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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

**VOLUNTARY ANNOUNCEMENT
BUSINESS UPDATE
PROGRESS OF COMMERCIAL TESTING
OF THE CLOUD SPACE PLATFORM**

This is a voluntary announcement made by KuangChi Science Limited (the “Company”, together with its subsidiaries, the “KuangChi Science”).

Recently, KuangChi Science has successfully conducted a test launch and related commercial testing of the Cloud, one of its disruptive novel space technologies, in KuangChi Apollo Base located in Longgang District of Shenzhen. The tasks included testing of WiFi communication coverage, ground monitoring and collection of maritime big-data of the Cloud. These three core functions showed their actual results as expected.

The Cloud is a cloud platform providing integrated services including communication, internet access, big-data collection and analysis. It is characterised by its heavy loading and extensive coverage, enabling it to provide brand-new big-data and information services. The Cloud is 48 metres long and 20 metres high and is equipped with helium buoyancy system. Moreover, the Cloud adopts new material technologies that connect optical fibres in the air with the main network on the ground, which creates an uplink and downlink megadata hierarchy. In the course of the commercial testing, the Cloud was repeatedly calibrated for its altitude within the planned range. The three core functions showed their actual results as expected. Specifically, the high speed WiFi communication transmission reached high capacity at 108Mb/s. The WiFi communication capacity for the area of 40 kilometres away from centre kept its measurement at 26Mb/s. The planned information coverage of 8,000 square kilometres (equivalent to more than double the aggregate area of Shenzhen and Hong Kong) was achieved. The ground surveillance equipment carried by the Cloud shot wide-angle high-definition images with resolution of 1080p from sky above. The maritime surveillance equipment collected real-time maritime information within the peripheral area of more than 200 kilometres from Shenzhen regarding the name, nationality,

longitude and latitude, navigation and speed of 2,103 vessels on water sailing from 28 countries and regions including China, Korea, Albania, Belarus, Malaysia, Denmark, America, Cyprus, Liberia, Marshall Islands and Kerguelan Islands. Compared to the traditional platform, the water area under the surveillance of the Cloud is enlarged by 9 times.

The management considers that the feasibility of the technology is proven by such testing. The Cloud marks a new era in service provision to ports which includes monitoring, management and operation of coastal vessels. It is also suitable to provide wireless internet and data transmission services for areas with very low population density or investment sensitivity and will be able to solve the problem of internet connection failure worldwide. As mentioned in the announcement of the Company dated 3 November 2014, the Company has entered into negotiation and signed a cooperation agreement with the president and the government of the Democratic Republic of the Congo, whereby the Company will provide communication and broadcasting services to the Democratic Republic of the Congo by its disruptive space technologies.

So far, KuangChi Science has developed two platforms of disruptive novel space technology, namely the Cloud and the Traveller. The Cloud and the Traveller are both designed to provide services including communication coverage and big-data collection and transmission. The altitude of the Cloud tops up to some thousand metres, while the Traveller aviates near space at a height of at least 20 kilometres. In the meantime, KuangChi Science is undertaking research and development for a manned version of the Traveller, in pursuance of opening up near-space tourism service.

In relation to the recent development of the Traveller, our near space flying apparatus, as stated in the announcement of the Company dated 21 November 2014, the Company has entered into a tri-party memorandum of understanding with Airways Corporation of New Zealand Limited (“Airways”) and Pengxin Mining International Company Limited to work together and undertake test launch of the Traveller in New Zealand. In order to prepare for the relevant launch in New Zealand, as at the date of this announcement, relevant equipment and materials are being shipped to New Zealand, meanwhile the Company and Airways are obtaining relevant permissions for the operation of the Traveller in New Zealand. The management expects that the Traveller will be launched by the first half of year 2015 in New Zealand.

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 5 February 2015

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.