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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

VOLUNTARY ANNOUNCEMENT – BUSINESS UPDATE

DESIGN AND DEVELOPMENT OF “FUTURE VALLEY” PROJECT; IMPLEMENTATION OF CERTAIN PROJECTS OF FUTURE TECHNOLOGY BUSINESS; AND INCUBATOR OF GLOBAL COMMUNITY OF INNOVATION OPERATES STEADILY

This is a voluntary announcement made by KuangChi Science Limited (the “Company”, together with its subsidiaries, the “Group”), which also provides further information regarding the recent news articles about the Company’s latest business development.

Recently, the Group is negotiating about the design and development of its “Future Valley” project in several cities in China, including Hangzhou. The “Future Valley” project is planned to be developed as a technology innovation centre with a theme of future technology, which comprises a wide range of functions, such as interactive testing of future technology, exhibitions and experience of innovative products, demonstrations of innovative industry incubation, education and practicing of popularisation of science, training on innovative products, communication among global community of innovation, as well as modelling of industrial tourism.

The “Future Valley” shall be comprised of R&D bases, command and control centres, machine life interactive testing centres, space reconstruction technology interactive testing centres, in-depth space experiencing and science popularisation platforms, Iron Man club, technological culture platforms, industry exhibition halls, technology education and service centres, global community of innovation communication centres and innovative residential community. The Board believes that the construction and development of the “Future Valley” project will be a remarkable breakthrough of the Group’s future technology business.

Furthermore, the Group's various projects of future technology business, including the city-level "Cloud" project base and the "Traveler", the project base of our near space technology, have been implemented and are operating steadily in certain cities in China. Those projects provide comprehensive services and solutions, aimed at constructing future smart cities with the intention of solving all problems concerning city environment, convenience and safety.

For the future design, the Group believes the three primary elements of the future development trend are: in-depth space, spiritual machines and ultimate connection. The Group has developed and constructed a global community of innovation, and established the Kuang-Chi GCI Fund & Incubator. The Kuang-Chi GCI Fund & Incubator is the first technology fund and incubator set up by a Chinese technology enterprise in Israel. The total investment is US\$300 million, with the initial contribution amounting US\$50 million. The purpose is to make investments in technological innovation projects in Israel and the world, and currently the "GCI Incubator" is aimed at gathering innovators from all over the world and bringing future to the present together.

This announcement is made on a voluntary basis to provide shareholders and potential investors with updated information in relation to the business development of the Group.

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

Hong Kong, 8 September 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.