

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF KCT SHARES

KCT DISPOSAL IN THE OPEN MARKET

As at the date of this announcement, the Group disposed of a total of 15,245,891 KCT Shares on the open market through a series of transactions during the period from 20 January 2021 to 8 February 2021, at the aggregate consideration of approximately RMB386,200,000 (exclusive of transaction costs). The average selling price (exclusive of transaction costs) of disposal of KCT Shares was approximately RMB25.33.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the KCT Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the KCT Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

With reference to the 2020 Interim Report of the Company, as at 30 June 2020, the Group directly held 71,528,751 ordinary shares of KCT, representing 3.32% of the total issued capital of KCT as at 30 June 2020, with carrying amount of HK\$568,471,000 as at 30 June 2020. Based on the public information, the closing price of KCT shares on 31 December 2020 was RMB22.25, the carrying amount of the Group's KCT shares was approximately RMB1,592,000,000 (HK\$1,830,000,000) as at 31 December 2020. In view of the prevailing market conditions, the Board effected the disposal of KCT Shares held by the Group in order to repay other borrowings of the Group and to fund our general working capital.

KCT DISPOSAL

During the period from 20 January 2021 to 8 February 2021, the Group disposed an aggregate of 15,245,891 KCT Shares (representing approximately 0.71% of the total issued capital of KCT based on publicly available information as at the date of this announcement), at the aggregate consideration of approximately RMB386,200,000 (exclusive of transaction costs) in the open market through the trading system of the Shenzhen Stock Exchange in the PRC. The average selling price (exclusive of transaction costs) of the KCT Shares was approximately RMB25.33. The consideration for the KCT Disposal represented the market price of the KCT Shares at the time of the KCT Disposal.

Upon the completion of the KCT Disposal, the Group directly held 56,282,860 ordinary shares of KCT, representing approximately 2.61% of the total issued capital of KCT based on publicly available information as at the date of this announcement.

As the KCT Disposal was conducted through the open market, the Company was not aware of the identities of the purchasers of the KCT Shares in the KCT Disposal. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the purchasers of the KCT Shares in the KCT Disposal and their ultimate beneficial owners are the Independent Third Parties.

FINANCIAL EFFECT OF THE KCT DISPOSAL

Subject to the review of the Company's auditor, based on the unaudited fair value of the shares of KCT Disposal was approximately RMB339,220,000 (HK\$390,100,000) as at 31 December 2020. After the KCT Disposal, the estimated sale proceeds (excluding related transaction costs) will be approximately RMB386,200,000 (HK\$444,130,000), the Group currently expects to recognize a fair value gain of approximately RMB46,980,000 (HK\$54,030,000) for the KCT Disposal in other comprehensive income for the year 2021.

INFORMATION ON KCT

KCT is a company listed on the Shenzhen Stock Exchange in the PRC principally engaged in research and development, production and sale of new generation of metamaterial equipment products and the seat function components for automobiles.

The following information is extracted from the published documents of KCT:

	For the nine months ended 30 September 2020	For the year ended 31 December	
	<i>RMB'000</i>	2019	2018
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	324,155	481,282	463,755
Profit before taxation	120,415	128,412	93,191
Net profit after taxation attributable to shareholders of KCT	101,937	114,985	70,533
Total assets	<u>8,468,080</u>	<u>8,050,931</u>	<u>8,199,735</u>

INFORMATION OF THE GROUP AND REASONS FOR AND BENEFITS OF THE KCT DISPOSAL

The Company is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange and is principally engaged in investment holding. The Group is principally engaged in the research and development of “AI” technology-related algorithms, a platform for big data analysis and professional AI-infused products for vertical industries based on these algorithms and platform, as well as the development of an integrated overall solution.

The Board intends to apply the net proceeds from the KCT Disposal for the repayment of the other borrowings of the Group and fund the general working capital of the Company.

The Board also considers that the terms and conditions of the KCT Disposal are fair and reasonable and in the best interests of the Company and the Shareholders as a whole after considering the financial needs of the Group.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the KCT Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the KCT Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	KuangChi Science Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party(ies) independent of the Company and connected persons of the Company
“KCT”	Kuang-Chi Technologies Co., Ltd. 光啟技術股份有限公司, a PRC company listed on the Shenzhen Stock Exchange (stock code: 002625)
“KCT Disposal”	the disposal of 15,245,891 KCT Shares during the period from 20 January 2021 to 8 February 2021 in the open market for an aggregate consideration of approximately RMB386,200,000
“KCT Share(s)”	shares in the share capital of KCT listed on the Shenzhen Stock Exchange and traded in RMB

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 8 February 2021

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 Dr. Ji Chunlin; one non-executive director namely Mr. Li Chiu Ho; and three independent non-executive directors, namely Dr. Wong Kai Kit, Mr. Choi Wing Koon and Dr. Deng Ke.