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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)*

2017 ANNUAL RESULT ANNOUNCEMENT

The board of directors (the “Board”) of Launch Tech Company Limited (the “Company”) hereby announces the preliminary consolidated result of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2017 (the “Reporting Period”) prepared in accordance with China Accounting Standards for Business Enterprises:

FINANCIAL INFORMATION

(All amounts in RMB unless otherwise stated)

CONSOLIDATED BALANCE SHEET

Items	<i>Notes</i>	31 December 2017	31 December 2016
Current assets:			
Cash		538,008,718.76	279,285,875.90
Bills receivable		30,338,048.60	21,825,071.53
Accounts receivable	4	202,079,387.42	232,262,423.02
Prepayments		52,731,784.60	52,441,476.55
Other receivables		12,499,959.29	18,538,048.22
Inventories	5	155,348,922.25	112,747,368.47
Other current assets		6,489,785.62	4,591,043.25
Total current assets		997,496,606.54	721,691,306.94

CONSOLIDATED BALANCE SHEET (continued)

Items	<i>Notes</i>	31 December 2017	31 December 2016
Non-current assets:			
Investment properties		78,674,919.26	—
Fixed assets		253,206,965.97	357,858,779.08
Construction in progress		43,018,366.06	18,066,974.12
Intangible assets		149,862,090.66	174,827,700.73
Development expenditure		35,895,550.37	27,767,751.41
Goodwill		1,139,412.80	1,139,412.80
Deferred income tax assets		4,393,836.51	4,203,375.52
Other non-current assets		48,892,928.43	7,993,843.94
Total non-current assets		615,084,070.06	591,857,837.60
Total assets		1,612,580,676.60	1,313,549,144.54
Current liabilities:			
Short-term borrowings		288,205,200.00	384,374,000.00
Accounts payable	6	117,680,699.31	94,392,524.66
Receipts in advance		63,615,455.23	61,061,913.18
Wage payables		3,215,949.73	2,848,980.63
Tax payable		10,973,572.21	11,144,019.08
Other payables		24,234,588.07	12,832,830.76
Non-current liabilities due within one year		532,195.29	505,399.54
Total current liabilities		508,457,659.84	567,159,667.85
Non-current liabilities:			
Long-term borrowings		143,054.88	676,536.08
Deferred income		19,162,000.00	22,331,000.00
Total non-current liabilities		19,305,054.88	23,007,536.08
Total liabilities		527,762,714.72	590,167,203.93
Shareholders' equity:			
Share capital		375,460,000.00	329,160,000.00
Capital reserve		562,481,725.91	231,020,325.76
Other Comprehensive Income		1,988,515.02	3,332,286.09
Surplus reserve		30,085,085.10	18,099,377.81
Undistributed profits	7	114,980,997.00	141,981,816.61
Total owners' equity attributable to parent company		1,084,996,323.03	723,593,806.27
Minority shareholders' equity		-178,361.15	-211,865.66
Total shareholders' equity		1,084,817,961.88	723,381,940.61
Total liabilities and shareholders' equity		1,612,580,676.60	1,313,549,144.54

CONSOLIDATED INCOME STATEMENT

Items	Notes	2017	2016
Operating income	3	977,972,859.33	835,053,156.36
Less: Operating cost		540,423,800.03	460,003,587.78
Business tax and surcharge		10,701,856.46	9,485,126.03
Selling expenses		98,548,007.61	107,029,197.55
Administrative expenses		220,950,299.78	228,042,758.15
Financial expenses		38,679,498.59	3,270,145.98
Impairment loss on assets		25,213,913.50	20,467,399.80
Add: Investment -loss/gain		–	-604,656.50
Gain on disposals of assets		1,003,681.92	2,936.75
Other revenue		21,242,397.76	–
Operating profit (-loss)		65,701,563.04	6,153,221.32
Add: Non-operating income		1,479,958.08	20,410,914.44
Less: Non-operating expenses		4,122,905.15	1,382,473.06
Total profit (-loss)		63,058,615.97	25,181,662.70
Less: Income tax expenses	8	2,994,823.63	4,144,313.44
Net profit (-loss)		60,063,792.34	21,037,349.26
Net profit attributable to owners of parent company		60,076,887.68	21,411,537.32
Profit or loss attributable to minority shareholders		-13,095.34	-374,188.06
Earnings per share:			
Basic earnings per share	9	0.1743	0.0650
Other comprehensive income		-1,343,771.07	110,987.90
Total comprehensive income (-loss)		58,720,021.27	21,148,337.16
Total comprehensive income (-loss) attributable to owners of parent company		58,733,116.61	21,522,525.22
Total comprehensive income (-loss) attributable to minority shareholders		-13,095.34	-374,188.06

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

Financial information in this announcement was extracted from the audited financial statements (the “Financial Statements”) published in the 2017 Annual Report.

The Company based on the actual transaction and event basis, in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter referred to as “the Accounting Standards for Business Enterprises”) and 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 on such basis.

The Company carried out assessment on the going concern for the 12 months’ period after the report date, and did not recognize any matters and situation which leading to material doubt on the continuity of operation. Therefore this financial report is based on recognition and measurement on a going concern and actual transactions.

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 accounting period is from 1 January to 31 December.

(2) Reporting currency

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

(3) Method of preparing consolidated financial statements

All subsidiaries were included in the consolidated financial statements

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.

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.

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. REVENUE

Revenue 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 as follows:

	Current year	Previous year
Revenue from main operations	960,037,276.97	818,148,347.46
Revenue from other operations: rent	17,935,582.36	16,904,808.90
	977,972,859.33	835,053,156.36

4. 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 year end	At the beginning of the year
Accounts receivables	260,378,081.14	316,225,868.23
Less: provision for bad debts	58,298,693.72	83,963,445.21
Net amount	202,079,387.42	232,262,423.02

Aging analysis of accounts receivable

Aging	At the year end	At the beginning of the year
Within 1 year	140,943,498.31	126,513,072.12
1 to 2 years	37,235,700.50	56,500,662.54
2 to 3 years	11,544,885.91	33,427,866.16
3 to 4 years	10,055,317.97	9,873,141.96
4 to 5 years	2,299,984.73	5,947,680.24
	202,079,387.42	232,262,423.02

	Ending balance			Beginning balance		
	Book value	Provision	Carrying amount	Book value	Provision	Carrying amount
Not past due	110,621,040.88	5,531,052.04	105,089,988.84	74,266,039.83	3,713,301.99	70,552,737.84
Past due	149,757,040.26	52,767,641.68	96,989,398.58	241,959,828.40	80,250,143.22	161,709,685.18
Total	260,378,081.14	58,298,693.72	202,079,387.42	316,225,868.23	83,963,445.21	232,262,423.02

5. INVENTORIES

Book Value and Carrying Amount	At the year end	At the beginning of the year
Raw materials	18,544,876.33	17,113,460.95
Work in progress	8,873,550.42	9,157,436.72
Finished goods	127,930,495.50	86,476,470.80
Total	155,348,922.25	112,747,368.47

6. ACCOUNTS PAYABLE

Aging	At the year end	At the beginning of the year
Within 1 year	112,413,371.43	91,001,472.44
1 to 2 years	3,346,116.78	2,260,010.28
2 to 3 years	978,869.61	23,404.67
Over 3 years	942,341.49	1,107,637.27
Total	117,680,699.31	94,392,524.66

7. UNDISTRIBUTED PROFITS

Current year

	Amount
As at the beginning of the period	141,981,816.61
Add: net profit attributable to shareholders of the parent company in the current year	60,076,887.68
Transfer to surplus reserves	11,985,707.29
Payment of ordinary Dividend	75,092,000.00
As at the end of the period	114,980,997.00

Previous year

	Amount
As at the beginning of the period	120,570,279.29
Add: net loss attributable to shareholders of the parent company in the current year	21,411,537.32
As at the end of the period	141,981,816.61

8. INCOME TAX EXPENSE

	Current year	Previous year
Income tax for the current period	3,185,284.62	8,340,700.40
Adjustment of deferred tax	-190,460.99	-4,196,386.96
Total	2,994,823.63	4,144,313.44

Applicable tax rate for current year and previous year

The Company	15%
Launch Software	15%
Shanghai Launch	25%
Launch Europe GmbH	19%
Golo Internet	25%
Xi'an Launch	25%
PAD	15%
PJS	25%
Launch International	16.5%
Nanjing Launch	25%

9. EARNINGS PER SHARE

(1) Basic earnings per share

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

Items	Current year	Previous year
Consolidated net profit (-loss) for holder of ordinary share of the parent company	60,076,887.68	21,411,537.32
Average weighted number of outstanding ordinary share of the parent company	344,675,202	329,160,000
Basic earnings per share (RMB/share)	0.1743	0.0650

(2) Diluted earnings per share

As there was no ordinary shares with dilutive potential for the year 2017 and 2016, thus no diluted earnings per share was presented.

10. DIVIDEND

No dividend has been recommended by the Board (2016: nil).

interim dividend amounted to 75,092,000 was paid in 2017 (2016: nil)

11. SUBSIDIARIES

Name of the corporation	Shareholding	Business nature	Registered capital
上海元征機械設備有限責任公司 (「Shanghai Launch」)	100%	Equipment	USD18,000,000
深圳市元征軟件開發有限公司 (「Launch Software」)	100%	Software	RMB40,000,000
Launch Europe GmbH	100%	Distribution	RMB671,875
西安元征軟件科技有限公司 (「Xi'an Launch」)	100%	Software	RMB100,000,000
深圳市鵬奧達科技有限公司 (「PAD」)	88%	Software	RMB1,000,000
深圳還是威健康科技有限公司 (「HSW」)	100%	Equipment	RMB10,000,000
深圳市軋輾車聯數據有限公司 (「golo Internet」)	100%	Equipment	RMB10,000,000
深圳市鵬巨術信息技術有限公司 (「PJS」)	100%	R&D	RMB2,000,000
元征科技國際有限公司 (「Launch International」)	100%	Equipment	HKD50,000
南京元征智能科技有限公司 (「Nanjing Launch」)	100%	Technology development	RMB50,000,000

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 31 December 2017, the Company pledged properties and buildings and land use rights with original value approximately amounted to 172,000,000 (2016: 217,000,000) for certain bank borrowings.

14. CAPITAL COMMITMENTS

As at 31 December 2017, the Company there is no material unsettled capital commitments.

15. LEASE COMMITMENTS

As at 31 December 2017, commitments for the Group in the future which brought by non-cancellable lease contracts are as follows:

	Current year	Unit: '000 Previous Year
Within 1 year	2,309	1,621
2 to 5 years	601	240
	2,910	1,861

16. POST-BALANCE SHEET EVENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

In 2017, big data, artificial intelligence, and the Internet of Things have been closely linked with our lives. In the turbulent era of information, embracing the sharing economy, creating a shared platform, and win-win cooperation are our common aspirations. Since artificial intelligence can not be separated from Big Data, automotive data is an important source of vehicle maintenance data. In the future Blockchain technology will enable real participation in car big data, fairness and fairness, benefit sharing, and which is history restrospectable. the Group has been actively expanding the layout and doing the appropriate preparation to transform to initiative and large-scale, in order to obtain high efficiency.

Our Plan

As a Internet of Vehicle Big Data (based on VIN) service provider, the Group used our automotive diagnostic technology as the core of our Internet of Vehicle business. Via real-time remote diagnosis technology as a link, through outputting core service capabilities for the owners, vehicle maintenance companies, vehicle maintenance technicians, Third-party applications and other users to provide a wealth of services to achieve efficient, safe and comfortable vehicle management and user experience. Focus on the future, the Group is speeding up the progress of landing work of promotion for Blockchain, maintenance ecology and other projects. At the same time, the Group is actively exploring the commercial value of Big Data mining, insurance, and combining second-hand cars, automotive service and other industries to create more value for the industry creating realisation ability for the group.

Artificial intelligence once again leads the industry to change

The Group having successful experience in leading the traditional automotive market into the mobile Internet era, is committed to initiate the application of Deep Learning technology in automotive diagnostic equipment. Moreover, by upgrading remote diagnosis, real-time monitoring, online database, technicians mutual helping and other advanced features again brought great solutions to after-service technology sharing, manual sharing and other rigid needs, leading the change in the industry, significant efficiency enhancement, optimize the experience optimization, and so increase in competitiveness. In addition, we have increased investment and developed intelligent diagnosis technology based on artificial intelligence, making it possible to extend the diagnostic technology to realise the maintenance ecology. In 2017, the Group still maintained a good market growth, with more than 100,000 sets of car cloud diagnostics products sold, exceeding historical sales volume, and accumulatively maintaining over 150 million maintenance diagnostic reports as of the end of the reporting period, making it a real leader in the post-market.

Blockchain, the super engine of change in industry

As one of the benchmarking brands in the automotive industry, the Group has accumulated a wealth of after-market automotive experience and technology reserves in the past 25 years. It has achieved recognition from industry peers and users and has collected a huge amount of data. This is our dream to build an application platform for the automotive industry that is participatory, fair and equitable, benefit-sharing, history retrospectable, and non-centralized. The Group actively embraced the new technology of the blockchain and creatively pioneered the automotive industry and has taken the lead in using the block chain technology with complete solution, not only build an open platform for the automotive industry, and the ecology of the automotive industry, and also apply to all areas of the automotive industry. We will soon launch a new project named “super car chain”.

Cloud Diagnosis, a driving force for SAAS Diagnosis Service provider evolution

In the year 2017, the Group continued to deepen core diagnostic technology, modularize and stabilize diagnostic functions, and set standards to serve the of B-type customers with different industry needs. We actively promoted the application of “Cloud diagnosis”. With automatically upload of diagnostic reports to the cloud, now car diagnosis is no longer merely human’s judgment, but a more scientific approach generated through the “Cloud diagnosis”. “Cloud diagnosis” added value to the equipment services, let the company gradually transited from equipment providers to service providers. Reliance services with creative business model, diagnosis of SAAS cloud services could be realised gradually.

Continue to introduce New Products

In the year 2017, the Group is user-oriented and aims to introduce a series of new diagnostic equipment for different target users such as maintenance garage, maintenance technicians, vehicle owners, and industries. The DIY series, police equipment, and environmental protection equipment are all highly valued by the industry. The newly introduced artificial intelligence diagnostic equipment AIT has achieved application scenarios in the field of insurance claims and used vehicles. The Company strives to explore scenes in more industries and reinforce the value of the portal. The Group fully integrated the channels to further improve the market share of Internet diagnostic equipment, and on the same time formed a large-scale automotive market Big Data to realize the exploration of Big Data. The Group is committed to upgrading all non-networked diagnostic equipment to Internet-based diagnostic equipment, to create a sharp increase in market share. In next two years,, compared with the originally relatively stable traditional diagnostic equipment market, there will be a significant increase in sales of high-margin equipment, with an expected profit.

Focus on industry, solve pain points

The Group's strategy based on product scenarios continues to innovate. Police, environmental protection and other products have drawn high attention from the industry since they are launched. The AIT, a shared inspection product based on artificial intelligence, is launched in two different forms, hand-held and piling, and is insured. Applications such as survey, used car identification, and self-service car wash have been implemented. Diagnostic technologies have been brought out of the auto repair industry and solve industry pain points, and a large amount of data has been gathered, we believe it will bring more data services to the industry.

Unique maintenance technician resources

In 2017, the Group taking the advantage of our unique golo technician box, continuously expanded auto-repair technicians group and society. Relying on the introduction of Internet professional team, increased operational efforts to build a platform for technicians to learn, to exchange, to earn and so facilitate the formation of technician ecosystem, development of shared economy, realization of real-time remote diagnosis, achievement of collaborative repair, and sharing of resources within the technician society. Reputation of Golo technician box continues to rise in the technician society, while a significant spread effect is noted in the market. The group is now increasing efforts to integrate the core technicians into the core service capabilities, and gradually to the third party service platform. Through opening of the core service capabilities, it will greatly enhance competitiveness of golo car network ecology.

Layout industry, embracing future

In 2017, the Group and its partners set up the Yuanrui No. 1 Fund, which aims to export its core competitiveness, embrace high-quality companies in the industry chain, provide richer content for automotive after-service ecosystem, and also obtain investment income. The group's equipment portal value, big data platform, and technician platform are highly recognized by the industry. As the core capability output, application companies that can incubate different industries realize value realization. The Group has already reserved a number of projects. By laying out industry, expanding ecology, the Group believes the partnership can obtain future benefit.

Big Data connects everything

In 2017, the Group firmly considered vehicle and related operational data as our current primary objectives, focusing the redeployment and planning of each line of businesses, and the implementation of product upgrades, prioritizing business promotion together with Big data collection needs and purpose. We flexibly worked with Partners to achieve data sharing and exchange, extension or supplement upstream and downstream data in the ecological chain, enabling richer and more accurate Big Data in collection and accumulation. The Group connects partners through diagnostic technology and connects industry chain through Big Data. In 2017, the Group is committed for combination of different industry's applications, mining and transformation of data values, connecting everything and so working for a better future.

Intelligent Health and Internet of Vehicle, go hand in hand

In 2017, the Group continued the development of smart health wristband with human and environmental perception. Meanwhile, actively layout wearable health wristband based on the blockchain technology continued to devote to advanced technology and devices around the Internet of Vehicle environment, such as artificial intelligence and somatosensory sensors. We make positive progress on correlation algorithm based on driving behavioral analysis, and definitely will result a boost to the promotion of wearable driving application in intelligent internet of vehicle.

Incubating and Accelerating Advanced Technology, the Future has come

In 2017, the Company continued to increase investment. The future technology research focused on artificial intelligence, blockchain, big data, Internet of Vehicle and Things, and life sciences. We mainly considered the topics of networking, intelligence, sharing, and cloud and new energy trends. Put our focus on advanced technologies such as blockchain, artificial intelligence, and big data, and with integration of the Company's existing business. By actively exploring the layout blockchain, V2X, Artificial intelligence, in-depth learning and other technologies are striving to blossom to take the lead in automotive industry. Accumulation of valuable experiences about future smart and unmanned vehicles is expected.

With accumulation of automotive diagnostic technology and experience over 20 years, the Group a few years ago, having early recognized future industry's demands and development trends, injected a lot of resource in Internet of Vehicle related research and development. In 2017, the Group continued to increase the R&D talents of Internet technology in the areas such as application planning, platform development and Big Data mining, and accelerated upgrading and innovation of the Internet of Vehicle, and so achieved good results in products, technology development and application.

As of 2017, the Group has received more than 200 patents granted by the State, including over 100 invention patents; 1,000 out of 1,100 patents under the current application are invention patents; nearly 100 certified software copyrights obtained and 279 PCT patents has been applied. The Group's development of the world's first OBD technology based patent chip has been further improved, has become a core automotive data collection product, changing the traditional vehicle maintenance mode and car life. Repair technicians can now provide real-time remote maintenance and repair services, which this way of service production is now a benchmark for the construction of internet of Vehicle ecosystem.

II. Operation Management

In the year of 2017, the Group continued the strategic adjustment on our business strategies. Based on the core strategy of collection of Big Data, we launched more comprehensive varieties of products to fulfill different market demands to stimulate the sales. We focused high-margin operations, stabilization of cash flow, cost reduction, and constantly optimization of internal management and adjustment on business structure, and so remarkable results is noted. The major marketing efforts are: 1) to improve the market share by strengthening marketing of Internet-based automotive diagnostic equipment and accumulation of diagnostic reports; 2) to develop cooperative relationships with B-type customers of major industries, aiding them provide to quality services Internet of Vehicle end-users; 3) to focus on the promotion of high value-added diagnostic products, and meanwhile control the level of resources allocated to low-margin business.

In 2017, compared with previous year, the quantity of Internet car diagnostic equipment sold is about 170,000 units, representing an increase of over 40,000 units and, an increase of 33%; average gross margin maintained at about 44%; overseas operating income of 400 million, showing an increase of 18%; Domestic operating income of 600 million, showing an increase of 17%; total operating income of 1,000 million, showing an increase of 17%; reflecting the succeed in realization of the series of steady growth strategies implemented.

In view of the Finance management, in order to maintain its leading position, in 2016 the Group has been continuously and actively injecting resources for innovate new products, R&D and human resources areas. With the active and flexible market strategies, a remarkable growth of revenue and high gross margin were contributed by the new diagnostic products. Together with prudent fiscal policy by management, significant drop in financial costs was also noted. AS a result, by the end of this reporting period operating project were achieved with significant improvement in cash flow as well.

Major Financial Data for the profit growth

With improved sales figures and increased gross profit noted in 2017, together with the lower finance cost resulting from the lowered borrowing level, even though we faced a relatively large loss on foreign exchange, we successfully made a profit of 60 million in 2017, revealing a net change of 39 million.

RMB million

Gross profit increase resulting from improved sales	63
Decrease in selling and administrative expenses	16
Increase in impairment loss	-5
Foreign Exchange impact	-35
Decrease in finance cost due to lower borrowing level	7
Change in net profit compared to last year	39

Principal Sources and Usage of Fund

RMB million

Inflow from Operations	157
Issue of shares	378
Acquisition of fixed assets and investment in R&D	(87)
Interim dividend paid	(75)
Interest paid	(15)
Repayment of loans	(96)
Others	(1)
	<hr/>
Increase in cash	<u><u>261</u></u>

Total net cash inflow for the year was of 261,000,000 and the year ended balances of cash and cash equivalents was 538,000,000.

Capital Structure

The Company's capital structure consists of interests and liabilities attributable to shareholders during the reporting period. Interests attributable to shareholders amounted to 1,085,000,000; and total liabilities amounted to 528,000,000. Total assets amounted to 1,613,000,000. As at the end of the year, the Company's gearing ratio calculated by total liabilities divided by interests attributable to shareholders was 0.49 (2016: 0.85). Resulting from the decreased borrowings and improved profitability, the gearing ratio reveals a fall and reach our satisfactory gearing ratio level of below 0.50.

Major clients and suppliers

During the Reporting Period, total revenue from the top five customers of the Company was approximately 188,000,000 (2016: 166,000,000), accounting for approximately 19% (2016: 20%) of total revenue for the year. The largest customer accounted for approximately 7% (2016: 8%) of the total revenue for the year.

During the Reporting Period, total purchases from top five suppliers of the Company amounted to 250,000,000 (2016: 196,000,000), accounting for approximately 45% (2016: 44%) of the total purchases for the year. The largest supplier accounted for approximately 24% (2016: 22%) of the total purchases for the year.

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

III. FUTURE PROSPECTS

The Group will focus on the development of application technologies and services on Internet of Vehicle, and endeavor to create the automobile repair and maintenance and car life ecology based on the golo car cloud platform. In O2O, insurance, used cars, fleet management and other fields the Group will continue to actively carry out exploration and cooperation of Big Data applications, and to achieve the realization of Big Data operations. By strengthening and optimizing internal control, and meanwhile by ceaselessly deepening “Innovation, Quality, Efficiency, Professional, Competitive”, our enterprise’s culture and stimulating the creativity of our staff, enhances our overall competitive advantage, and of course create better results to our shareholder.

IV. NOTES TO OTHER MATERIAL EVENTS

1. Scope of consolidation

During the reporting period, other than the newly setup of Nanjing Launch, a subsidiary, there was no change in respect of the scope of consolidation.

2. Audit of financial statements for the reporting period by the audit committee

The 2017 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. Details of implementation of the Code on Corporate Governance Practices will be set out on the Corporate Governance Report in 2017 Annual Report.

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 of the Company, 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 12 months ended 31 December 2017.

5. Share capital

(1) During the reporting period, there is a change in the share capital as follow:

Beginning	329,160,000
Issue of new shares	46,300,000
Ending	375,460,000

(2) During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

(3) During the reporting period, the Company had no share options granted under the share option scheme.

V. ANNUAL REPORT AND OTHER INFORMATION

This announcement is set out on the websites of the Company (www.cnlaunch.com) and the Stock Exchange (www.hkexnews.hk). Annual report will be dispatched 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
28 March 2018

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.

* *for identification only*