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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**

### **LETTERS OF INTENT REGARDING PROPOSED INVESTMENT IN SOLAR SHIP INC. AND RESUMPTION OF TRADING**

This announcement is made by KuangChi Science Limited (the “Company” and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 20 December 2014, the Company and Solar Ship Inc. (“Solar Ship”) entered into two non-binding letters of intent which contemplate that, subject to the occurrence of certain events and the satisfaction of certain conditions summarized below, the Company will subscribe for new common shares in Solar Ship representing 32.58% of the outstanding common shares of Solar Ship on a fully diluted basis for consideration of Canadian dollars (“CAD”) 17 million (equivalent to approximately HK\$114 million) on or before 30 January 2015 and will subscribe for additional common shares of Solar Ship resulting in the Company holding 54.42% of the outstanding common shares of Solar Ship on a fully diluted basis (in aggregate) for consideration of CAD25 million (equivalent to approximately HK\$168) million on or before 30 July 2016. The letters of intent contemplate that the parties will enter into the definitive agreements on or before 10 January 2015.

The letters of intent are non-binding except in respect of certain procedural matters such as termination of the letters of intent, which shall occur on 31 January 2015 if the parties have not signed definitive agreements on or prior to that date. Neither party is under any obligation to enter into a transaction pursuant to the letters of intent and either

party is free to abandon negotiations regarding the proposed transaction at any time, for any reason or for no reason. The letters of intent further specify that the definitive agreements would provide for customary conditions to closing, including the completion of satisfactory due diligence and the receipt of all required regulatory approvals.

The Company is principally engaged in novel space services and other innovative technology businesses, among other businesses. The Group has the vision as to develop disruptive technologies to benefit human beings and the world. Solar Ship is an independent third party of the Company. Incorporated in Canada, Solar Ship designs and builds hybrid aircraft, which fly using both aerodynamic lift and buoyant gas. Its wing-shape design and large surface area enable the aircraft to fly using solar electric power. Such aircraft is designed to allow for extreme short take-off and landing and is intended to service areas such as northern Canada and remote African regions.

The directors of the Company (the “Directors”) consider that the proposed transaction represents a good opportunity for the Company to collaborate with Solar Ship to develop disruptive technologies and to maximize Solar Ship’s business potential.

Through the investment in Solar Ship, the Group can share the advance technologies of the Group including advanced materials technology and computational simulation technology to support the development of the new hybrid aircraft. On the other hand, the Group will benefit from Solar Ship’s aviation and flying technology for the development of novel space services.

The Group plans to develop the market for hybrid aircraft in the PRC and Hong Kong and the hybrid aircraft also complements the novel space services and other innovative technology business of the Group. 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.

The Company’s investment in Solar Ship is subject to entering into of the definitive agreements which may or may not be entered into and therefore the transaction may or may not materialise. **Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.** The Company will make further announcement(s) in respect of the transaction as and when appropriate.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company has been halted from 9:00 a.m. on 22 December 2014 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 23 December 2014.

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

Hong Kong, 22 December 2014

*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.*

*For illustration purposes, CAD is converted into HK\$ at CAD1=HK\$6.7 in this announcement.*