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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

PROFIT WARNING

This announcement is made by KuangChi Science Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that based on the preliminary review and analysis of the latest available unaudited consolidated management accounts of the Group, the loss attributable to the owners of the Company for the six months period ended 30 June 2015 (the “**Interim Period**”) is expected to increase significantly as compared with that for the same period in 2014.

During the Interim Period, the revenue of the Group has increased significantly due to the establishment of the novel space services segment of the Group and significant interest income was derived from the fixed deposits placed by the Group. However, the increase in revenue and other income were set-off by the significant increase in losses and expenses of the Group for the Interim Period. The anticipated loss attributable to the owners of the Company for the Interim Period is mainly attributable to (i) significantly drop of the profit margin for the paper business and the expected impairment of the goodwill in relation to the acquisition of the paper business in previous year; (ii) significant increase in administrative expenses including staff costs and relevant share based payment expenses, legal and professional expenses, financial advisory expenses and other operating expenses attributable to the corporate expenses and acquisition activities; (iii) incur of research and development expenses in relation to the novel space services segment of the Group; and (iv) significant increase in finance costs of the Group in relation to the borrowings for the payment of the considerations in relation to the acquisitions during the Interim Period.

The information as contained in this announcement is only based on preliminary review by the Company's management on the unaudited consolidated management accounts of the Group for the Interim Period and the information currently available, and is not based on the information reviewed by the auditors of the Company. The overall interim results of the Group will only be ascertained when all the relevant results and valuations are finalised. We expect that the interim results of the Group will be announced in late August 2015.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and read carefully the interim results announcement of the Company.

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

Hong Kong, 10 August 2015

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