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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

EXERCISE OF CONVERSION RIGHTS ATTACHING TO THE TRANCHE B PREFERRED SHARES

Reference is made to the announcements of the Company dated 13 June 2014, 21 August 2014, 22 August 2014 and 17 February 2015, and the circular of the Company dated 29 July 2014 (the “Circular”) in respect of the Subscription. Capitalised terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 15 September 2015, the Company has received a notice from New Horizon, one of the Subscribers, to convert its respective Tranche B Preferred Shares into the Conversion Shares. Set out below is the illustrative shareholding structure of the Company (i) as at the date of this announcement; and (ii) that upon allotment and issue of 912,333,333 Conversion Shares to New Horizon:

	As at the date of this announcement		Immediately after the allotment and issue of 912,333,333 Conversion Shares to New Horizon	
	Number of Ordinary Shares	%	Number of Ordinary Shares	%
The Subscribers				
New Horizon	2,045,666,667	43.09%	2,958,000,000	52.26%
Cutting Edge	120,775,778	2.54%	120,775,778	2.54%
Grand Consulting	140,388,889	2.96%	140,388,889	2.48%
Lucky Time	68,140,889	1.44%	68,140,889	1.44%
Starbliss	280,777,778	5.91%	280,777,778	4.96%
REORIENT Global	120,333,333	2.53%	120,333,333	2.13%
<i>Sub-total</i>	2,776,083,334	58.47%	3,688,416,667	65.16%
Other shareholders				
World Treasure	638,981,013	13.46%	638,981,013	11.29%
RFML	1	–	1	–
Other public shareholders	1,332,670,111	28.07%	1,332,670,111	23.55%
Total	4,747,734,459	100.00%	5,660,067,792	100.00%

New Horizon (on its own behalf and on behalf of the other Subscribers) has made an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares upon full conversion of the Preferred Shares. The Whitewash Waiver has been granted by the Executive. As disclosed in the Company's announcement dated 21 August 2014, the Whitewash Waiver was subsequently approved by Independent Shareholders in the SGM held on 21 August 2014.

The Conversion Shares are expected to be allotted and issued on or before 17 September 2015.

Following conversion of the above Tranche B Preferred Shares, the Company has 429,333,333 fully paid Tranche B Preferred Shares outstanding. The remaining outstanding Tranche B Preferred Shares are convertible into 429,333,333 Conversion Shares, representing (i) approximately 7.59% of the issued Ordinary Shares immediately after the allotment and issue of the Conversion Shares under the above Tranche B Preferred Shares; and (ii) approximately 7.05% of the issued Ordinary Shares immediately after the allotment and issue of the Conversion Shares under the above Tranche B Preferred Shares and as enlarged by the allotment and issue of the Conversion Shares under the remaining Tranche B Preferred Shares.

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

Hong Kong, 16 September 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.