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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

**APPOINTMENT OF EXECUTIVE DIRECTOR
AND NON-EXECUTIVE DIRECTOR
AND
CONNECTED TRANSACTION
SUBSCRIPTION FOR NEW SHARES
BY SKY ASIA AND SHEUNG CHING UNDER
SPECIFIC MANDATE
TERMINATION OF THE SUBSCRIPTIONS**

The board of directors (the “**Board**”) of KuangChi Science Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that, with effect from 1 February 2017, Mr. Dorian Barak (“**Mr. Barak**”) has been appointed as an executive director of the Company and Mr. Song Dawei (“**Mr. Song**”) has been appointed as a non-executive director of the Company.

The Board further announces that the connected transaction in relation to the subscription for new shares by Sky Asia and Sheung Ching under specific mandate is terminated.

APPOINTMENT OF EXECUTIVE DIRECTOR AND NON-EXECUTIVE DIRECTOR

The board of directors (the “**Board**”) of KuangChi Science Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that, with effect from 1 February 2017, Mr. Dorian Barak (“**Mr. Barak**”) has been appointed as an executive director of the Company and Mr. Song Dawei (“**Mr. Song**”) has been appointed as a non-executive director of the Company.

Dorian Barak was awarded a Juris Doctor by Yale University, a master degree from Oxford University, and a BA from UCLA.

Mr. Barak is a veteran private equity investor and fund manager specializing in emerging markets. He serves on the boards of companies active in the technology, aviation and natural resources sectors in Israel, China and Africa. Mr. Barak is CEO of Indigo Global, which advises leading companies and funds on strategy and investment transactions.

Over the past two decades, Mr. Barak has filled key investment and strategy positions in the US, Israel and Europe. He was an independent non-executive director of Yunfeng Financial Group Limited (formerly known as Reorient Group Limited) from 16 January 2014 to 9 November 2015, the shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 376), Head of Global Strategy and M&A at Hapoalim, Israel's leading financial group; an M&A Attorney with the Skadden Arps law firm in New York; and a Consultant with the Boston Consulting Group (BCG) in Chicago.

Mr. Barak has entered into a letter of appointment with the Company as an executive director for a term of three years. Mr. Barak will hold office until the next annual general meeting of the Company after his appointment and shall be subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Barak's remuneration will be determined by reference to his duties and responsibilities with the Company and the prevailing market conditions and will be subject to review by the Remuneration Committee of the Company and the Board from time to time. Mr. Barak is entitled to a director's fee of US\$150,000 per annum.

As at the date of this announcement, Mr. Barak was interested in an aggregate of (i) 75,706 warrants of SkyX Limited, a subsidiary of the Company, which entitling the holder to subscribe for 75,706 shares (equivalent to approximately 2.57% of the fully diluted shareholding); (ii) 3,030 warrants of Beyond Verbal Communications Ltd., the Company's associated corporation, which entitling the holder to subscribe for 3,030 shares (equivalent to approximately 0.84% of the fully diluted shareholding); (iii) share options to subscribe for 1,000,000 shares in the Company.

Mr. Song Dawei, aged 49, is a professional with extensive experience in the fields of automotive, electronic technology and communications. He has accumulated extensive work experience in the fields of electronic engineering and automation control while he worked in the Second Automotive Works Co., of PRC (中國第二汽車製造廠), Dongfeng Motor Co., Ltd. (東風汽車有限公司) and Wuhan Shenlong Automobile Co., Ltd. (武漢神龍汽車有限公司). Since then, he has served as General Manager of Hubei Bada Technology Company (湖北八達科技公司), Chairman of Jiangxi Donghuai Automobile Sales Co., Ltd. (江西東淮汽車銷售有限公司) and Chairman of Hubei Changjiang Era Communications Co., Ltd. (湖北長江時代通信有限公司). Mr. Song is currently a director of HyalRoute Communication Group Limited (海容通信集團有限公司).

Mr. Song has entered into a letter of appointment with the Company for his appointment as a non-executive director for a term of one year. Mr. Song will hold office until the next annual general meeting of the Company after his appointment and shall be subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Song is entitled to a director's fee of HK\$250,000 per annum, which is determined with reference to the prevailing market conditions, and with regards to her experience and duties and responsibilities in the Company.

Saved as disclosed above, as at the date of this announcement, Mr. Barak and Mr. Song confirmed that they (i) have not held any position in the Company or any subsidiaries of the Company nor any other directorship in other listed companies for the past three years; (ii) do not have any relationship with any directors, senior management, substantial shareholders (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) or controlling shareholders (as defined under the Listing Rules) of the Company; and (iii) do not have any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Saved as disclosed above, there is no other information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with the appointments of Mr. Barak and Mr. Song.

The Board take this opportunity to welcome Mr. Barak and Mr. Song to join the Company.

CONNECTED TRANSACTION

SUBSCRIPTION FOR NEW SHARES BY SKY ASIA AND SHEUNG CHING UNDER SPECIFIC MANDATE

TERMINATION OF THE SUBSCRIPTIONS

References are made to the announcements of the Company dated 6 and 17 November 2015, 28 February 2016, 27 June 2016, 28 October 2016 and 25 November 2016 (the “**Announcements**”) and the circular of the Company dated 3 December 2015 (the “**Circular**”) in respect of the subscriptions for new Shares by Sky Asia and Sheung Ching respectively. Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Announcements and the Circular.

As disclosed in the Announcements and the Circular, if any of the conditions precedent set out in the Subscription Agreements has not been satisfied on or before 30 January 2017 (or such later date as may be agreed to by the Company in writing) (the “**Long Stop Date**”), the Subscription Agreements will cease and determine and all rights and obligations thereunder will be terminated save for any rights and obligations accrued before the termination.

After communications with the Subscribers, the Subscribers had submitted an application to the relevant authorities in the PRC for the approval of foreign investment and outbound fund transfer in accordance with the provisions of the Subscription Agreements. Due to the stricter capital outflow control measures implemented in China in the last year, the approval has not yet been granted as at 30 January 2017. In view of this, based on the prior undertaking made to the Hong Kong Stock Exchange in respect of the long stop date for the completion of the Subscriptions and information provided by the Subscribers, as the conditions precedent set out in the Subscription Agreements were not satisfied by the long stop date stipulated therein, the parties had agreed to terminate the Subscriptions.

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

Hong Kong, 1 February 2017

As at the date of this announcement, the Board comprises five executive Directors, namely Dr. Liu Ruopeng, Dr. Zhang Yangyang, Dr. Luan Lin, Mr. Ko Chun Shun, Johnson and Mr. Dorian Barak; one non-executive Director, namely Mr. Song Dawei; and three independent non-executive Directors, namely Dr. Liu Jun, Dr. Wong Kai Kit and Ms. Cao Xinyi.