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**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 2023**

**HIGHLIGHTS**

- For the six months ended 30 June 2023, the revenue of the Group amounted to approximately MOP181,144,000, representing a decrease of approximately 22.3% as compared to the revenue of the corresponding period in 2022 (30 June 2022: MOP233,219,000), and the profit for the six months ended 30 June 2023 was approximately MOP13,441,000, while profit for the corresponding period in 2022 was approximately MOP28,610,000, representing a decrease of approximately 53.0%.
- The Company's basic earnings per share for the six months ended 30 June 2023 was MOP1.7 cent (30 June 2022: MOP3.5 cents), representing a decrease of MOP1.8 cent or 51.4% which is in line with the profit attributable to equity shareholders of the Company when compared to the six months ended 30 June 2022.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023.

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 2023 (the “**Period**”), together with the comparative figures for the six months ended 30 June 2022 (the “**Previous Period**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

(Expressed in Macau Pataca)

	Notes	Six months ended 30 June	
		2023 MOP'000	2022 MOP'000
<b>Revenue</b>	2	<b>181,144</b>	233,219
Cost of revenue		<u>(137,122)</u>	<u>(160,773)</u>
<b>Gross profit</b>		<b>44,022</b>	72,446
Other income and gains, net		<b>52</b>	47
Administrative and other expenses		<u>(18,133)</u>	<u>(28,859)</u>
<b>Profit from operations</b>		<b>25,941</b>	43,634
Finance costs		<u>(9,692)</u>	<u>(8,732)</u>
<b>Profit before taxation</b>	3	<b>16,249</b>	34,902
Income tax	4	<u>(2,808)</u>	<u>(6,292)</u>
<b>Profit for the period</b>		<b><u>13,441</u></b>	<b><u>28,610</u></b>
<b>Attributable to:</b>			
Owners of the Company		<b>13,772</b>	28,896
Non-controlling interests		<u>(331)</u>	<u>(286)</u>
Profit for the period		<b><u>13,441</u></b>	<b><u>28,610</u></b>
<b>Earnings per share</b>			
– Basic and diluted	5	<b><u>MOP0.017</u></b>	<b><u>MOP0.035</u></b>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(Expressed in Macau Pataca)

	Six months ended 30 June	
	2023	2022
	MOP'000	MOP'000
<b>Profit for the period</b>	<b>13,441</b>	28,610
<b>Other comprehensive income for the period:</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statement of foreign operation	<u>634</u>	<u>352</u>
Other comprehensive income for the period, net of tax	<u>634</u>	<u>352</u>
<b>Total comprehensive income for the period</b>	<b><u>14,075</u></b>	<b><u>28,962</u></b>
<b>Attributable to:</b>		
Owners of the Company	<b>14,373</b>	29,234
Non-controlling interests	<u>(298)</u>	<u>(272)</u>
<b>Total comprehensive income for the period</b>	<b><u>14,075</u></b>	<b><u>28,962</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

(Expressed in Macau Pataca)

	<i>Notes</i>	<b>30 June 2023 MOP'000</b>	31 December 2022 MOP'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>16,362</b>	21,929
Investment properties		<b>99,292</b>	99,292
Investment in an insurance contract		<b>2,823</b>	2,823
Other non-current assets		<b>1,063</b>	812
Intangible asset		<b>1,803</b>	1,803
Goodwill		<b>20,681</b>	20,681
Deferred tax assets		<b>3,374</b>	3,374
		<b>145,398</b>	150,714
<b>Current assets</b>			
Contract assets		<b>117,112</b>	100,602
Trade and other receivables	6	<b>632,028</b>	578,159
Prepayments		<b>222,112</b>	246,398
Financial assets at fair value through profit or loss		<b>39</b>	33
Pledged deposits		<b>111,270</b>	126,100
Cash and bank balances		<b>27,526</b>	54,898
		<b>1,110,087</b>	1,106,190
<b>Current liabilities</b>			
Trade and other payables	7	<b>99,691</b>	79,496
Bank loans and overdrafts		<b>402,783</b>	445,091
Lease liabilities		<b>5,644</b>	7,014
Amount due to a director		<b>12,711</b>	37,060
Tax payable		<b>50,423</b>	47,775
		<b>571,252</b>	616,436
<b>Net current assets</b>		<b>538,835</b>	489,754
<b>Total assets less current liabilities</b>		<b>684,233</b>	640,468

	<i>Notes</i>	<b>30 June 2023 MOP'000</b>	31 December 2022 MOP'000
<b>Non-current liabilities</b>			
Lease liabilities		<b>4,325</b>	6,790
Bank loans and overdrafts		<b>2,411</b>	2,994
Deferred tax liabilities		<b>1,612</b>	1,745
		<u><b>8,348</b></u>	<u>11,529</u>
<b>NET ASSETS</b>		<u><b>675,885</b></u>	<u>628,939</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	8	<b>9,962</b>	8,302
Reserves		<b>666,352</b>	620,735
<b>Total equity attributable to owners of the Company</b>		<b>676,314</b>	629,037
Non-controlling interests		<b>(429)</b>	(98)
<b>TOTAL EQUITY</b>		<u><b>675,885</b></u>	<u>628,939</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 2023.

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 2022 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 2022 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 2022, 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 2023 as set out below.

The following new or amended HKFRSs and HKASs are adopted for the financial year beginning 1 January 2023, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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 two 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:

#### For the six months ended 30 June 2023

	<b>Fitting-out works MOP'000</b>	<b>Financial services MOP'000</b>	<b>Total MOP'000</b>
<b>Revenue from contract with customers within the scope of HKFRS 15</b>			
Revenue from fitting-out works contracts	165,258	–	165,258
Fees and commission income from licensed activities	–	5,573	5,573
Fee from business consultancy services	–	10,300	10,300
<b>Revenue from other source</b>			
Interest income from margin financing	–	13	13
Total	<u>165,258</u>	<u>15,886</u>	<u>181,144</u>

#### For the six months ended 30 June 2022

	<b>Fitting-out works MOP'000</b>	<b>Financial services MOP'000</b>	<b>Total MOP'000</b>
<b>Revenue from contract with customers within the scope of HKFRS 15</b>			
Revenue from fitting-out works contracts	202,341	–	202,341
Fees and commission income from licensed activities	–	8,822	8,822
Fees from business consultancy services	–	21,939	21,939
<b>Revenue from other source</b>			
Interest income from margin financing	–	117	117
Total	<u>202,341</u>	<u>30,878</u>	<u>233,219</u>

Disaggregation of revenue by timing of recognition:

	<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 2023</b>			
At a point in time	–	13,842	13,842
Over time	<u>165,258</u>	<u>2,044</u>	<u>167,302</u>
	<b><u>165,258</u></b>	<b><u>15,886</u></b>	<b><u>181,144</u></b>
	Fitting-out works MOP'000	Financial services MOP'000	Total MOP'000
<b>For the six months ended 30 June 2022</b>			
At a point in time	–	26,719	26,719
Over time	<u>202,341</u>	<u>4,159</u>	<u>206,500</u>
	<b><u>202,341</u></b>	<b><u>30,878</u></b>	<b><u>233,219</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 (2022: from 3 to 24 months).

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

As at 30 June 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is MOP936,597,000 (2022: MOP1,716,272,000). 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 (2022: 6 to 24 months).

The financial service contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the services performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

(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 two 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, underwriting services, margin financing and money lending, business consultancy 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 2022 and 2023 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 2023</b>			
Segment revenue from external customers	<b>165,258</b>	<b>15,886</b>	<b>181,144</b>
Segment profit	<b>32,138</b>	<b>11,884</b>	<b>44,022</b>
	<i>Fitting-out works MOP'000</i>	<i>Financial services MOP'000</i>	<i>Total MOP'000</i>
<b>For the six months ended 30 June 2022</b>			
Segment revenue from external customers	202,341	30,878	233,219
Segment profit	41,978	30,468	72,446

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

	Six months ended 30 June	
	2023	2022
	MOP'000	MOP'000
Total segment profit	44,022	72,446
Other income and gains, net	52	47
Finance costs	(9,692)	(8,732)
Unallocated head office and corporate expenses	<u>(18,133)</u>	<u>(28,859)</u>
Profit before taxation	<u><b>16,249</b></u>	<u><b>34,902</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 asset, goodwill 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
	2023	2022	2023	2022
	MOP'000	MOP'000	MOP'000	MOP'000
Macau (place of domicile)	<u>99,089</u>	<u>54,995</u>	<u>100,773</u>	<u>99,369</u>
Hong Kong	82,055	178,224	27,080	32,028
Mainland China	<u>-</u>	<u>-</u>	<u>10,285</u>	<u>12,308</u>
	<u>82,055</u>	<u>178,224</u>	<u>37,365</u>	<u>44,336</u>
	<u><b>181,144</b></u>	<u><b>233,219</b></u>	<u><b>138,138</b></u>	<u><b>143,705</b></u>

### 3 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	MOP'000	MOP'000
<b>(a) Finance costs</b>		
Interest on bank loans and overdrafts	9,421	8,227
Interest on lease liabilities	271	505
	<u>9,692</u>	<u>8,732</u>
<b>(b) Other items</b>		
Depreciation charge		
– owned property, plant and equipment	1,887	1,943
– right-of-use assets	3,391	4,165
Interest income	(559)	(16)
	<u>4,719</u>	<u>6,092</u>

### 4 INCOME TAX

	Six months ended 30 June	
	2023	2022
	MOP'000	MOP'000
Current tax – Macau Complementary Tax	2,185	2,897
Current tax – Hong Kong Profits Tax	756	3,496
Deferred tax	(133)	(101)
	<u>2,808</u>	<u>6,292</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% (2022: 12%) of the estimated assessable profits exceeding MOP600,000 (2022: MOP600,000) for the six months ended 30 June 2023.

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 2023 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 2023 is calculated at 25% (2022: 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 2022 and 2023.

## 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 MOP13,441,000 (six months ended 30 June 2022: MOP28,610,000) and the weighted average of approximately 814,015,000 ordinary shares (2022: 806,000,000 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 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 2023 MOP'000</b>	31 December 2022 MOP'000
Within 1 month	<b>107,703</b>	20,040
1 to 3 months	<b>34,463</b>	72,026
3 to 6 months	<b>37,109</b>	136,904
6 to 12 months	<b>243,416</b>	173,791
Over 1 year but less than 2 years	<b>163,448</b>	155,902
Over 2 years but less than 3 years	<b>47,322</b>	12,924
Less: loss allowance	<b>(25,073)</b>	(25,073)
Trade debtors, net of loss allowance	<b>608,388</b>	546,514
Deposits	<b>1,760</b>	1,770
Other receivables, net	<b>21,880</b>	29,875
	<b>632,028</b>	578,159

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.

## 7 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 2023 MOP'000</b>	31 December 2022 MOP'000
Within 1 month	<b>16,738</b>	14,096
1 to 3 months	<b>55</b>	5,312
3 to 6 months	<b>99</b>	1,370
Over 6 months	<b>22,600</b>	18,360
Trade payables	<b>39,492</b>	39,138
Retention payables	<b>13,978</b>	9,606
Other payables and accruals	<b>46,221</b>	30,752
	<b>99,691</b>	79,496

## 8 SHARE CAPITAL

On 21 June 2023, the Company completed the share placing and a total of 161,200,000 placing shares have been successfully placed by the placing agent. The gross proceeds and net proceeds from the share placing were approximately MOP33,207,000 and approximately MOP32,872,000, respectively.

## 9 ACQUISITION OF A SUBSIDIARY

On 21 February 2022, the Group through a subsidiary, Space Financial Holdings Limited (“SFH”) entered into a sales and purchase with a third party, namely Mr. Leong Lap Kun, pursuant to which the Group agreed to acquire all issued share capital of Advent Corporate Finance Limited. The Group obtained the control of Advent Corporate Finance Limited on 28 February 2022. The transaction was completed with a total consideration approximately of HK\$31,891,000. The consideration comprises (i) the payment in cash amounted to HK\$30,000,000 and (ii) 6.98% shareholdings of the SFH of approximately MOP991,000.

Advent Corporate Finance Limited (“Advent”) is a limited company incorporated in Hong Kong and holds the Type 6 license issued by the Securities and Futures Commission (SFC) to carry out Type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance. The acquisition was accounted for under the acquisition method. The acquisition of Advent was aimed at allowing the Group to extend its network of finance services and strengthen its core financial business and broaden its profit base.

- (i) Details of net assets acquired and goodwill in respect of the acquisition of Advent at the acquisition date were as follows:

	<b>31 December 2022</b> <i>MOP'000</i>
Purchase consideration	
– Cash	30,900
– 6.98% Equity instrument of SFH	991
	<hr/>
	31,891
Less: fair value of net assets acquired	(11,210)
	<hr/> <hr/>
Goodwill on acquisition	20,681
	<hr/> <hr/>

The assets and liabilities of Advent at the acquisition date were as follows:

	<b>31 December 2022</b> <i>MOP'000</i>
Property, plant and equipment	1,679
Trade and other receivables	7,475
Deferred tax assets	380
Intangible asset	1,803
Prepayments	180
Cash and cash equivalents	7,257
Trade and other payables	(764)
Lease liabilities	(1,642)
Bank loans and overdrafts	(5,158)
	<hr/>
Net identifiable assets acquired	11,210
	<hr/> <hr/>

	<b>31 December 2022</b> <i>MOP'000</i>
Purchase consideration settled in cash	30,900
Less: cash and cash equivalents acquired	(7,257)
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Total net cash inflow for the year ended 31 December 2022	23,643
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As at 31 December 2022, all the purchase consideration was fully settled.

(ii) **Acquired receivables**

At the date of acquisition, the fair value of acquired trade and other receivables was MOP7,475,000 and the gross contractual amount was approximately MOP9,763,000 with loss allowance of approximately MOP2,288,000.

**(iii) Revenue and profit contribution**

The mentioned acquired companies contributed revenues of MOP13,042,000 and net profit of MOP5,136,000 to the Group.

Had the acquisition been completed on 1 January 2022, the total Group revenue for the period would have been approximately MOP487,008,000, and the profit for the period would have been approximately MOP21,516,000. 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 2023. No dividend was declared or paid by the Company during the six months ended 30 June 2022 to its equity shareholders.

**11 EVENTS AFTER REPORTING PERIOD**

On 26 July 2023, the Company entered into subscription agreements with six subscribers for the issue of an aggregate of 193,440,000 subscription Shares to the subscribers at the subscription price of HK\$0.202 per Share. Completion of subscription of the new Shares took place on 8 August 2023.

Details of the above are set out in the Company's announcements dated 26 July 2023 and 8 August 2023.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Since the outbreak of the COVID-19 in 2020, all industries have been affected to a various extent and the Group has been significantly impacted by the interest rate hikes since 2022. As a result, the Group's fitting-out works and financial services business and financial performance have been affected.

### **FINANCIAL REVIEW**

For the Period, the Group's revenue was approximately MOP181.1 million (30 June 2022: approximately MOP233.2 million). During the Period, the Group recorded profit of approximately MOP13.4 million (30 June 2022: approximately MOP28.6 million) and had 9 ongoing fitting-out projects. The revenue from provision of financial services for the Period amounted to approximately MOP15.9 million (30 June 2022: MOP30.9 million).

#### **Revenue**

For the Period, the revenue of the Group amounted to approximately 181.1 million, representing a decrease of approximately 22.3% from approximately MOP233.2 million for the Previous Period.

The revenue from fitting-out works decreased from approximately MOP202.3 million for the Previous Period to approximately MOP165.3 million for the Period. Such decrease was mainly attributable to the decrease in amounts of ongoing fitting-out projects.

The revenue from provision of financial services decreased from approximately MOP30.9 million for the Previous Period to approximately MOP15.9 million for the Period. The decrease was mainly due to the decrease in number of initial public offerings in Hong Kong.

#### **Cost of revenue**

For the Period, the cost of revenue of the Group decreased by 14.7% to approximately MOP137.1 million when compared with the Previous Period (approximately MOP160.8 million).

The decrease of the Group's cost of revenue 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 MOP28.4 million to approximately MOP44.0 million (30 June 2022: approximately MOP72.4 million), and the gross profit margin decreased to approximately 24.3% (30 June 2022: approximately 31.1%). The decrease of the gross profit margin was mainly attributable to the decrease in gross profit margin from the fitting-out works and the financial services segment.

## **Other income and gains**

The Group's other income and gains mainly included interest income of approximately MOP0.6 million and exchange losses approximately MOP0.9 million for the Period.

## **Administrative and other expenses**

The Group's administrative and other expenses decreased to approximately MOP18.1 million for the Period from approximately MOP28.9 million for the Previous Period. The decrease by approximately 37.2% was mainly attributable to effective cost control procedures implemented.

## **Finance costs**

The finance costs mainly represented interests on bank borrowings and overdrafts. Our finance costs increased by approximately MOP1.0 million to approximately MOP9.7 million for the Period from approximately MOP8.7 million for the Previous Period. The increase was mainly due to an increase in interest rate during the Period.

## **Income tax expenses**

The Group's income tax expenses decreased by 55.4% to approximately MOP2.8 million for the Period when compared to approximately MOP6.3 million for the Previous Period. The decrease was mainly attributable to the decrease in profit for the Period.

## **Profit for the Period**

For the Period, our profit after taxation was approximately MOP13.4 million and the profit after taxation was approximately MOP28.6 million for the Previous Period mainly due to the combined effects of the aforementioned items.

## **CORPORATE FINANCE AND RISK MANAGEMENT**

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

#### ***Cash position***

The Group's cash and bank balances as at 30 June 2023 amounted to approximately MOP27.5 million, representing a decrease of approximately MOP27.4 million as compared to approximately MOP54.9 million as at 31 December 2022, which was attributable to the decrease in financing activities in the six months ended 30 June 2023.

As at 30 June 2023, the Group's indebtedness comprised bank loans and overdrafts of approximately MOP405.2 million (31 December 2022: approximately MOP448.1 million), of which certain of them were secured by pledged bank deposits.

#### ***Gearing ratio***

As at 30 June 2023, the gearing ratio (calculated by total debts divided by total equity; total debts include payables incurred not in the ordinary course of business) was 0.60, as compared with 0.71 as at 31 December 2022.

The decrease was primarily attributable to the increase of capital and reserves, and repayment of bank loans and overdrafts as at 30 June 2023.

#### ***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 2023. 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 2023, 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.

### *Issued share capital*

As at 30 June 2023, the number of Shares in issue was 967,200,000 Shares of HK\$0.01 each (31 December 2022: 806,000,000 Shares). During the Period, the Company had completed the placing of 161,200,000 new Shares on 21 June 2023 pursuant to a placing agreement entered into between the Company and Space Securities Limited (as placing agent) dated 5 June 2023. The net proceeds from the issue of new Shares under the said placing were approximately MOP32,872,000, which were intended to be used for potential new projects and as general working capital of the Company. For further details of the placing, please refer to the Company’s announcements dated 5 June 2023, 9 June 2023 and 21 June 2023, respectively. Save as disclosed in this announcement, there was no change to the issued share capital of the Company during the Period.

### ***Capital commitments***

As at 30 June 2023, the Group had no capital commitments (31 December 2022: Nil).

### ***Contingent liabilities***

As at 30 June 2023, the Group had contingent liabilities of approximately MOP13.0 million (31 December 2022: approximately MOP13.0 million).

## **CHARGES ON THE GROUP’S ASSETS**

As at 30 June 2023, bank deposits of approximately MOP111.3 million (31 December 2022: approximately MOP126.1 million) were pledged to secure the banking facilities (including bank loans and overdraft).

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 84 employees as at 30 June 2023 (30 June 2022: 78). 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 2023, 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**

On 26 July 2023, the Company entered into subscription agreements with six subscribers for the issue of an aggregate of 193,440,000 subscription Shares to the subscribers at the subscription price of HK\$0.202 per Share. Completion of subscription of the new Shares took place on 8 August 2023.

Details of the above are set out in the Company’s announcements dated 26 July 2023 and 8 August 2023.

## **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 easing of the pandemic and the completion of the renewal of Macau’s gambling licenses in December 2022, the Group believes that there will be an upturn in fitting-out works in the future, especially renovation works for casinos, and the Group will make every effort to seize opportunities as they arise. The Group also believes that our financial services business will improve as the economic environment gradually recovers.

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

The Company is committed to maintaining 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 2023.

## **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 had complied with the Model Code during the six months ended 30 June 2023.

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

During the six months ended 30 June 2023, 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 best knowledge of the Directors, the Company has maintained a sufficient public float during the six months ended 30 June 2023 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 2023, 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 has been made.

**PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2023 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 2023 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 2023

*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. Eulógio dos Remédios, José António, Mr. Lam Chi Wing, Ms. Leong Iat Lun and Mr. Li Guohui as independent non-executive Directors.*