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KUANGCHI SCIENCE LIMITED

光啟科學有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes that (i) every ten (10) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share; and (ii) every ten (10) Preferred Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Preferred Share (if any). As at the date of this announcement, there are 6,156,928,860 Existing Shares in issue which are fully paid or credited as fully paid and no Preferred Shares have been issued. Assuming no further Existing Shares and no Preferred Shares will be issued or repurchased from the date of this announcement up to the date of the SGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall be HK\$99,999,999.90 divided into 731,666,666 Consolidated Shares of par value HK\$0.10 each and 268,333,333 Consolidated Preferred Shares of par value of HK\$0.10 each, of which 615,692,886 Consolidated Shares will have been issued and will be fully paid or credited as fully paid and no Consolidated Preferred Shares will have been issued.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 1,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 1,000 Existing Shares to 2,000 Consolidated Shares. Based on the closing price of HK\$0.127 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of 2,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$2,540.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the SGM is expected to be despatched to the Shareholders on or before Friday, 12 January 2024.

Shareholders should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes that (i) every ten (10) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share; and (ii) every ten (10) Preferred Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Preferred Share (if any).

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 7,316,666,668 Existing Shares of par value HK\$0.01 each and 2,683,333,332 Preferred Shares of par value HK\$0.01 each, of which 6,156,928,860 Existing Shares have been issued and are fully paid or credited as fully paid and no Preferred Shares have been issued.

Assuming no further Existing Shares and no Preferred Shares will be issued or repurchased from the date of this announcement up to the date of the SGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall be HK\$99,999,999.90 divided into 731,666,666 Consolidated Shares of par value HK\$0.10 each and 268,333,333 Consolidated Preferred Shares of par value of HK\$0.10 each, of which 615,692,886 Consolidated Shares will have been issued and will be fully paid or credited as fully paid and no Consolidated Preferred Shares will have been issued. The Company has 18,750,000 outstanding Share Options and no warrants or other securities in issue which are convertible or exchangeable into Shares as at the date of this announcement.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other and all the Consolidated Preferred Shares will rank *pari passu* in all respects with each other each in accordance with the Bye-laws.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of Bermuda and the Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on Wednesday, 31 January 2024 subject to the fulfilment of the above conditions.

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate amount of 18,750,000 Existing Shares under the Share Option Scheme. Pursuant to the terms of the Share Option Scheme and the Listing Rules, the Share Consolidation may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon the exercise of the outstanding Share Options. The Company will make further announcement(s) on such adjustments as and when appropriate. Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 1,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 1,000 Existing Shares to 2,000 Consolidated Shares.

Based on the closing price of HK\$0.127 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of 2,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$2,540.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “**Guide**”) has further stated that market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

For the past six months (including the date of this announcement), the share price of the Company has been trading at the range of HK\$0.127 to HK\$0.169, and the closing price of the Existing Shares on the date of this announcement was HK\$0.127. The existing board lot value has been less than HK\$2,000.

The proposed Share Consolidation will increase the board lot value of the Existing Shares and bring a corresponding upward adjustment in the trading price of the Company per board lot of the Consolidated Shares. Further, the proposed Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. The Change in Board Lot Size will support trading and liquidity of the Shares upon Share Consolidation becoming effective by maintaining trading amount for each board lot at a reasonable level. Taking into account the combined effect of the Share Consolidation and the Change in Board Lot Size, it is expected that the implementation will (i) result in an overall increase in the board lot value of the Shares and enable the Company to comply with the expected board lot value of not less than HK\$2,000 as set out in the Guide, and (ii) attract more investors and extend the shareholder base of the Company by making investment in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor.

Save for the necessary professional expenses for the implementation of the Share Consolidation and the Change in Board Lot Size, the implementation of the Share Consolidation and the Change in Board Lot Size will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders.

In view of the above, the Board considers that the Share Consolidation and the Change in Board Lot Size is necessary to achieve the above-mentioned purposes, in particular to ensure the Company's compliance with the trading requirements under the Listing Rules and the Guide. Taking into account of the potential benefits and the insubstantial amount of costs expected to be incurred, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no concrete plan to carry out other corporate actions which may have an effect of undermining or negating the intended purpose of the Share Consolidation and Change in Board Lot Size in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Wednesday, 31 January 2024, being one clear Business Day immediately after the date of the SGM, Shareholders may between 9:00 a.m. and 4:00 p.m. on any Business Day during the period from Wednesday, 31 January 2024 to Monday, 11 March 2024 (both days inclusive), submit their existing share certificates in blue colour for the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for exchange for new share certificates in orange colour for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.50 per share certificate (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the share registrar for exchange of new share certificates.

After 4:10 p.m. on Thursday, 7 March 2024, trading will only be in Consolidated Shares which share certificates will be issued in orange colour. Existing share certificates in blue colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Despatch date of circular with notice of the SGM On or before
Friday, 12 January 2024

Latest time for lodging transfers of shares in order to
qualify for attendance and voting at the SGM 4:30 p.m. on
Tuesday, 23 January 2024

Register of members closes (both days inclusive) Wednesday, 24 January 2024 to
Monday, 29 January 2024

Latest time for lodging forms of proxy for the SGM. 11:00 a.m. on
Saturday, 27 January 2024

Date and time of the SGM 11:00 a.m. on
Monday, 29 January 2024

Publication of the announcement of the results of the SGM Monday, 29 January 2024

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.

Effective date of the Share Consolidation Wednesday, 31 January 2024

First day of free exchange of existing share certificates
for new share certificates for Consolidated Shares Wednesday, 31 January 2024

Dealing in the Consolidated Shares commences 9:00 a.m. on
Wednesday, 31 January 2024

Original counter for trading in the Existing Shares in board lots of
1,000 Existing Shares (in the form of existing share certificates)
temporarily closes 9:00 a.m. on
Wednesday, 31 January 2024

Temporary counter for trading in the Consolidated Shares in
board lots of 100 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Wednesday, 31 January 2024

Original counter for trading in the Consolidated Shares in
board lots of 2,000 Consolidated Shares (in the form of
new share certificates for the Consolidation Shares) re-opens 9:00 a.m. on
Friday, 16 February 2024

Parallel trading in the Consolidated Shares
(in the form of new share certificates for the Consolidated Shares
and existing share certificates) commences 9:00 a.m. on
Friday, 16 February 2024

Designated broker starts to stand in the market to
provide matching services for odd lots of the Consolidated Shares. 9:00 a.m. on
Friday, 16 February 2024

Designated broker ceases to stand in the market to
provide matching services for odd lots of the Consolidated Shares 4:00 p.m. on
Thursday, 7 March 2024

Temporary counter for trading in the Consolidated Shares in
board lots of 100 Consolidated Shares
(in the form of existing share certificates) closes 4:10 p.m. on
Thursday, 7 March 2024

Parallel trading in the Consolidated Shares
(in the form of new share certificates for the Consolidated Shares
and existing share certificates) ends 4:10 p.m. on
Thursday, 7 March 2024

Last day for free exchange of existing share certificates
for new share certificates for the Consolidated Shares. 4:30 p.m. on
Monday, 11 March 2024

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the SGM.

A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the SGM is expected to be despatched to the Shareholders on or before Friday, 12 January 2024.

Shareholders should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted, “extreme condition” caused by super typhoons or on which a “black” rainstorm warning is issued between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bye-laws”	the bye-laws of the Company, as supplemented or amended or substituted from time to time

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size for trading on the Stock Exchange from 1,000 Existing Shares to 2,000 Consolidated Shares upon Share Consolidation becoming effective
“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
“Consolidated Preferred Share(s)”	the limited voting convertible preferred share(s) of par value HK\$0.10 each in the share capital of the Company upon the Share Consolidation becoming effective, whether issued or unissued
“Consolidated Share(s)”	the ordinary share(s) of par value HK\$0.10 each in the share capital of the Company after the Share Consolidation becoming effective, whether issued or unissued
“Director(s)”	director(s) of the Company
“Existing Share(s)”	the ordinary share(s) of par value HK\$0.01 each in the existing share capital of the Company before the Share Consolidation becoming effective, whether issued or unissued
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	The Hong Kong Special Administrative Region of the Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Preferred Share(s)”	the limited voting convertible preferred share(s) of par value HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective, whether issued or unissued
“SGM”	the special general meeting of the Company convened to be held for the purpose of considering and, if thought fit, approving the proposed Share Consolidation
“Share Consolidation”	the proposed consolidation of (i) every ten (10) issued and unissued Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company; and (ii) every ten (10) Preferred Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Preferred Share
“Share(s)”	the Existing Share(s) and/or the Preferred Share(s) and/or the Consolidated Share(s) and/or the Consolidated Preferred Share(s), as the context may require
“Shareholder(s)”	Registered holder(s) of the issued Shares of the Company
“Share Option(s)”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)

“Share Option Scheme” the share option scheme adopted by the Company on 31 July 2012

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 21 December 2023

As at the date of this announcement, the board of directors of the Company 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.