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## **KUANGCHI SCIENCE LIMITED**

**光啟科學有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 439)

### **DISCLOSEABLE AND CONNECTED TRANSACTION – SUBSCRIPTION OF SHARES IN LONGSHENG AUTO PARTS**

The Company received a letter dated 16 June 2015 from the Stock Exchange that the Stock Exchange exercised its discretion under Rule 14A.20 of the Listing Rules to deem Longsheng as a connected person in respect of the KC Subscription. So, the KC Subscription would constitute a connected transaction under Rule 14A.25 of the Listing Rules, and the Company is required to comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the KC Subscription.

A circular containing, among other things, (i) information on the KC Subscription; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the SGM is expected to be despatched to the Shareholders on or before 10 July 2015. Dr. Liu, Dr. Luan and Dr. Zhang and their respective associates (including New Horizon Wireless Technology Limited) will abstain from voting at the SGM on the resolution to approve the KC Subscription.

References are made to the announcements of the Company dated 25 March 2015 and 31 March 2015 (the "Announcements") in respect of, among other things, the subscription of 41,958,041 new Longsheng Shares pursuant to the KC Subscription Agreement. Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

## UPDATES IN RESPECT OF THE KC SUBSCRIPTION

The Company received a letter dated 16 June 2015 from the Stock Exchange that the Stock Exchange exercised its discretion under Rule 14A.20 of the Listing Rules to deem Longsheng as a connected person in respect of the KC Subscription. So, the KC Subscription would constitute a connected transaction under Rule 14A.25 of the Listing Rules, and the Company is required to comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the KC Subscription.

In addition to the information disclosed in the Announcements, the Company would like to provide the Shareholders with the following further information about the KC Subscription.

### Undertakings

Each of Dr. Liu, Kuang-Chi Hezhong and the Subscriber has provided an undertaking with Longsheng so that each of Dr. Liu, Kuang-Chi Hezhong and the Subscriber and their respective controlled companies, with effect from completion of the Subscription, will not engage in any business which may compete with Longsheng and its subsidiaries during the period when Dr. Liu's and his concert parties' interest in the issued shares in Longsheng represents 5% or more (the "Undertakings"). The Company considers that each of the Undertakings has no actual adverse effects to the Company's business development as the Company has no current intention to diversify into activities which competes with the existing business and the proposed new business of Longsheng in respect of the metamaterials smart structures.

### Shareholding structure of Kuang-Chi Hezhong

As at the date of the KC Subscription Agreement and the date of this announcement, the shareholding structure of Kuang-Chi Hezhong is set out below:

<b>Name of shareholder</b>	<b>% shareholding interest</b>
Dr. Liu	35.09
Dr. Zhang	17.54
Dr. Luan	15.79
Dr. Ji Chunlin	15.79
Dr. Zhao Zhiya	15.79
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Total	100.00
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Dr. Liu, Dr. Zhang and Dr. Luan are executive Directors, and Dr. Ji Chunlin and Dr. Zhao Zhiya are assistant general managers of the Company.

## **Market price of Longsheng Share**

As at the date of this announcement, the closing market price of Longsheng Share is RMB81.50 per share, representing a premium of approximately 1,040% over the subscription price of RMB7.15 per share.

## **IMPLICATIONS UNDER THE LISTING RULES**

Based on the applicable percentage ratios (as defined in the Listing Rules), the KC Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As set out in the preceding paragraph, the Stock Exchange exercised its discretion under Rule 14A.20 of the Listing Rules to deem Longsheng as a connected person in respect of the KC Subscription. So, the KC Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Based on the applicable percentage ratios (as defined in the Listing Rules), the KC Subscription is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The SGM will be convened at which an ordinary resolution will be proposed to consider, and if thought fit, to approve the KC Subscription. The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the KC Subscription. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) information on the KC Subscription; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the SGM is expected to be despatched to the Shareholders on or before 10 July 2015. Dr. Liu, Dr. Luan and Dr. Zhang and their respective associates (including New Horizon Wireless Technology Limited) will abstain from voting at the SGM on the resolution to approve the KC Subscription.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Dr. Liu”	Dr. Liu Ruopeng
“Dr. Luan”	Dr. Luan Lin
“Dr. Zhang”	Dr. Zhang Yangyang

- “Independent Board Committee” the committee of the Company comprising all independent non-executive Directors, namely Dr. Liu Jun, Dr. Wong Kai Kit and Mr. Lau Man Tak, established to make recommendation to the Independent Shareholders in respect of the KC Subscription
- “Independent Financial Adviser” the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the KC Subscription
- “Independent Shareholders” Shareholders other than Dr. Liu, Dr. Luan and Dr. Zhang and their respective associates (including New Horizon Wireless Technology Limited)
- “SGM” the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the KC Subscription

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

Hong Kong, 18 June 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.*