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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

**CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND
CHAIRMAN OF AUDIT COMMITTEE;
RESIGNATION OF COMPANY SECRETARY;
GRANT OF REPLACEMENT OPTIONS
IN REPLACEMENT OF 2014 SHARE OPTIONS;
AND
GRANT OF NEW SHARE OPTIONS**

The Board would like to announce the following changes of directors and senior executive of the Company:

1. Mr. Lau has resigned as an Independent Non-executive Director and the chairman of the Audit Committee with effect from the close of business on 30 September 2015;
2. Ms. Zong has been appointed as an Independent Non-executive Director and the chairman of the Audit Committee with effect from 1 October 2015; and
3. Mr. Chan has resigned as Company Secretary with effect from the close of business on 30 September 2015.

The Board also announces that the Company will cancel a total of 67,537,000 share options granted to certain Directors and employees of the Group on 26 August 2014 and the Company will conditionally grant 67,537,000 new share options as replacement options to the relevant grantees.

The Board further announces that the Company will conditionally grant 70,000,000 new share options to certain Directors and employees of the Group.

RESIGNATION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR AND THE CHAIRMAN OF THE AUDIT COMMITTEE

The board of directors (the “**Board**”) of Kuangchi Science Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) hereby announces that, Mr. Lau Man Tak (“**Mr. Lau**”) has tendered his resignation as an independent non-executive director of the Company (“**Independent Non-executive Director**”) and the chairman of the audit committee of the Board (the “**Audit Committee**”) with effect from the close of business on 30 September 2015 due to his desire to devote more time to other business commitments. Mr. Lau has confirmed that he has no disagreement with the Board and there is no matter with respect to his resignation that needs to be brought to the attention of the Shareholders of the Company (the “**Shareholders**”).

The Company would like to express its appreciation to Mr. Lau for his contributions to the development of the Company during his tenure of office.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND THE CHAIRMAN OF THE AUDIT COMMITTEE

The Board is pleased to announce that with effect from 1 October 2015, Ms. Zong Nan (“**Ms. Zong**”) has been appointed as an Independent Non-executive Director and the chairman of the Audit Committee.

Ms. Zong, aged 34, has over 9 years of experience in the field of financing, auditing and accounting. Before joining the Company, Ms. Zong worked for one of the big 4 international accounting firms as its transaction services manager and was responsible for financial and audit work for numbers of mergers and acquisition projects and prior to that, Ms. Zong has worked in audit and assurance services of another big 4 accounting firm for a number of years and was mainly responsible for the audit work for initial public offering projects and other financial due diligence works. Ms. Zong obtained her master’s degree in Finance from the University of Lancaster in 2005 and her bachelor’s degree in Economics from China Agricultural University in 2003. Ms. Zong is currently a member of the American Institute of Certified Public Accountants and the Chartered Institute of Management Accountants (level 1).

Ms. Zong has entered into a letter of appointment with the Company for her appointment as an Independent Non-executive Director for a term of one year. She will hold office until the next annual general meeting of the Company after her appointment and shall be subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Ms. Zong is entitled to a Director’s fee of HK\$250,000 per annum which is determined with reference to the prevailing market conditions, and with regards to her experience, duties and responsibilities in the Company.

As at the date of this announcement, Ms. Zong confirmed that she (i) has not held any position in the Company or any subsidiaries of the Company nor any other directorship in other listed companies for the past three years; (ii) does not have any relationship with any directors, senior management and substantial shareholders (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) or controlling shareholders (as defined under the Listing Rules) of the Company; and (iii) does not have any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Saved as disclosed above, to the best of knowledge, information and belief of our Directors having made all reasonable enquiries, there is no information in respect of the appointment of Ms. Zong that needs to be brought to the attention of the Shareholders nor there is any information relating to Ms. Zong that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The Board would like to take this opportunity to welcome Ms. Zong in joining the Company.

RESIGNATION OF COMPANY SECRETARY

The Board further announces that, Mr. Chan Ming Kei (“**Mr. Chan**”) has tendered his resignation as the company secretary of the Company (“**Company Secretary**”) under Rule 3.28 of the Listing Rules with effect from the close of business on 30 September 2015 to pursue other career development. Mr. Chan confirmed that he has no disagreement with the Board and there are no other matters relating to his resignation that need to be brought to the attention of the Shareholders.

The Company would like to express its appreciation to Mr. Chan for his contributions to the Company during his tenure of service.

The Company is in the process of identifying suitable candidate to fill in the vacancy of Company Secretary. Further announcement will be made once such appointment is confirmed.

The announcement below is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

CANCELLATION OF 2014 SHARE OPTIONS

On 30 September 2015, the Board hereby announces that, the 67,537,000 share options (the “**2014 Share Options**”) out of the 67,747,000 share options granted to certain Directors and employees of the Group on 26 August 2014 to subscribe for a total of 67,747,000 ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Share(s)**”) under the share option scheme adopted by the Company on 31 July 2012 (the “**Share Option Scheme**”) will be cancelled in accordance with the terms of the Share Option Scheme and subject to the written consent by the respective holders and the approval by the Board. The 2014 Share Options have not been exercised since they were granted.

GRANT OF REPLACEMENT OPTIONS

The Board also announces that the Company will conditionally grant 67,537,000 new share options (the “**Replacement Options**”) under the Share Option Scheme to holders of the 2014 Share Options (the “**2014 Grantees**”) to subscribe for a total of 67,537,000 Shares in the replacement of the 2014 Share Options held by them respectively. The following are the details of the Replacement Options:

Date of Grant (“ Date of Grant ”):	30 September 2015
Exercise price of Replacement Options granted:	HK\$1.604 per Share
Number of Replacement Options granted:	67,537,000
Closing price of the Share on the Date of Grant:	HK\$1.59 per Share
Validity period of the Replacement Options:	30 September 2015 to 31 December 2017 (both days inclusive)
Vesting/Performance conditions:	Vesting of the Replacement Options is conditional upon the achievement of certain performance targets as set out in the respective offer letters

A total of 24,900,000 Replacement Options and 42,637,000 Replacement Options were granted to the Directors and employees of the Group, respectively, details of which are as follows:

Grantees	Position held in the Group	Number of Replacement Options Granted
Directors		
Dr. Zhang Yangyang	Chief Executive Officer and Executive Director	15,000,000
Dr. Luan Lin	Chief Technology Officer and Executive Director	9,900,000
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Sub-total		24,900,000
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Others		
Ms. Huang Weizi	Chief Operation Officer	3,000,000
	spouse of Dr. Liu Ruopeng (<i>Chairman</i>)	
Other employees		39,637,000
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Sub-total		42,637,000
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Total		67,537,000
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Subject to the abovementioned vesting or performance conditions, the Replacement Options with respect to a 2014 Grantee will be exercisable in the following manner: (i) 33% of the Replacement Options are/will be exercisable at the Date of Grant; (ii) 33% of the Replacement Options and any Replacement Options that have not been exercised as referred in paragraph (i) above will be exercisable at any time commencing from 30 September 2016; and (iii) 34% of the Replacement Options and any Replacement Options that have not been exercised as referred in paragraphs (i) and (ii) above will be exercisable at any time commencing from 30 June 2017.

Each Replacement Option shall entitle the holder of the Replacement Option to subscribe for one Share upon exercise of such Replacement Option at an exercise price of HK\$1.604 per Share, which represents at least the higher of (i) the closing price of HK\$1.59 per Share as stated in the daily quotation sheets issued by the Stock Exchange on 30 September 2015, being the Date of Grant; (ii) the average closing price of HK\$1.604 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share.

Reason for the Replacement

In view of the fact that the exercise price for the 2014 Share Options (being HK\$5.386 per Share) is higher than the recent market prices of the Shares, the 2014 Share Options can no longer serve the purpose of providing incentives or rewards to the holders thereof. The replacement by the Replacement Options, by bringing the exercise price to the current trading price level of the Shares, will better serve the purpose of the Share Option Scheme in providing incentives or rewards to eligible participants thereunder for their contributions to the Group.

Subject to the consent of the respective holders of the 2014 Share Options, the 2014 Share Options (to the extent unexercised on the date of cancellation) shall be cancelled and ceased to have any effect and shall be replaced by the Replacement Options automatically. Further, if a holder of any 2014 Share Options does not consent to the cancellation of his/her 2014 Share Options and the replacement thereof by his/her Replacement Options on or before 30 September 2015, his/her 2014 Share Options will not be cancelled and will remain in full force and effect in accordance with the terms and conditions of the grant thereof.

GRANT OF NEW SHARE OPTIONS

The Board further announces that the Company will conditionally grant 70,000,000 new share options (the “**New Share Options**”) under the Share Option Scheme to certain Directors and employees (“**New Grantees**”) to subscribe for a total of 70,000,000 Shares. The following are the details of the New Share Options:

Date of Grant:	30 September 2015
Exercise price of New Share Options granted:	HK\$1.604 per Share
Number of New Share Options granted:	70,000,000
Closing price of the Share on the Date of Grant:	HK\$1.604 per Share
Validity period of the New Share Options:	30 September 2015 to 29 September 2019 (both days inclusive)
Vesting/Performance conditions:	Vesting of the New Share Options is conditional upon the achievement of certain performance targets as set out in the respective offer letters

A total of 15,900,000 New Share Options and 54,100,000 New Share Options have been granted to the Directors and employees of the Group, respectively, details of which are as follows:

Grantee	Position held in the Group	Number of New Share Options Granted
Directors		
Dr. Zhang Yangyang	Chief Executive Officer and Executive Director	8,000,000
Dr. Luan Lin	Chief Technology Officer and Executive Director	7,900,000
Sub-total		15,900,000
Other employees		54,100,000
Total		70,000,000

Subject to the abovementioned vesting or performance conditions, the New Share Options with respect to a New Grantee will be exercisable in the following manner: (i) 33% of the New Share Options will be exercisable at the first anniversary of the Date of Grant; (ii) 33% of the New Share Options and any New Share Options that have not been exercised as referred in paragraph (i) above will be exercisable at any time commencing the second anniversary of the Date of Grant; and (iii) 34% of the New Share Options and any New Share Options that have not been exercised as referred in paragraphs (i) and (ii) above will be exercisable at any time commencing the third anniversary of the Date of Grant.

Each New Share Option shall entitle the holder of the New Share Option to subscribe for one Share upon exercise of such New Share Option at an exercise price of HK\$1.604 per Share, which represents at least the higher of (i) the closing price of HK\$1.59 per Share as stated in the daily quotation sheets issued by the Stock Exchange on 30 September 2015, being the Date of Grant; (ii) the average closing price of HK\$1.604 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share.

Reason for the grant of New Share Options

The purpose of the grant of New Share Options is to provide incentive to the selected grantees towards the future development of our Group and to align the interests of the selected grantees with sustainable growth and development of our Group.

Pursuant to Rule 17.04(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the grant of the above share options to the Directors has been approved by the independent non-executive Directors. Save as disclosed above, none of the grantees is a director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).

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

Hong Kong, 30 September 2015

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