

INTERIM  
REPORT  
2021

深圳市元征科技股份有限公司  
LAUNCH TECH COMPANY LIMITED



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# LAUNCH

## 深圳市元征科技股份有限公司

### LAUNCH TECH COMPANY LIMITED\*

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2488)**

#### 2021 INTERIM REPORT

The board of directors (the “Board”) of Launch Tech Company Limited (the “Company”) hereby announces the unaudited consolidated result of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Reporting Period”) prepared in accordance with

China Accounting Standards for Business Enterprises:

#### I. FINANCIAL INFORMATION

(All amounts in RMB'000 unless otherwise stated)

#### CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<b>30 June 2021</b>	31 December 2020 (Audited)
<b>Current assets:</b>			
Bank balances and cash		342,786	396,936
Bills receivable		30,260	45,073
Accounts receivable	4	128,670	125,731
Accounts receivable financing		43,728	25,010
Prepayments		53,085	40,075
Other receivables		51,105	21,328
Inventories	5	208,642	159,383
Other current assets		26,886	18,775
Total current assets		885,162	832,311
<b>Non-current assets:</b>			
Long-term equity investment		2,078	2,180
Investment in other equity instruments		5,297	3,111
Investment Property		61,266	63,753
Fixed assets		202,988	212,940
Construction in progress		210,357	190,605
Right-in-use assets		5,121	5,121
Intangible assets		113,596	84,223
Goodwill		1,139	1,139
Deferred income tax assets		5,136	5,136
Other non-current assets		4,439	470
Total non-current assets		611,417	568,678
Total assets		1,496,579	1,400,989

\* For identification purpose only

	<i>Notes</i>	<b>30 June 2021</b>	31 December 2020 (Audited)
<b>Current liabilities:</b>			
Short-term borrowings		<b>267,492</b>	275,838
Bills payable		<b>80,000</b>	132,857
Accounts payable	6	<b>149,653</b>	135,088
Contract liabilities		<b>160,022</b>	101,318
Employee remuneration payable		<b>2,470</b>	10,794
Tax payables		<b>8,336</b>	4,271
Other payables		<b>66,003</b>	16,652
Non-current liabilities due within one year		<b>2,907</b>	2,907
Other current liabilities		<b>46,816</b>	53,575
		<hr/>	<hr/>
Total current liabilities		<b>783,699</b>	733,300
		<hr/>	<hr/>
<b>Non-current liabilities:</b>			
Non-current liabilities due within one year		<b>2,605</b>	2,605
Deferred income		<b>10,579</b>	11,268
Deferred tax liabilities		<b>188</b>	188
		<hr/>	<hr/>
Total non-current liabilities		<b>13,372</b>	14,061
		<hr/>	<hr/>
Total liabilities		<b>797,071</b>	747,361
		<hr/>	<hr/>
<b>Shareholders' equity:</b>			
Share capital		<b>432,217</b>	432,217
Capital reserve		<b>410,939</b>	410,939
Other comprehensive income		<b>-7,478</b>	-6,604
Surplus reserve		<b>41,037</b>	41,037
Undistributed profit	7	<b>-177,207</b>	-224,189
		<hr/>	<hr/>
Total owners' equity attributable to parent company		<b>699,508</b>	653,399
Minority shareholders' equity		<b>-</b>	229
		<hr/>	<hr/>
Total shareholders' equity		<b>699,508</b>	653,628
		<hr/>	<hr/>
Total liabilities and shareholders' equity		<b>1,496,579</b>	1,400,989
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## CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	Notes	2021	2020
<b>Operating income</b>	3	<b>641,636</b>	390,758
Less: Operating costs		<b>384,550</b>	218,207
Tax and surcharge		<b>4,780</b>	3,777
Selling expenses		<b>49,902</b>	49,089
Administrative expenses		<b>37,945</b>	37,261
R&D expenses		<b>103,890</b>	102,291
Finance costs		<b>8,868</b>	6,922
Other revenue		<b>11,156</b>	11,896
Gain in investment		<b>48</b>	–
Impairment loss on assets and credit		<b>14,214</b>	10,067
<b>Operating profit</b>		<b>48,691</b>	-24,960
Add: Non-operating income		<b>1,838</b>	467
Less: Non-operating expenses		<b>2,025</b>	280
<b>Total profit</b>		<b>48,504</b>	-24,773
Less: Income tax expenses	8	<b>1,750</b>	1,206
<b>Net profit</b>		<b>46,754</b>	-25,979
Net profit attributable to owners of parent company		<b>46,754</b>	-25,979
Profit or loss attributable to minority shareholders		–	–
<b>Earnings per share:</b>			
Basic earnings per share (RMB)	9	<b>0.108</b>	-0.060

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

Financial information in this announcement was extracted from the unaudited financial statements (the “Financial Statements”) published in the 2021 Interim Report.

The Company carried out recognition and measurement on a going concern and actual transaction and event basis in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations (hereafter referred to as “the Accounting Standards for Business Enterprises”), in combination with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (amended in 2014) issued by the China Securities Regulatory Commission (CSRC) and prepared the Financial Statements. The accounting policies are consistent with those adopted in the preparation of the Group’s 2020 annual results.

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 Reporting Period is from 1 January to the six months ended 30 June 2021.

#### (2) Reporting currency

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

#### (3) Method of preparing consolidated financial statements

*All subsidiaries were included in the consolidated financial statements*

The subsidiaries that are within the scope of the consolidation shall have the same accounting policies and the accounting periods with those of the Company. In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting periods of the Company. 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 and after the long-term equity investments in the subsidiaries are adjusted in accordance with the equity method. 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.

### 3. OPERATING INCOME

Income 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.

	<b>For the six months ended 30 June</b>	
	<b>Current year</b>	Previous year
Revenue from main operations	<b>615,489</b>	373,364
Revenue from other operations: rent	<b>26,147</b>	17,394
	<b>641,636</b>	390,758

### 4. ACCOUNTS RECEIVABLE

#### 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.

	<b>At the period end</b>	At the beginning of the year
Accounts receivables	<b>221,485</b>	210,122
Less: provision for bad debts	<b>92,815</b>	84,391
<b>Net amount</b>	<b>128,670</b>	125,731

#### Aging

Within 1 year	<b>160,335</b>	113,724
Over 1 year	<b>61,150</b>	96,398
	<b>221,485</b>	210,122

## 5. INVENTORIES

	<b>At the period end</b>	At the beginning of the year
Raw materials	23,858	17,344
Work in progress	4,779	3,198
Finished goods	<u>180,005</u>	<u>138,841</u>
	<u><b>208,642</b></u>	<u><b>159,383</b></u>

## 6. ACCOUNTS PAYABLE

<b>Aging</b>	<b>At the period end</b>	At the beginning of the year
Within 1 year	143,443	129,528
Over 1 year	<u>6,210</u>	<u>5,560</u>
	<u><b>149,653</b></u>	<u><b>135,088</b></u>

## 7. UNDISTRIBUTED PROFITS

### Current year

	<b>Amount</b>
<b>As at the beginning of the period</b>	-224,189
Add: net profit attributable to owners of parent company in the current period	46,754
Transfer to retained profit	<u>228</u>
<b>As at the end of the period</b>	<u><b>-177,207</b></u>

## 8. INCOME TAX EXPENSE

	<b>Applicable tax rate</b>
The Company	15%
Launch Software	15%
Shanghai Launch	25%
Launch Europe Gmbh	19%
Golo IOV	15%
Xi'an Launch	25%
PJS	15%
Launch International	16.5%
Nanjing Launch	25%
SLH	25%
NJG	25%
Hainan Launch	25%
Launch Italy Gmbh	24%
YXLH	25%
Launch Information	25%

## 9. EARNINGS PER SHARE

### (1) Basic earnings per share

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

<b>Items</b>	<b>Current year</b>	Previous year
Consolidated net profit for holder of ordinary shares of the parent company	<b>46,754,000</b>	-25,979,000
Average weighted number of outstanding ordinary shares of the parent company	<b>432,216,600</b>	432,216,600
Basic earnings per share (RMB/share)	<b>0.108</b>	-0.060
After adjustment (RMB/share)	<b>0.108</b>	-0.060

### (2) Diluted earnings per share

As there was no ordinary share with dilutive potential for the year 2021 and 2020, thus no diluted earnings per share is presented.



## 10. DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2021 (2020: Nil).

## 11. SUBSIDIARIES

Name of the corporation	Shareholding	Business nature	Registered capital
Shanghai Launch Mechanical Equipment Co., Ltd. (“Shanghai Launch”)	100%	Manufacturing of equipment and machines for maintenance of automobiles	USD18,000,000
Launch Software Development Co., Ltd. (“Launch Software”)	100%	Software development	RMB40,000,000
Launch Europe GmbH	100%	Sales of LAUNCH products	EURO25,564.59
Xi’an Launch Software Technology Co., Ltd. (“Xi’an Launch”)	100%	Software development	RMB100,000,000
Shenzhen Golo Internet of Vehicle Data Technology Co., Ltd. (“Golo Internet”)	100%	Automotive warranty equipment industry	RMB10,000,000
Shenzhen PengJuShu Information Technology Co., Ltd. (“PJS”)	100%	Technology development	RMB2,000,000
Launch Tech International Co., Ltd. (“Launch International”)	100%	Automotive warranty equipment industry	HKD50,000
Nanjing Launch Intelligent Technology Co., Ltd. (“Nanjing Launch”)	100%	Technology development	RMB50,000,000
Shenzhen Launch Future Auto Technology Co., Ltd. (“Launch Future” previously known as “SLH”)	100%	Technology research and development	RMB1,000,000
Nanjing Golo Big Data Technology Co., Ltd. (“NJG”)	100%	Software and information technology services	RMB10,000,000
Launch Italy GmbH	100%	Software and information technology services	EURO50,000.00
Hainan Launch Education Technology Co., Ltd. (“Hainan Launch”)	70%	Software and information technology services	RMB10,000,000
Shenzhen Yuan Xiang Li Heng Technology Co., Ltd. (“YXLH”)	100%	Software and information technology services	RMB1,000,000
Shenzhen Launch Information Technology Development Co., Ltd. (“Launch Information”)	100%	Software and information technology services	RMB5,000,000

## 12. CONTINGENT LIABILITY

At the end of the Reporting Period, the Company did not have any significant contingent liability.

**13. PLEDGE OF ASSETS**

As at 30 June 2021, the Company pledged land, properties and buildings with original value approximately amounting to 285,000,000 for certain bank borrowings.

**14. CAPITAL AND OPERATING COMMITMENT**

As at 30 June 2021, the Company did not have any significant capital and lease commitment.

**15. POST-BALANCE SHEET EVENT**

There is no material post-balance sheet event which is required to be disclosed but has not been disclosed.

## **II. MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the six months ended 30 June 2021, the Group's revenue was approximately RMB642,000,000, representing an increase of approximately 64% from RMB391,000,000 in the corresponding period last year. The increase in revenue was mainly attributable to the full strength of the e-commerce channels and the significant growth in overseas offline sales. Of which, sales revenue from e-commerce channels was RMB178,00,000, representing an increase of approximately 153% from RMB70,000,000 in the corresponding period last year; and sales revenue from overseas offline sales was RMB233,000,000, representing an increase of approximately 52% from RMB154,000,000 in the corresponding period last year.

For the six months ended 30 June 2021, the Group's gross profit was approximately RMB257,000,000, representing an increase of approximately 49% from the corresponding period last year, while the consolidated gross profit margin decreased by 4.1% to approximately 40.1%. The decrease in gross profit margin was mainly attributable to the global shortage of semiconductors, high freight rate and significant increases in price of raw materials including chips, which led to higher costs since the beginning of the year.

For the six months ended 30 June 2021, the Group's net profit attributable to equity holders of the parent company was RMB47,000,000, compared to net loss of RMB26,000,000 in the same period last year. The significant increase in net profit turning loss into profit was mainly attributable to the increase in gross profit. The net profit margin was approximately 7.3%, compared to -6.6% in the same period last year.

### **BUSINESS REVIEW**

In the first half of 2021, the global economic recovery was generally positive, with the continuous implementation of quantitative easing policies in many countries and in-depth regional trade cooperation, the world ushered a restorative growth.

As the first major economy in the world to recover from the impact of the pandemic, China's economy continued to recover steadily with improving production trends. According to the data released by the National Bureau of Statistics, China's GDP in the first half of 2021 was RMB5.32 billion, increased by 12.7% year-on-year, demonstrating strong resilience and vigor. In terms of overseas, benefitting from higher vaccination rates and massive financial support measures, developed economies were able to ease their social distancing restrictions and gradually get their economic development on track, with major developed countries in Europe and the United States all recording year-on-year GDP growth in the first half of 2021. However, some emerging markets and developing economies are still suffering from the COVID-19 pandemic, which is providing opportunities for new waves of outbreaks and mutated viruses, and the accompanying restrictions are acting as a stumbling block to economic recovery. Despite the markedly divergent and uneven economic recovery, the overall automotive market performed well in 2021. According to the statistics in the Global Automotive Production and Sales Database of the GGII, the global vehicle sales volume in the first half of 2021 was approximately 40.97 million units, increased by 26% year-on-year. Benefitting from the recovery of the automobile market and steady growth in global major economies, the Group's sales revenue for the first half of 2021 increased by 64% over the corresponding period last year to RMB642,000,000.

Despite the pandemic, the Group insisted on seeking to develop amid stability, focusing on our existing strengths and core competencies, looking to the global market with a foothold in China, and strategically seizing the opportunities presented by the development of cross-border e-commerce channels, thus ensuring that we achieved better results in the first half of 2021. We believe that in the post-pandemic era, the Group will strive for better results through continuous efforts.

### **Automotive diagnostic equipment**

For the six months ended 30 June 2021, the automotive diagnostic equipment segment recorded a revenue of RMB429,000,000, representing an increase of 73% over the same period last year, and the segment accounted for 67% of the total revenue of the Group. Of which, revenue from e-commerce channels was RMB176,000,000, increased by 153% year-on-year; revenue from overseas offline channels was RMB166,000,000, increased by 95% year-on-year. During the period, the new generation of high-end Pad VII has been successfully unveiled, with further upgraded hardware configuration and performance, faster-running speed, more storage space, higher recognition rate and accuracy, as well as support for advanced functions such as dual Wifi wireless full-function diagnosis, super remote diagnosis, topography, intelligent maintenance guide, etc., with expandable modules for oscilloscopes, sensors, borescopes, tire pressure guns, ADAS calibration, etc., comprehensively driving up product unit price and user experience. The tire pressure monitoring sensors self-developed by Launch have been successively mass-produced and have opened the Europe and America markets. While steadily optimizing and upgrading its core products, the Company has been actively expanding new businesses: we have developed the “Cloud Diagnosis” (雲診車) function in collaboration with international giants to conduct comprehensive health checks on major vehicle systems and generate pre-screening reports to provide warning and maintenance reminders for major vehicle faults. The Company also launched the GII anti-theft programming device, which can quickly read and write car key chip data to support the anti-theft diagnostic business.

### **Lift and OEM equipment segments**

For the six months ended 30 June 2021, lift and OEM equipment segments recorded revenue of RMB141,000,000, representing an increase of 47% over the same period last year, and the segment accounted for 22% of the total revenue of the Group. The increase in revenue was mainly attributable to the increase in the unit price of life products and the increase in sales volume of OEM products. However, the average gross profit margin of this segment dropped by 10 percentage points year-on-year to 5% due to the high cost of lifts and the reduction in the proportion of high gross margin products shipped as a result of the significant increase in steel prices. In the future, the Group will continue to reduce the production capacity of the low-margin lift business and streamline the product range to increase the average unit price of products. In terms of OEM equipment, the Group will fully utilize its brand and channel advantages to steadily improve its products while actively developing new products in line with market demand, striving to become an industry-leading one-stop supplier of the auto body equipment.

## **Diagnostic software**

For the six months ended 30 June 2021, the diagnosis software segment recorded a revenue of RMB29,000,000, representing an increase of 42% over the same period last year, and the segment accounted for 4% of the total revenue of the Group. Further optimization of the software store improved the user experience for software purchase and renewal, and the implementation of the proactive push marketing strategies on the device significantly increased the willingness of end-users to upgrade and renew their subscriptions. Besides, the successful promotion and application of smart pricing and the year-on-year growth in-stock equipment also contributed to the Group's diagnose software business throughout the year, with its software business revenue rising significantly.

## **Big data segment**

For the six months ended 30 June 2021, the big data platform of the Group collected approximately 110 million vehicle diagnostic reports, and a total of 760 million maintenance diagnostic reports were accumulated, representing an increase of 17% from the end of last year.

## **Patent of core technologies**

As of 30 June 2021, the Group has accumulatively obtained 533 patents authorised by the State, including 407 invention patents; 2,713 patents were pending in application, including 2,481 invention patents, 247 certified software copyrights; and 339 PCT patents.

## **PROSPECTS AND FUTURE STRATEGIES**

Looking ahead to the second half of 2021, the post-pandemic era will continue to affect people's consumption and lives, and the market environment will continue to be affected by uncertainties including the slowdown in global economic growth and trade frictions between the United States and China. Yet, we remain confident and optimistic about the medium to long-term prosperity of China's economy and are firmly convinced of the epoch-making opportunities brought by the electrification, interconnection, intelligence, and sharing of the automobile industry. We believe that the impact of rising raw material prices will gradually fade in the second half of the year, except for the shortage of chips, which will remain unresolved in the near term and affect the order delivery of the Group in the second half of the year. The Group will closely monitor the market and industry trends, focus on business transformation and innovation, and advance its R&D and market plans. Meanwhile, the Group will actively embark on strategic procurement reserves as well as management and control of the supply chain to ensure product supply. The Group will achieve steadily sustainable growth by seizing development opportunities amidst challenges.

The Group will:

1. maintain a high proportion of R&D investment to maintain product diversification while continuing to develop new products with high margins and high demand by leveraging on its strong R&D capabilities;
2. plan actively for the new energy business, expedite the nurturing and growth of new businesses with a focus on new growth areas;
3. continue to expand its global business, increase the proportion of overseas market revenue and market share;
4. deepen and refine management to integrate internal and external resources and continuously improve the quality of operations.

## FINANCIAL ANALYSIS

Analysis of financial status during the Reporting Period is as follows:

### *Profit position*

Analysis of profit changes in the first half of the year compared with the same period last year is as follows (in RMB million):

Increase in gross profit due to the increase in sales	84
Increase in credit impairment	-4
Increase in expenses	-7
	<hr/>
	73
	<hr/> <hr/>

The Group's sales revenue was low in the same period last year, mainly due to the decline in the proportion of overseas business revenue. Due to the substantial increase in R&D expenses as the Company is in the transformation phase in terms of product structure, business model and competitive strategy. Affected by the pandemic, companies have difficulties in business operations and increased credit risk, which has led to large provision for that period.

The increase in current period's revenue was mainly attributable to the full strength of the e-commerce channels and the significant growth in overseas offline sales; notwithstanding the decrease in gross profit margin with higher costs resulting from global shortage of semiconductors, high freight rate and significant increases in price of raw materials including chips, since the beginning of the year, it still can generate remarkable gross profit.

<b>Other income and expenses (RMB million)</b>	<b>Current year</b>	Previous year
Rental income	<b>26</b>	17
Interest income	<b>0.5</b>	0.7
Interest expense	<b>5</b>	8
Depreciation and amortisation	<b>15</b>	12

### ***Position of assets, liabilities and equity interests***

Total assets value amounted to RMB1,497,000,000 during the Reporting Period, representing a decrease of 6% from the beginning of the year, which was mainly due to the increase in inventories, construction in progress and intangible assets. Total liabilities amounted to RMB797,000,000, decreased by 6% as compared with the beginning of the year, mainly due to decrease in contracted liabilities and other liabilities including other payables. Total equity interest attributable to shareholders amounted to RMB700,000,000. As at the end of the period, the Company's gearing ratio (total liabilities/interest attributable to shareholder) was 1.14 (At the beginning of the period: 1.14).

### **Principal Sources and Usage of Fund**

During the Period, cash has decreased by approximately RMB54,000,000.

#### ***Cash flows from operating activities***

The Company's cash inflow from operating activities during the Reporting Period was mainly derived from revenue of goods selling. Cash outflow was mainly related to production and operating activities. The Company's net cash outflow from operating activities for the Reporting Period amounted to RMB9,000,000.

#### ***Cash flows from investing activities***

Cash inflow from investing activities during the Reporting Period was insignificant. Net cash outflow from investing activities amounted to RMB35,000,000, which was mainly used for capital expenditure on purchase of plant facilities and R&D. The above expenditures were mainly financed by the Company's internal resources.

#### ***Cash flows from financing activities***

Net cash outflow from financing activities during the Reporting Period amounted to RMB10,000,000 and mainly relating to repayment of bank loans and interests.

### **III. NOTES TO OTHER MATERIAL EVENTS**

#### **1. Scope of consolidation**

During the Reporting Period, there was no other material change in respect of the consolidation except for the newly added subsidiaries YXLH and Launch Information.

#### **2. Review of financial statements for the Reporting Period by the audit committee**

The 2021 interim financial statements has been 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 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited.

#### **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 in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors and supervisors, 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 6 months ended 30 June 2021.

#### **5. Pre-emptive rights**

There are no provisions for pre-emptive rights under the Company’s articles of association, the laws of the PRC, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

#### **6. Major clients and suppliers**

Total revenue from the top five customers of the Company was approximately RMB192,000,000, accounting for approximately 31% of total revenue for the period. The largest customer accounted for approximately 10% of the total revenue for the period.

Total purchases from top five suppliers of the Company amounted to RMB142,000,000, accounting for approximately 34% of the total purchases for the period. The largest supplier accounted for approximately 17% of the total purchases for the period.

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 five largest customers or the five largest suppliers.



## 7. Share capital

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares or had any share options granted under the share option scheme.

## IV. 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 2021, 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 they are 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	79,200,000	31.23%	17.58%
	Interest in a controlled company	59,318,400	23.39% (Note 1)	13.17%
	Interest in a controlled company	11,938,200	4.71% (Note 2)	2.65%
	Interest in a controlled company	35,160,000	13.87%	7.80%
Mr. Liu Jun	Interest in a controlled company	59,318,400	23.39% (Note 4)	13.17%

*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 23.39% 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 23.39% 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.
- (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 4.71% 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 4.71% 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) Shenzhen Yuan Zhong Cheng You Consultancy Limited Partnership (Limited Partnership)\* (深圳市元眾成有諮詢有限合夥(有限合夥)) (“Shenzhen Yuan Zhong”) is a limited partnership established in PRC and controlled by Mr. Liu Xin for holding 35,160,000 Domestic Shares. The general partner of Shenzhen Yuan Zhong is Mr. Liu Xin and the limited partner of Shenzhen Yuan Zhong is Shenzhen Gu Lu Yun Intelligent Technology Co., Ltd.\* (深圳市韜龍雲智能科技有限公司), which is a PRC limited company wholly owned by Mr. Liu Xin.
- (4) Mr. Liu Jun holds 40.00% interest in Shenzhen Langqu which holds approximately 23.39% 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 23.39% 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 23.39% interest in the issued domestic shares of the Company.

Save as disclosed above, as at 30 June 2021, 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 and substantial shareholders who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

So far as known to the Directors, as at 30 June 2021, 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 5% 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:



# 元征 LAUNCH

深圳市元征科技股份有限公司  
LAUNCH TECH COMPANY LIMITED

於中華人民共和國註冊成立之股份有限公司  
A Joint Stock Limited Company Incorporated  
In The People's Republic Of China With Limited Liability

股份代號：HK2488  
STOCK CODE：HK2488

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