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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)

2023 INTERIM RESULT ANNOUNCEMENT

Highlights:

Turnover: RMB721,000,000, increased by 31%

Net profit: RMB65,000,000 increased by 58%

Earning per share: RMB0.15

Interim dividend declared: RMB0.34 per share

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 2023 (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>	30 June 2023	31 December 2022 (Audited)
Current assets:			
Bank balances and cash		616,541	525,484
Trading financial assets		22,022	24
Bills receivable		37,433	20,477
Accounts receivable	4	204,603	174,544
Accounts receivable financing		19,096	3,632
Prepayments		37,082	38,341
Other receivables		72,492	319,531
Inventories	5	236,347	243,371
Other current assets		22,742	46,496
		<hr/>	<hr/>
Total current assets		1,268,358	1,371,901
		<hr/>	<hr/>
Non-current assets:			
Long-term equity investment		5,047	4,573
Investment in other equity instruments		17,474	5,485
Investment Property		51,318	53,805
Fixed assets		113,225	118,060
Construction in progress		295,389	255,028
Right-in-use assets		17,639	14,282
Intangible assets		64,487	73,367
Goodwill		63,632	66,834
Long-term deferred expenditure		557	498
Deferred income tax assets		11	7
Other non-current assets		174	22,774
		<hr/>	<hr/>
Total non-current assets		628,953	614,713
		<hr/>	<hr/>
Total assets		1,897,311	1,986,614
		<hr/>	<hr/>

CONSOLIDATED BALANCE SHEET (continued)

	<i>Notes</i>	30 June 2023	31 December 2022 (Audited)
Current liabilities:			
Short-term borrowings		137,776	237,387
Bills payable		–	70,126
Accounts payable	6	187,713	172,841
Contract liabilities		97,983	93,338
Employee remuneration payable		12,856	26,709
Tax payables		14,959	18,859
Other payables		36,647	21,568
Non-current liabilities due within one year		25,917	24,514
Other current liabilities		<u>38,572</u>	<u>29,665</u>
 Total current liabilities		 <u>552,423</u>	 <u>695,007</u>
Non-current liabilities:			
Long-term borrowings		185,665	202,142
Non-current liabilities due within one year		11,563	9,804
Deferred income		8,257	7,570
Deferred tax liabilities		<u>138</u>	<u>138</u>
 Total non-current liabilities		 <u>205,623</u>	 <u>219,654</u>
 Total liabilities		 <u>758,046</u>	 <u>914,661</u>
Shareholders' equity:			
Share capital		432,217	432,217
Capital reserve		411,682	411,682
Other comprehensive income		(6,973)	(9,248)
Surplus reserve		41,178	41,178
Undistributed profit	7	<u>260,932</u>	<u>195,895</u>
 Total owners' equity attributable to parent company		 <u>1,139,036</u>	 1,071,724
Minority shareholders' equity		<u>229</u>	<u>229</u>
 Total shareholders' equity		 <u>1,139,265</u>	 <u>1,071,953</u>
 Total liabilities and shareholders' equity		 <u><u>1,897,311</u></u>	 <u><u>1,986,614</u></u>

CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	<i>Notes</i>	2023	2022
Operating income	<i>3</i>	721,153	549,331
Less: Operating costs		438,394	333,372
Tax and surcharge		4,175	6,446
Selling expenses		83,868	47,193
Administrative expenses		47,224	35,132
R&D expenses		82,105	85,815
Finance costs		2,005	1,572
Other revenue		14,795	8,320
Gain in investment		1,003	(579)
Impairment loss on assets and credit and loss on fair value change		12,127	4,819
Operating profit		67,053	42,723
Add: Non-operating income		336	172
Less: Non-operating expenses		242	348
Total profit		67,147	42,547
Less: Income tax expenses	<i>8</i>	2,110	1,347
Net profit		65,037	41,200
Profit or loss attributable to minority shareholders		–	(4)
Net profit attributable to owners of parent company		65,037	41,204
Earnings per share:			
Basic earnings per share (RMB)	<i>9</i>	0.150	0.095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

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 2021 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 2023.

(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.

	For the six months ended 30 June	
	Current year	Previous year
Revenue from main operations	697,359	525,016
Revenue from other operations: rent	23,794	24,315
	<u>721,153</u>	<u>549,331</u>

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.

	At the period end	At the beginning of the year
Accounts receivables	241,055	202,368
Less: provision for bad debts	36,452	27,824
Net amount	<u>204,603</u>	<u>174,544</u>

Aging

Within 1 year	210,312	178,400
Over 1 year	30,743	23,968
	<u>241,055</u>	<u>202,368</u>

5. INVENTORIES

	At the period end	At the beginning of the year
Raw materials	22,927	24,044
Work in progress	16,945	5,785
Finished goods	156,315	159,117
Consigned processing materials	37,491	51,321
In-house WIP	2,669	3,104
	<u>236,347</u>	<u>243,371</u>

6. ACCOUNTS PAYABLE

Aging	At the period end	At the beginning of the year
Within 1 year	163,955	142,078
Over 1 year	23,758	30,763
	<u>187,713</u>	<u>172,841</u>

7. UNDISTRIBUTED PROFITS

Current year

	Amount
As at the beginning of the period	195,895
Add: net profit attributable to owners of parent company in the current period	<u>65,037</u>
As at the end of the period	<u>260,932</u>

8. INCOME TAX EXPENSE

	Applicable tax rate
The Company	15.00%
Launch Software	15.00%
Launch Europe GmbH	19.00%
Golo IOV	15.00%
Xi'an Launch	25.00%
PJS	25.00%
Launch International	16.50%
Nanjing Launch	25.00%
Launch Future	25.00%
NJG	25.00%
Hainan Launch	25.00%
Launch Italy GmbH	24.00%
SYXLH	25.00%
SYKLC	25.00%
Foshan Yi Da	25.00%
Launch Information	25.00%
Yisheng New Energy	25.00%
LAUNCH NA	29.84%
LAUNCH TECH (USA)	29.84%
Launch Investment	25.00%
ZCYL Management	5-35% progressive

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.

Items	Current year	Previous year
Consolidated net profit for holder of ordinary shares of the parent company	65,037,000	41,205,000
Average weighted number of outstanding ordinary shares of the parent company	432,216,600	432,216,600
	Shares	Shares
Basic earnings per share (RMB/share)	0.150	0.095
After adjustment (RMB/share)	0.150	0.095

(2) Diluted earnings per share

As there was no ordinary share with dilutive potential for the year 2023 and 2022, thus no diluted earnings per share is presented.

10. DIVIDEND

The Board resolved to declare an interim dividend for the six months ended 30 June 2023 RMB0.34 each share (2022: Nil).

11. SUBSIDIARIES

Name of subsidiaries	Principal place of operation	Registration place	Business nature	Shareholding proportion (%)		Way of acquisition
				Direct	Indirect	
Xi'an Launch Software Technology Co., Ltd. ("Xi'an Launch")	Xi'an	Xi'an	Development, production and sales of automotive diagnosis, inspection, repair and maintenance software; development, production and sales of auto electronic products.	100	–	Establishment
Launch Software Development Co., Ltd. ("Launch Software")	Shenzhen	Shenzhen	Development and sales of computer software and hardware; computer network engineering and development and consulting of computer technology, import and export business.	100	–	Business combination under common control
Launch Europe GmbH	Germany	Germany	Sales of computer software and hardware, consulting services of electronic products and technical.	100	–	Business combination not under common control
Shenzhen Golo Internet of Vehicle Data Technology Co., Ltd. ("Golo IOV")	Shenzhen	Shenzhen	Computer software and hardware technology development and distribution; computer network projects; computer technology development, consultation and technical services; import and export.	100	–	Establishment
Foshan Yi Da Vehicle Data Technology Co., Ltd. ("Foshan Yi Da")	Foshan	Foshan	Technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; artificial intelligence public data platform; software development; big data services	60	–	Establishment
Shenzhen PengJuShu Information 100% Technology Co., Ltd. ("PJS")	Shenzhen	Shenzhen	Computer hardware and software, communications equipment, technology development and sales, computer graphic design, graphic design, corporate image planning, Internet information consultation.	100	–	Establishment
Launch Tech International Co., Ltd. ("Launch International")	Hong Kong	Hong Kong	Car diagnosis, testing, maintenance equipment sales, information network services.	100	–	Establishment

Name of subsidiaries	Principal place of operation	Registration place	Business nature	Shareholding proportion (%)		Way of acquisition
				Direct	Indirect	
Nanjing Launch Intelligent Technology Co., Ltd. (“Nanjing Launch”)	Nanjing	Nanjing	Intelligent technology research and development, computer hardware and software development, production and sales, self-operation and agent services for import and export of various commodities and technologies.	100	–	Establishment
Shenzhen Launch Future Auto Technology Co., Ltd. (“Launch Future”)	Shenzhen	Shenzhen	Development and sales of computer software and information system software, research and development of car sharing technology	100	–	Establishment
Shenzhen Launch Information Technology Development Co., Ltd. (“Launch Information”)	Shenzhen	Shenzhen	Technical development and sales of computer software and hardware, communication equipment, computer graphic design, graphic design, corporate image planning. The licensed business is: Internet Information Consulting	100	–	Establishment
Nanjing Golo Big Data Technology Co., Ltd. (“NJG”)	Nanjing	Nanjing	Big data technology, information technology, internet technology, etc.	100	–	Establishment
Hainan Launch Education Technology Co., Ltd. (“Hainan Launch”)	Haikou	Haikou	Development and sales of computer software and internet technology, etc.	70	–	Establishment
Launch Italy GmbH	Italy	Italy	Sale of software and hardware, electronic products and technologies information consultation services	100	–	Establishment
Shenzhen Yuan Xiang Li Heng 100% Technology Co., Ltd. (“SYXLH”)	Shenzhen	Shenzhen	Technical development and sales of computer software and hardware and communication equipment; computer graphic design; graphic design; corporate image planning	100	–	Establishment
Shenzhen Yi Kong Li Chu Software Development Co., Ltd. (“SYKLC”)	Shenzhen	Shenzhen	Application software development	100	–	Establishment
Shanghai Launch Yisheng New Energy Technology Co., Ltd. (“Yisheng New Energy”)	Shanghai	Shanghai	Software and information technology services	100	–	Establishment

Name of subsidiaries	Principal place of operation	Registration place	Business nature	Shareholding proportion (%)		Way of acquisition
				Direct	Indirect	
Launch North American Corp (“LAUNCH NA”)	USA	USA	Sales and service of automotive diagnostic products	100	–	Establishment
Launch Tech (USA)	USA	USA	Sales and service of automotive diagnostic products	100	–	Business combination from different control
Shenzhen Launch Investment Company Limited (“Launch Investment”)	Shenzhen	Shenzhen	Investment activities with own fund	100	–	Establishment
Shenzhen Zhongcheng Yingli Management Consulting Partnership (Limited Partnership) (“ZCYL Management”)	Shenzhen	Shenzhen	Enterprise management and consulting	100	–	Establishment

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 2023, the Company pledged land, properties and buildings with original value approximately amounting to 264,000,000 for certain bank borrowings.

14. CAPITAL AND OPERATING COMMITMENT

As at 30 June 2023, 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

Review for the first half of 2023

Moving into 2023, the economy in China displayed a sustained recovery trend after the pandemic. In the automotive industry, the production and sales volume of automobiles in the first half of 2023 amounted to 13,250,000 units and 13,240,000 units, respectively, representing year-on-year growth of 9.3% and 9.8%, respectively. The Group increased its business investment taking advantage of the economic situation and recorded satisfactory results.

Financial

For the first half of 2023, the operating income of the Group amounted to approximately RMB721,000,000, representing an increase of 31% over the same period last year. Net profit was approximately RMB65,000,000, representing a significant increase of 58% over the same period last year.

The significant increase in net profit was mainly due to: 1) Post-pandemic recovery and strong rebound in overseas business; and 2) continued empowerment from big data business, the software business recorded growth in both revenue and profit.

Since the beginning of this year, the Group has stepped up its efforts in expanding overseas business by recruiting additional overseas sales staff, cooperating with distributors in promotions and resuming annual meeting with overseas distributors, which was suspended for three years due to the pandemic, and results were remarkable. In the first half of the year alone, overseas business revenue of RMB331 million was realized, representing a year-on-year increase of 51%. Among which, the U.S. subsidiary was particularly outstanding, driving revenue to RMB133 million in North America, a significant increase of 100%; in addition, Europe, Latin America, the CIS, the Middle East and many other regions also showed significant growth.

The Group's software business has made accurate anticipations on customer demand through the building of customer big data models. Since the implementation of the algorithm in 2021, business performance has continued to accelerate, with revenue from the software business in the first half of 2023 amounting to RMB69.00 million, representing a year-on-year increase of 88%, and gross profit of RMB46.00 million, contributing to the Group's incremental profit growth.

Customers

As of 30 June 2023, the Group's diagnostic products have recorded over 1.2 million active users per year, representing an increase of 13% compared to the end of 2022. Despite the higher basis of comparison, business growth was maintained with more than 800,000 vehicles diagnostic reports on average generated per day, and an accumulated total of over 1.1 billion diagnostic reports, linking more than 500 million vehicles through customers, with a number of scale indicators reaching record highs. Meanwhile, after more than 30 years of intensive cultivation, the Group has established in-depth connections with garage customers, with a penetration rate of over 80%. It has achieved an absolute dominant position in the domestic automotive diagnostic field and gained high recognition from customers.

In view of the above automotive diagnostic big data, the Group has launched a series of big data governance and innovative applications to promote the realization of the value of big data and explore business opportunities in the process of automotive diagnosis and maintenance through BI (Business Intelligence) data analysis. In the future, the Group will explore more values around the automotive big data.

For some of the extended scenarios of automotive big data, such as auto finance, auto insurance and second-hand car trading, the Group has already achieved data desensitization, cleansing and compliant utilization. The Group is also making attempts on other open explorations, such as joining hands with partners to build a database ecosystem, promoting in-depth cooperation between automotive diagnostic big data and data units such as OEMs, auto lending institutions, insurance companies, regulatory authorities, so as to further unlock the value of data.

Internal operations

In respect of intelligent operations, more than 98% of the Group's devices for the market have been equipped with IoT modules. When the devices are connected to the Internet, the marketing information reaches the end-users directly, which facilitates the conversion of offline users into online users and significantly improves business efficiency. In the first half of 2023, customers were more willing to pay for diagnostic software, with a year-on-year increase of 128% in the number of customers who made purchase for the software, and an increase of 117% in the number of customers who paid for software upgrade. Remote diagnostic products combining new technologies of IoT and Internet also enjoyed a period of rapid growth. The number of remote diagnostic orders issued in the first half of 2023 exceeded 280,000, representing a year-on-year growth of 78%.

The "inLaunch" APP launched by the Group is targeted at the automotive aftermarket, which is nearly RMB1.5 trillion in scale, and provides functions such as online marketing, product sales, customer service and distributors' inventory management. In the first half of 2023, "inLaunch" has added 100,000 new users, with a growth rate of nearly 300%; the willingness of users to make purchases of automotive aftermarket products and services through the "inLaunch" mall has risen, and in only 10 months since the launch of the APP, the average customer order value has rapidly increased from RMB100 to nearly RMB700.

In respect of new energy vehicles, as a provider of new energy maintenance and transformation solutions, the Group provides new energy diagnostic and maintenance equipment, technical support and training to garages. At the same time, we use the workshops as a powerful tool to further develop our business. At present, we have identified 200 repair shops in 5 major cities to build a Launch new energy vehicle service system.

Learning and Growth

In the first half of 2023, the Group's R&D investment as a percentage of current operating revenue continued to maintain high at approximately 11%. As of 30 June 2023, the Group had 463 R&D personnel, accounting for 49% of the total number of employees, which continued to empower the Group's development.

Being a national intellectual property advantageous enterprise, the Group attaches great importance to the construction of intellectual property strength. Since its establishment, the Group has applied for 3,243 patents, and in the first half of 2023, the Group was granted 97 state-authorized patents, all of which were invention patents.

Outlook and future strategy

Under the wave of transformation of automobiles into electrified, intelligent and internet-connected vehicles, the Group is transforming from a traditional product-based enterprise focusing on equipment manufacturing to an emerging operation-based enterprise focusing on satisfying customer needs. Our extensive automotive big data, large client base of auto repair shops, and diagnosis of millions of linked vehicles are the Group's invaluable resources and unique strengths. In the future, the Group will make use of them as the basis for in-depth understanding of the industry and trend setting to carry out stock operations and seek incremental breakthroughs, creating more value for garages, vehicle owners and channel operators, inject vitality into the Group and realize rapid growth in revenue and profit.

The Group will:

1. continue to strengthen overseas business expansion and boost its operating revenue scale in the financial aspect; reduce finance costs and lower exchange rate fluctuation risk;
2. increase the number of active terminals and improve the conversion rate of payment by intelligent operation; optimise product structure, focus on core products and improve user experience in the customer aspect;
3. accelerate the construction of new energy vehicle service system in terms of internal operation;
4. motivate employees and continue our innovation in terms of learning and growth.

FINANCIAL ANALYSIS

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

Profit position

	Current year	Last year
Gross profit margin	40%	39%
Net profit margin	9.0%	7.5%

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		67
Increase in operating expenses		(49)
Decrease in R&D expenditure cost		4
Others		2
		<hr/>
		24
		<hr/> <hr/>

In the first half of the year, U.S. subsidiaries led to an increase in turnover and gross profit but at the same time, the main expenses rose quickly too. In the first half of the year, the gross profit margin in terms effectively maintained the same level as last year, and the net profit margin rose to 9.0%.

Other income and expenses (RMB million)

	Current year	Previous year
Rental income	24	24
Interest income	2	0.6
Interest expense	8	11
Depreciation and amortisation	7	15

Position of assets, liabilities and equity interests

Total assets value amounted to RMB1,897,000,000 during the Reporting Period, representing an decrease of 5% from the beginning of the year, which was mainly due to certain bank borrowings were repaid after the receipt of settlement for consideration receivables relating to disposal of Shanghai subsidiary in last year. Total liabilities amounted to RMB758,000,000, decreased by 17% as compared with the beginning of the year, mainly due to repayment of in bank loans. Total equity interest attributable to shareholders amounted to RMB1,139,000,000. As at the end of the period, the Company's gearing ratio (total liabilities/interest attributable to shareholder) was further decrease to 0.67 (At the beginning of the period: 0.85).

Principal Sources and Usage of Fund

As at the end of the Period, cash has increased by approximately RMB91,000,000.

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 inflow from operating activities for the Reporting Period amounted to RMB16,000,000.

Cash flows from investing activities

Cash inflow from investing activities during the Reporting Period was insignificant. Net cash outflow from investing activities amounted to RMB41,000,000, 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 RMB116,000,000 and mainly relating to repayment of in bank loans.

III. NOTES TO OTHER MATERIAL EVENTS

1. Scope of consolidation

During the Reporting Period, there was no material change in respect of the consolidation.

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

The 2023 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.

As of the date of this report, (i) the total number of independent non-executive Directors is less than three and accounts for less than one-third of Board members, and hence the Company fails to meet the requirements of Rule 3.10(1) and Rule 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”); and (ii) the number of members of the audit committee of the Company will fall below the minimum number as required under Rule 3.21 of the Listing Rules.

The Board will identify a suitable candidate with appropriate background and qualification for appointment as an independent non-executive Director and will fill the vacancy as soon as possible and within three months as required under the Listing Rules.

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 2023.

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 RMB146,000,000, accounting for approximately 21% of total revenue for the period. The largest customer accounted for approximately 7% of the total revenue for the period.

Total purchases from top five suppliers of the Company amounted to RMB200,000,000, accounting for approximately 34% of the total purchases for the period. The largest supplier accounted for approximately 9% 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 2023, 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%	18.32%
	Interest in a controlled company	59,318,400	23.39% (Note 1)	13.72%
	Interest in a controlled company	11,938,200	4.71% (Note 2)	2.76%
	Interest in a controlled company	35,160,000	13.87% (Note 3)	8.13%

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. 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.* (深圳市軫輓雲智能科技有限公司), which is a PRC limited company wholly owned by Mr. Liu Xin.

Save as disclosed above, as at 30 June 2023, 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 2023, 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:

Long positions in shares and underlying shares in the Company

(i) Domestic Shares

Name	Capacity in which shares were held	Number of domestic shares	Approximate percentage of the Company's issued domestic shares	Approximate percentage of the Company's total issued shares
Nil				

(ii) H Shares

Name	Capacity in which shares were held	Number of domestic shares	Approximate percentage of the Company's issued H Shares domestic shares	Approximate percentage of the Company's total issued shares
Cao Guanye	Beneficiary owner	7,757,400	4.34%	1.79%
	Interest in a controlled Company	1,566,100 <i>(Note 4)</i>	0.88%	0.36%

Note

- (4) Cao Guanye personally holds 100% of the rights of Smartever Global Limited, so according to Part XV of the Securities and Futures Ordinance, Cao Guanye is regarded as having an interest of 0.88% of the company's issued H shares.

V. DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period ended 30 June 2023.

VI. INTERIM REPORT AND OTHER INFORMATION

This announcement will be set out on the websites of the Company (www.cnlaunch.com) and the Stock Exchange (www.hkexnews.hk). Interim report will be despatched to shareholders and 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
9 August 2023

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