KUANGCHI SCIENCE LIMITED
光啟科學有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 439）

VOLUNTARY ANNOUNCEMENT – UPDATE ON BUSINESS DEVELOPMENT

This announcement is made by KuangChi Science Limited (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis to inform the shareholders and potential investors of the Company of the latest business development of the Group.

The Group has long been committed to the research and development of algorithms related to artificial intelligence (AI) overlay technology, big data analysis platform and professional application products for vertical industries. The Group started to make overall arrangement on AI research and industrialization in 2015, and since then began to independently develop a new generation of AI technologies while investing in companies such as Sky X and Agent VI. The Group's AI algorithms were early applied to aerospace equipment such as "Cloud" and long-haul drones, and later independently developed into the principal intelligence business, forming an AI system with artificial intelligence algorithm engines as its main products, which includes a series of background intelligence algorithms covering intelligent engines and big data analysis platforms, enabling access to a variety of fixed and mobile front-end hardware devices and empowering it with artificial intelligence. On this basis, leveraging on its rich experience in system integration, the Company has established an integrated overall solution after integration with front-end hardware and provides professional system integration, installation, commissioning and operation and maintenance services.

The board of directors (the "**Board**") of the Company is pleased to announce that the intelligent engine product independently developed by the Group have played a significant role in realistic situations. The intelligent engine product is mainly used as a background algorithm and big data analysis platform for AI overlay technology, and provides a wide range of professional applications. As of November 2019, the Group's self-developed intelligent engine has been deployed and applied in a core area of Shanghai and a transportation hub in Chongqing. The intelligent engine offers a series of AI core algorithms based mainly on visual analysis, which are all independently developed by the Group, to achieve intelligent detection, identification and dynamic real-time tracking of massive targeted objects in large scenarios and put to use dynamic data sampling and big data intelligent analysis capabilities for massive targeted objects. The deployment of this system has greatly enhanced the ability to prevent and control public security risks, improved the efficiency of public security prevention and control, peoples' livelihood services and social governance etc., and significantly reduced the workload of public security personnel as well.

According to the strategic cooperation agreement previously entered into between the Group and the Peoples' Government of Huangpu District, Shanghai, the Group has successfully promoted the refinement of urban management, and cooperated with the local peoples' government to promote the application of AI overlay technology and the development of new AI technologies. Taking this opportunity, the Group registered and established Shanghai KuangChi Smart City Network Technology Co., Ltd.* ("**KuangChi Smart City**") in Shanghai as the KuangChi Scientific AI Headquarters, focusing on the research and development and application of AI technologies. At the end of August 2019, KuangChi Smart City was awarded RMB5 million of support funds from the Peoples' Government of Huangpu District, Shanghai. At the same time, KuangChi Scientific AI Headquarters was announced as one of the 33 major industrial projects of artificial intelligence in Shanghai at the 2019 World Artificial Intelligence Conference.

On 15 November 2019, KuangChi Smart City established the first "non-sensing intelligence service" platform in Huangpu District Administrative Service Center, Shanghai and commenced its online testing. The platform combines artificial intelligence technologies and government service business. Upon completion, the project will become the first innovative application project of "artificial intelligence + administrative services".

Please note that further announcement(s) in relation to the notifiable transaction will be made by the Company as and when appropriate in compliance with the requirements of the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

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Hong Kong, 2 December 2019

* *For identification only*

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; and three independent non-executive directors, namely Dr. Liu Jun, Dr. Wong Kai Kit and Mr. Choi Wing Koon.