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## **KUANGCHI SCIENCE LIMITED**

**光啟科學有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 439)

### **INSIDE INFORMATION – INVESTMENT IN MARTIN JETPACK**

The Board wishes to announce that on 19 December 2014 (before trading hours), the Company and Martin Jetpack entered into the Investment Agreement.

The Company will (i) subscribe new equity and convertible securities in Martin Jetpack; (ii) acquire certain existing ordinary shares of Martin Jetpack; and (iii) incorporate HKCo together with Martin Jetpack for the development of Martin Jetpack's jetpack business in the PRC and Hong Kong.

Upon completion of the Subscription, the Acquisition and full conversion of the convertible securities, the Company will hold approximately 37.74% of the enlarged issued share capital of Martin Jetpack; and upon the exercise of the Option and the allotment and issue of the Swap Shares, the Company will hold approximately 52.0% of the enlarged issued share capital of Martin Jetpack.

Based on the applicable percentage ratios, the Subscription, the Acquisition, the setting up of HKCo and the exercise of the Option in aggregate do not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

The Company will comply with the Listing Rules when the Option will be exercised.

**Completion of the Investment Agreement and the transactions contemplated thereunder is subject to the fulfillment or waiver (as applicable) of a number of conditions as set out in the Investment Agreement. As such, the Subscription, the Acquisition, and/or the setting up of HKCo may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board wishes to announce that on 19 December 2014 (before trading hours), the Company and Martin Jetpack entered into the Investment Agreement.

### **REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT**

The Group is principally engaged in (i) the novel space services and other innovative technology business; (ii) the manufacture and trading of paper packaging products and paper gift items and the printing of paper promotional materials; and (iii) property investment.

The Group and Martin Jetpack both shares the common vision as to develop disruptive technologies to benefit human beings and the world. The cooperation between the Group and Martin Jetpack would bring unprecedented novel space services to the world.

Through the investment in Martin Jetpack, the Group can share the advance technologies of the Group including advanced materials technology and computational simulation technology to support the development of the jetpacks. On the other hand, the Group will benefit from the aviation and flying technology from Martin Jetpack for the development of the civil near space flying apparatus, namely the Traveller, and the wifi broadcasting technology, namely the Cloud. The Group considers this investment is a stepping stone to establish a new research and development centre in Australia and New Zealand region and also to facilitates and support the launch of the Traveller in New Zealand by year 2015.

The Group considers that HKCo could establish the market for the jetpacks in the PRC and Hong Kong. The development of the jetpacks provides a comprehensiveness to the novel space services and other innovative technology business of the Group.

The Directors consider that the Investment Agreement and the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole.

### **THE INVESTMENT AGREEMENT**

Pursuant to the Investment Agreement, the Company will (i) subscribe new equity and convertible securities in Martin Jetpack; (ii) acquire certain existing ordinary shares of Martin Jetpack; and (iii) incorporate HKCo together with Martin Jetpack for the development of Martin Jetpack's jetpack business in the PRC and Hong Kong.

The Company and Martin Jetpack further agree that immediately upon the incorporation of HKCo, the Company and Martin Jetpack shall use their best endeavours to procure HKCo to establish WFOE which will principally be engaged in research and development of Martin Jetpack's jetpacks and the sale and distribution of Martin Jetpack's jetpacks in the PRC and Hong Kong. Martin Jetpack undertakes to provide all such operational and/or technical support and resources to the Company and WFOE as reasonably required by the Company and WFOE for such purposes. Martin Jetpack agrees to grant to WFOE the exclusive right to research and develop undertaken in the PRC and Hong Kong, and also gives exclusive right to sell and distribute the jetpacks in the PRC and Hong Kong

At any time prior to the Maturity Date, the Company shall have the option to sell its 51% equity interest in HKCo to Martin Jetpack at a total consideration of AUD35.7 million (equivalent to approximately HK\$226.6 million) which shall be satisfied by way of allotment and issuance of the Swap Shares.

Completion of the Subscription and the Acquisition is subject to the fulfillment or waiver of the conditions set out in the Investment Agreement. Martin Jetpack will use its best endeavours to ensure that each condition is satisfied as soon as reasonably practicable and in any event before 6:00 p.m. on 31 March 2015.

Upon completion of the Subscription, the Acquisition and full conversion of the convertible securities, the Company will hold approximately 37.74% of the enlarged issued share capital of Martin Jetpack; and upon the exercise of the Option and the allotment and issue of the Swap Shares, the Company will hold approximately 52.0% of the enlarged issued share capital of Martin Jetpack.

The Company has appointed a company as its financial adviser (the "Financial Adviser") to provide financial advisory services in respect of the transactions contemplated under the Investment Agreement, and has agreed to allocate a number of new ordinary shares of Martin Jetpack to be subscribed by the Company to the Financial Adviser as the service fee.

## **INFORMATION ON MARTIN JETPACK**

Martin Jetpack, which is based in Christchurch, New Zealand, was founded more than 15 years ago. Martin Jetpack has developed a practical jetpack and is currently in the final design stage to build several pre-production jetpacks for further testing and demonstrations to potential customers. It can flown both manned and unmanned and carry certain payload.

Martin Jetpack has not generated any revenue yet as the jetpacks remain under development. Martin Jetpack plans to commercialise and manufacture the jetpacks and plans to produce and deliver the first jetpacks to first responder customers, such as the fire service or ambulance service and natural disaster recovery agencies, in 2016. After the first responder market, the Company will be targeting the commercial market including the farming, mining, oil and gas industry. The final product will be targeted at the recreational market.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Martin Jetpack and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

Based on the applicable percentage ratios, the Subscription, the Acquisition, the setting up of HKCo and the exercise of the Option in aggregate do not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

The Company will comply with the Listing Rules when the Option will be exercised.

**Completion of the Investment Agreement and the transactions contemplated thereunder is subject to the fulfillment or waiver (as applicable) of a number of conditions as set out in the Investment Agreement. As such, the Subscription, the Acquisition, and/or the setting up of HKCo may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the existing ordinary shares of Martin Jetpack by the Company under the Investment Agreement
“AUD”	Australian dollar, the lawful currency of the Commonwealth of Australia
“Board”	the board of Directors
“Company”	KuangChi Science Limited (stock code: 439), the ordinary shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“HKCo”	a limited liability company to be incorporated in Hong Kong and to be owned by the Company as to 51% and Martin Jetpack as to 49%
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Agreement”	the investment agreement entered into between the Company and Martin Jetpack dated 19 December 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Martin Jetpack”	Martin Aircraft Company Limited, a company incorporated in New Zealand which is principally engaged in the research and development of jetpacks
“Maturity Date”	the date falling on the expiry of a period of 30 months from the date on which Martin Jetpack is admitted to the official list of ASX Limited, which shall not be later than 30 April 2015
“Option”	the option of the Company to sell its 51% equity interest in HKCo to Martin Jetpack at a consideration of AUD35.7 million (equivalent to approximately HK\$226.6 million)
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of new equity and convertible securities in Martin Jetpack at the aggregate consideration of AUD44 million (equivalent to approximately HK\$279.3 million)
“Swap Shares”	certain new ordinary shares of Martin Jetpack to be allotted and issued as a result of the exercise of the Option
“WFOE”	a wholly foreign owned enterprise to be established by HKCo in the PRC

“%”

percentage

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

Hong Kong, 19 December 2014

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

*For illustration purposes, the exchange rate of AUD1.00 = HK\$6.348 has been used to convert AUD into HK\$ in this announcement.*