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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)

VOLUNTARY ANNOUNCEMENT ESTABLISHMENT OF INVESTMENT FUND

This announcement is made on voluntary basis by the Company.

The Board is pleased to announced that, on 8 November 2017, the Company (as the proposed fund investor) and Xizang Ruidong (as the Fund Manager) signed the Yuan Rui Number 1 Private Equity Investment Fund Contract* (元瑞一號私募投資基金基金合同) (the “**Fund Contract**”) with the intention of establishing the Yuan Rui Number 1 Private Equity Investment Fund (the “**Investment Fund**” or the “**Fund**”) to invest in the Internet, automotive aftermarket and other emerging industries based on the principles of mutual benefits and resource sharing. At the same time as the Fund Contract was signed, the Company and Xizang Ruidong also signed a deed for the Private Equity Investment Fund Contract in relation to the Investment Fund (the “**Fund Deed**”). Pursuant to the terms of the Fund Contract and the Fund Deed, each of the Company and Xizang Ruidong has undertaken to subscribe or apply for the share of the Fund by installments totaling RMB25 million respectively.

The Investment Fund has been officially established recently and the Fund Manager has arranged for the handling of the fund filing and registration procedures with Asset Management Association of China. On 25 January 2018, the registration and filing procedures of the Investment Fund have been completed. The Company and Xizang Ruidong, respectively, agreed to complete the first round of subscription for the share of the Fund of RMB15 million respectively as soon as possible to enable the Investment Fund to carry out investment operation.

The principal terms of the Fund Contract and the Fund Deed are summarised as follows:

(A) THE FUND CONTRACT

The principal terms of the Fund Contract are summarised as follows:

Date:	8 November 2017
Parties:	(a) the Company as the fund investor; (b) Xizang Ruidong as the fund manager; and (c) Beijing Branch (北京分行) of China Merchants Bank Co., Ltd as the fund custodian.
Fund name:	Yuan Rui Number 1 Private Equity Investment Fund* (元瑞一號私募投資基金)
Mode of operation:	Contractual
Minimum size of the Fund:	During the term of the Fund, the minimum size shall not be lower than RMB1 million.
Place of registration:	The PRC
Capital Investment:	The Company will contribute RMB25 million
Investment objective scope:	Invest in the Internet, automotive aftermarket and other emerging industries, including Liquidity management for (including) placement of shares by listed companies on the Shanghai and Shenzhen Stock Exchanges, equity of quoted companies on the New Third Board, private placement business, equity of unlisted/unquoted companies, limited partnership shares and other financial products including broker-oriented asset management, special fund accounts and entrusted loans, contractual private investment funds issued by private fund managers registered in the Asset Management Association of China, limited partnership, investable banks deposits of idle capital, wealth management products of banks and OTC money market funds, etc.
Fund Manager:	Xizang Ruidong
Fund Custodian:	Beijing Branch (北京分行) of China Merchants Bank Co., Ltd

Filing of the Fund:	The Fund Manager shall handle the fund filing and registration procedures with the Asset Management Association of China within 20 working days after establishment of the Investment Fund. The Investment Fund will only carry out investment operation after completion of the filing and registration procedures with Asset Management Association of China.
Redemption:	The Fund does not accept investors' redemption application during the term of investment nor any default redemption.
Investment return:	No capital protection nor minimum return guarantee. The Fund is expected to be an investment with high risks and medium-to-high return.
Initial nominal value:	RMB1.00
Subscription fee of the Fund:	No subscription fee
Management fee:	The Investment Fund's annual management fee is 2%. Management fee calculation method: daily management fee accrued = the actual principal received by the Fund x 2% ÷ the number of days of that year. Since the date of inception of the Fund, the management fee of the Investment Fund shall be paid quarterly. Payment instructions shall be sent to the Fund Custodian by the Fund Manager. After checking the correctness, the Fund Custodian shall pay in a lump sum from the escrow account to the Fund Manager within the first five working days of the following quarter.
Custodian Fee:	The Fund's annual custodian fee is RMB20,000. Custodian fee calculation method: daily custodian fee accrued = RMB20,000 x the actual existing days ÷ 360. Since the date of inception of the Fund, the custodian fee of the Fund shall be paid quarterly. Payment instructions shall be sent to the Fund Custodian by the Fund Manager. After checking the correctness by the Fund Custodian, relevant custodian fee shall be deducted in a lump sum from the escrow account within the first five working days of the following quarter.

Distribution of profits: When the Fund is terminated, all the remaining assets and profits of the Fund are distributed in the following order:

- (1) Firstly for distribution to Fund investors according to the proportion of their share until the cumulative amount distributed (including the amount distributed during the duration of the Fund) of all Fund investors reaches their investment principal plus an overall annual rate of return of 8% for the Fund. If all the remaining assets and profits of the Fund are insufficient for such distribution, the Fund Manager shall use its performance fees received from the Fund's assets to make up the shortfall. Such amount shall be limited to the performance fees actually received by the Fund Manager.
- (2) If, after the abovementioned distribution, the Fund still has cash proceeds available for distribution, the Fund Manager shall continue to be entitled to the performance fees until the cumulative amount of performance fees so received by the Fund Manager reaches 25% of the profits (i.e. the cumulative distributed amount minus the principal of investment) for the shareholders of the Fund.
- (3) If, after the abovementioned distribution, the Fund still has cash proceeds available for distribution, such distributable cash proceeds shall be distributed among the shareholders of the Fund and the Fund Manager at the ratio of 80%:20% (80% to be distributed to the shareholders of the Fund; 20% as performance fees to be received by the Fund Manager).

Duration of the Fund: Five years

Taxation: The tax obligations of all taxable entities involved in the course of operation of the Investment Fund shall be borne and paid by it in accordance with the State's tax laws and regulations.

(B) THE FUND DEED

Pursuant to the terms of the Fund Deed, each of the Company and Xizang Ruidong undertakes to subscribe or apply for the share of the Fund by installments totaling RMB25 million respectively as follows:

1. Each of the Company and Xizang Ruidong shall subscribe or apply for the share of the Fund of RMB15 million respectively as the first round of subscription of the Investment Fund on or before 1 December 2017.
2. Each of the Company and Xizang Ruidong agreed to further subscribe or apply for an additional share of the Fund of RMB10 million respectively as the second round of subscription of the Investment Fund on or before 7 November 2022.

As the Investment Fund intends to raise funds for a total of RMB100 million, (“**Total Funds Raised**”), the Company and Xizang Ruidong agreed to raise the remaining RMB50 million of the Total Funds Raised through private equity investment by the Investment Fund.

The Investment Fund has been officially established recently and the Fund Manager has arranged for the handling of the fund filing and registration procedures with Asset Management Association of China. On 1 December 2017, as the filing procedures of the Investment Fund were not yet completed, each of the Company and Xizang Ruidong agreed to delay the abovementioned first round subscription of the share of the Fund of RMB15 million respectively. On 25 January 2018, the registration and filing procedures of the Investment Fund have been completed. The Company and Xizang Ruidong, respectively, agreed to complete the first round of subscription for the share of the Fund of RMB15 million respectively as soon as possible to enable the Investment Fund to carry out investment operation.

REASONS FOR AND BENEFITS OF THE INVESTMENT FUND

The Company’s main purposes of establishing the Investment Fund are to invest in the Internet, automotive aftermarket and other emerging industries through the Investment Fund so as to enhance the Company’s performance in these business areas and achieve its goal of attaining rapid growth.

Xizang Ruidong has rich investment and fund operation experience. Leveraging on the experience and skills of its fund management team in the relevant areas and based on its practical experience and client resources in investment fund management and operation over the years, Xizang Ruidong is responsible for the provision of comprehensive services for the Fund set up by the parties.

The Board believes that establishing the Investment Fund will provide a higher yield than wealth management products of banks, while the risk will be lower since the risks will be strictly controlled by the Fund Manager, and as such, will provide a reasonable return from the operation of the Group's own funds. The establishment of the Investment Fund will enable the Company to expand the size of its business and diversify the Company's investment portfolio in the meantime. The Board considers that the Fund Contract and the Fund Deed are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY

The Company is a joint stock limited company incorporated in the PRC, whose H Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2488). The Company is principally engaged in provision of products and services serving the automotive aftermarket and the automobile industry in the PRC and certain overseas countries.

INFORMATION OF XIZANG RUIDONG

Xizang Ruidong is a company registered and approved by the Asset Management Association of China as a private fund manager. Its major scopes of operation are investment management and asset management. Xizang Ruidong and the parties acting in concert with it hold 31,000,000 Domestic Shares of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement have the following meanings:

“Board”	the board of directors of the Company
“Company”	Launch Tech Company Limited* (深圳市元征科技股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the Hong Kong Stock Exchange
“Director(s)”	director(s) of the Company
“Domestic Shares	ordinary domestic share(s) with per value of RMB 1.00 each in the share capital of the Company
“Fund” or “Investment Fund”	Yuan Rui Number 1 Private Equity Investment Fund* (元瑞一號私募投資基金) established by the Company and Xizang Ruidong under the Fund Contract and the Fund Deed
“Fund Manager”	Xizang Ruidong

“Fund Custodian”	Beijing Branch (北京分行) of China Merchants Bank Co., Ltd.
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Xizang Ruidong”	Xizang Ruidong Wealth Investment Co., Ltd.* (西藏瑞東財富投資有限責任公司), a company incorporated in PRC, registered and approved by the Asset Management Association of China as a private equity investment fund manager
“Asset Management Association of China”	Asset Management Association of China (中國證券投資基金業協會)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

By Order of the Board
Launch Tech Company Limited
Liu Chun Ming
Company Secretary

Hong Kong, 29 January 2018

As at the date of this announcement, the Board 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. Liu Yuan, Ms. Zhang Yan and Mr. Ning Bo as independent non-executive Directors.

* *for identification purpose only*