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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 5 June 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, 161,200,000 new Shares to not less than six independent Placees at the Placing Price of HK\$0.20 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing, the Placing Shares represent approximately 20.00% of the Company's existing issued share capital and approximately 16.67% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.20 per Placing Share represents (i) a discount of 6.54% to the closing price of HK\$0.214 per Share as quoted on the Stock Exchange on 5 June 2023, being the date of the Placing Agreement; and (ii) a discount of approximately 5.84% to the average closing price of HK\$0.212 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 2 June 2023.

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfilment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 5 June 2023

Issuer: The Company

Placing Agent: Space Securities Limited

Placing

Pursuant to the Placing Agreement and subject to the provisions contained therein, the Company appoints the Placing Agent to the exclusion of others, and the Placing Agent, relying on the representations, warranties and undertakings contained therein, agrees as agent for the Company during the Placing Period to procure the Placees on a best effort basis to subscribe for up to 161,200,000 Placing Shares at the Placing Price per Placing Share. Placing Agent will receive a placing commission of 1% on the gross proceeds of the Placing upon completion of the Placing. The commission rate is determined with reference to the prevailing placing commission rate charged by Space Securities to Independent Third Parties which are companies listed on the Stock Exchange for best-effort placing of shares with fund-raising size similar to the Placing. Given the maximum gross proceeds of the Placing of HK\$32,240,000, the maximum placing commission that the Placing Agent could receive from the Placing amounts to HK\$322,400. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable. In view that the placing commission rate charged by Space Securities under the Placing Agreement is in line with its prevailing rates charged to Independent Third Parties for comparable best-effort placing, the directors of the Company consider that the placing commission received by Space Securities under the Placing is fair and reasonable and in the interest of the shareholders of the Company.

Placees

The Placing Agent will place the Placing Shares to not less than six independent Placees, being professional, institutional or other investors, who and whose ultimate beneficial owners are third parties independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company and its connected persons. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 161,200,000 Placing Shares represent 20.00% of the Company's existing issued share capital and approximately 16.67% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,612,000.

Placing Price

The Placing Price is HK\$0.20 per Placing Share, representing:

- (i) a discount of 6.54% to the closing price of HK\$0.214 per Share as quoted on the Stock Exchange on 5 June 2023, being the date of the Placing Agreement; and
- (ii) a discount of approximately 5.84% to the average closing price of HK\$0.212 per Share as quoted on the Stock Exchange for the last five trading days immediately preceding and including the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the recent market price of the Shares. The Directors consider that the Placing Price is fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the Company's annual general meeting held on 24 June 2022 pursuant to which the Directors are allowed to allot and issue up to 161,200,000 new Shares. The maximum of 161,200,000 Placing Shares to be allotted and issued will utilize 100% of the General Mandate.

As at the date of this announcement, no new Shares have been issued and allotted pursuant to the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares; and
- (ii) the transactions contemplated by the Placing Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority) in Hong Kong or other jurisdiction which is applicable to the Company or the Placing Agent.

If the conditions are not fulfilled on or prior to the Long Stop Date, the Placing Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Placing Agreement.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination of the Placing

The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing to the Company at any time prior to the Completion Date upon the occurrence of any of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (A) there develops, occurs or comes into force:
 - (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which may result in a material change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (iii) any material change in conditions of local, national or international securities markets occurs; or
 - (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong, or elsewhere; or
 - (vi) any litigation or claim being instigated against the Company or any member of the Group; or
- (B) any material breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (C) there is any adverse change in the financial position of the Company which is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company provided that such notice is received prior to the Long Stop Date.

Upon the giving of the above mentioned notice by the Placing Agent to the Company, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement; and outstanding liabilities under the terms of the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date.

As completion of the Placing is subject to the satisfaction of the conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activities of the Group are (i) fitting-out works; (ii) building construction works; and (iii) the provision of financial services, including securities trading, underwriting, providing investment advice, and asset management. The Directors are of the view that the Placing represents a good opportunity for the Group to raise additional capital for its future expansion and potential new projects.

The gross proceeds from the Placing will be HK\$32,240,000. The Company intends to use the net proceeds of approximately HK\$31,918,000 from the Placing for potential new projects and as general working capital of the Group.

On the other hand, it is in the ordinary course of business of Space Securities to carry out placing activities as a placing agent for companies listed on the Stock Exchange. In addition, the placing commission rate charged by Space Securities under the Placing Agreement is in line with the prevailing rates that it has charged to Independent Third Parties for comparable best-effort placing. In view of the aforesaid, the directors of the Company (including the independent non-executive directors) consider that the entering into of the Placing Agreement by Space Securities with the Company is in the ordinary and usual course of business of Space Securities, and the terms of the Placing Agreement (including the placing commission rate) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

FUND-RAISING ACTIVITIES DURING THE PAST 12 MONTHS

There was no fund-raising activity conducted by the Company in the past 12 months prior to the date of this announcement.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholdings in the Company as at the date of this announcement and immediately after completion of the Placing, on the assumption that 161,200,000 Placing Shares are fully placed and there is no other change to the issued share capital of the Company prior to the completion of the Placing:

Shareholders	As at the date of this announcement		Upon completion of the Placing (assuming that all of the Placing Shares are placed in full)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Space Investment (BVI) Ltd	344,093,400	42.69	344,093,400	35.57
Che Chan U	1,600,000	0.20	1,600,000	0.17
The Placees	–	–	161,200,000	16.67
Public Shareholder	460,306,600	57.11	460,306,600	47.59
	<u>806,000,000</u>	<u>100.00</u>	<u>967,200,000</u>	<u>100.00</u>

INFORMATION ON THE COMPANY

The Company is a limited liability company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange. The principal activities of the Group are (i) fitting-out works; (ii) building construction works; and (iii) the provision of financial services, including securities trading, underwriting, providing investment advice, and asset management.

GENERAL

The Directors of the Company (including its respective independent non-executive directors) are of the view that the Placing Agreement and the transactions contemplated thereunder (including the payment of any placing commission) have been entered into on normal commercial terms that are fair and reasonable, in the ordinary and usual course of business of the Company, and in the interests of the Company and its respective shareholders as a whole.

DEFINITIONS

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

“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company”	Space Group Holdings Limited (恆宇集團控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (stock code: 2448)
“Completion Date”	means a day as soon as possible following the satisfaction of all the conditions of the Placing and in any event not later than five (5) Business Days after the satisfaction of the conditions of the Placing (or such other date as the Company and the Placing Agent may agree in writing) and on which completion of the Placing will take place
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the Company’s annual general meeting held on 24 June 2022 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third parties independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	21 June 2023 or such later date as the Company and the Placing Agent shall agree
“Placee(s)”	any professional, institutional or other investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of 161,200,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Space Securities, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
“Placing Agreement”	a conditional placing agreement dated 5 June 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.20 per Placing Share
“Placing Shares”	161,200,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Space Securities”	Space Securities Limited

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong
“%”	per cent

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

Hong Kong, 5 June 2023

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