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## **KUANGCHI SCIENCE LIMITED**

**光啟科學有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 439)

### **INSIDE INFORMATION – INVESTMENT IN SOLAR SHIP INC. AND CONNECTED TRANSACTION – SERVICE AGREEMENT**

#### **INVESTMENT IN SOLAR SHIP INC.**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 22 December 2014 and 1 February 2015 in respect of the two non-binding letters of intent entered into between the Company and Solar Ship on 20 December 2014. On 3 April 2015, the Company and Solar Ship entered into the Investment Agreement pursuant to which, subject to the terms and conditions therein, the Company will subscribe for 79,070 new common shares of Solar Ship, representing approximately 32.58% of the outstanding common shares of Solar Ship on a fully diluted basis for consideration of CAD 17 million (equivalent to approximately HK\$105 million). On 3 April 2015, the Company and Solar Ship entered into the Option Agreement, pursuant to which the Company has been granted the Option exercisable by the Company during the period from the completion of the Investment to 15 October 2016 (Toronto time) to subscribe for 116,279 additional common shares of Solar Ship resulting in the Company holding approximately 54.42% of the outstanding common shares of Solar Ship on a fully diluted basis (in aggregate), for consideration of CAD 25 million (equivalent to approximately HK\$155 million), subject to the terms and conditions of the Option Agreement.

## **SERVICE AGREEMENT**

On 3 April 2015, the Company and REORIENT entered into the Service Agreement pursuant to which the Company has agreed to engage REORIENT to provide advisory services to the Company in relation to the Investment. Under the Service Agreement, a service fee of HK\$8 million shall be payable by the Company to REORIENT upon completion of the Investment. If the Investment is not completed, no fee shall be payable to REORIENT.

Mr. Ko, an executive Director, is the controlling shareholder of RGL and REORIENT is a wholly-owned subsidiary of RGL. REORIENT is an associate of Mr. Ko and thus a connected person to the Company. The appointment of REORIENT as the Company's adviser constitutes a connected transaction for the Company. Based on the applicable percentage ratios, the appointment of REORIENT as the Company's adviser constitutes a connected transaction of the Company only subject to the reporting and announcement requirements and are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The Company is principally engaged in novel space services and other innovative technology businesses, among other businesses, with a vision to develop disruptive technologies to benefit humankind and the world. The Group Plans to develop the market for hybrid aircraft around the globe and is developing communication platforms to connect remote areas for global communications.

Solar Ship is an independent third party of the Company and incorporated in Canada. Solar Ship is developing a transport platform using its solar electric hybrid aircraft design and self-reliant building technology using remote area camps powered by solar, wind and hydrogen. Solar Ship intends to develop this self-reliant platform with functions including transportation, energy and communications to connect remote areas to the global economy with an initial focus on markets including Canada, China, Africa, Australia, Caribbean, etc. The main target customers are governments and international aid agencies. Such aircraft is in the development stage and is designed to allow for extreme and short take-off and landing distance.

The Directors consider that the Investment represents a good opportunity for the Company to collaborate with Solar Ship to develop the transport platform, remote area camps and communication technology which aimed at penetrating global markets. Through the Investment, the Group can use Solar Ship's existing business networks to provide network nodes on the ground linking near space to the local economy. On the other hand, Solar Ship's experience integrating technologies for harsh environments can be used throughout the world's remote areas and in near space. Solar Ship can use the Group's technical expertise to improve its technology ranging from lighter, stronger, less porous fabrics, to more efficient energy management systems. The Directors consider that the Investment Agreement and the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole.

Based on the applicable percentage ratios, the Investment and the grant of the Option, in aggregate, do not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

### **SERVICE AGREEMENT**

On 3 April 2015, the Company and REORIENT entered into the Service Agreement pursuant to which the Company has agreed to engage REORIENT to provide advisory services to the Company in relation to the Investment.

Under the Service Agreement, a service fee of HK\$8 million shall be payable by the Company to REORIENT upon completion of the Investment. The service fee was negotiated at arm's length after taking into account, among other things, the amount of work to be performed by REORIENT. If the Investment is not completed, no fee shall be payable to REORIENT.

REORIENT is a wholly-owned subsidiary of RGL and is a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). REORIENT has been providing financial advisory services to the Company from time to time since the subscription of new ordinary shares and new preferred shares of the Company as announced by the Company on 13 June 2014. The Company is of the view that REORIENT is familiar with the business operations of the Group and the engagement of REORIENT as its adviser to, among others, approach Solar Ship on behalf of the Company in relation to the Investment, assist the Company in the negotiation with Solar Ship and advise the Company on the implication of the Listing Rules regarding the Investment, is beneficial to the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the engagement of REORIENT to provide the Services are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Mr. Ko, an executive Director, is the controlling shareholder of RGL and REORIENT is a wholly-owned subsidiary of RGL. REORIENT is an associate of Mr. Ko and thus a connected person to the Company. The appointment of REORIENT as the Company's adviser constitutes a connected transaction for the Company.

Based on the applicable percentage ratios, the appointment of REORIENT as the Company's adviser constitutes a connected transaction of the Company subject to the reporting and announcement requirements and are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Ko, an executive Director, is also an executive director and the controlling shareholder of REORIENT Group Limited. Mr. Ko has a material interest in the engagement under the Service Agreement and has abstained from voting on the board resolution in respect of the engagement of REORIENT under the Service Agreement.

## **DEFINITIONS**

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CAD”	Canadian dollar, the lawful currency of Canada

“Company”	KuangChi Science Limited (stock code: 439), the ordinary shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ko”	Mr. Ko Chun Shun, Johnson
“Investment”	the investment by the Company in Solar Ship under the Investment Agreement
“Investment Agreement”	the investment agreement entered into between the Company and Solar Ship dated 3 April 2015 under which, subject to the terms and conditions therein, the Company will subscribe for 79,070 new common shares in Solar Ship
“Option”	the option granted to the Company entitling the Company to subscribe for 116,279 additional common shares of Solar Ship under the Option Agreement, subject to the terms and conditions therein
“Option Agreement”	the option agreement entered into between the Company and Solar Ship dated 3 April 2015 in relation to the grant of Option
“REORIENT”	REORIENT Financial Markets Limited
“RGL”	REORIENT Group Limited (stock code: 376), the ordinary shares of which are listed on the main board of the Stock Exchange

“Service Agreement”	the service agreement entered into between the Company and REORIENT pursuant to which the Company has agreed to engage REORIENT to provide advisory services to the Company in relation to the Investment
“Shareholder(s)”	holder(s) of the issued ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Solar Ship”	Solar Ship Inc., a company incorporated in Canada which is principally engaged in the design and building of hybrid aircraft
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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

Hong Kong, 7 April 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.*

*For illustration purposes, CAD is converted into HK\$ at CAD1=HK\$6.2 in this announcement.*