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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

References are made to the announcements of the Company dated 13 June 2014, 21 August 2014, 22 August 2014, 17 February 2015 and 28 December 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 12 July 2016, the Company has received a notice from Starbliss, one of the Subscribers, to convert its respective Tranche B Preferred Shares into the Conversion Shares. For illustrative purpose, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon the allotment and issue of 125,222,222 Conversion Shares to Starbliss:

	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>
Subscribers				
New Horizon	2,958,000,000	51.77%	2,958,000,000	50.66%
Starbliss	130,777,778	2.29%	256,000,000	4.38%
Grand Consulting	65,846,889	1.15%	65,846,889	1.13%
Lucky Time	62,611,111	1.10%	62,611,111	1.07%
<i>Subtotal</i>	<u>3,217,235,778</u>	<u>56.31%</u>	<u>3,342,458,000</u>	<u>57.24%</u>

	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>
Other Shareholders				
World Treasure	618,981,013	10.83%	618,981,013	10.60%
Other public Shareholders	1,877,517,668	32.86%	1,877,517,668	32.16%
<i>Subtotal</i>	<u>2,496,498,681</u>	<u>43.69%</u>	<u>2,496,498,681</u>	<u>42.76%</u>
<i>Total</i>	<u><u>5,713,734,459</u></u>	<u><u>100.00%</u></u>	<u><u>5,838,956,681</u></u>	<u><u>100.00%</u></u>

New Horizon is the controlling Shareholder of the Company which will own approximately 50.66% of issued Ordinary Shares of the Company immediately after the allotment and issue of 125,222,222 Conversion Shares, and Dr. Liu Ruopeng, Dr. Zhang Yangyang and Dr. Luan Lin, being executive Directors of the Company, are beneficially interested in New Horizon. Starbliss is ultimately wholly-owned by Mr. Ko Chun Shun, Johnson (“Mr. Ko”), an executive Director of the Company. Therefore, the Subscribers, including New Horizon and Starbliss, are regarded as core connected persons of the Company instead of public Shareholders.

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 of the Listing Rules.

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 announcement of the Company dated 21 August 2014, the Whitewash Waiver was subsequently approved by Independent Shareholders at the SGM held on 21 August 2014.

The Conversion Shares are expected to be allotted and issued on or before 18 July 2016.

Following the conversion of the above Tranche B Preferred Shares, the Company has 250,444,444 fully paid Tranche B Preferred Shares outstanding. The remaining outstanding Tranche B Preferred Shares are convertible into 250,444,444 Conversion Shares, representing (i) approximately 4.29% 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 4.11% 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, 13 July 2016

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 two independent non-executive Directors, namely Dr. Liu Jun and Dr. Wong Kai Kit.