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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)

VOLUNTARY ANNOUNCEMENT
TERM SHEET IN RELATION TO POSSIBLE ACQUISITION

This announcement is made by Space Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders (the “**Shareholders**”) and potential investors of the Company with information on the latest business development of the Group.

INTRODUCTION

The Board of directors (the “**Board**”) of the Company is pleased to announce that after trading hours of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 31 March 2023, Space Business Development Limited (an indirect wholly-owned subsidiary of the Company) (the “**Purchaser**”) entered into a non-legal binding term sheet (the “**Term Sheet**”) with a party (a third party independent of the Company and its connected persons as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) (the “**Vendor**”) in relation to the possible acquisition (the “**Possible Acquisition**”) of the entire issued capital (the “**Sale Shares**”) of a company (the “**Target Company**”).

The Target Company is a limited company incorporated in Hong Kong and mainly provide jewellery retail service.

PRINCIPAL TERMS OF TERM SHEET

Subject to the fulfillment of the conditions precedent as set forth below and the final determination of the consideration amount between the Purchaser and the Vendor, the Purchaser intends to purchase the entire equity interest in the Target Company for a total consideration of HK\$10,200,000, which shall be settled by way of a combination of cash and issue and allotment of shares by the Purchaser, where the settlement method is subject to the further negotiation between the Purchaser and the Vendor.

The Vendor undertook for a period of seven business days after the date of signing the Term Sheet (the “**Exclusivity Period**”), not to negotiate or enter into any document with any third party in relation to the transfer of any of the Sale Shares or businesses or assets of the Target Company. Within the Exclusivity Period, the Purchaser will perform due diligence review (the “**Due Diligence**”) on the Target Company.

In the event that the Purchaser is not satisfied with the results of the Due Diligence, the Possible Acquisition will not proceed, and the Deposit (without interest) shall be refunded to the Purchaser immediately upon issue of a termination notice by the Purchaser to the Vendor and the Target Company.

ABOUT THE TARGET COMPANY

The Target Company is a limited company incorporated in Hong Kong and mainly provide jewellery retail service.

ABOUT THE GROUP

The Group is principally engaged in fitting-out works, building construction works and provision of financial services. In connection with its financial service business, the Group established Space Financial Holdings Limited in 2020, with subsidiaries including Space Securities Limited, Advent Corporate Finance Limited and Space Asset Management Limited which hold the Type 1 and 4 licenses, Type 6 license and Type 9 license issued by the SFC respectively.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group introduced a significant shareholder who is conducting business in a major retail chain of jewellery group in 2022. The Acquisition represents a valuable opportunity to extend the business footprints in jewellery business. Also, normal travel between Hong Kong and the Mainland is fully resumed starting February 2023 and leading to recovery of tourism, which further enables the Group to increase our revenue steam and utilise our resources more efficiently without affecting the cash flow of the Group.

Having considered the above reasons, the Directors consider the Acquisition is in line with the overall business direction of the Group. The Group shall continue to look for business opportunities and collaborations with professionals and experts in various aspects and industries so as to further strengthen our existing businesses and broaden our business networks in different industries with an aim to enhance Shareholders’ value.

The Directors consider that the terms of the Agreement are fair and reasonable, on normal commercial terms and are in the interest of the Company and its Shareholders.

CONDITIONS PRECEDENT

Should the Investment Agreement be entered into by the parties to the Term Sheet in respect of the Possible Acquisition, completion of such agreement will be conditional upon the fulfillment of, among others, the following:

- i. the Vendor has completed and fulfilled all necessary procedures and legal requirements for the Possible Acquisition; and
- ii. the completion of the Due Diligence on the Target Company to the reasonable satisfaction of the Purchaser.

If the conditions precedent have not been fulfilled within 14 days from the date of the signing the Term Sheet, the Subscription Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

LEGAL EFFECT

Save for certain provisions such as the provisions on confidentiality, exclusivity and governing law, the other terms of the Term Sheet are not intended to be legally binding.

To the best of the directors of the Company's knowledge and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

The Board wishes to emphasize that the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

In the event that the Possible Acquisition materializes, the Formal Agreement shall be entered into by the Purchaser and the Vendor. The Company will make further announcement in respect of the Possible Acquisition as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 31 March 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. Li Guohui, Mr. Eulógio dos Remédios, José António and Ms. Leong Iat Lun as independent non-executive Directors.