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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 439)

PROFIT WARNING

This announcement is made by KuangChi Science Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the information currently available to the Board and the preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 December 2018 (“**FY2018**”), the Group expects that it may record an increase in net loss for FY2018 with a net loss ranging from approximately HK\$500 million to HK\$600 million for FY2018 as compared to a net loss of approximately HK\$67 million for the year ended 31 December 2017 (“**FY2017**”).

The increase in net loss for FY2018 is primarily attributable to:

- (i) the absence of the after-tax gains arising from fair value changes of derivative financial assets for FY2018 as compared to an amount of HK\$524 million for FY2017 as disclosed in the announcement of the Company dated 14 August 2018;

- (ii) a significant decrease in the gross profit of the Group from approximately HK\$129 million for FY2017 to approximately HK\$10 million for FY2018. Such decrease is mainly caused by a decrease in the revenue generated from the Group’s “future space” technology products;
- (iii) an impairment loss on account receivable ranging from approximately HK\$100 million to HK\$150 million for FY2018; and
- (iv) the absence of government grants under “Other Income” for FY2018 as compared to an amount of approximately HK\$70 million for FY2017.

The Company is still in the process of finalising the audited consolidated results of the Group for FY2018. The information contained in this announcement is only based on the information currently available to the Board and the Board’s preliminary assessment of the Company’s latest unaudited consolidated management accounts for FY2018 and is not based on any figures or information that has been audited or reviewed by the auditors or the audit committee of the Company. Therefore, the information contained in this announcement may be subject to adjustments after further internal review by the Board and the audit committee of the Company. The audited annual results of the Group for FY2018 may be different from what is disclosed in this announcement. Shareholders and potential investors of the Company are advised to read carefully the details of the financial information and performance of the Group for FY2018 that will be included in the annual results announcement of the Company for FY2018, which is expected to be published in March 2019.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 March 2019

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 Ms. Cao Xinyi.