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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 ENTERING INTO A STRATEGIC COOPERATION FRAMEWORK AGREEMENT WITH CHINA TELECOM

This announcement is made by KuangChi Science Limited (the “**Company**”) together with its subsidiaries on a voluntary basis.

The Company is pleased to announce that, on 20 September 2017, Shenzhen Kuangchi Space Technology Limited, a wholly-owned subsidiary of the Company, entered into a strategic cooperation framework agreement with China Telecommunications Corporation (“China Telecom”).

Parties:

Party A: China Telecom

Party B: Shenzhen Kuangchi Space Technology Limited

Subject of the cooperation:

1. Regarding public security, both parties shall build up in-depth cooperation based on the “shared platform of police technology” to provide full solutions.
2. Regarding the key matters of smart cities such as intelligent traffic, intelligent police work and intelligent communication, both parties shall enter into in-depth cooperation to jointly pursue and develop smart city projects.
3. Regarding the cooperation in the construction of Xiong’an New District, in-depth cooperation shall be initiated in various areas including but not limited to overall city management, applications of 5G communication technology, self-driving technologies, big data application, for promoting fast development and construction of the new district.

Reasons for and benefits of entering into the agreement

The Company considers that by entering into the strategic cooperation framework agreement, both parties to the agreement would be able to fully capitalise on each other's advantageous resources to complement their technology, products and channels, achieve combination of market platforms and product technology, industrial extension and expansion, as well as maximise mutual benefits.

Information on China Telecom

China Telecom is one of the largest state-owned enterprises in China, with assets worth over RMB700 billion and annual revenue over RMB380 billion. As the world's largest optical network operator and the world's largest FDD operator, China Telecom has the world's largest broadband Internet network and a leading-edge mobile communication network. It is capable of providing cross-regional, fully-integrated information services to global customers through its customer service channel system. China Telecom has a huge customer base. By the end of 2016, the number of its broadband Internet subscribers exceeded 144 million, mobile subscribers exceeded 215 million, and fixed-line subscribers exceeded 132 million. To drive business transformation, China Telecom has rolled out Transformation 3.0 strategy with a focus on upgrading intelligent network, service ecosystem and intelligent operation for the digital ecosystem. China Telecom will strive to become a leading comprehensive intelligent information service provider, with the aim of becoming a powerhouse in the Internet and cyber realms in order to serve the society and enhance people's well-being.

To the best of the Company's knowledge, information and belief, having made all reasonable enquiries, China Telecom and its ultimate beneficial owners are independent of the Company and its connected persons.

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

Hong Kong, 20 September 2017

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