

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

COMPLETION OF SUBSCRIPTIONS OF NEW ORDINARY SHARES

Reference is made to the announcement of the Company dated 15 September 2014 (the “Announcement”). Capitalised terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

The Board is pleased to announce that the only condition precedent in respect of the Subscriptions set out under the section headed “Condition precedent to Completion” in the Announcement has been fulfilled and the Completion took place on 29 September 2014. Pursuant to the Subscription Agreements, 289,900,000 new Ordinary Shares have been duly allotted and issued as fully paid to the Subscribers. Accordingly, immediately after the Completion, there are 3,406,067,793 Ordinary Shares in issue.

The following table shows the shareholding structure of the Company as at the date of this announcement immediately after the Completion and, for illustrative purposes, the shareholding structures of the Company immediately upon conversion in full of the Preferred Shares, assuming no other Ordinary Shares will be issued between the date of this announcement and the date until all Preferred Shares have been fully converted:

	As at the date of this announcement		Immediately after the conversion in full of the Preferred Shares	
			<i>(Note 4)</i>	
	<i>Number of Ordinary Shares</i>	<i>%</i>	<i>Number of Ordinary Shares</i>	<i>%</i>
New Horizon Wireless Technology Limited <i>(Note 1)</i>	1,133,333,334	33.27%	2,958,000,000	48.58%
World Treasure Global Limited <i>(Note 2)</i>	638,981,013	18.76%	638,981,013	10.49%
Starbliss Holdings Limited <i>(Note 3)</i>	155,555,556	4.57%	406,000,000	6.67%
REORIENT Global Limited <i>(Note 3)</i>	66,666,666	1.96%	174,000,000	2.86%
REORIENT Financial Markets Limited <i>(Note 3)</i>	<u>1</u>	<u>—</u>	<u>1</u>	<u>—</u>
<i>Subtotal</i>	1,994,536,570	58.56%	4,176,981,014	68.60%
<i>Public shareholders</i>				
The Subscribers	304,683,000	8.94%	304,683,000	5.00%
Other public shareholders	<u>1,106,848,223</u>	<u>32.50%</u>	<u>1,607,737,111</u>	<u>26.40%</u>
<i>Subtotal</i>	<u>1,411,531,223</u>	<u>41.44%</u>	<u>1,912,420,111</u>	<u>31.40%</u>
Total	<u><u>3,406,067,793</u></u>	<u><u>100.00%</u></u>	<u><u>6,089,401,125</u></u>	<u><u>100.00%</u></u>

Notes:

1. New Horizon Wireless Technology Limited is owned as to 51% by Kuang-Chi and as to 49% by Shenzhen Kuang-Chi Hezhong Technology Limited. Kuang-Chi is a subsidiary of Shenzhen Dapeng Kuang-Chi Technology Limited, which is in turn a subsidiary of Shenzhen Dapeng Kuang-Chi Lianzhong Technology Limited Liability Partnership of which Dr. Liu Ruopeng is the controlling shareholder, and Dr. Liu Ruopeng is the controlling shareholder of Shenzhen Kuang-Chi Hezhong Technology Limited. Dr. Liu Ruopeng is the chairman of the Company and an executive Director.
2. World Treasure Global Limited is wholly and beneficially owned by Mr. Wong Hin Shek, a former executive Director.
3. Mr. Ko Chun Shun, Johnson is an executive Director. Starbliss Holdings Limited is wholly and beneficially owned by Mr. Ko Chun Shun, Johnson. Both REORIENT Global Limited and REORIENT Financial Markets Limited are wholly owned by REORIENT Group Limited, of which Mr. Ko Chun Shun, Johnson is the controlling shareholder and an executive director.
4. The conversion of the Preferred Shares to the Ordinary Shares is subject to the Preferred Shares having been fully paid up.

As at the date of this announcement, the Company has outstanding share options which entitle the holders thereof to subscribe for 67,747,000 Ordinary Shares.

The Group has recently been informed by Kuang-Chi that the progress of the research and development work under the Outsourcing Technology Development Agreement is ahead of the milestones and therefore, the civil near space flying apparatus is expected to be able to launch by the Group in 2014.

The Group is currently negotiating with relevant government departments for an acquisition of a piece of land for the construction of facilities and expansion of production capacity relating to near space and other innovative technology business. Based on the current negotiation between the Group and the relevant government departments, the management expects that approximately HK\$330 million will be paid for the acquisition of this piece of land with an area of approximately 600,000 square metres by 31 December 2014 subject to the approval by the relevant government departments. The management considers that the timing of the land acquisition is relatively certain and expects that more area of land will be acquired in year 2015 to meet the need of further development of the Group with reference to the current negotiation status with the relevant government departments.

The land acquisition cost is estimated by the management with reference to the area under negotiation and the latest information issued by the relevant government departments with listed prices of the relevant land site.

For the research and development of products relating to novel space services and near space and other innovative technology business, the Company is currently negotiating with relevant contractors and suppliers for the construction of laboratories, warehouses and ground levelling, etc and other acquisitions of plant and machineries including electricity supply equipment, support structures and relevant computer hardware and software costs, etc with a total estimated cost of approximately HK\$145 million. As at the date of this announcement, the Group has received quotations of approximately HK\$98 million of the construction works and plant and machineries.

The management expects that the quotations will be entered into agreement with the contractors and suppliers when the commercial terms including construction period, specifications and the deliverable date are finalised. With reference to the negotiation status between the Group and the contractors and suppliers, the management expects that at least HK\$39 million, being approximately one-fourth of the construction costs and approximately 30% of the plant and equipment costs, will be settled by 31 December 2014 in comparison to the expected progress facilitating the research and development of the civil near space flying apparatus project. The remaining estimated cost for construction works and acquisition of plant and equipment of approximately HK\$106 million is expected to be settled by 2015. The management may accelerate the development plan when necessary.

By order of the Board
KuangChi Science Limited
Dr. Liu Ruopeng
Chairman and Executive Director

Hong Kong, 29 September 2014

As at the date of this announcement, the Board comprises five executive Directors, namely Dr. Liu Ruopeng, Dr. Luan Lin, Dr. Zhang Yangyang, Mr. Ko Chun Shun, Johnson and Mr. Ng Man Chan; and three independent non-executive Directors, namely Dr. Liu Jun, Dr. Wong Kai Kit and Mr. Lau Man Tak.