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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 XIONG’AN NEW DISTRICT

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 Xiong’an New District.

The salient terms of the agreement are set out below:

Parties:

Party A: Xiong’an New District

Party B1: Kuangchi Technologies Co., Ltd.

Party B2: Shenzhen Kuangchi Space Technology Limited

Party B3: Kuangchi Institute of Advanced Technology and
Shenzhen Kuangchi Hezhong Technology Limited

Subject of the cooperation:

1. The parties shall draw on the technical capability of the Company’s innovation team to establish Kuangchi Institute of Advanced Technology for New Engines (光啟新型發動機先進技術研究院) in line with the industry direction and development layout of Xiong’an New District.
2. Regarding the exploration of innovative system for integrating the police force and the community, the parties shall jointly develop a “shared service platform of police technology”, to create a new mechanism of professional police service in China.

Reasons for and benefits of the agreement

The Company considers that the prime location and the vast strategic development opportunities of Xiong'an New District, together with the strengths of the Company and its subsidiaries in terms of technology, talents, system and mechanism, would promote the industrialisation of the Company's globally-leading technological achievements, facilitate technological innovation and economic growth of the regions where it serves, and achieve mutual development, which would eventually enhance the overall profitability of the Company's businesses.

Information on Xiong'an New District

Following Shenzhen Special Economic Zone and Pudong New District of Shanghai, Xiong'an New District is another new district with national significance. The planned construction in Xiong'an New District starts with the development of a designated place with an area of 100 square kilometres. In medium term, the development area will cover approximately 200 square kilometres. The long-term controlled area will cover approximately 2,000 square kilometres.

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

General

The respective cooperation proposals in the same agreement between Party A and each side of Party B are completely independent. There is no association among the business engagements of each side of Party B under the agreement, and the business engagement between Party A and Party B2 under the agreement does not involve Party B1 and Party B3 while the business engagements between Party A and each of Party B1 and Party B3 do not involve Party B2. Therefore, the detailed terms underlying Party B1 and Party B3 are not disclosed in the salient terms herein. The entering into of the same agreement by each side of Party B with Party A is upon the request of Party A.

The purpose of the business engagement between Party A and Party B1 is to plan for the construction of Kuangchi Institute of Frontier Technology for Metamaterials (光啟超材料前沿技術研究院) in Xiong'an New District. The purpose of the business engagement between Party A and Party B2 is set out in this announcement above. The purpose of the business engagement between Party A and Party B3 and its associated companies is to found an innovation fund jointly with Party A for market operation and accelerating the in-depth development.

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.