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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
INVESTMENT IN AN ISRAELI HI-TECH VIDEO ANALYTICS
SOLUTION PROVIDER
AGENT VIDEO INTELLIGENCE

The board of directors (the “Board”) of KuangChi Science Limited is pleased to announce that, on 14 September 2016 (after trading hours), the Company entered into an investment agreement with Agent Video Intelligence (“Agent Vi”), an Israeli video analytics solution provider, to invest an aggregate sum of US\$4.3 million in Agent Vi. Based on the applicable percentage ratios, this investment does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The initial investors of Agent Vi were mainly global giants in public safety system industry including Motorola Solutions. For this round of investment, the Company is the leading investor, and is co-invested by Motorola Solutions. Being a strategic investor, the Company will assist Agent Vi to expand its engineering, sales and management teams, and give it support to set up local offices in China and Singapore, allowing it to serve its growing client base in China, Southeast Asia and Europe. The Company will collaborate with Motorola Solutions in pushing forward the commercialisation of Agent Vi’s smart video technology in China and throughout the world, and jointly promote global development of artificial intelligence. At the same time, the co-investment of Motorola Solutions also reflects the recognition of the formulation of and its participation in the Company’s Future City strategy, which strengthens the strong partnership between its venture capital funds and the Company in capital markets.

Established in 2003, Agent Vi focuses on the provision of high quality video analytics solutions and achieving seamless matching with third party systems leveraging on its patented software systems, advanced computer visual and machine-enabled learning algorithm, as well as its experience in software development for major surveillance deployments accumulated over the years. Agent Vi's solutions enable users to make the best use of their video surveillance networks for they have automatic video analysis on incidents under surveillance with alerts. They can also speed up video search and statistical data extraction from recorded images in surveillance cameras. Agent Vi's solutions give stronger safety protection to facilities, enhance the working efficiency of the operators of security and surveillance systems, generate important business information and provide better management of pedestrian and vehicle traffic flows.

According to a report published by IHS market research firm, Agent Vi is the market leader in video analytics solutions, with numerous successful deployments worldwide. Its patented technology provides sophisticated and customised analytics solutions across city safety, infrastructure, transport, retail and other applications.

The investment in Agent Vi marks an important step of the furtherance of the Company's Future City strategy for its future technology business development. The Future City strategy aims to enhance service efficiency with advanced technologies so as to satisfy residents' needs, create better living quality and, in particular, solve the environmental and "global connection" issues that people are facing. Its objectives can be categorised into three aspects, namely safety, sustainability and space expansion.

Meanwhile, this investment also closely embraces the Company's awareness of future trends in areas including in-depth space, spiritual machines and ultimate connection. Spiritual machines are machines that have been empowered with souls, allowing such equipments to become human partners rather than simply tools. Agent Vi's video analytics solution technology enables machines to be emotionally intelligent thereby making them provide better services to human.

The Directors consider that the investment agreement and the transactions contemplated thereunder are in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 15 September 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.