shares**”) whose names appear on the register of members of the Company on 26 April 2018.

The method of payment of the dividend by the Company is as follows:

- (1) In accordance with the relevant requirements and the articles of association of the Company (the “**Articles of Association**”), dividend payable to holders of H Shares shall be calculated in Renminbi and paid in Hong Kong dollars. The following conversion formula shall apply:

$$\begin{array}{l} \text{Dividend in} \\ \text{Hong Kong Dollar} \end{array} = \frac{\text{Dividend in Renminbi}}{\text{Average mean price in Hong Kong Dollar published daily by The People's Bank of China over a period of one calendar week prior to the declaration of the dividend}}$$

For the purpose of the Special Dividend, the date of declaration is 4 April 2018. The average mean price of one Hong Kong dollar published daily by The People's Bank of China over a period of one calendar week prior to the declaration of the dividend (i.e. 28 March 2018 to 3 April 2018) is RMB0.801040. Applying that average price to the above formula, the dividend for each H Share is HK\$0.312094.

- (2) Pursuant to the Articles of Association, the Company has appointed Bank of China (Hong Kong) Trustees Limited (the “**Receiving Agent**”), which is registered as a trust company under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong), to receive on behalf of holders of H Shares dividend declared in respect of the H Shares. The dividend warrants of the H Shares will be issued by the Receiving Agent and will be posted by ordinary mail to holders of H Shares at their own risk on or before 8 June 2018.

According to the Articles of Association, for the purpose of identifying holders of H Shares who are entitled to receive the Special Dividend, the register of members of H Shares of the Company will be closed from 21 April 2018 to 26 April 2018 (both days inclusive) during which period no registration of transfer of H Shares will be effected. In order to qualify for the Special Dividend mentioned above, holders of H Shares whose transfers have not been registered must lodge the transfer forms and the relevant share certificates at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), for registration no later than 4:30 p.m. on 20 April 2018.

THE WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE HOLDERS AND INDIVIDUAL INCOME TAX FOR INDIVIDUAL HOLDERS OF OVERSEAS H SHARES IN RESPECT OF THE SPECIAL DIVIDEND

The Board would like to make the following statement with regard to the withholding and payment of income tax for non-resident enterprise holders and individual holders of overseas H Shares in respect of the Special Dividend.

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (collectively, the “**Enterprise Tax Law**”) which came into effect on 1 January 2008 and the relevant requirements of the tax supervisory authorities of the People's Republic of China (the “**PRC**”, and the geographical reference in this announcement to the PRC excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan), including, among others, the “Notification of Issues in relation to the Withholding and Payment of Enterprise Income Tax for Payment of Dividend to H Shareholders who are Overseas Non-resident Enterprises by Chinese Resident Enterprises” (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), the Company is required to withhold 10% enterprise income tax when it distributes the Special Dividend to all non-resident enterprise shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organisations, who will be deemed as non-resident enterprise shareholders) whose names appeared on the H Share register of members of the Company on 26 April 2018. The term “non-resident enterprise(s)” when used in this announcement has the same meaning as defined under the Enterprise Tax Law and its relevant rules and regulations.

According to the “Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income” (Guo Shui Fa [1993] No. 45) (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993]45號)) (the “**No. 45 Circular**”) issued by the State Administration of Taxation of the PRC (the “**State Administration of Taxation**”), individual foreigners who were holders of H Shares were temporarily exempted from PRC individual income tax for the dividends (bonus) paid by domestic enterprises which issued such H Shares. The No. 45 Circular was repealed by the State Administration of Taxation under the “Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents” (《關於公佈全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》) dated 4 January 2011. On 28 June 2011, the State Administration of Taxation of the PRC issued the “Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document” (Guo Shui Han [2011] No.348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) (the “**No. 348 Circular**”). Pursuant to the No. 348 Circular, overseas resident individual shareholders holding the shares of a PRC non-foreign-invested enterprise is entitled to the relevant favourable tax treatments pursuant to the provisions in the tax treaties between the country(ies) in which they are domiciled and the PRC, and the tax arrangements between the PRC and Hong Kong or Macau. Pursuant to the No. 348 Circular, individual income tax at a tax rate of 10% may in general be withheld in respect of the dividend or bonus income to be distributed by the PRC non-foreign-invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders, without any application for favourable tax treatments. However, the tax rate for each overseas resident individual shareholder may vary depending on the relevant tax agreements between the countries of their domicile and the PRC.

Pursuant to the No. 348 Circular, the Board hereby announces that, unless otherwise required or provided by relevant tax regulations, agreements, notices or the supervisory authority, the Company will withhold 10% of the Special Dividend to be distributed to the individual shareholders who are holders of H Shares and whose names appear on the register of members of H Shares on 26 April 2018 (the “**Individual H Shareholders**”) as individual income tax, and pay such tax on behalf of the Individual H Shareholders to the relevant PRC tax authorities.

If an Individual H Shareholder considers that his/her individual income tax withheld by the Company does not comply with the tax rate stipulated in the tax treaties between country(ies) or region(s) in which he/she is domiciled and the PRC, he/she should lodge an authorisation letter together with the reporting material relating to his/her residency of the related country or region, to Computershare Hong Kong Investor Services Limited, the H Share registrar and transfer office of the Company in a timely manner, which will be submitted to the competent tax authority by the Company for subsequent taxation handling.

If non-resident enterprise shareholders or overseas resident individual shareholders of the Company have any queries on the above arrangements, they should seek advice from their tax advisors on the tax impact in the PRC, Hong Kong and other country(ies) or region(s) in relation to the holding and disposing of H Shares.

Investors and potential investors of the H Shares are recommended by the Company to consult professional tax advisors if they are in any doubt as to the implications of the abovementioned mechanism of withholding and payment of enterprise income tax and individual income tax. The Company assumes no liability whatsoever in respect of and will not entertain any requests or claims arising from any inaccurate determination of or untimely change in the status of the shareholders or any disputes over the abovementioned withholding and payment of enterprise income tax and individual income tax.

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

Shenzhen, the PRC, 6 April 2018

* *for identification purpose only*

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 Ms. Zhang Yan, Mr. Liu Yuan and Mr. Ning Bo as independent non-executive directors.