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## **KUANGCHI SCIENCE LIMITED**

**光啟科學有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 439)

### **SUPPLEMENTAL ANNOUNCEMENT**

#### **(1) CONNECTED TRANSACTION – SUBSCRIPTION FOR NEW SHARES BY SKY ASIA UNDER SPECIFIC MANDATE**

#### **(2) SUBSCRIPTION FOR NEW SHARES BY SHEUNG CHING UNDER SPECIFIC MANDATE**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 6 November 2015 in relation to the Sky Asia Subscription and Sheung Ching Subscription (the “**Subscriptions**”). Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

The Company would like to provide further information in relation to the Subscriptions.

#### **USE OF PROCEEDS**

As disclosed in page 7 of the Announcement, the gross proceeds and the net proceeds from the Subscriptions are approximately HK\$1,380.4 million and approximately HK\$1,380 million respectively. The Company intends to apply the net proceeds from the Subscriptions for financing potential mergers and acquisitions, capital expenditures and general working capital as follows:

- approximately HK\$430,000,000 is intended to be used for acquisition of new land site in the PRC and construction of manufacturing facilities thereon;
- approximately HK\$500,000,000 is intended to be used for the completion of previous acquisitions and potential merger and acquisition globally;
- approximately HK\$240,000,000 is intended to be used for research and development expenses in novel space business and acquisition of related property plant and equipment; and

- approximately HK\$210,000,000 is intended to be used as the general working capital.

The amount of approximately HK\$54,000,000 left unutilized as at 30 June 2015 from the previous subscriptions proceeds conducted in 2014 for merger and acquisition is intended to be used for financing the previous acquisitions.

### **CAPITAL EXPENDITURE PLAN FOR THE COMING 12 MONTHS**

The Company's capital expenditure plan for the coming 12 months is as follows:

No.	Cash outflows:	<b>CAPITAL EXPENDITURE PLAN FOR 2016</b> <i>HK\$'M</i>	<b>Percentage</b> (%)
1	Acquisition of land and the construction	563	36%
2	Payment for global merger and acquisition	550	35%
2.1	Completion of previous acquisitions	260	17%
2.2	Potential merger and acquisition	290	18%
3	Production cost and plant and machineries for development and production	440	29%
<b>Total</b>		1553	100%

For planning purpose, all major projects are classified within the following project types:

*Land Acquisition – Purchase or acquisition of land, with or without a building structure.*

- Approximately HK\$563,000,000 is intended to be used for the Company to complete the previous acquisition of land in the 12 months.

*Global merger and acquisition*

- With the aim to provide growth and positive value to the company, approximately HK\$550,000,000 (including the amount of approximately HK\$54,000,000 left unutilized from the previous subscriptions) is intended to be used for the merger and acquisition globally, of which approximately HK\$260,000,000 is intended to be used for the completion of previous acquisitions, namely Martin Aircraft Company Limited and Solar Ship Incorporation, and approximately HK\$290,000,000 of which is intended to be used for the potential merger and acquisition.

*Research and development expenses and acquisition of related property plant and equipment*

- Based on the relevant experience of the related machineries and facilities required, approximately HK\$440,000,000 is intended to be used for research and development expenses in novel space business and acquisition of related property plant and equipment.

**The Company's capital expenditure plan for the coming 12 months are forward-looking statements made on the basis of subjective assumptions and judgments on future policies and economic conditions. These statements are subject to risks, uncertainties and assumptions. The actual results may differ materially from the forward-looking statements. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.**

By Order of the Board  
**KuangChi Science Limited**  
**Zhang Yangyang**  
*Executive Director*

Hong Kong, 17 November 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 Dr. Liu Jun, Dr. Wong Kai Kit and Ms. Zong Nan.*