

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**Space Group Holdings Limited**  
**恆宇集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 2448)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**HIGHLIGHTS**

- For the six months ended 30 June 2022, the revenue of the Group amounted to approximately MOP233,219,000, representing a decrease of approximately 23.3% as compared to the revenue of the corresponding period in 2021 (30 June 2021: MOP304,119,000), and the profit for the six months ended 30 June 2022 was approximately MOP28,610,000, while profit for the corresponding period in 2021 was approximately MOP38,156,000, representing a decrease of approximately 25.0%.
- The Company's basic earnings per share for the six months ended 30 June 2022 was MOP4 cents (30 June 2021: MOP5 cents), representing a decrease of MOP1 cent or 20.0% which is in line with the profit attributable to equity shareholders of the Company when compared to the six months ended 30 June 2021.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Space Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”), together with the comparative figures for the six months ended 30 June 2021 (the “**Previous Period**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

(Expressed in Macau Pataca)

	Notes	Six months ended 30 June	
		2022 MOP'000	2021 MOP'000
<b>Revenue</b>	2	<b>233,219</b>	304,119
Cost of sales		<u>(160,773)</u>	<u>(222,648)</u>
<b>Gross profit</b>		<b>72,446</b>	81,471
Other income and gains, net		<b>47</b>	5,587
General and administrative expenses		<u>(28,859)</u>	<u>(34,933)</u>
<b>Profit from operations</b>		<b>43,634</b>	52,125
Finance costs		<u>(8,732)</u>	<u>(8,200)</u>
<b>Profit before taxation</b>	3	<b>34,902</b>	43,925
Income tax	4	<u>(6,292)</u>	<u>(5,769)</u>
<b>Profit for the period</b>		<b><u>28,610</u></b>	<b><u>38,156</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>28,896</b>	38,156
Non-controlling interests		<u>(286)</u>	<u>–</u>
Profit for the period		<b><u>28,610</u></b>	<b><u>38,156</u></b>
<b>Earnings per share</b>			
– Basic and diluted	5	<b><u>MOP0.04</u></b>	<b><u>MOP0.05</u></b>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

(Expressed in Macau Pataca)

	Six months ended 30 June	
	2022	2021
	MOP'000	MOP'000
<b>Profit for the period</b>	<b>28,610</b>	<b>38,156</b>
<b>Other comprehensive income for the period:</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of operations based outside Macau	<u>352</u>	<u>–</u>
Other comprehensive income for the period, net of tax	<u>352</u>	<u>–</u>
<b>Total comprehensive income for the period</b>	<b><u>28,962</u></b>	<b><u>38,156</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<u>29,234</u>	<u>38,156</u>
Non-controlling interests	<u>(272)</u>	<u>–</u>
<b>Total comprehensive income for the period</b>	<b><u>28,962</u></b>	<b><u>38,156</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

(Expressed in Macau Pataca)

	Notes	30 June 2022 MOP'000	31 December 2021 MOP'000
<b>Non-current assets</b>			
Property, plant and equipment	6	32,172	37,141
Investment properties		110,210	110,210
Investment in an insurance contract		2,744	2,744
Other non-current assets		812	812
Goodwill		29,596	–
Deferred tax assets		1,072	1,072
		<u>176,606</u>	<u>151,979</u>
<b>Current assets</b>			
Contract assets		87,396	67,378
Trade and other receivables	7	446,860	389,925
Prepayments		413,804	439,643
Financial assets at fair value through profit or loss		30	30
Pledged deposits		125,356	119,352
Cash and cash equivalents (excluding bank overdrafts)		19,924	96,662
		<u>1,093,370</u>	<u>1,112,990</u>
<b>Current liabilities</b>			
Trade and other payables	8	64,946	86,384
Bank loans and overdrafts and other borrowings		478,300	499,273
Lease liabilities		8,608	7,604
Amount due to a director		5,474	4,453
Tax payable		47,808	41,415
		<u>605,136</u>	<u>639,129</u>
<b>Net current assets</b>		<u>488,234</u>	<u>473,861</u>
<b>Total assets less current liabilities</b>		<u>664,840</u>	<u>625,840</u>

	<i>Notes</i>	<b>30 June 2022 MOP'000</b>	31 December 2021 MOP'000
<b>Non-current liabilities</b>			
Bank loans and overdrafts and other borrowings		<b>3,562</b>	–
Lease liabilities		<b>11,804</b>	16,042
Deferred tax liabilities		<b>2,864</b>	2,965
		<u><b>18,230</b></u>	<u>19,007</u>
<b>NET ASSETS</b>		<u><b>646,610</b></u>	<u>606,833</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	9	<b>8,302</b>	8,302
Reserves		<b>630,961</b>	598,623
<b>Total equity attributable to equity shareholders of the Company</b>		<b>639,263</b>	606,925
Non-controlling interests		<b>7,347</b>	(92)
<b>TOTAL EQUITY</b>		<u><b>646,610</b></u>	<u>606,883</u>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

*(Expressed in Macau Pataca unless otherwise indicated)*

### 1 BASIS OF PREPARATION

This interim results announcement has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 30 August 2022.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim results announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

The accounting policies, basis of presentation and methods of computation used in preparing the interim financial report are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the new or amended HKFRSs and HKASs which are first effective or available for early adoption for accounting periods beginning on or after 1 January 2022 as set out below.

The following new or amended HKFRSs and HKASs are adopted for the financial year beginning 1 January 2022, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle

The Group has not early adopted any other new or amended HKFRSs and HKASs that are not yet effective for the current accounting period.

## 2 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by business lines (fitting-out works and provision of financial services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management (i.e. the chief operating decision maker) for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments. No operating segments have been aggregated to form the following reportable segments.

### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 by business lines is as follows:

	<b>Fitting-out works MOP'000</b>	<b>Financial services MOP'000</b>	<b>Total MOP'000</b>
<b>For the six months ended 30 June 2022</b>			
At a point in time	–	30,878	30,878
Over time	<u>202,341</u>	<u>–</u>	<u>202,341</u>
	<b><u>202,341</u></b>	<b><u>30,878</u></b>	<b><u>233,219</u></b>
	Fitting-out works MOP'000	Financial services MOP'000	Total MOP'000
<b>For the six months ended 30 June 2021</b>			
At a point in time	–	26,954	26,954
Over time	<u>277,165</u>	<u>–</u>	<u>277,165</u>
	<b><u>277,165</u></b>	<b><u>26,954</u></b>	<b><u>304,119</u></b>

Fitting-out works and building construction works represent performance obligations that the Group satisfies over time for each respective contract. The period of fitting-out works and building construction works varies from 3 to 24 months (2021: from 2 to 24 months).

Financial services represent performance obligations that the Group satisfies at a point in time upon the execution of the underlying transaction.

### (b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 30 June 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is MOP1,716,272,000 (2021: MOP1,916,459,000). This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. Based on the information available to the Group at the end of the reporting period, the Group will recognise such amount when or as the work is completed which is expected to occur over the next 6 to 24 months (2021: 3 to 24 months).

(c) **Segment information**

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers ("CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Fitting-out works: this segment is involved in the execution of fitting-out works, including procurement of materials, site supervision, management of subcontractors, overall project management, interior decorative and modification works for existing buildings.
- Financial services: this segment is involved in the provision of securities brokerage services and securities and asset management advisory services to customers.

Segment assets and liabilities of the Group are not reported to the Group's CODM regularly. As a result, reportable assets and liabilities have not been presented in the consolidated financial statements.

(i) **Segment results**

The Group's CODM monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is earnings before tax.

Inter-segment transactions, if any, are conducted with reference to the prices charged to independent third parties.

The unaudited segment results of the Group for the six months ended 30 June 2021 and 2022 are as follows:

	<b>Fitting-out works MOP'000</b>	<b>Financial services MOP'000</b>	<b>Total MOP'000</b>
<b>For the six months ended 30 June 2022</b>			
Segment revenue from external customers	<b>202,341</b>	<b>30,878</b>	<b>233,219</b>
Segment profit	<b>41,978</b>	<b>30,468</b>	<b>72,446</b>
	<b>Fitting-out works MOP'000</b>	<b>Financial services MOP'000</b>	<b>Total MOP'000</b>
<b>For the six months ended 30 June 2021</b>			
Segment revenue from external customers	277,165	26,954	304,119
Segment profit	54,517	26,954	81,471

(ii) *Reconciliations of total segment profit to profit before taxation*

	Six months ended 30 June	
	2022	2021
	<i>MOP'000</i>	<i>MOP'000</i>
Total segment profit	72,446	81,471
Other income and gains, net	47	5,587
Finance costs	(8,732)	(8,200)
Unallocated head office and corporate expenses	<u>(28,859)</u>	<u>(34,933)</u>
Profit before taxation	<u><b>34,902</b></u>	<u><b>43,925</b></u>

(iii) *Geographical information*

The following table sets out the information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, intangible assets and investment properties ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided. The geographical location of specified non-current assets is based on the location of the operation to which they are allocated.

	Revenues from external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2022	2021	2022	2021
	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>	<i>MOP'000</i>
Macau (place of domicile)	<u>54,995</u>	<u>99,559</u>	<u>112,535</u>	<u>110,402</u>
Hong Kong	178,224	204,560	11,721	15,645
Mainland China	<u>–</u>	<u>–</u>	<u>18,938</u>	<u>22,116</u>
	<u>178,224</u>	<u>204,560</u>	<u>30,659</u>	<u>37,761</u>
	<u><b>233,219</b></u>	<u><b>304,119</b></u>	<u><b>143,194</b></u>	<u><b>148,163</b></u>

### 3 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	MOP'000	MOP'000
<b>(a) Finance costs</b>		
Interest on bank loans and overdrafts and other borrowings	8,227	7,963
Interest on lease liabilities	505	237
	<u>8,732</u>	<u>8,200</u>
<b>(b) Other items</b>		
Depreciation charge		
– owned property, plant and equipment	1,943	456
– right-of-use assets	4,165	2,088
Interest income	(16)	(262)
	<u>6,192</u>	<u>2,282</u>

### 4 INCOME TAX

	Six months ended 30 June	
	2022	2021
	MOP'000	MOP'000
Current tax – Macau Complementary Tax	2,897	999
Current tax – Hong Kong Profits Tax	3,496	4,746
Deferred tax – Original and reversal of temporary differences	(101)	24
	<u>6,292</u>	<u>5,769</u>

The Group is not subject to any income tax in the Cayman Islands and British Virgin Islands pursuant to the rules and regulations in the corresponding jurisdictions.

Macau Complementary Tax is calculated at 12% (2021: 12%) of the estimated assessable profits exceeding MOP600,000 (2021: MOP600,000) for the six months ended 30 June 2022.

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland revenue (Amendment) (No. 3) Ordinance 2018 (the “**Ordinance**”). Under the two-tiered profits tax rate regime, the first HK\$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018–2019. Accordingly, the provision for Hong Kong Profits Tax for the six months ended 30 June 2022 is calculated in accordance with the two-tiered profits tax regime.

Corporate Income Tax in the People’s Republic of China (“**the PRC**”) for the six months ended 30 June 2022 is calculated at 25% (2021: 25%). No corporate income tax has been provided because the entities in the PRC has no assessable profits for the six months ended 30 June 2021 and 2022.

## 5 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of MOP28,610,000 (six months ended 30 June 2021: MOP38,156,000) and the weighted average of 806,000,000 ordinary shares (2021: 779,061,000 shares).

### (b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as the Group did not have dilutive potential ordinary shares for both periods.

## 6 PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

During the six months ended 30 June 2022, the Group entered into a lease agreement for use of office, and therefore recognised the additions to right-of-use assets of MOP256,000.

### (b) Acquisitions of owned assets

During the six months ended 30 June 2022, the Group acquired items of property, plant and machinery with a cost of MOP81,000 (six months ended 30 June 2021: MOP15,313,000).

## 7 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	<b>30 June 2022 MOP'000</b>	31 December 2021 MOP'000
Within 1 month	<b>64,509</b>	29,061
1 to 3 months	<b>38,334</b>	63,447
3 to 6 months	<b>91,926</b>	86,008
6 to 12 months	<b>158,165</b>	114,628
Over 1 year but less than 2 years	<b>50,835</b>	74,444
Over 2 years but less than 3 years	<b>7,575</b>	1,008
	<hr/>	<hr/>
Trade debtors, net of loss allowance	<b>411,344</b>	368,596
Deposits and other receivables	<b>35,516</b>	21,329
	<hr/>	<hr/>
	<b>446,860</b>	389,925
	<hr/> <hr/>	<hr/> <hr/>

The balance represents amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 45 days from the date of invoice and therefore are all classified as current. The Group assessed the expected credit loss of trade receivables based on the historical default credit experiences and forward-looking information that is available.

As at 30 June 2022, amount due from a related party of MOP2,567,000 (2021: MOP2,567,000), which is trade-related, unsecured, interest-free and due within 45 days from the date of invoice.

## 8 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>30 June 2022 MOP'000</b>	31 December 2021 MOP'000
Within 1 month	7,199	9,118
1 to 3 months	203	184
3 to 6 months	41	502
Over 6 months	<u>18,395</u>	<u>10,112</u>
Trade payables	25,838	19,916
Retention payables	13,978	13,978
Contract liabilities	13,402	13,390
Other payables and accruals	<u>11,728</u>	<u>39,100</u>
	<u><b>64,946</b></u>	<u><b>86,384</b></u>

## 9 ACQUISITION OF A SUBSIDIARY

On 21 February 2022, the Group acquired an 100% interest in Advent Corporate Finance Limited. Advent Corporate Finance Limited is principally engaged in carrying out Type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance. The acquisition has been accounted for as acquisition of business using the acquisition method.

### Consideration transferred

	<i>MOP'000</i>
Cash	30,900
Equity instruments issued	<u>7,725</u>
	<u><b>38,625</b></u>

### Assets and liabilities recognised at the date of acquisition

	<i>MOP'000</i>
Property, plant and equipment	1,680
Trade and other receivables	7,475
Prepayments	181
Cash and cash equivalents (excluding bank overdrafts)	7,257
Trade and other payables	(764)
Lease liabilities	(1,642)
Bank loans and overdrafts and other borrowings	<u>(5,158)</u>
	<u><b>9,029</b></u>

The fair value of the identifiable assets and liabilities acquired is determined on a provisional basis and may be adjusted upon completion of initial accounting year which shall not exceed one year from the respective acquisition date.

## Goodwill arising on acquisition

	<i>MOP'000</i>
Consideration transferred	38,625
Less: recognised amounts of net assets acquired	<u>(9,029)</u>
	<u><u>29,596</u></u>

## Net cash outflows arising on acquisition of Advent Corporate Finance Limited

	<i>MOP'000</i>
Consideration paid in cash	30,900
Less: Cash and cash equivalents acquired	<u>(7,257)</u>
	<u><u>23,643</u></u>

Advent Corporate Finance Limited contributed revenues of approximately MOP4,159,000 and net loss of approximately MOP202,000 to the Group for the period from 21 February 2022 to 30 June 2022.

Had the acquisition been completed on 1 January 2022, total Group revenue for the period would have been approximately MOP234,863,000, and profit for the period would have been approximately MOP28,529,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

## 10 DIVIDENDS

The Directors did not recommend the payment of a dividend by the Company for the six months ended 30 June 2022. No dividend was declared or paid by the Company during the six months ended 30 June 2021 to its equity shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2022, the new variant novel coronavirus continued to spread globally. Coupled with the Russia-Ukraine conflict, the risk aversion has risen sharply. The global financial market was severely impacted, and the Hong Kong stock market, bond market, currency market and foreign exchange market experienced sharp fluctuations. The financial market of Hong Kong has also been affected. The sanctions imposed on Russia by numerous European and American countries will significantly increase the prices of oil and other commodities, impacting the global supply chain, thus dragging down global economic growth. The US Federal Reserve announced on 27 July this year that it would raise interest rates by 75 basis points, raising the target range of the federal funds rate to between 2.25% and 2.50%. This is the fourth time the Fed has raised interest rates this year and the second in a row by 75 basis points. U.S. central bank backs aggressive interest rate hikes and scales back bond purchases, tightening market liquidity and thus triggering both stocks and bonds to fall.

Despite the economic volatility of mainland China, Macau and Hong Kong in the wake of the epidemic and the impact of external factors, the Group's business remained stable and outperformed its peers despite the general downturn. As of the first half of this year, the Group's construction and financial businesses have experienced a setback. The profit after taxation in the first half of the year was MOP28.6 million.

The construction business of the Group has suffered a setback due to the delays in construction works resulting from the suspension of all non-essential commercial and industrial activities in Macau as a result of the epidemic.

In addition, financial business of the Group was also dragged down by external conditions. The Hong Kong IPO market continues to see a slowdown in fund raising activity across the market due to global uncertainties. In the first half of this year, only 27 companies have been listed, and the number of IPOs on the main board has decreased by 53% compared with the first half of 2021. In terms of fundraising amount, it reached 17.8 billion in the first half of the year, down 92% year-on-year, the lowest level since 2012. In addition, with the news that the bonds of some industries continued to be under pressure in the first half of the year, International rating agencies have downgraded the credit rating of corporate bonds, making investors more conservative about the entire market. However, the Group was able to forge ahead in spite of the adversity and kept expanding its financial business, which grew by 14.6%.

## **FINANCIAL REVIEW**

For the Period, the Group's revenue was approximately MOP233.2 million (30 June 2021: approximately MOP304.1 million). During the Period, the Group also recorded profit of approximately MOP28.6 million (30 June 2021: approximately MOP38.2 million) and has 8 ongoing fitting-out projects. The revenue from provision of financial services for the Period amounted to approximately MOP30.9 million (30 June 2021: MOP27.0 million).

### **Revenue**

For the Period, the revenue of the Group amounted to approximately MOP233.2 million, representing a decrease of approximately 23.3% from approximately MOP304.1 million for the Previous Period. The decrease of the Group's revenue was mainly attributable to the COVID-19 pandemic.

The revenue from fitting-out works decreased from approximately MOP277.2 million for the Previous Period to approximately MOP202.3 million for the Period. Such decrease was mainly attributable to the outbreak of fifth wave of the epidemic in Hong Kong and outbreak of epidemic in Macau causing delay in construction projects.

The revenue from provision of financial services increased from approximately MOP27.0 million for the Previous Period to approximately MOP30.9 million. The increase mainly due to the income from financial consultation service in first half of 2022.

### **Cost of sales**

For the Period, the cost of sales of the Group decreased by 27.8% to approximately MOP160.8 million when compared with the Previous Period (30 June 2021: approximately MOP222.6 million).

The decrease of the Group's cost of sales was mainly attributable to the decrease in the subcontracting costs and the direct labour costs from the fitting-out works which is in line with the decrease in revenue from fitting-out works.

### **Gross profit and gross profit margin**

The gross profit of the Group for the Period decreased by approximately MOP9.1 million to approximately MOP72.4 million (30 June 2021: approximately MOP81.5 million), and the gross profit margin increased to approximately 31.1% (30 June 2021: approximately 26.8%). The increase of the gross profit margin was mainly attributable to the increase in gross profit margin from the financial services segment.

## **Other income**

The Group's other income mainly included government grant of approximately MOP0.4 million and exchange losses approximately MOP0.4 million for the Period.

## **General and administrative expenses**

The Group's administrative expenses decreased to approximately MOP28.9 million for the Period from approximately MOP34.9 million for the Previous Period. The decrease by approximately 17.4% was mainly attributable to cost control procedures implemented.

## **Finance costs**

The finance costs mainly represented interests on bank borrowings and overdrafts and other borrowings. Our finance costs increased by approximately MOP0.5 million to approximately MOP8.7 million for the Period from approximately MOP8.2 million for the Previous Period. The increase was mainly due to an increase in our average outstanding bank loans and overdraft and other borrowings during the Period.

## **Income tax expenses**

The Group's income tax expenses increased by 9.1% to approximately MOP6.3 million for the Period when compared to approximately MOP5.8 million for the Previous Period. The increase was mainly attributable to the increase in revenue from Hong Kong which subjected to higher tax rate than Macau.

## **Profit for the Period**

For the Period, our profit after taxation decreased to approximately MOP28.6 million from approximately MOP38.2 million for the Previous Period mainly due to the combined effect of the aforementioned items.

## **CORPORATE FINANCE AND RISK MANAGEMENT**

### **Liquidity, financial and capital resources**

#### *Cash position*

The Group's cash and cash equivalents balances (excluding bank overdrafts) as at 30 June 2022 amounted to approximately MOP19.9 million, representing a decrease of approximately MOP76.8 million as compared to approximately MOP96.7 million as at 31 December 2021, which was attributable to the increase in cash used in operating activities and decrease in financing activities.

As at 30 June 2022, the Group's indebtedness comprised bank loans and overdrafts and other borrowings of approximately MOP481.9 million (31 December 2021: approximately MOP499.3 million), of which certain of them were secured by pledged bank deposits.

### ***Gearing ratio***

As at 30 June 2022, the gearing ratio (calculated by total debts divided by total equity; total debts include payables incurred not in the ordinary course of business) was 0.75, as compared with 0.82 as at 31 December 2021.

The decrease was primarily attributable to the increase of capital and reserves as at 30 June 2022.

### ***Treasury policies***

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### ***Foreign currency risk***

The Group has certain bank balances denominated in Hong Kong Dollar other than the functional currency of respective group entities as at 30 June 2022. Since Macau Pataca is pegged to Hong Kong Dollar, the Group does not have significant exposure to foreign currency risk.

### ***Capital Structure***

#### ***Authorised share capital***

As at 30 June 2022, the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 shares (the "Shares") of HK\$0.01 each.

#### ***Capital commitments***

As at 30 June 2022, the Group had no capital commitments (31 December 2021: Nil).

#### ***Contingent liabilities***

As at 30 June 2022, the Group had contingent liabilities of approximately MOP13.0 million (31 December 2021: approximately MOP13.0 million).

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2022, bank deposits of approximately MOP125.4 million (31 December 2021: approximately MOP119.4 million) were pledged to secure the banking facilities (including bank loans and overdraft).

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 78 employees as at 30 June 2022 (30 June 2021: 83). Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee.

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. The local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group.

## **SHARE OPTION SCHEME**

On 20 December 2017, the then shareholders of the Company approved and conditionally adopted a share option scheme (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to provide the Company a flexible means of giving incentive to, rewarding, remunerating, compensating and providing benefits to eligible participants and for such other purposes as the Board approves from time to time. From the adoption date of the Share Option Scheme up to 30 June 2022, no option was granted, exercised, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme.

## **EVENTS AFTER THE REPORTING PERIOD**

No significant event took place subsequent to 30 June 2022.

## **DIVIDEND**

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend payment of any dividend in respect of the Period.

## **PROSPECTS**

With the support of worldwide COVID-19 vaccination, many countries are making efforts to reinvigorate the economy and to create employment opportunities to promote economic growth. Meanwhile, with the support of state policy and the ease of geopolitical tension, we anticipate that mainland China market will become the growing engine of our Group's business in the near future.

Under the difficult conditions of the financial industry, the Group has been able to expand its business in the face of adversity by implements various plans and strategic deployments to meet the business development blueprint, including the MOP38,625,000 acquisition of financial institutions with Type 6 license issued by the SFC to conduct regulated activities. This will enable the Group to advise on corporate finance, qualify as a listing sponsor, compliance advisor, independent financial advisor or provide advice on acquisition and disposal, equity and debt financing and corporate restructuring services. In addition, the Group has further enhanced its digital products, including optimizing and upgrading its existing securities and mobile platforms to provide customers with a more comprehensive, fast and flexible online service experience, which will enhance customer engagement and expand its customer base. We also improve overall administrative efficiency through internal resource sharing to achieve greater synergy, enable the Group to develop more robustly as a top financial institution serving the entire Greater Bay Area.

## **CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION**

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2022.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended 30 June 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float during the six months ended 30 June 2022 and up to the date of this announcement.

## **AUDIT COMMITTEE**

An audit committee of the Company (the “**Audit Committee**”) has been established on 20 December 2017 in accordance with Rule 3.21 of the Listing Rules with its terms of reference in compliance with paragraph C.3 of the CG Code. The Audit Committee comprises three members, namely Mr. Li Guohui, Mr. Eulógio dos Remédios, José António and Ms. Leong Iat Lun, all being independent non-executive Directors. Mr. Li Guohui serves as the chairman of the Audit Committee.

The Audit Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting of the Group and also a review of risk management and internal control systems of the Group, by satisfying themselves as to the effectiveness of the internal controls, and as to the adequacy of the external and internal audits.

The Audit Committee has reviewed with the management the interim results of the Group for the six months ended 30 June 2022, accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial information. The Audit Committee is of the view that such interim results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosure have been made.

**PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2022 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.spacegroup.com.mo](http://www.spacegroup.com.mo)). The interim report for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be despatched to the shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Space Group Holdings Limited**  
**Che Chan U**  
*Chairman*

Hong Kong, 30 August 2022

*As at the date of this announcement, the Board comprises Mr. Che Chan U, Ms. Lei Soi Kun, Mr. Lok Wai Tak and Mr. Ho Kwong Yu as executive Directors; and Mr. Li Guohui, Mr. Eulógio dos Remédios, José António and Ms. Leong Iat Lun as independent non-executive Directors.*