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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

THE DISPOSAL

On 16 December 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreements with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for a total consideration of RMB55,000,000 (equivalent to approximately HK\$60,005,000).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements.

THE DISPOSAL

The Board is pleased to announce that on 16 December 2023 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreements with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for a total consideration of RMB55,000,000 (equivalent to approximately HK\$60,005,000).

THE AGREEMENTS

Date:	16 December 2023
Parties:	the Vendor, as vendor the Purchaser, as purchaser
Property:	The Property is located at Room 4603, No. 210 Century Avenue, Pudong New Area, Shanghai, the PRC with a gross floor area of approximately 322.96 square meters (includes a car park at No. 73 B3 Parking lot), which is for commercial use. The Property is held to earn rental and classified as investment property.
Consideration and payment terms:	The total consideration for the Disposal is RMB55,000,000 (equivalent to approximately HK\$60,005,000) to be settled in cash, which was agreed between the Vendor and the Purchaser based on arm's length negotiation after taking into account the prevailing property market conditions in Shanghai and the market price of similar properties adjacent to the Property. The consideration for the Disposal is determined with reference to the location, physical condition and adequacy of access and parking of the Property.

An initial deposit of RMB550,000 (equivalent to approximately HK\$600,050) was paid by the Purchaser to the Vendor prior to signing of the Agreements.

The Purchaser shall pay to the Vendor a further deposit of RMB26,950,000 (equivalent to approximately HK\$29,402,450) immediately upon entering into the Agreements.

The balance of the consideration in the amount of RMB27,500,000 (equivalent to approximately HK\$30,003,000) shall be paid by the Purchaser to the Vendor on or before 14 January 2024.

Completion: Completion is expected to take place on or before 14 January 2024.

FINANCIAL EFFECTS AND INFORMATION OF THE DISPOSAL

The Property is located at Room 4603, No. 210 Century Avenue, Pudong New Area, Shanghai, the PRC with a gross floor area of approximately 322.96 square meters (includes a car park located at No. 73 B3 Parking lot), which is for commercial use.

The net profits attributable to the Property for the two financial years immediately preceding the Disposal are as follows:

	Financial year ended 31 December 2022 (HK\$)	Financial year ended 31 December 2021 (HK\$)
Rental income	1,074,808	908,720
Costs of rental	<u>(353,028)</u>	<u>(487,882)</u>
Profits before taxation	721,780	420,838
Taxation	<u>0</u>	<u>0</u>
Net profits attributable to the Property	<u><u>721,780</u></u>	<u><u>420,838</u></u>

The carrying value of the Property as shown in the unaudited consolidated financial statements of the Company as at 30 June 2023 was approximately HK\$45,816,059. Subject to review and confirmation by the auditor, the Group is expected to record a gain before tax of approximately HK\$14,188,941 from the Disposal, which is calculated based on the consideration of RMB55,000,000 (equivalent to approximately HK\$60,005,000) to be received by the Group for the Disposal less the carrying value of the Property as at 30 June 2023 before any related expenses. The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

INFORMATION ON THE PARTIES

The Vendor is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, and is principally engaged in property holding in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a merchant in the PRC and the Purchaser is a third party independent from the Company and its connected persons.

REASONS FOR AND BENEFITS DERIVED FROM THE DISPOSAL

The Group is principally engaged in the research and development as well as manufacture of innovative products for future technology businesses, and the provision of other innovative technology service solutions.

Taking into account of the current financial position and business operation of the Group, the Directors believe that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price and the proceeds from the Disposal will increase the working capital of the Group and enhance its cashflow.

The terms of the Agreements were determined after arm's length negotiations between the parties thereto and are on normal commercial terms. The Directors consider that the terms of the Agreements (including the consideration) are on normal commercial terms and are fair and reasonable, and that the Disposal is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Agreements”	two agreements dated 16 December 2023 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Kuangchi Science Limited, a company incorporated in Bermuda with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser on the terms of the Agreements
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, but for the purpose of this announcement only, except where the context requires, references in this document to the PRC or China exclude Hong Kong, Macau and Taiwan
“Property”	Room 4603, No. 210 Century Avenue, Pudong New Area, Shanghai, the PRC with a gross floor area of approximately 322.96 square meters (includes a car park at No. 73 B3 Parking lot)
“Purchaser”	Chen Yingying (陳盈盈)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” Yaohao Trading (Shanghai) Company Limited* 耀浩貿易 (上海) 有限公司, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is the vendor of the Property under the Agreements

“%” per cent

* *For identification purposes only, the English translation of the Chinese names are for identification purpose and should not be regarded as the official English translation of such Chinese names.*

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.091. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By Order of the Board
KuangChi Science Limited
Cheng Chi Chung Kevin
Company Secretary

Hong Kong, 16 December 2023

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. Wu Zhili.