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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Kuangchi Science Limited 光啟科學有限公司, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



**KUANGCHI SCIENCE LIMITED**

**光啟科學有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 439)**

**(1) POSSIBLE MAJOR TRANSACTION –  
DISPOSAL MANDATE OF KCT SHARES  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening the special general meeting (the “SGM”) of the Company to be held at 2nd Floor, Software Building, No. 9 Gaoxin Middle 1st Road, Nanshan District, Shenzhen, China on Thursday, 12 October 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for use at the SGM is also enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy for use at the SGM in accordance with the instructions printed thereon and return the same to the Company’s share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish. If you attend and vote at the SGM, the authority of your proxy will be revoked.

26 September 2023

<b>CONTENTS</b>
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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	3
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II — GENERAL INFORMATION</b> .....	II-1
<b>NOTICE OF SPECIAL GENERAL MEETING</b> .....	SGM-1

## DEFINITIONS

*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“Announced Disposals”	the disposals of an aggregate 11,589,200 KCT Shares by the Company through the open market from 13 February 2023 to 24 July 2023 as disclosed in the Previous Announcements
“Announcement”	the announcement of the Company dated 9 August 2023 in relation to the Disposal Mandate
“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)”	the director(s) of the Company
“Disposal Mandate”	a general and conditional mandate to be granted by the Shareholders to the Directors to dispose all or in part(s) of 33,000,000 KCT shares held by the Group during the Mandate Period
“Dr. Ji”	Dr. Ji Chunlin, an executive Director
“Dr. Liu”	Dr. Liu Ruopeng, the chairman of the Board, an executive Director and a controlling Shareholder
“Dr. Luan”	Dr. Luan Lin, an executive Director
“Dr. Zhang”	Dr. Zhang Yangyang, an executive Director
“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

## DEFINITIONS

“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 Share(s)”	shares in the share capital of KCT listed on the Shenzhen Stock Exchange and traded in RMB
“Latest Practicable Date”	20 September 2023, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Mandate Period”	the 12-month period from the date of the passing the relevant ordinary resolution at the SGM during which the Disposal Mandate shall remain effective
“Possible Disposal”	the possible on-market disposal of up to 33,000,000 KCT shares held by the Group pursuant to the terms of the Disposal Mandate
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Announcements”	the three announcements of the Company dated 13 February 2023, 4 May 2023 and 24 July 2023, respectively, in respect of the Announced Disposals
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be held and convened to consider, among others, the Disposal Mandate and the Possible Disposal
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

\* All of the English titles or names of the PRC entities, as well as certain items contained in this circular have been included for identification purpose only and may not necessarily be the official English translations of the corresponding Chinese titles or names. If there is any inconsistency between the English translations and the Chinese titles or names, the Chinese titles or names shall prevail.



**KUANGCHI SCIENCE LIMITED**  
**光啟科學有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 439)**

*Executive Directors:*

Dr. Liu Ruopeng (*Chairman*)

Dr. Luan Lin

Dr. Zhang Yangyang

Dr. Ji Chunlin

*Non-executive Director:*

Mr. Li Chiu Ho

*Independent non-executive Directors:*

Dr. Wong Kai Kit

Mr. Choi Wing Koon

Dr. Wu Zhili

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11 Bermuda

*Head office and principal place  
of business in Hong Kong:*

Unit 1104, 11/F

Leighton Centre

77 Leighton Road

Causeway Bay

Hong Kong

26 September 2023

*To the Shareholders*

Dear Sir or Madam,

**POSSIBLE MAJOR TRANSACTION –  
DISPOSAL MANDATE OF KCT SHARES**

Reference is made to the announcement of the Company dated 9 August 2023 in relation to the Disposal Mandate.

The purpose of this circular is to provide you with further details of the Disposal Mandate, the Possible Disposal and other information as required by the Listing Rules.

**1. THE DISPOSAL MANDATE**

As disclosed in the Previous Announcements, the Company disposed of a total of 11,589,200 KCT Shares from 13 February 2023 to 24 July 2023. As at the Latest Practicable Date, the Group directly held 44,693,660 ordinary shares of KCT, representing approximately 2.07% of the total issued capital of KCT based on publicly available information as at the Latest Practicable Date. The shares of KCT are listed and freely tradable on the Shenzhen Stock Exchange.

## LETTER FROM THE BOARD

In view of the prevailing market conditions and to prevent the Disposal Mandate from constituting a very substantial disposal as defined under Rule 14.06 of the Listing Rules (i.e. any applicable percentage ratio in relation to the Possible Disposal is 75% or higher), the Company plans to obtain the Disposal Mandate from the Shareholders for the possible disposal of up to 33,000,000 KCT Shares (representing approximately 1.53% of the total issued capital of KCT based on publicly available information as at the Latest Practicable Date) on open market transactions on the Shenzhen Stock Exchange during the Mandate Period.

### **Mandate Period**

The Mandate Period is the 12-month period from the date of the passing the relevant ordinary resolution at the SGM during which the Disposal Mandate shall remain effective, which provides sufficient time and flexibility to carry out the Possible Disposal.

### **Maximum number of shares of KCT to be disposed of under the Disposal Mandate**

The Disposal Mandate shall authorise and empower the Board to sell up to 33,000,000 KCT Shares, representing approximately 1.53% of the total issued capital of KCT based on publicly available information as at the Latest Practicable Date.

### **Scope of authority**

The Board shall be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal, including but not limited to, the number of batches of Possible Disposal, the number of KCT Shares to be sold in each Possible Disposal, the timing of each Possible Disposal and the selling price (subject to the minimum selling price as set out below) of the KCT Shares to be disposed of during the Mandate Period.

### **Manner of the Possible Disposal**

The Possible Disposal will be conducted on the open market on the Shenzhen Stock Exchange.

The Board will take into account the current market conditions and the prevailing market prices of the KCT Shares in respect of the Possible Disposal. The Possible Disposal shall be effected on the following conditions:

- a) the Possible Disposal shall be conducted on normal commercial terms and shall be fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- b) the price of the Possible Disposal shall be settled in cash;

## LETTER FROM THE BOARD

- c) the selling price of each share of KCT shall be no less than a price that is 80% of the average closing price of the KCT Shares during the last three months immediately prior to the date of the Announcement (excluding transaction costs);
- d) all of the percentage ratios under the Listing Rules for the Possible Disposal are below 75%;
- e) the Possible Disposal shall comply with relevant applicable laws and regulations, including any applicable trading regulations in Hong Kong and the PRC. The Group will also report on the progress of the Possible Disposal in the interim report as well as annual report of the Company in compliance with the Listing Rules. The Company will re-comply with the Listing Rules requirements and seek another shareholders' approval for the Possible Disposal in the event that the Possible Disposal cannot be completed within the Disposal Mandate; and
- f) Since KCT is a company listed on the Shenzhen Stock Exchange, therefore the Possible Disposal shall also comply with all regulations mandated by the Shenzhen Stock Exchange and the China Securities Regulatory Commission, including but not limited to regulations in relation to pre-announcement and blackout period.

### **Basis for the determination of the minimum selling price for the KCT Shares**

The proposed minimum selling price per KCT Share is RMB12.23, which is a price that is not less than 80% of the average closing price of the KCT Shares in the last three months immediately prior to the date of the Announcement (i.e. approximately RMB15.29). The proposed minimum selling price is determined mainly by reference to the stock trading intermediary's recommendations and the following factors:

- a) the technology industry is heavily influenced by national policies and hence, the uncertainties in stock price movement during the one-year Mandate Period as a result of the potential change of national policies, capital market and stock market conditions; and
- b) in order to obtain a better selling price and minimize the negative impact on the share price of KCT, the minimum selling price shall not be set exceptionally low; at the same time, in order to achieve the smooth selling of KCT Shares, the minimum selling price shall not be set exceptionally high.

## LETTER FROM THE BOARD

The Company's arrangements for the transaction volume, schedule and minimum selling price of KCT Shares under the Disposal Mandate are based on the requirements of laws and regulations, taking into account of the most conservative market conditions. The Company shall evaluate the market situation thoroughly to determine the transaction price and volume under the Possible Disposal in order to achieve the optimal returns for the Company and the Shareholders.

### **Counterparties**

Since the Possible Disposal will be conducted on the open market on the Shenzhen Stock Exchange in full, the Company is unable to confirm, identify or disclose the identity of the counterparties nor their ultimate beneficial owners prior to the Possible Disposal.

### **Capital restructuring of KCT**

If and when there shall be any alteration to the nominal value of the KCT Shares as a result of consolidation, subdivision or reclassification, or issue of new KCT Shares to the Group during the Mandate Period, the minimum selling price per KCT Share and the maximum number of KCT Shares to be disposed of under the Disposal Mandate shall be adjusted by the following formula:

#### *(a) Consolidation or subdivision*

If and when there shall be any alteration to the nominal value of KCT Shares as a result of consolidation or subdivision during the Mandate Period, the minimum selling price per KCT Share and the maximum number of KCT Shares to be disposed of under the Disposal Mandate shall be adjusted by the following formula:

Adjustment to the minimum selling price per KCT Share:

$$=\text{RMB}12.23 \times \frac{A}{B}$$

Adjustment to the maximum number of KCT Shares to be disposed of:

$$=33,000,000 \text{ KCT Shares} \times \frac{B}{A}$$

where:

A is the total number of the KCT Shares in issue immediately before such consolidation or subdivision; and

B is the total number of the KCT Shares in issue immediately after such consolidation or subdivision.



## LETTER FROM THE BOARD

**(b) *Reclassification***

If and when there shall be any alteration to the nominal value of KCT Shares as a result of reclassification during the Mandate Period, the minimum selling price per KCT Share and the maximum number of KCT Shares to be disposed of under the Disposal Mandate shall be adjusted by the following formula:

Adjustment to the minimum selling price per KCT Share:

$$=\text{RMB}12.23 \times \frac{A}{B}$$

Adjustment to the maximum number of KCT Shares to be disposed of:

$$=33,000,000 \text{ KCT Shares} \times \frac{B}{A}$$

where:

A is the total number of the KCT Shares in issue immediately before such reclassification; and

B is the total number of the KCT Shares in issue immediately after such reclassification.

**(c) *Issue of new KCT Shares***

If and when there shall be any alteration to the nominal value of KCT Shares as a result of issue of new KCT Shares to the Group during the Mandate Period, the minimum selling price per KCT Share and the maximum number of KCT Shares to be disposed of under the Disposal Mandate shall be adjusted by the following formula:

Adjustment to the minimum selling price per KCT Share:

$$=\text{RMB}12.23 \times \frac{A}{B}$$

Adjustment to the maximum number of KCT Shares to be disposed of:

$$=33,000,000 \text{ KCT Shares} \times \frac{B}{A}$$

where:

A is the total number of the KCT Shares in issue immediately before such issue of new KCT Shares; and

B is the total number of the KCT Shares in issue immediately after such issue of new KCT Shares.

The Company shall duly comply with the additional requirements, if any, under the Listing Rules under each of the above circumstances.

## LETTER FROM THE BOARD

### 2. INFORMATION ON KCT

KCT is a company listed on the Shenzhen Stock Exchange and principally engaged in developing innovative advanced technology and the core business is in research and development, production and sale of new generation of metamaterial equipment products. Its main products include metamaterial intelligent structure and equipment as well as seat function components for automobiles.

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

	<b>For the six months ended 30 June 2023 RMB'000</b>	<b>For the year ended 31 December 2022 RMB'000</b>	<b>2021 RMB'000</b>
Revenue	842,988	1,167,644	859,350
Net profit before taxation	300,318	376,628	271,274
Net profit after taxation	273,104	373,659	244,449
Net assets	9,364,258	8,229,227	8,144,890

### 3. REASON AND BENEFIT OF THE POSSIBLE DISPOSAL

The Possible Disposal will enable the Group to realize its investment in KCT at a reasonable exit price whilst obtaining additional cash flow, so as to relieve the pressure on the working capital of the Group. The proceeds from the Possible Disposal will be recorded as other comprehensive gain or loss (depending on the selling price) under the consolidated statement of comprehensive income of the Company. Looking forward, the Board intends to use the proceeds from the Possible Disposal for enhancing working capital and fund the Company's business needs.

Given the volatility of the stock market, disposing of KCT Shares at the best possible price requires prompt action at the right time and it is impracticable to seek prior Shareholders' approval for each disposal of some or all of the 33,000,000 KCT Shares under the Disposal Mandate. To allow flexibility in effecting the Possible Disposal, the Company proposes to seek the Disposal Mandate for the Directors to dispose of part or all of the 33,000,000 KCT Shares under the Disposal Mandate at appropriate times and prices.

Having considered the above, the Board is of the view that the Disposal Mandate and the transactions contemplated thereunder are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### 4. FINANCIAL EFFECTS OF THE POSSIBLE DISPOSAL

The Possible Disposal provides the Group with an opportunity to realize its investment in KCT.

In the consolidated financial statements of the Company, all the KCT Shares held by the Company were classified as financial assets at fair value through other comprehensive income. The carrying amount of all the KCT Shares held by the Company as at 30 June 2023 in the Company's consolidated financial statements was approximately HK\$750,809,000. For illustration purpose, on the assumption that 33,000,000 KCT Shares currently held by the Group are to be disposed of with reference to the closing price as at the date of the Announcement of RMB14.9 per KCT Share, it is expected that the Group will record a fair value loss in other comprehensive income, net of deferred tax of approximately RMB10,098,000, subject to audit. Such loss represents the difference between (i) the estimated gross sale proceeds of approximately RMB491,700,000 with reference to the closing price as at the date of the Announcement of RMB14.9 per KCT Share; (ii) the carrying amount of 33,000,000 KCT Shares as at 30 June 2023 of approximately RMB503,580,000 (the "**Carrying Amount**"); and (iii) deferred tax credit of RMB1,782,000. Assuming that the 33,000,000 KCT Shares are to be disposed of with reference to the minimum selling price of RMB12.23 per KCT Share, it is expected that the Group will record a fair value loss in other comprehensive income, net of deferred tax of approximately RMB84,992,000, subject to audit. Such loss represents the difference between (i) the estimated gross sale proceeds of approximately RMB403,590,000 with reference to the minimum selling price of RMB12.23 per KCT Share; (ii) the Carrying Amount; and (iii) deferred tax credit of RMB14,998,000.

Assuming the 33,000,000 KCT Shares are to be disposed of at the minimum selling price of RMB12.23 per KCT Share, upon settlement of the Possible Disposal, the assets of the Group will be decreased by RMB99,990,000, being the difference between the Carrying Amount and the gross sale proceeds from the Possible Disposal (excluding transactions costs and taxes) of approximately RMB403,590,000, while the liabilities of the Group shall be decreased by approximately RMB63,488,000 as a result of the deferred tax arising from the fair value loss and the reversal of deferred tax liabilities in relation to the accumulated changes in fair value of the KCT Shares upon disposal.

The Possible Disposal will have no effect on the Group's earnings.

The actual gain or loss to be recognised by the Group as a result of the Possible Disposal depending upon the actual price(s) of the Possible Disposal of the KCT Shares and will be subject to the final audit to be performed by the Company's auditors. The Group will exercise its endeavours to achieve the best available terms for the Possible Disposal but the price(s) of the Possible Disposal subject to market fluctuations of and market sentiments for the KCT Shares. The Company will exercise its endeavour to achieve the best available price in disposing of the KCT Shares at the time of execution of each Possible Disposal.

## LETTER FROM THE BOARD

### 5. LISTING RULES IMPLICATIONS

Assuming that all 33,000,000 KCT Shares held by the Group will be disposed of within the Mandate Period at RMB14.82 per KCT Share, being the closing price of KCT Shares as at the trading day immediately before the date of the Announcement, one or more of the applicable percentage ratios of the Possible Disposal when aggregated with the Announced Disposals which were conducted within the previous 12-month period will exceed 25% but less than 75%, the Disposal Mandate may constitute a major transaction of the Company under Chapter 14 of the Listing Rules and shall be subject to the announcement, circular and the Shareholders' approval at the SGM. The Company will monitor the number of KCT Shares to be disposed of during the Mandate Period and ensure that the percentage ratios in relation to the Possible Disposal shall not exceed 75%.

The Company will seek the approval of the Shareholders at the SGM for the Disposal Mandate to allow the Company to dispose of up to 33,000,000 KCT Shares held by the Group during the Mandate Period.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Disposal Mandate. Accordingly, it is expected that no Shareholder is required to abstain from voting at the SGM.

### 6. INFORMATION ON THE GROUP

The Company is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and is principally engaged in investment holding. The Group is principally engaged in the development of AI technology and related innovative products and provision of AI technology services and related solutions in various vertical fields.

### 7. SGM

The notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular. At the SGM, resolutions will be proposed for the Shareholders to consider and, if thought fit, among other things, to approve the Disposal Mandate and the Possible Disposal.

In accordance with Rule 14.63 of the Listing Rules, any Shareholders with a material interest in the Disposal Mandate and the Possible Disposal and his/her close associates must abstain from voting on the relevant resolution at the SGM.

To the best knowledge, belief and information of the Directors, none of the Shareholders is required to abstain from voting at the SGM in respect of the Disposal Mandate and the Possible Disposal.

## LETTER FROM THE BOARD

A form of proxy for use at the SGM is sent to the Shareholders together with this circular. Whether or not the Shareholders are able to attend the SGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 11:00 a.m. on Tuesday, 10 October 2023 or not less than 48 hours before the time for holding of any adjournment of the SGM. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the SGM or any adjournment thereof should the Shareholders so wish. If the Shareholders attend and vote at the SGM, the authority of the Shareholders' proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Therefore, all resolutions put to the vote at the SGM will be taken by way of poll. An announcement on the results of the poll will be published by the Company after the SGM in the manner prescribed under the Listing Rules.

### **8. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### **9. RECOMMENDATION**

The Board considers that the Disposal Mandate and the Possible Disposal are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions in relation to the Disposal Mandate and the Possible Disposal(s) to be proposed at the SGM.

### **10. GENERAL**

The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her Shares to a third party, either generally or on a case-by-case basis.

## LETTER FROM THE BOARD

### 11. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 9 October 2023 to Thursday, 12 October 2023 (both days inclusive) in order to determine the entitlement of the Shareholders to attend the SGM, during which period no transfer of the Shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 6 October 2023.

### 12. MISCELLANEOUS

Your attention is also drawn to the information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**KuangChi Science Limited**  
**Cheng Chi Chung Kevin**  
*Company Secretary*

## 1. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES OF THE GROUP

As at the close of business on 31 July 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	<b>Secured</b> <i>HK\$'000</i>	<b>The Group Unsecured</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Carrying amount of bank borrowings	124,407	–	124,407
Lease liabilities	–	60	60
	<u>124,407</u>	<u>60</u>	<u>124,467</u>

The Group's secured bank borrowings were secured, individually or in combination, by (i) the right-of-use assets of the Group; (ii) the construction-in-progress of the Group; and (iii) the entire equity interest in one of the Company's subsidiary.

As at 31 July 2023, the secured bank borrowings of the Group amounting to HK\$124.4 million are guaranteed by the Company and a company controlled by Dr. Liu Ruopeng. The lease liabilities of HK\$60,000 are not secured by any guarantee.

As at the close of business on 31 July 2023, the Group had contingent liabilities in relation to a legal claim of approximately HK\$17.7 million in respect of unpaid contract work amount together with interest for the construction in progress.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 July 2023, the Group did not have any debt securities authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees outstanding.

To the best of the knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the level of indebtedness of the Group since 31 July 2023.

## 2. WORKING CAPITAL STATEMENT

As at 31 July 2023, the Group's total borrowings comprising bank borrowings amounted to approximately HK\$124.4 million.

Included in the Group's total borrowings of HK\$124.4 million as at 31 July 2023, HK\$21.6 million was due or will be due within twelve months from 31 July 2023.

As at 31 July 2023, the Group's bank balances and cash amounted to approximately HK\$332.5 million.

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of this circular. The Directors after due and careful enquiry, are of the opinion that, taking into account the effect of the Possible Disposal, the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available credit facilities, the Group shall have sufficient working capital for its operating requirements and to pay its financial obligations as and when they fall due and for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

## 3. FINANCIAL AND TRADING PROSPECTS

For the six months ended 30 June 2023, the Group has recorded a sale revenue of approximately HK\$33.5 million and a net loss of HK\$9.1 million. Compared with the same period last year, the Group's sale revenue increased slightly by 8.18% and the net loss decreased by HK\$29.37 million, mainly because the Group has further reduced its operating expenses through effective control and optimisation of operating costs.

As at 30 June 2023, the Group has been strengthening its efforts in the expansion of existing markets and the update and iteration of products. By conducting in-depth analysis and gaining insights into the problems faced by potential customers in the industry, the Group designed and developed tailor-made solutions according to the needs and pain points of customers. Meanwhile, the Group continuously enhanced and upgraded its underlying and applied algorithms, as well as the overall algorithm platform based on the feedback of applications from customers in the industry, and provided products or integrated solutions that can be well integrated into customers' business processes and meet industry standards. The Group has accumulated extensive experience in the application of underlying core AI algorithms, especially in the fields of public security and industrial monitoring, and it has improved the performance and functions of existing wearable smart products and the application efficiency of customised smart system.



Through years of business development, the Group possessed multiple product projects with leading technology in the fields of aircraft and aerostats. The Group has also made certain progress in expansion and promotion, and accumulated a considerable amount of talent and technical resources in relevant industries. During the six months ended 30 June 2023, the Group has officially launched products and services for the design, processing, and manufacturing of high-end metal components, by tapping deeper into the talent reserve and technical resources related to the existing aircraft and aerostats business and by drawing on relevant skills and experiences. The Group aimed to further integrate and utilise the technical, personnel, and supply chain resources accumulated in the early stage to pave the way for the organic growth of its business and products. As the Group's products and comprehensive solutions are applied in more scenarios in public security, industrial production and monitoring, and other industries, the Group will focus more on the upgrade and iteration of existing products and solutions. With the collection and acquisition of data, the Group will provide customers with more diverse, in-depth services while further exploring new customer resources in these industries. In the meantime, the design, processing and manufacturing of metal components will become one of the Group's new directions of expansion. The in-depth expansion towards this business direction will further contribute to the Group's ability to design and integrate products and comprehensive solutions in relevant industrial sectors, and help the Group to gain insights into relevant industries and fields, so as to widen the application scenarios in such fields.

With regard to public security, the Group's smart helmets were constantly delivered to meet the demands of the industry and customers for customization in various scenarios and were recognised by local public security departments in regular use. Moreover, the Group's smart helmets have been launched in 22 provinces, municipalities and autonomous regions, and put into application in over 55 cities. In addition, based on years of technological accumulation and customer feedback, the Group further refined its integrated solutions by optimising the identification and tracking analysis algorithms and enhancing data collection, management and analysis. With regard to smart industry and monitoring, the system platform and solutions developed by the Group can cater to customers' needs with high pertinence, adaptability, efficiency and speed. In close collaboration with industrial clients in Guangdong and other regions, the Group has achieved the intelligent control of production processes and the deployment and delivery of intelligent monitoring system for equipment. Thus, operational efficiency and quality control were significantly improved to meet clients' demand for customised development.

The management of the Group will continue to pursue a prudent policy on strategic management, and constantly make innovations under a customer-centred and quality-based principle. The Group will refine the measures to improve internal governance and increase efforts in marketing to continuously enhance its competitive strength and market share, which will help the Group incessantly provide customers with high-quality products and excellent services, as well as finer and more efficient solutions.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (A) Directors' and Chief Executive's Interests

Saved as disclosed below, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company has or was deemed to have any interest and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered into the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

*Long position/short position in Shares*

<b>Name of Director/Chief executive</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of total issued Shares</b> <i>(note 4)</i>
Dr. Liu	Interest of controlled corporations	2,618,500,000 (L) <i>(note 2)</i>	42.53%
Dr. Liu Weiwen	Interest in the share options	1,200,000 (L) <i>(note 3)</i>	0.019%

*Notes:*

1. "L" represents long position in Shares/underlying Shares and "S" represents short position in Shares.
2. This represents the interests in 2,618,500,000 Shares directly held by two companies: (1) 2,618,000,000 Shares held by New Horizon, being a wholly-owned subsidiary of Wireless Connection Innovative Technology Limited which is owned as to 51% by Kuang-Chi Innovative Technology Limited and as to 49% by Shenzhen Kuang-Chi Hezhong Technology Limited. Kuang-Chi Innovative Technology Limited is a subsidiary of Shenzhen Dapeng Kuang-Chi Technology Limited, which is in turn a subsidiary of Shenzhen Dapeng Kuang-Chi Lianzhong Technology Partnership (Limited Liability Partnership) of which Dr. Liu is the controlling shareholder, and Dr. Liu is the controlling shareholder of Shenzhen Kuang-Chi Hezhong Technology Limited; and (2) 500,000 Shares held by Sky Asia, being a wholly-owned subsidiary of Shenzhen KuangChi Youlu Technology Co., Ltd, which is wholly owned by Shenzhen Kuang-Chi Hezhong Technology Limited, and as mentioned above, Dr. Liu is the controlling shareholder. Accordingly, Dr. Liu is deemed to be interested in the Shares held by New Horizon and Sky Asia respectively.
3. This represents interests in the share options of the Company held by Dr. Liu Weiwen.
4. As of the Latest Practicable Date, the issued Shares were 6,156,928,860.

**(B) Substantial Shareholders' Interests**

Save as disclosed below, as at the Latest Practicable Date, so far as was known to any Director, there was no other person who had interest or a short position in the Shares, underlying Shares or debenture of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were expected, directly or indirectly, to be interested in 5% or more of the issued voting shares of any other member of the Company.

Name of Substantial Shareholder	Nature of interest	Number of Shares held	Total	Approximate percentage of total issued Shares (note 11)
Ms. Huang Weizi (note 2)	Interest of spouse	2,618,500,000 (L)	2,618,500,000 (L)	42.53%
New Horizon (note 3)	Beneficial owner	2,618,000,000 (L)	2,618,000,000 (L)	42.52%
Wireless Connection Innovative Technology Limited (note 4)	Interest of controlled corporation	2,618,000,000 (L)	2,618,000,000 (L)	42.52%

Name of Substantial Shareholder	Nature of interest	Number of Shares held	Total	Approximate percentage of total issued Shares (note 11)
深圳大鵬光啟科技有限公司 (*Shenzhen Dapeng Kuang-Chi Technology Limited) (note 5)	Interest of controlled corporation	2,618,000,000 (L)	2,618,000,000 (L)	42.52%
深圳大鵬光啟聯眾科技合夥企業(有限合夥) (*Shenzhen Dapeng Kuang-Chi Lianzhong Technology Partnership (Limited Liability Partnership) (note 6)	Interest of controlled corporation	2,618,000,000 (L)	2,618,000,000 (L)	42.52%
深圳光啟合眾科技有限公司 (*Shenzhen Kuang-Chi Hezhong Technology Limited) (note 7)	Interest of controlled corporation	2,618,500,000 (L)	2,618,500,000 (L)	42.53%
深圳光啟創新技術有限公司 (*Shenzhen Kuang-Chi Innovative Technology Limited) (note 8)	Interest of controlled corporation	2,618,000,000 (L)	2,618,000,000 (L)	42.52%
Central Faith International Ltd.	Beneficial owner	354,000,000 (L)	972,981,013 (L)	15.80%
	Interest of controlled corporation	618,981,013 (L) (note 9)		
World Treasure Global Limited	Beneficial owner	618,981,013 (L)	618,981,013 (L)	10.05%
Ye Cheng (note 10)	Interest of controlled corporation	347,471,988 (L)	347,471,988 (L)	5.64%

\* for identification purpose only

*Notes:*

1. "L" represents long position in Shares/underlying Shares and "S" represents short position in Shares.
2. This represents the interest in the Shares held by New Horizon and Sky Asia which Dr. Liu is deemed to be interested in. Ms. Huang Weizi, being the spouse of Dr. Liu, is deemed to be interested in the Shares held by New Horizon and Sky Asia.
3. Dr. Liu is a director of New Horizon.
4. Dr. Liu is a director of Wireless Connection Innovative Technology Limited.
5. Dr. Liu is an executive director and the legal representative of Shenzhen Dapeng Kuang-Chi Technology Limited. Dr. Zhang, Dr. Luan and Dr. Ji are directors of Shenzhen Dapeng Kuang-Chi Technology Limited.
6. Dr. Liu is the assigned representative of executive partner and the legal representative of Shenzhen Dapeng Kuang-Chi Lianzhong Technology Partnership (Limited Liability Partnership).
7. Dr. Liu is an executive director and the general manager of Shenzhen Kuang-Chi Hezhong Technology Limited. Dr. Zhang is a supervisor of Shenzhen Kuang-Chi Hezhong Technology Limited.
8. Dr. Liu is an executive director, the general manager and the legal representative of Shenzhen Kuang-Chi Innovative Technology Limited.
9. This represents the interest in the Shares held by World Treasure Global Limited which is a wholly owned subsidiary of Central Faith International Ltd. None of the Directors is an employee or a director of World Treasure Global Limited or Central Faith International Ltd.
10. Mr. Ye Cheng is the sole owner of Cutting Edge Global Limited which have direct interest in 206,818,877 Shares and Lucky Time Global Limited which have direct interest in 140,653,111 Shares. None of the Directors is an employee or a director of World Treasure Global Limited or Central Faith International Ltd.
11. As of the Latest Practicable Date, the issued Shares were 6,156,928,860.

### 3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates had interests in businesses, other than being a Director and their respective close associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules, as if the Directors were controlling Shareholders.

**4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors had any material interest, directly or indirectly, in any contract or arrangement subsisting which was significant in relation to the business of the Group as at the date of the circular.

**5. MATERIAL CONTRACTS**

The Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) within two years preceding the date of this circular.

**6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited accounts of the Group were made up.

**7. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

**8. MATERIAL LITIGATION**

As at the Latest Practicable Date, the Group was not engaged in any litigation or claim of material importance, and no such litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**9. GENERAL**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is Unit 1104, 11/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.
- (c) The share registrar of the Company is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary of the Company is Mr. Cheng Chi Chung Kevin. Mr. Cheng Chi Chung Kevin is associate member of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI).
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

# NOTICE OF SPECIAL GENERAL MEETING



## KUANGCHI SCIENCE LIMITED

### 光啟科學有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 439)**

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of KuangChi Science Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at 11:00 a.m. on Thursday, 12 October 2023 at 2nd Floor, Software Building, No.9 Gaoxin Middle 1st Road, Nanshan District, Shenzhen, China for the purposes of considering and, if thought fit, passing (with or without modifications), the following resolution (the “**Resolution**”) as ordinary resolution of the Company:

### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the disposal (the “**Possible Disposal**”) on the open market of the Shenzhen Stock Exchange of up to 33,000,000 shares in Kuang-Chi Technologies Co., Ltd. (stock code: 002625) (the “**KCT Share(s)**”) held by the Group during the 12-month period from the date of the passing the relevant ordinary resolution at this Meeting (the “**Mandate Period**”) be and is hereby approved subject to the following conditions:
  - (i) the Possible Disposal shall be conducted on normal commercial terms and shall be fair and reasonable and in the interests of the Company and its Shareholders as a whole;
  - (ii) the price of the Possible Disposal shall be settled in cash;
  - (iii) the selling price of each KCT Share shall be no less than RMB12.23, which is a price that is 80% of the average closing price of the KCT Shares during the last three months immediately prior to 9 August 2023 (excluding transaction costs);
  - (iv) all of the percentage ratios under the Listing Rules for the Possible Disposal are below 75%;



## NOTICE OF SPECIAL GENERAL MEETING

- (v) the Possible Disposal shall comply with relevant applicable laws and regulations, including any applicable trading regulations in Hong Kong and the People's Republic of China; and
  - (vi) the Possible Disposal shall also comply with all regulations mandated by the Shenzhen Stock Exchange and the China Securities Regulatory Commission, including but not limited to regulations in relation to pre-announcement and blackout period.
- (b) the Directors acting together or by committee, or any Director acting individually, be and is/are hereby authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal from time to time during the Mandate Period, including but not limited to, the number of batches of disposals, the number of shares to be sold in each disposal, the timing of each disposal, the manner of disposal or sales on the open market and the selling price (subject to the parameters set out above) and to do all such acts and things, including but not limited to, execution of all documents which the Directors deem necessary, appropriate or desirable to implement and give full effect to the Possible Disposal and the transactions contemplated thereunder or in connection with the exercise of the Possible Disposal."

On behalf of the Board  
**KuangChi Science Limited**  
**Cheng Chi Chung Kevin**  
*Company Secretary*

26 September 2023

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Head office and principal place  
of business in Hong Kong:*  
Unit 1104, 11/F.  
Leighton Centre  
77 Leighton Road  
Causeway Bay  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the Meeting. A proxy need not be a member of the Company but must attend the Meeting in person to represent you.

## NOTICE OF SPECIAL GENERAL MEETING

2. In the case of joint registered holders of shares of the Company (“Shares”), any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto, but if more than one of such joint registered holders are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Shares, or his/her/its proxy, shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in accordance with the instructions printed thereon a by 11:00 a.m. (Hong Kong time) on Tuesday, 10 October 2023 or not later than 48 hours before the time for holding the adjourned meeting (if any).
4. In order to determine the right to attend the Meeting, the register of members of the Company will be closed from Monday, 9 October 2023 to Thursday, 12 October 2023 (both days inclusive), during which period no transfer of the Shares will be effected. In order to be qualified for the attendance of the Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Friday, 6 October 2023.
5. A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 26 September 2023. Completion and return of the form of proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.
6. The Resolution will be voted by way of poll as required by the Listing Rules.

*As at the date of this notice, 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. Wu Zhili.*