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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF SHARES IN A SUBSIDIARY

On 22 March 2024 (after trading hours), the Vendor and the Purchasers entered into the Disposal Agreement pursuant to which the Vendor has agreed to sell, and the Purchasers has agreed to purchase, the Sale Shares at the consideration of HK\$4,600,000.00.

LISTING RULES IMPLICATIONS

Upon Completion, the Company's interest in Space Financial would decrease from 93.02% to 31.63%. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL AGREEMENT

The principal terms of the Agreement are summarized as follows:

Date

22 March 2024 (after trading hours)

Parties

- (i) Space Construction (BVI) Limited, a wholly-owned subsidiary of the Company (as Vendor);
- (ii) Leong Lap Kun; and
- (iii) Lei Heng Lit (together as Purchasers).

The Disposal

The Vendor agreed to sell the Sale Shares to the Purchasers. Leong Lap Kun agreed to purchase 33,000,000 of the Sale Shares and Lei Heng Lit agreed to purchase 33,000,000 of the Sale Shares.

As at the date of this announcement, Leong Lap Kun holds 2,125,000 shares of Space Financial (representing approximately 1.98% equity interest in Space Financial). Upon Completion, Leong Lap Kun will hold 35,125,000 shares of Space Financial (representing approximately 32.67% of equity interest in Space Financial).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Leong Lap Kun and Lei Heng Lit are third parties independent of and not connected with the Company and its connected persons.

Consideration

Pursuant to the Disposal Agreement, the total consideration is in the sum of HK\$4,600,000.00. Leong Lap Kun conditionally agreed to purchase 33,000,000 of the Sale Shares in the consideration of HK\$2,300,000.00 to the Vendor to acquire approximately 30.70% of equity interest in Space Financial. Lei Heng Lit conditionally agreed to purchase 33,000,000 of the Sale Shares in the consideration of HK\$2,300,000.00 to the Vendor to acquire approximately 30.70% of equity interest in Space Financial.

Such consideration shall be made in cash in one lump sum to the Vendor upon Completion. The total consideration was arrived at after arm's length negotiation among the parties to the Disposal Agreement having taken into consideration of, among others, the unaudited net assets value of Space Financial and its subsidiaries as at 31 December 2023.

The following table illustrates the shareholding structure of the Space Financial (i) as at the date of this announcement and (ii) immediately following Completion of the Disposal.

Shareholders	As at the date		Immediately following	
	of this announcement		the date of Completion	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>
Lei Heng Lit	–	–	33,000,000	30.70
Leong Lap Kun	2,125,000	1.98	35,125,000	32.67
Fan Chun Wah, Andrew	5,375,000	5.00	5,375,000	5.00
Space Construction (BVI) Limited	100,000,000	93.02	34,000,000	31.63
Total	<u>107,500,000</u>	<u>100.00</u>	<u>107,500,000</u>	<u>100.00</u>

Basis of determining the consideration of the Disposal

The consideration for the Disposal Agreement was determined after arm's length negotiation between the parties with reference to (i) the amount proposed by Leong Lap Kun and Lei Heng Lit, (ii) the operational status, financial position and business performance of Space Financial and its subsidiaries, and (iii) the business prospect of Space Financial and its subsidiaries.

Conditions Precedent

Completion shall be subject to the fulfilment and/or waiver of the following conditions precedent, among others, under the Disposal Agreement:

- (i) all relevant agreements and legal documents for the transactions being executed and no default has occurred since the date of signing, or despite the event of default, the Purchasers shall be satisfied with its settlement or have exempted it;
- (ii) all permits, consents and approvals that are required for the Disposal having been obtained;
- (iii) all representations and warranties given by the Vendor and the Purchasers under the Disposal Agreement have remained true, complete and accurate from the date of the Disposal Agreement to the date of payment of consideration; and
- (iv) the financial conditions of the Vendor and the Purchasers have remained basically the same and no material adverse change has occurred from the date of the Disposal Agreement to the payment date of the consideration.

Payment of the consideration

The consideration shall be paid by the Purchasers in cash to the Vendor after all conditions precedent above shall be fulfilled or waived, in any event within one month from the signing of the Disposal Agreement or any other dates agreed by the parties to Disposal Agreement.

COMPLETION

Completion will take place on the date of completion of the transfer of Sale Shares with relevant authorities as well as the consideration has been settled.

INFORMATION ON SPACE FINANCIAL AND EFFECTS OF THE DISPOSAL ON THE GROUP

Space Financial is a limited liability company incorporated under the laws of Hong Kong on 10 April 2013. Space Financial is a holding company of its subsidiaries which are principally engaged in the provision of financial services with the licenses to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO (Chapter 571 of the Laws of Hong Kong).

Based on the unaudited management accounts of Space Financial and its subsidiaries, the unaudited net asset value of Space Financial and its subsidiaries as at 31 December 2023 was HK\$6,012,951.00.

As Space Financial will become an associate of the Group after Completion, the gain or loss arising from the Disposal will be recognised in consolidated income statement of the Group. Based on the existing information available to the Company, the expected gain arising from the Disposal to be recognised by the Group in its consolidated statement of change in equity is estimated at approximately HK\$0.5 million.

Set out below is a summary of the unaudited financial information of Space Financial for the financial year ended 31 March 2022 and 2023:

	For the year ended 31 March	
	2022 (unaudited) HK\$	2023 (unaudited) HK\$
Revenue	8,535,000	4,600,000
Net loss before tax	(1,662,654)	(1,767,976)
Net loss after tax	(1,662,654)	(1,767,976)

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE USE OF PROCEEDS

The Group will use the proceeds from the Disposal for repayment of debts. The leverage ratio of the Group will be effectively reduced, their financial expenses and funding costs effectively lessened, which are conducive to upgrading the Group's competitiveness and sustainability for healthy development.

Completion will bring in more capital to the Group, provide improved asset-liability structure, increase debt capacity and subsequently decrease the Group's financial risks.

Following Completion, Space Financial will become an associate of the Group. The Directors believe that the Disposal will have positive impact and benefit to the prospects of the Group. The Directors are of the view that the terms of the Disposal Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Upon Completion, the Company's interest in Space Financial would decrease from 93.02% to 31.63%. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors of the Company
“Company”	Space Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 2448)
“Completion”	completion of the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	The sale of the Sale Shares by the Vendor to the Purchasers pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 22 March 2024 between the Vendor and the Purchasers in relation to the Disposal

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Independent Third Party(ies)”	a person or a company which is a third party, independent of the Company and its connected person(s) ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Leong Lap Kun and Lei Heng Lit
“Sale Shares”	The 66,000,000 shares in Space Financial
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Space Financial”	Space Financial Holdings Limited, a limited liability company established in Hong Kong, of which the Company owns 93.02% of its shares as at the date of the Disposal Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Space Construction (BVI) Limited, a limited liability company established in British Virgin Islands and a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 22 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.