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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

**CLARIFICATION ANNOUNCEMENT
REGARDING CERTAIN MEDIA REPORTS**

KuangChi Science Limited (“**the Company**”) notes that certain media reports allege today that the Company has made an announcement on 13 July 2016 in relation to the issue of 125,000,000 shares of the Company at a discount of 97.25%, after the completion of which the total number of shares of the Company will increase from 5,714,000,000 shares to 5,839,000,000 shares.

Having made such enquiry with respect to the Company as is reasonable in the circumstances, the board of directors of the Company would like to supplement the contents of the reports and clarify that:

- An announcement was made by the Company on 22 August 2014 in relation to the entering into a Subscription Agreement by the Company, pursuant to which the Company duly allotted and issued 125,222,222 shares of Tranche B Preferred Shares to Starbliss, and Starbliss (as one of the Subscribers) agreed to the conversion price of HK\$0.08 per share for the conversion of Tranche B Preferred Shares into Ordinary Shares. The conversion price was negotiated and agreed between the Company and Starbliss at the time and is not a current agreement.
- Pursuant to the Subscription Agreement, the conversion period of the above conversion rights attaching to Tranche B Preferred Shares commenced from 22 August 2014 and will end on the date of the second anniversary. Starbliss exercised the conversion rights attaching to Tranche B Preferred Shares before the expiry of the conversion period in accordance with the Subscription Agreement.

For the avoidance of misunderstanding of certain media reports by the Shareholders of the Company and potential investors, this clarification is made with respect to the exercising of the conversion rights attaching to Tranche B Preferred Shares by Starbliss.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 19 July 2016

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