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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 THE PEOPLE'S GOVERNMENT OF BAODING CITY**

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 the People’s Government of Baoding City.

The salient terms of the agreement are set out below:

Parties:	Party A: the People’s Government of Baoding City  Party B1: Kuangchi Technologies Co., Ltd.  Party B2: Shenzhen Kuangchi Space Technology Limited
Subject of the cooperation:	It is planned to construct an innovative industry base for new engines (the “ <b>Engine Industry Base</b> ”), which shall mainly manufacture the products of lightweight/ultra-lightweight flying apparatus, drone power units; provide power units for range extender of new energy automobiles, portable power generators, etc.; and build smart, modern, energy-saving, high-efficiency and advanced production lines to achieve vertical and in-depth development of upstream and downstream industry chain of new engines in Hebei Province and further, across Beijing-Tianjin-Hebei region as well as to promote transformation and upgrade of high-end equipment manufacturing industry in Hebei Province.

## **REASONS FOR AND BENEFITS OF THE AGREEMENT**

The Company considers that the industrial foundation of Baoding City and the development opportunities arising from industrial transformation, 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.

## **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 between the business engagements of each side of Party B under the agreement, and the business engagement between Party A and Party B1 under the agreement does not involve Party B2. Therefore, the detailed terms underlying Party B1 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 an innovative industry base for metamaterials in Baoding City.

To the best of the Company's knowledge, information and belief, having made all reasonable enquiries, the People's Government of Baoding City 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.*