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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)**

**(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
(II) PROPOSED SHARE CONSOLIDATION; AND  
(III) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
FOUR (4) RIGHTS SHARE FOR EVERY ONE (1)  
CONSOLIDATED SHARE HELD AT THE CLOSE OF BUSINESS  
ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

**Financial Adviser to Space Group Holdings Limited**

**ADVENT**  
**宏智融資**

Advent Corporate Finance Limited  
宏智融資有限公司

**Placing Agent**

 **恆宇證券**  
Space Securities Limited

**(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

In order to accommodate the future expansion and growth of the Group, the Board proposes to increase the existing authorised share capital of the Company from HK\$20,000,000.00 divided into 2,000,000,000 Existing Shares with a par value of HK\$0.01 each to HK\$100,000,000.00 divided into 10,000,000,000 Existing Shares with a par value of HK\$0.01 each (or 500,000,000 Consolidated Shares after the Share Consolidation becoming effective).

## **(II) PROPOSED SHARE CONSOLIDATION**

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every twenty (20) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. Currently, the Shares are traded on the Stock Exchange in the board lot size of 2,500 Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 2,500 Consolidated Shares. As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000.00 divided into 2,000,000,000 Existing Shares of HK\$0.01 each, of which 1,160,640,000 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Increase in Authorised Share Capital and Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000.00 divided into 500,000,000 Consolidated Shares of HK\$0.20 each, of which 58,032,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

## **(III) PROPOSED RIGHTS ISSUE**

The Company proposes subject to the Increase in Authorised Share Capital and the Share Consolidation having become effective, to raise gross proceeds of up to approximately HK\$157,847,040 (before expenses) by issuing up to 232,128,000 Consolidated Shares (assuming no further issue or repurchase of Shares on or before the Record Date) by way of rights issue at the Subscription Price of HK\$0.034 per Rights Share (or HK\$0.68 per Consolidated Share after the Share Consolidation becoming effective) on the basis of four (4) Rights Share for every one (1) Consolidated Shares held on the Record Date. Subject to fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders. There will be no excess application arrangement in relation to the Rights Issue.

The estimated net proceeds from the Rights Issue (after deducting the estimated expenses in relation to the Rights Issue) is expected to be up to approximately HK\$155,259,805. Details of the use of proceeds are set out in the section headed **“Reasons for and benefits of the Rights Issue and use of proceeds”** in this announcement.

## **THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT**

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Placing Shares by offering these Shares to independent Placees for the benefit of the Shareholders to whom they are offered by way of the Rights Issue. Accordingly, on 1 March 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed, as an agent of the Company, to procure Placees, on a best effort basis, to subscribe for the Placing Shares during the Placing Period.

## **LISTING RULES IMPLICATIONS**

### **The Rights Issue**

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is conditional upon the Shareholders' approval at the EGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this announcement, the Company has no Controlling Shareholder as defined under the Listing Rules. The Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **GENERAL**

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Eulógio dos Remédios, José António, Mr. Lam Chi Wing, Mr. Li Guohui and Mr. Choi King Leung, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

The Circular containing, among other things, (i) details of the Share Consolidation; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the EGM is expected to be despatched to the Shareholders on or before Friday, 22 March 2024.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders for their information only.

### **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS**

**Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Accordingly, the Rights Issue may or may not proceed.**

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.**

**Any Shareholder or other person dealing in the Existing Shares, the Consolidated Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue are fulfilled (which is expected to be on Tuesday, 4 June 2024) will accordingly bear the risk that the Rights Issue and/or the Placing may not become unconditional or may not proceed.**

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares and/or the Nil-paid Rights. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

## **(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The existing authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 shares of par value HK\$0.01 each. As at the date of this announcement, 1,160,640,000 Shares are in issue and 839,360,000 Shares are authorised but unissued.

In order to accommodate the growth of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board proposes to increase the authorised share capital of the Company to HK\$100,000,000 divided into 10,000,000,000 Shares by creating an additional 8,000,000,000 Shares. Such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

The Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM. An ordinary resolution will be proposed at the EGM for the Shareholders to consider, and if appropriate, approve the Increase in Authorised Share Capital.

## **(II) PROPOSED SHARE CONSOLIDATION**

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each.

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders, but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM to be convened by the Company;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue or to be issued from the Share Consolidation.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on Friday, 19 April 2024, i.e. being the second Business Day immediately following the date of passing the relevant ordinary resolution(s) approving the Share Consolidation at the EGM.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000.00 divided into 2,000,000,000 Existing Shares of HK\$0.01 each, of which 1,160,640,000 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Increase in Authorised Share Capital and Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000.00 divided into 500,000,000 Consolidated Shares of HK\$0.20 each, of which, 58,032,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

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, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares, if any, 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 benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

### **Application for listing of the Consolidated Shares**

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

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of 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. Upon the Share Consolidation becoming 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.

### **Board lot size**

The existing board lot size of 2,500 Existing Shares will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.042 per Existing Share as at the date of this announcement, was HK\$105. Upon the Share Consolidation becoming effective, the expected value of each board lot of 2,500 Consolidated Shares, based solely on the closing price of HK\$0.042 per Existing Share (equivalent to the theoretical closing price of HK\$0.84 per Consolidated Share) as at the date of this announcement, is expected to be HK\$2,100.

### **Arrangement on odd lots trading and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker will be appointed by the Company 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 matching service will be provided in the circular of the Company to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lots trading arrangement, is recommended to consult his/her/its own professional advisers.

**Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

#### **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for Existing Shares to the Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for exchange for share certificates in red colour for the Consolidated Shares at the expense of the Company.

Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) by the Shareholders for each share certificate for the Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled/issued is higher.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on Friday, 19 April 2024, trading will only be in Consolidated Shares which share certificates will be issued in red 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.

#### **Reasons for and benefits of the Share Consolidation**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, according to the “Guide on trading arrangements for selected types of corporate actions” issued by the Stock Exchange on 28 November 2008 and last updated on 1 October 2020 (the “**Guide**”), it has stated that the 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 value per board lot should be greater than HK\$2,000.

For the past six months, the share price of the Company has been trading at or below HK\$0.10, and the closing price of the Existing Shares on the date of this announcement was HK\$0.042. The existing board lot value has been less than HK\$2,000. The Directors consider that the proposed Share Consolidation will increase the share price of the Company, over HK\$0.1, and the board lot value, over HK\$2,000, of the Existing Shares and would bring about a corresponding upward adjustment in the expected value per board lot. As such, it would enable the Company to comply with the trading requirements under the Listing Rules. Further, the 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 cost for each securities trade. It is believed that the adjusted share price as a result of the Share Consolidation would maintain the trading amount for each board lot at a reasonable level and will enhance the corporate image of the Company so as to make investing in the Shares more attractive to a broader range of institutional and professional investors and thus help to further broaden the shareholder base of the Company. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company's possible equity fund-raising in the future.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fund-raising activities, save for the Rights Issue as set out in this announcement, in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund-raising exercises when suitable fund-raising 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.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in a change in the relative rights of the Shareholders, save for any fractional Consolidated shares to which Shareholders may otherwise be entitled.

In view of the above reasons, the Board considers that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

### **Warning**

**Shareholders and potential investors of the Company should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed "Conditions and expected effective date of the Share Consolidation" in this announcement. Accordingly, the Share Consolidation may or may not proceed.**

### (III) PROPOSED RIGHTS ISSUE

The Board proposes to raise gross proceeds of up to approximately HK\$157,847,040 (before expenses) by issuing up to 232,128,000 Consolidated Shares (assuming no further issue or repurchase of Shares on or before the Record Date) by way of rights issue at the Subscription Price of HK\$0.034 per Rights Share (or HK\$0.68 per Consolidated Share after the Share Consolidation becoming effective) on the basis of four (4) Rights Share for every one (1) Consolidated Shares held on the Record Date. Details of the Rights Issue are set out below:

#### **Rights Issue statistics**

Basis of the Rights Issue	:	Four (4) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.68 per Consolidated Share after the Share Consolidation becoming effective
Number of Existing Shares in issue as at the date of this announcement	:	1,160,640,000 Existing Shares
Number of Consolidated Shares in issue immediately upon the Share Consolidation becoming effective	:	58,032,000 Consolidated Shares (assuming no further issue or repurchase of Shares up to the effective date of the Share Consolidation)
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 232,128,000 Consolidated Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
Number of Consolidated Shares in issue upon completion of the Rights Issue	:	Up to 290,160,000 Consolidated Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the Rights Shares)
Gross proceeds to be raised before expenses	:	Up to approximately HK\$157,847,040 (before expenses)

The Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Assuming that there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the 232,128,000 Consolidated Shares to be issued pursuant to the terms of the proposed Rights Issue represents approximately 400% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and approximately 80% of the total number of issued Consolidated Shares as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

As at the date of this announcement, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

#### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placées under the Compensatory Arrangements. The Placing Shares which remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/ its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

## **The Subscription Price**

The Subscription Price of HK\$0.034 per Rights Share (or HK\$0.68 per Consolidated Share after the Share Consolidation becoming effective) is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, or where a transferee of the Nil-paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 19.05% to the closing price of HK\$0.84 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.042 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.27% to the adjusted average closing price of approximately HK\$0.832 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0416 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 18.85% to the adjusted average closing price of approximately HK\$0.838 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.0419 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 4.49% to the theoretical ex-rights price of approximately HK\$0.0712 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.042 per Existing Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 15.24%, represented by the theoretical diluted price of approximately HK\$0.712 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price of HK\$0.84 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of HK\$0.042 per Existing Share on the Last Trading Day and the average closing price of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day of HK\$0.0416 per Existing Share and adjusted for the effect of the Share Consolidation).

The Subscription Price was set at a discount to the recent closing prices of the Shares aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising dilution impact. The Subscription Price was determined with reference to, among others, (i) the market price of the Existing Shares under the prevailing market conditions; (ii) the financial position of the Group; and (iii) the reasons as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” in this announcement. The Board considers that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The estimated net price per Rights Share (assuming no further issue or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately up to HK\$0.0334.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the independent financial adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects among themselves and with the Consolidated Shares then in issue, including the rights to receive all future dividends and other distributions which may be declared, made or paid with a record date which falls on or after the date of allotment of the Rights Shares in their fully-paid form.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company on the Record Date so as to qualify for the Rights Issue, any transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 23 April 2024.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Friday, 19 April 2024, and the Consolidated Shares will be dealt with on an ex-rights basis from Monday, 22 April 2024.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other things, details of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL) to the Excluded Shareholders for their information only.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.**

#### **Closure of register of members**

The register of members of the Company will be closed from Wednesday, 24 April 2024 to Tuesday, 30 April 2024 (both dates inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

#### **Rights of the Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36 of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions of the relevant overseas regulatory body or stock exchange, no provisional allotment of the Nil-paid Rights or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

As at the date of this announcement, there are 10 Overseas Shareholders with registered addresses situated in the Malaysia, PRC and Macau.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the Nil-paid Rights commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest dollar) to the relevant Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

All ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing. For the Nil-paid Rights that are sold as described above but the buyers of such Nil-paid Rights do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements. Any ES Unsold Rights Shares and Unsubscribed Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of four (4) Rights Share for every one (1) Consolidated Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Prospectus Documents. There will be no excess application arrangement in relation to the Rights Issue.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Fractional entitlement to the Rights Shares**

In any event, fractions of the Rights Shares will not be provisionally allotted to any of the Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be obtained, sold in the market by the Company.

### **Certificates of the Rights Shares or refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on Wednesday, 12 June 2024, to those entitled thereto by ordinary post, at their own risk, to their registered addresses.

If the Rights Issue is terminated, refund cheques will be posted on Wednesday, 12 June 2024 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses.

### **Application for listing of the Rights Shares**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 2,500 Rights Shares. Dealings in the Rights Shares in both nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

### **Compensatory Arrangements**

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Placing Shares by offering the Placing Shares to independent Placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. As the Compensatory Arrangements are in place, there will be no excess application arrangement in relation to the Rights Issue.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Placing Shares during the Placing Period to independent Placees on a best effort basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m., on Monday, 3 June 2024, acquirers for all (or as many as possible) of those Placing Shares. Any premium over the Subscription Price and the expenses of procuring such acquirers (including commission and other related expenses/fees) that is realised will be paid to those No Action Shareholders and Excluded Shareholders on a pro-rata basis. All Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Placing Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) the relevant Qualifying Shareholders (or such persons who hold any Nil-paid Rights at the time such Nil-paid Rights are lapsed) whose Nil-paid Rights are not validly applied for in full, by reference to the extent that Shares in his/her/its Nil-paid Rights are not validly applied for; and
- (ii) the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain of HK\$100 or more to the individual No Action Shareholder mentioned in (i) to (iii) above will be paid to them in Hong Kong Dollars only and the Company will retain individual amount of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following conditions being fulfilled:

- (i) the Increase in Authorised Share Capital and Share Consolidation becoming effective;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the passing of an ordinary resolution by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iv) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders no later than the Prospectus Posting Date; and

- (vi) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:00 p.m. on Tuesday, 4 June 2024 (or such later date as the Company may determine), the Rights Issue will not proceed.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

## THE PLACING AGREEMENT

On 1 March 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agreement are summarized as follows:

Date	:	1 March 2024 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	Space Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, was appointed as the Placing Agent to procure, on the best effort basis, placees to subscribe for the Unsubscribed Right Shares and ES Unsold Rights Shares during the Placing Period

The Placing Agent was appointed to place, or procure the placing of, a maximum of 232,128,000 (assuming no change in the issue share capital of the Company on or before the Record Date), Unsubscribed Consolidated Shares, on a best effort basis, to the Placee(s).

Placing commission payable to the Placing Agent	:	0.5% of the gross proceeds, from the successful placement of Unsubscribed Rights Shares
Placing price of the Unsubscribed Rights Shares	:	The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.

The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.

- Placees : The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) who and whose ultimate beneficial owner(s) are not Shareholders and are Independent Third Party(ies) and not acting in concert with any of the Company's connected persons.
- Ranking of Unsubscribed Rights Shares : The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Existing Shares then in issue.
- Placing conditions precedent : The Placing is conditional upon the fulfillment of the following conditions on or before 4:00 p.m. on 4 June 2024 (or such later date as may be agreed in writing between the Placing Agent and the Company): (i) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares; (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (iii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.
- Placing Period : The period from Monday, 27 May 2024 up to 4:00 p.m. on Monday, 3 June 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.
- Termination : The Placing Agreement can only be terminated by mutual written confirmations by the Company and the Placing Agent.

The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

The terms of the Placing Agreement (including the Placing commission of 0.5% of the gross proceeds, from the successful placement of Unsubscribed Rights Shares) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms. The Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders and protect the interest of the Independent Shareholders, the Company consider that the Compensatory Arrangements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

#### **Reasons for and benefits of the Rights Issue and use of proceeds**

The principal activities of the Group are the provision of fitting-out works in Macau. The Group operates two business segments. The Fitting-out Works segment is involved in execution of fitting-out works, procurement of materials, site supervision, management of subcontractors, overall project management, interior decorative and modification works for existing buildings. The Building Construction Works segment is involved in structural building works, procurement of materials, site supervision, management of subcontractors and overall project management.

Assuming full subscription under the Rights Issue, the expected gross proceeds of the Rights Issue will be up to approximately HK\$157.847 million and the relevant expenses would be approximately HK\$2.587 million, which includes placing commission and professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue.

As disclosed in the interim report of the Company for the six months ended 30 June 2023, bank balance and cash of the Company as at 30 June 2023 amounted to approximately MOP27.526 million only whereas bank loans and overdrafts of the Company amounted to approximately MOP402.783 million as at 30 June 2023. The Company had to rely on bank loans and overdrafts for its working capital needs. In addition to the above, the Company had trade payables and other payables of approximately MOP99.7 million as current liabilities as at 30 June 2023. As at 31 December 2023, the total overdue bank loans and overdrafts amounted to approximately MOP308.78 million. Therefore, the Group has an immediate need for financial resources to settle the overdue liabilities and replenish its working capital.

The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (i) approximately 90% (being approximately MOP143.925 million) for repayment of bank loans and overdrafts of the Group within around three months upon completion of the Rights Issue; and
- (ii) approximately 10% (being approximately MOP15.991 million) as general working capital of the Group, including but not limited to its daily operational expenses and its staff cost of the Group for the forthcoming 6 months upon completion of the Rights Issue.

In the event that there is an under subscription of the Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

Having taken into account the low level of bank balance and cash for daily operations as well as the finance costs associated with bank loans and overdrafts, the Directors consider that the Rights Issue represents an opportunity for the Company to settle the majority of outstanding liabilities, strengthen the Group's financial position and raise additional funding for the business operations of the Group without any interest burden.

The Directors had considered other fund-raising alternatives available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares. The Directors are of the view that debt financing will result in additional interest burden and the interest rate is expected to be further increased in prevailing borrowing market. Besides, the debt financing will further increase the gearing ratio of the Group which is not beneficial to the Group.

The Directors consider that financing the funding needs of the Group in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate the subscription of new Shares. Instead of the placing or subscription of new Shares, the Rights Issue enables the Group to improve its financial position without increasing its debt or finance costs.

Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company and allow the Group fulfill its aforementioned need for financial resources to settle the overdue liabilities and replenish its working capital, the Directors consider that raising capital through the Rights Issue is in the best interest of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

In view of the above, the Board considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue to provide existing Shareholders the opportunity to participate in the enlarged capital base of the Company.

## EFFECTS ON SHAREHOLDING STRUCTURE

To the best knowledge of the Directors, the following table sets out the possible changes in the shareholding structure of the Company arising from the Share Consolidation and the Rights Issue which are for illustrative purpose only.

As at the date of this announcement, the Company has 1,160,640,000 Existing Shares in issue. Set out below is the shareholding structure of the Company assuming there is no change in the issued share capital of the Company before completion of the Rights Issue other than the allotment and issue of the Consolidated Shares and the Rights Shares pursuant to the Share Consolidation and the Rights Issue respectively (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue; (iii) immediately after the Share Consolidation becoming effective and immediately upon completion of the Rights Issue (assuming full subscription under the Rights Issue); and (iv) immediately after the Share Consolidation becoming effective and immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders and all the Placing Shares have been placed by the Placing Agent).

Shareholders	(i) As at the date of this announcement		(ii) Immediately after the Share Consolidation becoming effective but before completion of the Rights Issue		(iii) Immediately after the Share Consolidation becoming effective and immediately upon completion of the Rights Issue (assuming full subscription under the Rights Issue)		(iv) Immediately after the Share Consolidation becoming effective and immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders and all the Placing Shares have been placed by the Placing Agent)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Space Investment (BVI) Ltd. (note 1)	162,033,400	13.96	8,101,670	13.96	40,508,350	13.96	8,101,670	2.79
Che Chan U	1,600,000	0.14	80,000	0.14	400,000	0.14	80,000	0.03
Placees	Nil	Nil	Nil	Nil	Nil	Nil	232,128,000	80.00
Public Shareholders	997,006,600	85.90	49,850,330	85.90	249,251,650	85.90	49,850,330	17.18
Total	<u>1,160,640,000</u>	<u>100.00</u>	<u>58,032,000</u>	<u>100.00</u>	<u>290,160,000</u>	<u>100.00</u>	<u>290,160,000</u>	<u>100.00</u>

Note:

- Mr. Che beneficially holds 94.74% of the issued share capital of Space Investment (BVI) Ltd., a company incorporated in the BVI with limited liability, which in turn beneficially holds 162,033,400 Shares. For the purposes of the SFO, Mr. Che is deemed or taken to be interested in all the Shares held by Space Investment (BVI) Ltd..

The Public Float Requirement under the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 8.08 of the Listing Rules.

## **FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

Save as disclosed below, the Company has not conducted any equity fund-raising activities in the past twelve months immediately preceding the date of this announcement.

<b>Date of initial announcement</b>	<b>Event</b>	<b>Net proceeds raised (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
5 June 2023	Placing of new shares under general mandate	HK\$31.9 million	Approximately HK\$31.9 million in aggregate for general working capital and for future expansion of the Group	Utilised as intended
26 July 2023	Subscription of new shares under general mandate	HK\$38.7 million	Approximately HK\$38.7 million in aggregate for potential new construction projects and as general working capital of the Group	Utilised as intended

## EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue and the associated trading arrangement is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions 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.

<b>Event</b>	<b>Date (Hong Kong time)</b>
Publication of this announcement . . . . .	Friday, 1 March 2024
Despatch date of the circular in relation to the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue with notice of the EGM . . . . .	Friday, 22 March 2024
Latest date and time for lodging transfers of Existing Shares in order to qualify for attendance and voting at the EGM . . . . .	4:30 p.m. on Wednesday, 10 April 2024
Closure of register of members of the Company for the entitlement to attend and vote at the EGM (both days inclusive) . . . . .	Thursday, 11 April 2024 to Wednesday, 17 April 2024
Latest date and time for lodging forms of proxy for the EGM (not less than 48 hours prior to the time of the EGM) . . . . .	11:00 a.m. on Monday, 15 April 2024
Record date for attendance and voting at the EGM . . . . .	Wednesday, 17 April 2024
Date and time of the EGM . . . . .	11:00 a.m. on Wednesday, 17 April 2024
Publication of the announcement of the voting results of the EGM . . . . .	Wednesday, 17 April 2024

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and Rights Issue.**

<b>Event</b>	<b>Date (Hong Kong time)</b>
Effective date of the Increased in Authorised Shares Capital . . . . .	Wednesday, 17 April 2024
Register of members of the Company re-opens . . . . .	Thursday, 18 April 2024
Effective date of the Share Consolidation . . . . .	Friday, 19 April 2024
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares . . . . .	Friday, 19 April 2024
Commencement of dealings in the Consolidated Shares . . . . .	9:00 a.m. on Friday, 19 April 2024
Original counter for trading in the Existing Shares in board lots of 2,500 Existing Shares (in the form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Friday, 19 April 2024
Temporary counter for trading in the Consolidated Shares in board lots of 125 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Friday, 19 April 2024
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue . . . . .	Friday, 19 April 2024
First day of dealings in the Consolidated Shares on an ex-rights basis of the Rights Issue . . . . .	Monday, 22 April 2024
Latest time and date for the Shareholders to lodge transfer of the Consolidated Shares to qualify for the Rights Issue . . . . .	4:30 p.m. on Tuesday, 23 April 2024
Closure of register of members of the Company for determining entitlements to the Rights Issue (both days inclusive) . . . . .	Wednesday, 24 April 2024 to Tuesday, 30 April 2024

<b>Event</b>	<b>Date (Hong Kong time)</b>
Record Date for determining entitlements to the Rights Issue .....	Tuesday, 30 April 2024
Register of members of the Company re-opens .....	Thursday, 2 May 2024
Expected date of despatch of the Prospectus Documents (in case of the Excluded Shareholders, the Prospectus only) .....	Thursday, 2 May 2024
Original counter for trading in the Consolidated Shares in board lots of 2,500 Consolidated Shares (in the form of new share certificates) re-opens .....	9:00 a.m. on Monday, 6 May 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares in board lots of 125 Consolidated Shares and existing share certificates in board lots of 2,500 Consolidated Shares) commences .....	9:00 a.m. on Monday, 6 May 2024
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares .....	9:00 a.m. on Monday, 6 May 2024
First day of dealings in Nil-paid Rights (in board lots of 2,500 Rights Shares) .....	Monday, 6 May 2024
Latest time for splitting of the PALs .....	4:30 p.m. on Wednesday, 8 May 2024
Last day of dealing in Nil-paid Rights (in board lots of 2,500 Rights Shares) .....	Monday, 13 May 2024
Latest time and date for lodging transfer documents of Nil-paid Rights in order to qualify for the payment of Net Gain .....	4:00 p.m. on Friday, 17 May 2024
Latest Time for Acceptance of and payment for the Rights Shares and application .....	4:00 p.m. on Friday, 17 May 2024

<b>Event</b>	<b>Date (Hong Kong time)</b>
Announcement of the number of the Placing Shares subject to the Compensatory Arrangements . . . . .	Friday, 24 May 2024
Commencement of placing of the Placing Shares by the Placing Agent . . . . .	Monday, 27 May 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 Monday, 27 May 2024
Temporary counter for trading in the Consolidated Shares in board lots of 125 Consolidated Shares (in the form of existing share certificates) closes . . . . .	4:10 p.m. on Monday, 27 May 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares in board lots of 125 Consolidated Shares and existing share certificates in board lots of 2,500 Consolidated Shares) ends . . . . .	4:10 p.m. on Monday, 27 May 2024
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares . . . . .	Wednesday, 29 May 2024
Latest time of placing of the Placing Shares by the Placing Agent . . . . .	4:00 p.m. on Monday, 3 June 2024
Latest time for the Rights Issue and placing of the Placing Shares to become unconditional . . . . .	4:00 p.m. on Tuesday, 4 June 2024
Announcement of results of the Rights Issue (including results of the Placing and the amount of the Net Gain per Placing Share under the Compensatory Arrangements) . . . . .	Tuesday, 11 June 2024
Despatch of certificates for fully-paid Rights Shares and/or refund cheques (if the Rights Issue does not proceed) . . . . .	Wednesday, 12 June 2024

<b>Event</b>	<b>Date (Hong Kong time)</b>
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Thursday, 13 June 2024
Payment of Net Gain to relevant No Action Shareholders or Excluded Shareholders (if any) . . . . .	Thursday, 20 June 2024

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Share Consolidation and Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

**EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION FOR AND PAYMENT FOR EXCESS RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning or Extreme Conditions:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 17 May 2024. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same business day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 17 May 2024. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “**EXPECTED TIMETABLE**” above may be affected. An announcement will be made by the Company in such event as soon as practicable.

**WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS**

**Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Accordingly, the Rights Issue may or may not proceed.**

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.**

**Any Shareholder or other person dealing in the Existing Shares, the Consolidated Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue are fulfilled (which is expected to be on Tuesday, 4 June 2024) will accordingly bear the risk that the Rights Issue and/or the Placing may not become unconditional or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares and/or the Nil-paid Rights. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

## **LISTING RULES IMPLICATIONS**

### **Increase in Authorised Share Capital**

The Increase in Authorised Share Capital is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Increase in Authorised Share Capital at the EGM.

### **Share Consolidation**

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

### **The Rights Issue**

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement (taking into account the effect of the Share Consolidation), the Rights Issue is conditional upon the minority Shareholders' approval of at the EGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this announcement, the Company has no Controlling Shareholder as defined under the Listing Rules. Accordingly, no other Shareholder is required to abstain from voting at the EGM. No Shareholder has informed the Company that he/she/it intends to vote in favour of or against the proposed resolutions in connection with the Share Consolidation, the Increase in Authorised Share Capital and the Rights Issue as at the date of this announcement.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**

The Company has established the Independent Board Committee, comprising all the independent nonexecutive Directors, namely Mr. Eulógio dos Remédios, José António, Mr. Lam Chi Wing, Mr. Li Guohui and Mr. Choi King Leung, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

## **EGM AND INDEPENDENT SHAREHOLDERS' APPROVAL**

The EGM will be convened and held to consider and, if thought fit, approve, the Shares Consolidation, Increase in Authorised Share Capital, the Rights Issue and the transactions contemplated thereunder.

The executive Directors and their respective associates and Shareholders who are involved in or interested in the Rights Issue will be required to abstain from voting in respect of the resolution(s) to approve the Rights Issue at the EGM.

## **GENERAL**

The Circular containing, among other things, (i) details of the Share Consolidation and further details of the Increase in Authorised Share Capital; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the EGM is expected to be despatched to the Shareholders on or before Friday, 22 March 2024.

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Thursday, 2 May 2024. A copy of the Prospectus will also be made available on the websites of the Company ([www.spacegroup.com.mo](http://www.spacegroup.com.mo)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

## DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	Space Group Holdings Limited (Stock Code: 2448), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Compensatory Arrangements”	placing of the Placing Shares by the Placing Agent
“connected person(s)”	shall have the meaning ascribed to it in the Listing Rules
“Consolidated Share(s)”	ordinary shares in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue, the Placing and the transactions contemplated thereunder
“ES Unsold Rights Share(s)”	the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form that have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) to whom the Rights Shares are not offered

“Existing Share(s)”	ordinary share(s) in the share capital of the Company immediately before the Share Consolidation becoming effective
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the Company’s authorised share capital from HK\$20,000,000.00 divided into 2,000,000,000 Existing Shares to HK\$100,000,000.00 divided into 10,000,000,000 Existing Shares (or 500,000,000 Consolidated Shares after the Share Consolidation becoming effective)
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and its connected persons
“Last Trading Day”	1 March 2024, being the last trading day of the Existing Shares on the Stock Exchange prior to the making of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 17 May 2024 or such other date as may be determined by the Company, being the Latest Time for Acceptance of the offer of and payment for the Rights Shares

“Listing Committee”	has the same meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the Placees after deducting the aggregate amount of the Subscription Price for the Placing Shares placed by the Placing Agent under the Placing Agreement
“Nil-paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action Shareholders”	Qualifying Shareholder(s) or their renounee(s) or transferee(s) of Nil-paid Rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or such persons who are holders of Nil-paid Rights when such Nil-paid Rights lapse
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered addresses outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders for the Rights Shares
“Placee(s)”	individuals, corporate, institutional investors or other investor, procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares
“Placing Agent”	Space Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activities as defined under the SFO
“Placing Agreement”	the placing agreement dated 1 March 2024 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares

“Placing Period”	the period from Monday, 27 May 2024 up to 4:00 p.m. on Monday, 3 June 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“Placing Share(s)”	the Unsubscribed Rights Share(s) and the ES Unsold Rights Share(s)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Thursday, 2 May 2024 or such other date as the Company may determine in writing, being the date for the despatch of the Prospectus Documents (in case of Excluded Shareholder(s), the Prospectus only)
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	the Shareholder(s), other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Tuesday, 30 April 2024 or such other date as may be determined by the Company for the determination of the Shareholders’ entitlements to the Rights Issue
“Registrar”	Boardroom Share Registrars (HK) Limited, being the share registrar and transfer office of the Company at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of four (4) Rights Share for every one (1) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price of HK\$0.034 per Rights Share (or HK\$0.68 per Consolidated Share after the Share Consolidation becoming effective) payable in full on application or otherwise in accordance with the terms and conditions of the Placing Agreement

“Rights Share(s)”	up to 232,128,000 new Consolidated Share(s) to be allotted and issued under the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s) or the Consolidated Share(s) (whichever shall be appropriate)
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.034 per Rights Share (or HK\$0.68 per Consolidated Share with nominal value of HK\$0.20 each after the Share Consolidation becoming effective)
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

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

Hong Kong, 1 March 2024

*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, Mr. Li Guohui and Mr. Choi King Leung as independent non-executive Directors.*