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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
BUSINESS UPDATE
OPENING OF THE KUANGCHI APOLLO BASE**

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

On 22 December 2014, the Company has today officially opened the KuangChi Apollo Base and hosted an opening ceremony for it. In the KuangChi Apollo Base, there erected the KuangChi Space House No. 1. It measures approximately 42 metres in height and occupies a site area of more than 10,000 square metres. With its air supported membrane structure without beam and column or reinforced concrete, it has flexibility in disassembly and relocation. KuangChi Space House No. 1 is currently the greatest construction in the PRC and Southern China region in terms of its height and scale, respectively.

After the celebration, the Group has revealed for the first time a disruptive novel space service platform newly developed by the Group, namely the “Cloud”, as well as certain equipment and technology specifically developed for the “Traveller”, the civil near space flying apparatus, and to be released at the KuangChi Apollo Base.

The “Cloud” is a platform providing integrated services including communication, internet access, big data collection and analysis. It is characterised by its low cost, heavy loading and extensive coverage, making it prospectively become a satellite, a ground tower and a strong supplement or substitute of base station, thereby reform the current state of communication sector. The Cloud will have vertical take-off and landing similar to that of a helicopter, allowing it not to require a runway. It is filled with helium gas to maintain its buoyancy. Moreover, the Cloud adopts new material technologies that connect optical fibres in the air with the main network on ground, which creates an uplink and downlink megadata hierarchy. In addition, the management expected the Traveller can be launched in New Zealand in year 2015.

More than 400 guests attended the ceremony. They included members of the Group's management team, representatives from certain government bureau, scientists and experts in aerospace and aviation technology sector, business partners and potential investors.

The Company plans to develop the KuangChi Apollo Base into a scaled research and development facilities for its disruptive technologies. The Company believes that the opening ceremony represented a milestone for the business development in the near space technology sector.

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

Hong Kong, 22 December 2014

As at the date of this announcement, the Board comprises five executive Directors, namely Dr. Liu Ruopeng, Dr. Luan Lin, Dr. Zhang Yangyang, Mr. Ko Chun Shun, Johnson and Mr. Ng Man Chan; and three independent non-executive Directors, namely Dr. Liu Jun, Dr. Wong Kai Kit and Mr. Lau Man Tak.