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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 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 management accounts of the Group, the loss of the Group for the 9 months period ended 31 December 2014 is expected to increase substantially as compared with that for the year ended 31 March 2014. The expected loss in the Group’s results for the 9 months period ended 31 December 2014 was mainly attributable to i). the further impairment loss in respect of goodwill arising from acquisition of the paper business in previous year for approximately HK\$35 million; ii). the recognition of research and development expenses of approximately HK\$55 million incurred pursuant to the Outsourcing Technology Development Agreement entered by the Company on 22 August 2014; iii). the share-based payment expenses of approximately HK\$18 million recognised in relation to the share options granted by the Company on 26 August 2014; and iv). the financial advisory expenses of approximately HK\$29 million recognised in relation to the acquisition made by the Group during the 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 9 months period ended 31 December 2014 and the information currently available, and is not based on the information reviewed by the auditors of the Company. The overall audited financial results of the Group for the 9 months period ended 31 December 2014 will only be ascertained when all the relevant results and valuation are finalised. We expect that the audited annual results of the Company for the 9 months period ended 31 December 2014 will be announced before end of March 2015.

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

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

Hong Kong, 13 March 2015

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