

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser. Capitalised terms used herein shall have the same meanings as those defined in the section headed "Definitions" in this prospectus, unless otherwise stated.

If you have sold or transferred all your shares in Space Group Holdings Limited (the "Company"), you should at once hand the Prospectus Documents to the purchaser(s) or other transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of the Prospectus Documents.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Letter from the Board – Warning of the Risks of Dealing in the Shares and Nil-Paid Rights Shares" in this prospectus.

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 both their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC and you should consult a stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the section headed "Letter from the Board – Rights Issue – Rights of Overseas Shareholders (if any)" in this prospectus.

This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdictions in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described herein in the United States or to conduct a public offering of securities in the United States.



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)

RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

**Financial adviser
to the Company**

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

The Shares have been dealt in on an ex-rights basis from Wednesday, 8 May 2024. The nil-paid Rights Shares will be dealt in from Wednesday, 22 May 2024 to Wednesday, 29 May 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 22 May 2024 to Wednesday, 29 May 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the nil-paid Rights Shares should therefore exercise caution, and is recommended to consult his/her/its own professional adviser(s) if in any doubt about his/her/its own position.

The Rights Issue is on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares will be placed on a best effort basis by the Placing Agent to independent places under the Placing. Any Unsubscribed Rights Shares or ES Unsold 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. There is no minimum amount to be raised under the Rights Issue. The Cayman Islands legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under the laws of Cayman Islands. The Rights Issue is subject to the fulfilment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – Rights Issue – Conditions of the Rights Issue" in this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Thursday, 20 June 2024). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares up to the date when all the conditions to which the Rights Issue is subject are fulfilled. Any person 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).

The Latest Time for Acceptance is 4:00 p.m. on Monday, 3 June 2024. The procedures for acceptance and payment and/or transfer are set out on pages 19 to 20 of this prospectus.

20 May 2024

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The Rights Issue is conditional upon the fulfilment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Rights Issue – Conditions of the Rights Issue” in this prospectus.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person 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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the section headed “Letter from the Board – Rights Issue – Rights of Overseas Shareholders” in this prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this prospectus.

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FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustrate”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

In this prospectus, unless the context requires otherwise, the following expressions shall have the following meanings:

“Announcement”	the announcement dated 1 March 2024 in relation to, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the Rights Issue and the Placing
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday, a public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“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
“Circular”	the circular of the Company dated 11 April 2024 in relation to, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue and the Placing
“Company”	Space Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 2448)
“Compensatory Arrangement”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements” in this prospectus

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.20 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company convened on Friday, 3 May 2024 to consider and, if thought fit, to approve, among other things, the Share Consolidation, the Increase in Authorised Share Capital, 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) whom the Rights Shares are not offered
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong governmental 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

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the Company’s authorised share capital share capital from HK\$20,000,000.00 divided into 2,000,000,000 Old Shares to HK\$100,000,000.00 divided into 10,000,000,000 Old Shares (or 500,000,000 Consolidated Shares after the Share Consolidation becoming effective)
“Independent Shareholders”	Shareholders other than (i) all executive Directors and their respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the EGM
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Last Trading Day”	1 March 2024, being the last full trading day of the Old Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	13 May 2024, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Monday, 3 June 2024 or such other time as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Listing Committee”	has the same meaning ascribed thereto under 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
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“MOP”	Macau dollar, the lawful currency of Macau

DEFINITIONS

“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 renouncee(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 hold any Nil-paid Rights at the time such Nil-paid Rights lapse
“Old Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation became effective
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve
“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”	arrangements to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Space Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity as defined under the SFO

DEFINITIONS

“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 End Date”	4:00 p.m. on Wednesday, 19 June 2024 or such other date as the Company may announce
“Placing Period”	the period commencing from the Wednesday, 12 June 2024 up to 4:00 p.m. on Wednesday, 19 June 2024
“Placing Shares”	Unsubscribed Rights Share(s) and the ES Unsold Rights Share(s)
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region
“Prospectus Documents”	this prospectus and the PAL
“Prospectus Posting Date”	Monday, 20 May 2024 or such other date as the Company may determine in writing being the date of the Prospectus Documents to be made available and/or sent (as the case maybe) to the Qualifying Shareholders (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)”	Shareholder(s), other than Excluded Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Friday, 17 May 2024, or such other date as the Company may determine, for determining 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

DEFINITIONS

“Rights Issue”	the proposed issue by way of rights on the basis of four (4) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on application or otherwise in accordance with the terms and conditions set out in Prospectus Documents
“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)”	ordinary share(s) in the share capital of the Company, which shall mean the Consolidated Share(s)
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Old Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holders of Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.68 per Share with nominal value of HK\$0.20 each after the Share Consolidation became effective
“substantial Shareholder”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements”
“%”	per cent

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the Placing and the associated trading arrangement is set out below. The expected timetable is subject to the satisfaction of the conditions of the Rights Issue and the Placing 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. All times and dates in this prospectus refer to Hong Kong local times and dates.

Event	Date (Hong Kong time)
First day of dealings in Nil-paid Rights (in board lots of 2,500 Rights Shares)	Wednesday, 22 May 2024
Latest time for splitting of the PALs.	4:30 p.m. on Friday, 24 May 2024
Last day of dealing in Nil-paid Rights (in board lots of 2,500 Rights Shares)	Wednesday, 29 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 Monday, 3 June 2024
Latest Time for Acceptance of and payment for the Rights Shares and application.	4:00 p.m. on Monday, 3 June 2024
Announcement of the number of the Placing Shares subject to the Compensatory Arrangements	Tuesday, 11 June 2024
Commencement of placing of the Placing Shares by the Placing Agent.	Wednesday, 12 June 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 Wednesday, 12 June 2024
Temporary counter for trading in the Consolidated Shares in board lots of 125 Consolidated Shares (in the form of old share certificates) closes	4:10 p.m. on Wednesday, 12 June 2024
Parallel trading in the Consolidated Shares (in the form of both old share certificates and new share certificates) ends	4:10 p.m. on Wednesday, 12 June 2024

EXPECTED TIMETABLE

Event	Date (Hong Kong time)
Last day for free exchange of old share certificates for new share certificates for the Consolidated Shares	Friday, 14 June 2024
Latest time of placing of the Placing Shares by the Placing Agent	4:00 p.m. on Wednesday, 19 June 2024
Latest time for the Rights Issue and placing of the Placing Shares to become unconditional	4:00 p.m. on Thursday, 20 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)	Wednesday, 26 June 2024
Despatch of certificates for fully-paid Rights Shares and/or refund cheques (if the Rights Issue does not proceed).	Thursday, 27 June 2024
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 28 June 2024
Payment of Net Gain to relevant No Action Shareholders or Excluded Shareholders (if any).	Monday, 8 July 2024

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this prospectus 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.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION FOR AND PAYMENT FOR 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 Monday, 3 June 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 Monday, 3 June 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Che Chan U (*Chairman*)
Ms. Lei Soi Kun
Mr. Lok Wai Tak
Mr. Ho Kwong Yu

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. Choi King Leung
Mr. Eulógio dos Remédios, José António
Mr. Lam Chi Wing
Mr. Li Guohui

*Headquarters and Principal Place of
Business in Macau:*

Edifício Centro Comercial Chong Fok 8C
Avenida de Marciano Baptista 18
Macau

Principal Place of Business in Hong Kong:

Unit A–C, 11/F
Kee Shing Centre
74–76 Kimberley Road
Tsim Sha Tsui, Kowloon
Hong Kong

20 May 2024

To the Qualifying Shareholders, and for information purposes only, to the Excluded Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES
FOR EVERY ONE (1) SHARE HELD
AT THE CLOSE OF BUSINESS
ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue and the Placing. The Board announced that the Company proposed to raise gross proceeds of up to

LETTER FROM THE BOARD

approximately HK\$157,847,040.00 (before expense) by issuing up to 232,128,000 Consolidated Shares by way of the Rights Issue at the Subscription Price of HK\$0.68 per Consolidated Share with nominal value of HK\$0.20 each (after taking into account the effect of the Share Consolidation) on the basis of FOUR (4) RIGHTS Shares for every one (1) Share held on the Record Date.

The purpose of this prospectus is to provide you with, among other things, (i) further details of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder including the procedures for acceptance and payment and/or transfer of the Rights Shares provisionally allotted to you; (ii) certain financial information of the Group; and (iii) other information in respect of the Group.

At the EGM held on Friday, 3 May 2024, the necessary resolutions for approving, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue, the Placing and the transactions contemplated thereunder, were duly passed by the Shareholders or the Independent Shareholders (as the case may be). The Increase in Authorised Share Capital and the Share Consolidation became effective on Friday, 3 May 2024 and Tuesday, 7 May 2024, respectively. Please refer to the announcement of the Company dated Friday, 3 May 2024 in relation to, among others, the poll results of the EGM and the effective dates of the Increase in Authorised Share Capital and the Share Consolidation for further details.

RIGHTS ISSUE

The Board proposes to conduct the Rights Issue on the basis of FOUR (4) RIGHTS Shares for every one (1) Share held on the Record Date. Set out below are the details of the Rights Issue statistics.

Rights Issue statistics

Basis of the Rights Issue	:	Four (4) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.68 per Share with nominal value of HK\$0.2 each
Number of Shares in issue as at the Latest Practicable Date	:	58,032,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 232,128,000 Shares (assuming no further issue or repurchase of Shares on or before the Record Date)

LETTER FROM THE BOARD

Number of Shares in issue upon completion of the Rights Issue	:	Up to 290,160,000 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\$157,847,040.00 (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 Latest Practicable Date.

The Nil-paid Rights Shares pursuant to the terms of the Rights Issue represents 400% of the Company's issued share capital as at the Latest Practicable Date and 80% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

As at the Latest Practicable Date, 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 Placers 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. The Cayman Islands legal adviser of the Company has confirmed that there are no applicable statutory requirements regarding minimum subscription levels 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.

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The Subscription Price

The Subscription Price of HK\$0.68 per Share with nominal value of HK\$0.2 each 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 Old 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 Old 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 Old 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\$0.712 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.042 per Old Share as quoted on the Stock Exchange on the Last Trading Day;
- (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 Old Share on the Last Trading Day and the average closing price of the Old 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 Old Share and adjusted for the effect of the Share Consolidation);

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- (vi) a discount of approximately 92.94% to the net asset value per Consolidated Share of approximately HK\$9.63 (based on the latest audited consolidated net asset value of the Group of approximately MOP575.35 million (equivalent to approximately HK\$558.59 million on the basis of HK\$1 = MOP1.03) as at 31 December 2023 as disclosed in the annual report of the Company for the financial year ended 31 December 2023 and 58,032,000 Consolidated Shares); and
- (vii) a discount of approximately 1.45% to the closing price of HK\$0.69 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 Old 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 prospectus. The Board is of the view that (i) the Subscription Price representing a discount to the consolidated net asset value per Share as at 31 December 2023 is fair and reasonable in light of the current weak market sentiment and the anticipated market response to the Rights Issue by the Directors in order to attract Shareholders and investors to participate in the Rights Issue; (ii) the closing prices of the Shares shown an overall downward trend for the past 11 months; (iii) it makes commercial sense to set the Subscription Price at a discount to the prevailing market price in order to attract Shareholders and investors to participate in the Rights Issue, especially under the current market downturn; and (iv) 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.

Whilst the Subscription Price represents a discount of approximately 92.94% to the net asset value per Share of approximately HK\$9.63 (based on the latest audited consolidated net asset value of the Group of approximately MOP575.35 million (equivalent to approximately HK\$558.59 million on the basis of HK\$1 = MOP1.03) as at 31 December 2023 as disclosed in the annual report of the Company for the financial year ended 31 December 2023 and 58,032,000 Consolidated Shares), the Board is of the view that the net asset value per Shares is not the sole relevant factor to determine the Subscription Price due to the fact that the Shares traded below the net asset value per Old Shares (based on the latest audited consolidated net asset value of the Group of approximately MOP575.35 million (equivalent to approximately HK\$558.59 million on the basis of HK\$1 = MOP1.03) as at 31 December 2023 as disclosed in the annual report of the Company for the financial year ended 31 December 2023 and 1,160,640,000 Old Shares) continuously over the past 8 months. Apart from the low Share price, the low trading volume of the Shares during the 8-month period prior to the Rights Issue with average daily trading volume amounted to approximately 2.32% of the total issued Shares. Under the current market condition and

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with reference to the recent market performance of the Shares, it would not be practical nor commercially feasible to set a Subscription Price which is significantly higher than the prevailing market price, which would likely to discourage investors to participate in the Rights Issue.

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\$0.6689.

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 Thursday, 9 May 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.

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Subject to the fulfilment of the conditions of the Rights Issue, the Company will make available the Prospectus Documents containing, among other things, details of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, to the Qualifying Shareholders, including any Overseas Shareholders who the Rights Issue is extended to on the Prospectus Posting Date. The Company will send the Prospectus (without the PAL) to the Excluded Shareholders (if any) subject to compliance with the relevant local laws, regulations and requirements for their information only but will not send any PAL to them.

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 Friday, 10 May 2024 to Friday, 17 May 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 this prospectus.

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As at the Latest Practicable Date, there are 9 Overseas Shareholders with registered addresses situated in the PRC and Macau. The Company has sought legal opinion regarding the feasibility of extending the Rights Issue to these aforementioned Overseas Shareholders and has been advised that there are no restrictions under the relevant laws or the requirements of the relevant regulatory bodies or stock exchange which would prevent the Company from including the Overseas Shareholder(s) with registered address(es) located in the PRC and Macau in the Rights Issue. Based upon such advice, the Overseas Shareholders having registered address in the PRC and Macau will not be excluded from the Rights Issue and shall therefore be the Qualifying Shareholders. Accordingly, the Rights Issue will be extended to such Overseas Shareholders having registered address in the PRC and Macau as at the Record Date.

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) 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.

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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 Thursday, 27 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 Thursday, 27 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.

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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.

Procedures for acceptance and payment and/or transfer of the Rights Shares provisionally allotted

Qualifying Shareholders should find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PALs, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Monday, 3 June 2024. All remittances must be made by cheques or banker's cashier orders in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "SPACE BUILDING & CONSTRUCTION (HONG KONG) LIMITED" and crossed "ACCOUNT PAYEE ONLY".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar for registration by no later than 4:00 p.m. on Monday, 3 June 2024, whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion but without obligation) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of a Qualifying Shareholder's rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights. If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Friday, 24 May 2024 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations as required. The new PALs will be available for collection at the Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and

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banker's cashier orders will be presented for payment following receipt and all interests earned on such application monies (if any) will be retained for the benefit of the Company. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque and/or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. Completion and return of the PAL together with a cheque or banker's cashier order in payment of the Rights Shares, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by such person that the cheque or banker's cashier order will be honoured upon first presentation.

No receipt will be issued in respect of any application monies received.

No action has been taken to permit the offering of the Rights Shares, or the distribution of the Prospectus Documents in any territory other than Hong Kong. The Prospectus Documents should not be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws and regulations. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will be deemed to constitute a warranty and representation from such person to the Company that all local legislation, legal and regulatory requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the 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 Wednesday, 19 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

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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 (ii) 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;

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- (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 Thursday, 20 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
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- 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 Old 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 Thursday, 20 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 Wednesday, 12 June 2024 up to 4:00 p.m. on Wednesday, 19 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.

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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 this prospectus 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 financial services segment involved in the provision of securities brokerage services, underwriting services, margin financing and money lending and securities and asset management advisory services and business consultancy services to clients.

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Assuming full subscription under the Rights Issue, the expected gross proceeds of the Rights Issue will be up to approximately HK\$157.85 million and the relevant expenses would be approximately HK\$2.59 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 MOP27.53 million only whereas bank loans and overdrafts of the Company amounted to approximately MOP402.78 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 MOP300.61 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 MOP143.93 million) for repayment of bank loans, overdrafts and other payables of the Group within around three months upon completion of the Rights Issue; and
- (ii) approximately 10% (being approximately MOP15.99 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, the Company has 58,032,000 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 Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective and immediately upon completion of the Rights Issue (assuming full subscription under the Rights Issue); and (iii) 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).

LETTER FROM THE BOARD

Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately after the Share Consolidation becoming effective and immediately upon completion of the Rights Issue (assuming full subscription under the Rights Issue)		(iii) 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)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Space Investment (BVI) Ltd. <i>(note 1)</i>	8,101,670	13.96	40,508,350	13.96	8,101,670	2.79
Che Chan U	80,000	0.14	400,000	0.14	80,000	0.03
Places	Nil	Nil	Nil	Nil	232,128,000	80.00
Public Shareholders	<u>49,850,330</u>	<u>85.90</u>	<u>249,251,650</u>	<u>85.90</u>	<u>49,850,330</u>	<u>17.18</u>
 Total	 <u><u>58,032,000</u></u>	 <u><u>100.00</u></u>	 <u><u>290,160,000</u></u>	 <u><u>100.00</u></u>	 <u><u>290,160,000</u></u>	 <u><u>100.00</u></u>

Note:

- Space Investment (BVI) Ltd., a company incorporated in the BVI with limited liability, is held as to 94.74% by Mr. Che Chan U and 5.26% by Ms. Lei Soi Kun, which in turn beneficially holds 8,101,670 Shares. For the purposes of the SFO, each of Mr. Che Chan U and Ms. Lei Soi Kun are 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 prospectus.

LETTER FROM THE BOARD

Date of initial announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
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	All net proceeds have been fully 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	All net proceeds have been fully utilised as intended

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil-paid Rights or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the Nil-paid Rights on their behalf.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid Rights Shares. Please refer to the section headed “Rights Issue – Conditions of the Rights Issue” in this prospectus.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

The Shares have been dealt in on an ex-rights basis from Wednesday, 8 May 2024. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 22 May 2024 to Wednesday, 29 May 2024 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

LETTER FROM THE BOARD

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). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2021, 2022 and 2023 and the interim report for the period ended 30 June 2023 were disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (<https://www.spacegroup.com.mo/>):

- annual report of the Company for the year ended 31 December 2021 published on 25 April 2022 (pages 55 to 133);

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042501368.pdf>)
- annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 69 to 145);

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702152.pdf>)
- interim report of the Company for six months ended 30 June 2023 published on 29 September 2023 (pages 12 to 18).

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0929/2023092900591.pdf>)
- annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 70 to 147)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042901767.pdf>)

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 March 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this prospectus, the details of the Group's indebtedness are as follows:

Bank borrowings and overdrafts and other borrowings

	<i>Notes</i>	As at 31 March 2024 MOP'000
Current liabilities		
Bank loans – secured and guaranteed	(a)	288,958
Bank overdrafts – secured and guaranteed	(a)	11,762
Other borrowings – unsecured and guaranteed	(b)	<u>35,020</u>
Non-current liabilities		
Bank loans – secured and guaranteed	(a)	<u>1,518</u>
Total		<u><u>337,258</u></u>

Notes:

- (a) As at 31 March 2024, bank borrowings and overdrafts were secured by the Group's investment pledged deposits, corporate guarantees provided by the Company and certain subsidiaries and Guarantees provided by HKMC Insurance Limited under the HKMC SME Financing Guarantee Scheme.
- (b) As at 31 March 2024, other borrowings of approximately MOP35,020,000 were guaranteed by the Company.

Lease liabilities

	As at 31 March 2024 MOP'000
Non-current	4,289
Current	<u>2,724</u>
	<u><u>7,013</u></u>

Contingent liabilities

As at
31 March
2024
MOP'000

Performance bonds given to customers for due and proper performance of projects undertaken by the Group's subsidiaries	<u>13,043</u>
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Pledged bank deposit

Pledged bank deposit represented deposit pledged to bank to secure general banking facilities granted to the Group. As at 31 March 2024, the bank deposit of MOP5,280,000 has been pledged to secure short-term bank borrowing of the independent third party and was therefore classified as current asset. The pledged bank deposit carry interest rates at 0.60% per annum and will be released upon the expiry of the relevant banking facilities.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 31 March 2024, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group including the estimated net proceeds from the Rights Issue of approximately HK\$155.26 million, cash and cash equivalents on hand, cash flows from operating activities and available banking facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the fitting-out works and provision of financial services.

In 2023, the Company encountered a wide range of challenges. Externally, the economic environment presented the Company with uncertainties and difficulties, including a global economic slowdown, financial market volatility, intense market competition, and increased cost pressures. Internally, the Company has also been facing the pressure for the repayment of bank loans.

It is still in a challenging economic environment in fitting-out works industry and financial services industry in Hong Kong and Macau. Without sufficient sizable projects available in the market, Hong Kong and Macau's fitting-out contractors have faced considerable challenges in maintaining steady business.

In response to the challenges faced in recent years, the governments of Hong Kong and Macau has initiated several schemes to support the local economy and businesses. These include measures designed to attract overseas talent, cancellation of special stamp duties on residential properties sale, financial support to boost domestic consumption, and plans for large-scale infrastructure projects across the cities. Looking ahead, the local economic outlook is expected to improve as economic activities return to normal in the post-pandemic era.

The fitting-out industry in Hong Kong and Macau, despite facing ongoing challenges, the Directors expect it to recover in the coming years, driven by demand for new and renovated commercial and residential spaces. However, the Directors also believe that contractors must adapt to changing market conditions and explore innovative solutions and strategies to remain competitive. With extensive experience in the market, the Group is confident that opportunities for growth and success are present in the fitting-out industry for contractors that can skillfully navigate the complexities of the market and adapt to changing circumstances. In light of this, the Group intends to pursue business strategies with both vigour and caution, striking a balance between growth and stability in its future development.

Besides, the management has been actively solving issue of the repayment of outstanding bank loans including but no limited to source different sources of financing and discuss the extension for repayment with different banks.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Proforma Financial Information”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to equity holders of the Company as if the Rights Issue had been completed on 31 December 2023. As it is prepared for illustrative purpose only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to equity holders of the Company had of the Rights Issue been completed as at 31 December 2023 or at any future date.

The Unaudited Pro Forma Information is prepared based on the audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2023 as derived from the Group's published annual result announcement for the year ended 31 December 2023, and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed as at 31 December 2023.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

Unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2023 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2023 immediately after completion of the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2023 per Share immediately after the Completion of the Rights Issue <i>(Note 3)</i> HK\$
Based on 232,128,000 Consolidated Shares to be issued at the Subscription Price of HK\$0.68 per Consolidated Share			
545,902	155,260	701,162	2.42

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company of HK\$545,902,000 as at 31 December 2023 is extracted from the final results announcement of the Company for the year ended 31 December 2023.
2. The estimated net proceeds from the Rights Issue are based on 232,128,000 Rights Shares (calculated on the basis of four Rights Shares for every one consolidated share held on record date, details as disclosed in note 3) to be issued at the subscription price of HK\$0.68 per Consolidated Share, after deducting the estimated related expenses of HK\$2,587,000 to be incurred by the Group.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2023 per Share immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2023 of HK\$701,162,000 divided by 290,160,000 shares in issue upon completion of the Rights Issue, which comprises 58,032,000 Consolidated shares in issue before the Rights Issue and 232,128,000 Consolidated Shares to be issued under the Rights Issue.

The 58,032,000 Consolidated shares in issue is calculated based on the shares in issue of 1,160,640,000 as at 31 December 2023 which are adjusted for share consolidation whereby every twenty issued and unissued old shares would be consolidated into one consolidated share as stipulated in the section “Proposed Share Consolidation” in the Letter from the Board of this prospectus.
4. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(B) REPORTING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Global Link CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.



Unit 21A, 15/F, Star House,
3 Salisbury Road, TST, Kowloon, Hong Kong
General Line: (852) 3580 0885
Fax: (852) 3580 0772
Website: <https://globallinkcpa.com/>

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Board of Directors of Space Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Space Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2023 and related notes as set out on in appendix II of the prospectus issued by the Company dated 20 May 2024 (the "Prospectus") issued in connection with the proposed rights issue of the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in appendix II of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue of the Company on the basis of four rights shares for every one consolidated share held on the record date on a non-underwritten basis (the "Rights Issue") on the Group's financial position as at 31 December 2023 as if the Rights Issue had taken place at 31 December 2023. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's consolidated financial statements for the year ended 31 December 2023, on which an annual results announcement has been published.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management ("HKSQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Global Link CPA Limited

Certified Public Accountants

Au Yeung Ming Yin Gordon

Practising Certificate Number P08219

Hong Kong

20 May 2024

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

2. NUMBER OF SHARES IN ISSUE

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming there is no change in the number of issued Shares and that all Shareholders have taken up all their entitled Rights Shares) are as follows:

As at the Latest Practicable Date:

HK\$

Authorised:

500,000,000 Shares of HK\$0.20 each	<u>100,000,000.00</u>
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Issued and fully paid:

58,032,000 Shares of HK\$0.20 each	<u>11,606,400.00</u>
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Immediately following the completion of the Rights Issue (assuming no other change in the number of issued Shares and that all Shareholders have taken up all their entitled Rights Shares):

HK\$

Authorised:

500,000,000 Shares of HK\$0.20 each	<u>100,000,000.00</u>
-------------------------------------	-----------------------

Issued and fully paid:

290,160,000 Shares of HK\$0.20 each	<u>58,032,000.00</u>
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The Rights Shares, when issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.

The Company did 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 Latest Practicable Date.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

As at Latest Practicable Date, the interests and short positions of Directors and/or the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) (the "SFO") as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Capacity in which the shares were held	Number of shares held/ interested ⁽¹⁾	Approximate percentage of the total issued Shares
Mr. Che Chan U	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾ ; and beneficial owner ⁽³⁾	8,181,670 Shares (L)	14.10%
Ms. Lei Soi Kun	Interest held jointly with another person; interest in a controlled corporation ⁽²⁾	8,101,670 Shares (L)	13.96%

Notes:

- (1) The letter "L" denotes the Directors' long position in the Shares.
- (2) The Company was held as to approximately 13.96% by Space Investment (BVI) Ltd.. Space Investment (BVI) Ltd. is held as to 94.74% by Mr. Che Chan U and 5.26% by Ms. Lei Soi Kun.
- (3) Mr. Che Chan U beneficially owns 80,000 Shares in the Company.

(b) Associated corporation

Name of Director	Name of associated corporation	Capacity in which the shares were held	Number of Shares held/ interested in the associated corporation⁽¹⁾	Approximate percentage of the total issued shares in the associated corporation
Mr. Che Chan U	Space Investment (BVI) Ltd.	Beneficial owner	9,474 Shares (L)	94.74%
Ms. Lei Soi Kun	Space Investment (BVI) Ltd.	Beneficial owner	526 Shares (L)	5.26%

Note:

(1) The letter “L” denotes the Directors’ long position in the shares of the associated corporation.

Save as disclosed in the foregoing, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(c) Interests and short positions of the substantial shareholders in shares and underlying shares of the company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons or corporation (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

Name of Shareholders	Capacity	Number of Shares held/ interested⁽¹⁾	Approximate percentage of the total issued Shares
Space Investment (BVI) Ltd.	Beneficial owner ⁽²⁾	8,101,670 Shares (L)	13.96%
Ms. Ng Lai Kuan	Beneficial owner ⁽²⁾	8,181,670 Shares (L)	14.10%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Space Investment (BVI) Ltd. is directly interested in 8,101,670 Shares, representing approximately 13.96% of the total issued share capital in the Company.
- (3) Ms. Ng Lai Kuan is the spouse of Mr. Che Chan U. Ms. Ng Lai Kuan is deemed to be interested in the same number of Shares in which Mr. Che Chan U is interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons or corporations (other than the Directors and chief executive of the Company) who/which had any interests or short positions in the Shares or underlying Shares of the Company or any of its associated companies which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. DIRECTORS’ SERVICE CONTRACTS

Mr. Che Chan U and Ms. Lei Soi Kun has entered into a service contract with the Company for a fixed term of three years commencing from 6 January 2021 and thereafter from 16 January 2024, unless terminated by not less than three months’ notice in writing served by either party on the other expiring at the end of the initial term.

Mr. Ho Kwong Yu has entered into a service contract with the Company for a fixed term of three years commencing from 29 July 2020 and thereafter from 29 July 2023, unless terminated by not less than three months’ notice in writing served by either party on the other expiring at the end of the initial term.

Mr. Lok Wai Tak has entered into a service contract with the Company for a fixed term of three years commencing from 16 May 2022, unless terminated by not less than three months’ notice in writing served by either party on the other expiring at the end of the initial term.

Each of Mr. Choi King Leung, Mr. Eulógio dos Remédios, José António. Mr. Lam Chi Wing and Mr. Li Guohui have been appointed as independent non-executive Directors respectively on 25 October 2023, 20 December 2017 and thereafter from 16 January 2024, 27 April 2023 and 22 August 2022 and are subject to retirement by rotation and re-election at AGM of the Company at least once every three years and until terminated by not less than three months' notice in writing served by either the Company or the respective independent nonexecutive Director.

As at the Latest Practicable Date, none of the Directors are being proposed for re-election at the forthcoming AGM has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

On 4 September 2023, it has come to the attention of the Company that a winding-up petition (the "**Petition**") from Huang Bingchen (the "**Petitioner**") has been filed with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**High Court**") for the winding-up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**Companies (WUMP) Ordinance**") under Companies Winding-up Proceedings No. 388 of 2023, in relation to demand for the repayment of the principal amount and interest accrued of a bond in the aggregate amount of HK\$34,000,000. There was a hearing for the Petition on 8 November 2023. As at the Latest Practicable Date, the hearing of the Petition has been adjourned to 15 July 2024.

Effect of the Petition under the applicable laws and regulations

Pursuant to Section 182 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), in a winding-up by the court, any disposition of the property of the Company, including things in action, and any transfer of shares, or alteration in the status of the members of the Company, made after the commencement of the winding-up, shall be void as a matter of Hong Kong law, unless the court otherwise orders.

Reference is also made to the circular dated 28 December 2016 issued by HKSCC in relation to the transfer of the shares of listed issuers in respect of which a winding-up petition is presented. After the Petition has been presented, the transfer of shares made

thereafter may be void without a validation order from the court. In view of the restrictions and the uncertainties that may arise in relation to the transfer of shares of the affected listed issuers, HKSCC may at any time, and without notice, exercise its powers under the General Rules of CCASS to temporarily suspend any of its services in respect of the shares of the affected listed issuers. This may include the suspension of acceptance of deposits of share certificates of the affected listed issuers into the CCASS. The share certificates of the affected listed issuers received by HKSCC but not yet re-registered in HKSCC Nominees Limited's name will also be returned to the relevant CCASS participant and HKSCC shall reserve the right to reverse any credit granted to such CCASS participant by debiting the relevant securities of the affected listed issuers from its CCASS account accordingly. These measures would generally cease to apply from the date when the a winding-up petition has been struck out, dismissed or permanently stayed, or the affected listed issuer has obtained the necessary validation order from the relevant court(s).

Transfer of Shares may be restricted as the deposits of the Company's shares into CCASS may be suspended due to the Petition. Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the Shares of the Company.

Impact of the Petition to the Group's business, operation and financial position

As at the Latest Practicable Date, the Company considers that the Petition has no material impact on the Group business, operation and financial position.

Save and except for the Petition as first disclosed in the announcement dated 12 September 2023, neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group during two years preceding the date of this prospectus and are or may be material:

- (i) the Placing Agreement;
- (ii) the sale and purchase agreement dated 22 March 2024 between Space Construction (BVI) Limited (a wholly-owned subsidiary of the Company) and the purchasers in relation to the disposal of equity interests in Space Financial Holdings Limited; and
- (iii) the placing agreement dated 5 June 2023 between the Company and Space Securities Limited.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions, letters or advices which are contained in this prospectus:

Name	Qualification
Global Link CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, (i) the above expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) the above expert was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) the above expert did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

11. CORPORATE INFORMATION**Directors***Executive Directors*Mr. Che Chan U (*Chairman*)

Ms. Lei Soi Kun

Mr. Lok Wai Tak

Mr. Ho Kwong Yu

Independent non-executive Directors

Mr. Choi King Leung

Mr. Eulógio dos Remédios, José António

Mr. Lam Chi Wing

Mr. Li Guohui

Company SecretaryMs. Chan Hiu Wa (*a member of Hong Kong
Institute of Certified Public Accountants*)**Authorised Representatives**

Mr. Che Chan U

Mr. Ho Kwong Yu

**Business address of Directors,
senior management and
authorised representatives**Unit A–C, 11/F
Kee Shing Centre
74–76 Kimberley Road
Tsim Sha Tsui, Kowloon
Hong Kong**Principal Bankers****The Hong Kong and Shanghai Banking
Corporation Limited**

1 Queen's Road Central, Hong Kong

Macau Chinese Bank

Avenida da Praia Grande, No. 101

Edf. da Cia (Grou) Nam Yue, R/C

Macau

Bank of China Macau Branch

Bank of China Building

Avenida Doutor Mario Soares

Macau

Registered Office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Headquarters and Principal Place of Business in Macau	Edificio Centro Comercial Chong Fok 8C Avenida de Marciano Baptista 18 Macau
Principal place of business in Hong Kong	Unit A–C, 11/F Kee Shing Centre 74–76 Kimberly Road Tsim Sha Tsui, Kowloon Hong Kong
Principal Share Registrar	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Branch Registrar in Hong Kong	Boardroom Share Registrars (HK) Limited 2103B, 21/F, 148 Electric Road North Point Hong Kong

12. PARTIES INVOLVED IN THE RIGHTS ISSUE

The Company	Space Group Holdings Limited Unit A–C, 11/F Kee Shing Centre 74–76 Kimberly Road Tsim Sha Tsui, Kowloon Hong Kong
Legal Advisors to the Company	<i>As to Hong Kong law</i> Yick & Chan, Solicitors Suite A1, 11/F One Capital Place 18 Luard Road, Wanchai Hong Kong
Financial adviser to the Company	Advent Corporate Finance Limited Unit A–C, 11/F Kee Shing Centre 74–76 Kimberley Road Kowloon Hong Kong

Reporting accountant of the Company	Global Link CPA Limited Room 1521A, 15/F, Star House 3 Salisbury Road Tsim Sha Tsui Hong Kong
Placing agent	Space Securities Limited Unit A–C, 11/F Kee Shing Centre 74–76 Kimberley Road Kowloon Hong Kong

13. BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Che Chan U (謝鎮宇), aged 42, was appointed as our Director on 24 April 2017 and was redesignated as chairman and executive Director of the Group on 20 December 2017. Mr. Che is responsible for the Group’s overall management, strategic planning and business development. He is also the Chairman of the nomination committee. As the founder of the Group, Mr. Che has extensive experience in fitting out industry. Mr. Che is also the director of Companhia Space Grupo Limitada (“**Space Group**”), Space Construction & Engineering Co., Ltd. (恆宇建築工程有限公司) (“**Space Construction**”), Space Oriental Construction & Engineering Co., Ltd. (恆宇東方建築工程有限公司) (“**Space Oriental**”) and Minsang Oriental Limited (敏生東方有限公司) (“**Minsang Oriental**”).

Mr. Che graduated in June 2004 from the National Taiwan University with the degree of Bachelor of Science in Engineering. In June 2015, he became a member of the IPlantE Professional Sector, a professional sector of the Society of Operations Engineers. He was registered as a Chartered Building Engineer and was elected a member of the Chartered Association of Building Engineers on 11 May 2015. He is a registered Civil Engineer with the Land, Public Works and Transport Bureau of the Macao Special Administrative Region since 2006. He is the son of Ms. Lei.

Ms. Lei Soi Kun (李瑞娟), aged 65, is our executive Director. Ms. Lei was appointed as our Director on 24 April 2017 and redesignated as executive Director on 20 December 2017. She is responsible for the overall management of the Group's administrative matters. She is also a member of the nomination committee.

Ms. Lei has over 20 years of experience in fitting-out industry. From 1976 to 1990, she was an administrative clerk at Macau Fuhe Construction Property Co., Ltd (澳門福和建築置業有限公司). She was a real estate agent and assisted her clients with renovation works from 1990 to 1993. Prior to joining the Group in 2009, Ms. Lei has been the director of Bo Ngai Engineering Co., Ltd, a company which carried out fitting-out business in Macau. Ms. Lei then joined the Group as a director in 2010 and has been handling the Group's administrative matters. She is the mother of Mr. Che.

Mr. Lok Wai Tak (陸惠德), aged 69, was appointed as our Director on 16 May 2022. He is currently a director of Space Financial Holdings Limited (“**Space Financial**”), and is also appointed as the managing director of Space Financial in the People's Republic of China. He joined the Group since 15 October 2020 and is mainly responsible for management of capital investment business of the Group. He has been engaged in properties and finance industries for 47 years with connections in the local financial and property sectors. He is a member of the Election Committee of the Chief Executive of the Macau Special Administrative Region, a member of the Election Committee of the Thirteenth National People's Congress of Macau, a member of Standing Committee of the Shanxi Provincial Committee of the Chinese People's Political Consultative Conference, the president of the Macau Real Estate Association* (澳門地產發展商會) as of 2023, the president of Macau-Shanxi Economic and Trade Association* (澳門山西經貿聯誼促進會) as of 2022, vice president of the Shanxi Provincial China Overseas Friendship Association* (山西省海外聯誼會), consultant of Shanxi Provincial Federation of Returned Overseas Chinese* (山西省僑聯), the chairman of The International Real Estate Federation – China Macau Chapter* (世界不動產聯盟中國澳門分會) as of 2022, vice president of Macau Chinese People's Political Consultative Conference (Provincial) Members Association* (澳區省級政協委員聯誼會), director of Macau Basic Law Promotion Association* (澳門基本法推廣協會), supervisor of the Chinese General Chamber of Commerce of Macau* (澳門中華總商會) and director of Macao Region China Council for the Promotion of Peaceful National Reunification.

Mr. Ho Kwong Yu (何光宇), aged 38, is our executive Director and the managing director of Space Financial Holdings Limited. Mr. Ho joined our Group on 7 April 2017 as company secretary and chief financial officer and was appointed as our director on 29 July 2020. He is mainly responsible for the Group's business development and overall management of financial matters. He is also a member of the remuneration committee.

* *For identification purposes only*

Mr. Ho obtained his Bachelor of Business Administration (Major in Professional Accountancy) from the Chinese University of Hong Kong in 2008. He is also a member of The Hong Kong Institute of Certified Public Accountants.

From January 2008 to February 2015, Mr. Ho worked at Deloitte Touche Tohmatsu and his last position held was manager in the audit department. From February 2015 to May 2015, Mr. Ho was an internal audit manager at Cosco Shipping International (Hong Kong) Co., Ltd. (formerly named as Cosco International Limited) (Stock Code: 517) and was responsible for conducting internal audit. His last position prior to joining the Group was chief financial officer and company secretary of Creative China Holdings Limited (Stock Code: 8368) where he was responsible for accounting, financial management and company secretarial matters. Mr. Ho has been appointed as an independent non-executive director of Most Kwai Chung Limited (Stock Code: 1716) since March 2018 and Sino Golf Holdings Limited (Stock Code: 361) since November 2018.

Independent Non-executive Directors

Mr. Choi King Leung (蔡景良), aged 46, was appointed as an independent non-executive Director on 25 October 2023. He has obtained a bachelor's degree in engineering in civil and structural engineering from the Hong Kong University of Science and Technology in November 1999. Mr. Choi is a member of the Chartered Association of Building Engineers since July 2014, fellow member of the Chartered Management Institute since December 2014, fellow member of the Society of Professional Engineers since January 2015, member of the International Institute of Risk and Safety Management since February 2015 and member of the Society of Operations Engineers since February 2015. Mr. Choi has over 20 years of experience in the construction industry. Mr. Choi joined Zhunsheng Engineering Company Limited in May 2022 and currently serves as a project director. From November 2019 to May 2022, Mr. Choi was the manager of Shenzhen Ruihe Construction Decoration Limited. From May 2017 to November 2019, Mr. Choi was the Project Director and Assistant to General Manager of China Metallurgical Group Corporation (Macau Branch).

Mr. Li Guohui (李國輝), aged 52, was appointed as an independent non-executive Director on 8 August 2022. He joined China Aircraft Leasing Group Holdings Limited (a company listed on the Stock Exchange, stock code: 1848) and currently serves as the Chief Strategy Officer and Co-Chief Financial Officer. From July 2019 to December 2022, he served as an executive director and joint chief financial officer of Zhongsheng Group Holdings Limited (a company listed on the Stock Exchange, stock code: 0881). From August 2013 to July 2019, Mr. Li was the vice president, chief financial officer and executive director of China Resources Pharmaceutical Group Limited (a company listed on the Stock Exchange, stock code: 3320), a non-executive director of Dong-E E-Jiao Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000423) and China Resources Double Crane Pharmaceutical Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600062) and a supervisor of Sanjiu Medical & Pharmaceutical Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000999). From

September 2009 to August 2013, he was the accounting director of the finance department of China Resources (Holdings) Company Limited. From April 2006 to September 2009, he was a senior analyst of IMC Development Management Company Limited in Hong Kong. From October 2005 to April 2006, he was a M&A investment analyst in IMC Fanya, Singapore. He has also served as an independent nonexecutive director of Shandong Weigao Group Medical Polymer Company Limited (a company listed on the Stock Exchange, stock code: 1066) since June 2022. Mr. Li obtained a bachelor's degree in naval architecture and marine engineering from Wuhan University of Technology, a master's degree in business administration from Wuhan University, a master's degree in financial management from Nanyang Technological University in Singapore and obtained professional qualifications as a Chartered Financial Analyst (CFA) qualified by the CFA Institute of Chartered Financial Analyst and a Certified Public Accountant (CPA) qualified by the Singapore Institute of Chartered Accountants.

Mr. Eulógio dos Remédios, José António (李秉鴻), aged 47, was appointed as an independent nonexecutive Director on 20 December 2017 and is mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company. He is also the chairman of the remuneration committee and a member of the audit and nomination committees. Mr. Eulógio dos Remédios obtained a Diploma in public relations from the Instituto Politécnico de Macau in 2002. He later obtained a Bachelor's degree in Law from the University of Macau in 2007. In July 2011, Mr. Eulógio dos Remédios became a lawyer under the Associação dos Advogados de Macau.

Mr. Eulógio dos Remédios has over 10 years of experience in law. He was a trainee-lawyer at Jorge Neto Valente Lawyers and Notaries from October 2007 to April 2010 and is a lawyer at the same law firm from July 2011 to present. From August 2012 to June 2013, Mr. Eulógio dos Remédios was also a part-time lecturer at the University of Macau.

Mr. Lam Chi Wing (林至穎), aged 44, was appointed as an independent nonexecutive Director on 27 April 2023 obtained a bachelor of business administration in accounting and finance degree from The University of Hong Kong in December 2003, a master of science in knowledge management degree from The Hong Kong Polytechnic University in December 2006 and a master of business administration degree from The Chinese University of Hong Kong in December 2010. He is currently a postgraduate of the Executive Master in Public Administration Hong Kong Administrative Talents Program conducted by the School of Public Policy & Management at Tsinghua University. Mr. Lam joined Li & Fung Group in September 2003, where he served as the group chief representative and general manager of Southern China of Li & Fung Development (China) Limited prior to his departure in July 2015. From June 2020 to December 2020, he was an executive director of Bonjour Holdings Limited. Mr. Lam has been a deputy to the 14th National People's Congress (第十四屆全國人大代表), a member of each of the 12th and 13th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆及第十三屆廣東省委員會) and a member of

each of the 11th and 12th Zhongshan Municipal Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆及第十二屆中山市委員會). Mr. Lam is currently a vice-chairman of each of the Hong Kong Guangdong Youth Association (香港廣東青年總會), the council of the Guangdong Society of Commercial Economy (廣東省商業經濟學會理事會), the Council for the Promotion of Guangdong-Hong Kong-Macao Cooperation (廣東省粵港澳合作促進會) and the Federation of Hong Kong Zhongshan Community Organisations Limited (香港中山社團總會). He is also currently an adjunct associate professor of the department of information systems, business statistics and operations management of the Business School of The Hong Kong University of Science and Technology, and co-director and an adjunct professor of the Center of Innovation, Design and Entrepreneurship of the School of Management and Economics of The Chinese University of Hong Kong, Shenzhen. Mr. Lam served as a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region from 2011 to 2012. Mr. Lam served as an executive director of Bonjour Holdings Limited (stock code: 653) from July 2020 to December 2020 and an independent non-executive director of Aidigong Maternal & Child Health Limited (stock code: 286) from March 2016 to December 2022, the shares of both of which are listed on the Main Board of the Stock Exchange. Mr. Lam is currently an independent non-executive director of each of Wai Hung Group Holdings Limited (stock code: 3321), Alco Holdings Limited (stock code: 328), MTT Group Holdings Limited (stock code: 2350), China Wantian Holdings Limited (stock code: 1854), RENHENG Enterprise Holdings Limited (stock code: 3628), Aidigong Maternal & Child Health Limited (stock code: 286) and TOMO Holdings Limited (stock code: 6928), and Non-executive Director and Chairman of Dreameast Group Limited (stock code: 593), the shares of all of which are listed on the Main Board of the Stock Exchange.

Senior Management

The following table sets forth certain information of our senior management as at the date of this prospectus:

Name	Age	Position	Roles and Responsibilities	Date of joining the Group
Mr. Cheong Chio Kit (張潮杰)	38	Managing Director – Capital Investment	management of capital investment business of the Group	15 October 2020
Ms. Chan Hiu Wa (陳曉華)	30	Company Secretary	the company secretarial matters of the Group	24 June 2021
Mr. Ho King To (何景滔)	43	Deputy Chief Financial Officer	finance and accounting matters	10 August 2013

Name	Age	Position	Roles and Responsibilities	Date of joining the Group
Mr. Leong Tang Fu (梁燈富)	35	Senior Project Manager	management of the Group's fitting-out and construction projects	1 November 2014

Our senior management is responsible for the day-to-day management of our business.

Mr. Cheong Chio Kit (張潮杰), aged 38, is currently the managing director of Space Capital Limited. He joined us on 15 October 2020 and is mainly responsible for management of capital investment business of the Group. Mr. Cheong holds a master's degree in business administration from the European University.

Mr. Cheong had previously invested in and/or held middle to senior management positions at various Macau-based companies engaging in different industries including building construction and decoration and investment, where he has accumulated over 12 years of experience in investment and corporate management.

Ms. Chan Hiu Wa (陳曉華), aged 30, graduated from the City University of Hong Kong with a bachelor's degree of business administration in accounting. She is a member of Hong Kong Institute of Certified Public Accountants. Ms. Chan has over 5 years of experience in auditing and accounting. Prior to joining the Group, she worked at an international accounting firm in Hong Kong.

Mr. Ho King To (何景滔), aged 43, is the deputy chief financial officer. He joined us on 10 August 2013 and is mainly responsible for finance and accounting matters. Mr. Ho has over 8 years of clerical experience and accounting experience.

Mr. Ho obtained his Advanced Diploma in Accounting from the University of Hong Kong School of Professional and Continuing Education in October 2012. He obtained his Bachelor of Accounting from the University of Canberra through a part-time program co-organized with the Hong Kong Baptist University School of Continuing Education in September 2016.

Mr. Leong Tang Fu (梁燈富), aged 35, is the senior project manager. He joined us on 1 November 2014 and is mainly responsible for management of the Group's fitting-out and construction projects. Mr. Leong obtained his bachelor's degree of Civil Engineering and Environment from the National University of Kaohsiung in 2012.

Mr. Leong has over 10 years' experience as an engineer in the engineering industry. From November 2012 to October 2014, he was employed at Ming Shun Construction and Property Investment Ltd with his last position as engineer. He is a registered Civil Engineer with the Land, Public Works and Transport Bureau of Macau. Mr. Leong is also a registered construction safety supervisor in Macau.

Business address of the Directors and Senior Management

The business address of the Directors and the senior management is the same as the Company's head office and principal place of business in Hong Kong at Unit A-C, 11/F, Kee Shing Centre, 74-76 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong.

14. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the placing of all Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2.587 million, which are payable by the Company.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents, and the written consent as referred to in the paragraph headed "10. Experts and consents" in this appendix, have been delivered to the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.spacegroup.com.mo/>) for 14 days from the date of this prospectus:

- (i) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (ii) the material contracts referred to in the paragraph headed "9. Material contracts" in this appendix; and
- (iii) the written consent from the Experts as referred to in the paragraph headed "10. Experts and consents" in this appendix.

17. MISCELLANEOUS

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (iii) The English text of this prospectus shall prevail over the Chinese text in the event of inconsistency.