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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 24 December 2015, the Company has received a notice from REORIENT Global, 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 53,666,667 Conversion Shares to REORIENT Global:

	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares	
	<i>Number of Ordinary Shares</i>	<i>%</i>	<i>Number of Ordinary Shares</i>	<i>%</i>
The Subscribers				
New Horizon	2,958,000,000	52.26%	2,958,000,000	51.77%
Starbliss	280,777,778	4.96%	280,777,778	4.91%
REORIENT Global	120,333,333	2.13%	174,000,000	3.05%
Cutting Edge*	88,414,778	1.56%	88,414,778	1.55%
Grand Consulting*	64,231,889	1.13%	64,231,889	1.12%
Lucky Time*	62,611,111	1.11%	62,611,111	1.10%
<i>Subtotal</i>	<u>3,574,368,889</u>	<u>63.15%</u>	<u>3,628,035,556</u>	<u>63.50%</u>
Other shareholders				
World Treasure	792,981,013	14.01%	792,981,013	13.88%
RFML	1	–	1	–
Other public shareholders*	1,292,717,889	22.84%	1,292,717,889	22.62%
<i>Subtotal</i>	<u>2,085,698,903</u>	<u>36.85%</u>	<u>2,085,698,903</u>	<u>36.50%</u>
Total	<u>5,660,067,792</u>	<u>100.00%</u>	<u>5,713,734,459</u>	<u>100.00%</u>

* Public shareholders

New Horizon is the controlling shareholder of the Company which will own approximately 51.77% of issued Ordinary Shares of the Company immediately after the allotment and issue of 53,666,667 Conversion Shares and Dr. Liu Ruopeng, Dr. Zhang Yangyang and Dr. Luan Lin, being executive Directors of the Company, have beneficial interests in New Horizon. Mr. Ko Chun Shun Johnson (“Mr. Ko”), being an executive Directors of the Company, is the controlling shareholder of REORIENT Global and RFML is a wholly owned subsidiary of REORIENT Global. Starbliss is ultimately wholly-owned by Mr. Ko. Therefore, the Subscribers including New Horizon, Starbliss and REORIENT Global are regarded as a core connected person of the Company and not public shareholders.

Cutting Edge, Grand Consulting and Lucky Time are regarded as public shareholders as they are not core connected persons of the Company and do not fall within the situations as described under Rule 8.24.

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 30 December 2015.

Following conversion of the above Tranche B Preferred Shares, the Company has 375,666,666 fully paid Tranche B Preferred Shares outstanding. The remaining outstanding Tranche B Preferred Shares are convertible into 375,666,666 Conversion Shares, representing (i) approximately 6.57% 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 6.17% 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, 28 December 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 Ms. Zong Nan