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USPACE Technology Group Limited

洲際航天科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1725)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

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The Board is pleased to announce that on 14 June 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 31,800,000 Subscription Shares, representing (i) approximately 8.89% of the entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.17% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription.

The Subscription Price of HK\$1.01 per Subscription Share represents (i) a discount of approximately 14.41% to the closing price of HK\$1.18 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 19.33% to the average of the closing prices per Share of HK\$1.252 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Subscription Shares will be allotted and issued under the General Mandate. The allotment and issue of the Subscription Shares is not subject to separate Shareholders' approval.

The gross proceeds from the Subscription will be approximately HK\$32.12 million and the net proceeds will be approximately HK\$31.8 million (after deduction of the expenses of the Subscription). The Directors intend to apply the net proceeds from the Subscription for the general working capital of the Group, including but not limited to the ongoing administrative expenses of the Company, such as salaries, rent, utilities, and operating expenses of the Group's aerospace business.

Completion of the Subscription is subject to the fulfilment of the conditions precedent in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 14 June 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price, on the terms and subject to the conditions set out in the Subscription Agreement.

The Subscription Agreement

Set out below are the principal terms of the Subscription Agreement:

Date : 14 June 2024

Parties : Issuer : The Company

Subscriber : Subscriber

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber is an individual investor and an Independent Third Party.

Number of Subscription Shares

The Subscription Shares comprise of 31,800,000 new Shares. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription, the Subscription Shares represent (i) approximately 8.89% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.17% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no allotment and issue of new Shares from the date of this announcement up to the completion of the Subscription). The aggregate nominal value of the Subscription Shares will be HK\$318,000.

Ranking of Subscription Shares

The Subscription Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Subscription Price

The Subscription Price of HK\$1.01 per Subscription Share represents:

- (i) a discount of approximately 14.41% to the closing price of HK\$1.18 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 19.33% to the average of the closing prices per Share of HK\$1.252 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

The Subscription Price shall be payable by the Subscriber in cash on the Completion Date.

The Subscription Price was determined with reference to the prevailing market price and trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Subscriber. The Directors consider that the terms of the Subscription are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Subscription (including the Subscription Price) is in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares, and such approval not having been withdrawn or revoked;
- (ii) all necessary consents and approvals to be obtained on the part of the Company in respect of the Subscription having been obtained;
- (iii) all necessary consents and approvals to be obtained on the part of the Subscriber in respect of the Subscription having been obtained; and
- (iv) the warranties provided by the Company remaining true and accurate and not misleading, and there is no matter or circumstance which is in breach of the warranties or the terms of the Subscription Agreement.

The Company shall use its best endeavours to procure the fulfilment of conditions (i), (ii) and (iv) above and the Subscriber shall use its best endeavours to procure the fulfilment of condition (iii) above. If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) on or before the Long Stop Date, the Subscription Agreement will be terminated and ceased to be effective, and neither parties shall have obligations and liabilities against the other thereafter, save for any antecedent breach of the Subscription Agreement.

Completion of the Subscription

Completion of the Subscription shall take place on a day falling within five (5) Business Days after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Subscription” above are satisfied (or such other date as may be agreed between the Company and the Subscriber in writing).

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the total number of issued Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 61,800,000 new Shares. Up to the date of this announcement, 30,000,000 new Shares have been issued under the General Mandate and 31,800,000 Shares under the General Mandate remain unissued. Accordingly, the allotment and issue of the Subscription Shares is not subject to separate Shareholders' approval.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes only, assuming that there is no allotment and issue of new Shares from the date of this announcement up to the completion of the Subscription, the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon completion of the Subscription are set out below:

Name of Shareholder	As at the date of this announcement		Immediately upon completion	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Substantial Shareholders				
Hong Kong Aerospace Technology Holdings Limited ("HKATH (BVI)") (Note)	78,343,553	21.91	78,343,553	20.12
Vision International Group Limited ("Vision") (Note)	20,586,000	5.76	20,586,000	5.29
Public Shareholders				
Subscriber	–	–	31,800,000	8.17
Other Shareholders	<u>258,691,247</u>	<u>72.33</u>	<u>258,691,247</u>	<u>66.42</u>
Total	<u>357,620,800</u>	<u>100.00</u>	<u>389,420,800</u>	<u>100.00</u>

Note:

Vision was directly interested in 20,586,000 Shares and HKATH (BVI) was directly interested in 78,343,553 Shares. The entire issued share capital of HKATH (BVI) is owned by Vision and the entire issued share capital of Vision is in turn owned by Mr. Sun Fengquan (“**Mr. Sun**”), an executive Director, Chairman and Chief Executive Officer of the Company. Therefore, Vision is deemed or taken to be interested in the Shares held by HKATH (BVI) under the SFO and Mr. Sun is deemed or taken to be interested in the Shares held by both Vision and HKATH (BVI) under the SFO.

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

On 12 May 2023, the Company and Macquarie Bank Limited (“**Macquarie Bank**”) entered into a subscription agreement (the “**CN Subscription Agreement**”), pursuant to which the Company agreed to issue and Macquarie Bank agreed to subscribe at the subscription price of HK\$686,000,000, for the collateralised convertible notes (the “**Convertible Notes**”) in the principal amount of HK\$700,000,000 with 0.5% coupon and due on the first anniversary of the closing date, being a business day that is no later than five business days after the date on which all conditions under the CN Subscription Agreement are satisfied, which entitled it to convert into a maximum number of 61,750,000 new Shares, in accordance with the terms and conditions of the CN Subscription Agreement (the “**CN Subscription**”). Completion of the CN Subscription took place on 18 October 2023. For details of the CN Subscription, please refer to the announcements of the Company dated 12 May 2023, 31 August 2023 and 18 October 2023 and the circular of the Company dated 18 September 2023.

On 2 May 2024, the Company and Mr. Li Xiaofei (“**Mr. Li**”) entered into a subscription agreement pursuant to which the Company has agreed to allot and issue, and Mr. Li has conditionally agreed to subscribe for 30,000,000 new Shares at the subscription price of HK\$1.51 per Share (the “**May Subscription**”). Completion of the May Subscription took place on 17 May 2024. For details of the May Subscription, please refer to the announcements of the Company dated 2 May 2024 and 17 May 2024.

Set out below is a summary of the allocation of the net proceeds of the CN Subscription and the May Subscription and their approximate utilisation as at the date of this announcement:

Fund raising activity	Use of proceeds	Net proceeds ^(note) (HK\$'000)	Actual use of net proceeds as at the date of this announcement (HK\$'000)	Unutilised net proceeds as at the date of this announcement (HK\$'000)	Expected timetable for utilisation of unutilised net proceeds
CN Subscription	Group's working capital of the operation of the Group's Hong Kong satellite manufacturing centre and Hong Kong satellite operation control and application centre	21,260	21,260	-	N/A
	General working capital	21,260	21,260	-	N/A
May Subscription	General working capital	45,000	7,691	37,309	By the end of September 2024

Note:

The net proceeds of the CN Subscription represent the actual net proceeds from converted Convertible Notes as at the date of this announcement.

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

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in (1) aerospace business which includes (a) satellite manufacturing; (b) satellite communication; (c) satellite measurement and controlling; and (d) satellite launching; and (2) electronics manufacturing services business.

As disclosed in the Company's annual report for the year ended 31 December 2023, the Group recorded a net loss of approximately RMB222,781,000 and a net cash outflow from operating activities of approximately RMB132,871,000 for the year ended 31 December 2023. As at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately RMB339,326,000 while the Group's cash and cash equivalents amounted only to approximately RMB70,225,000. The Company has explored various fund-raising means and considers that the Subscription is a direct and cost-efficient fundraising means which can replenish the capital of the Company and strengthen the Group's financial position in view of the capital need of the Group and the capital-intensive nature of the aerospace business industry.

The Directors believe that the Subscription represents an opportunity to raise further capital to replenish part of the Group's capital shortfall. In particular, based on the Company's estimation, its monthly operating expenses including salaries payment, rental payments, professional fees, office overheads together with the operation cost of its aerospace business, amounted to approximately HK\$12 million. Despite having recently completed the May Subscription, the net proceeds raised therein are expected to be fully utilized in three to four months for the aforesaid expenses. Accordingly, there is an imminent need to conduct the Subscription to fund the short to medium term working capital needs, and the Directors are of the view that the Subscription is in the interests of the Company and its Shareholders as a whole.

The gross proceeds from the Subscription will be approximately HK\$32.12 million and the net proceeds will be approximately HK\$31.8 million (after deduction of the expenses of the Subscription). The Directors intend to apply the net proceeds from the Subscription for the general working capital of the Group, including but not limited to the ongoing administrative expenses of the Company, such as salaries, rent, utilities, and operating expenses of the Group's aerospace business.

Completion of the Subscription is subject to the fulfilment of the conditions precedent in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 28 June 2023
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	USPACE Technology Group Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1725)
“Completion Date”	a date falling within five (5) Business Days the fulfilment of the conditions set out in the Subscription Agreement are satisfied (or such later date as may be agreed between the Company and the Subscriber in writing)
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Last Trading Day”	14 June 2024, being the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5 July 2024, or such later date as may be agreed between the Company and the Subscriber in writing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Ren Ran, being the subscriber subscribing for the Subscription Shares under the Subscription
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 June 2024 and entered into between the Company and the Subscriber in respect of the Subscription

“Subscription Price”	the subscription price of HK\$1.01 per Subscription Share
“Subscription Share(s)”	an aggregate of 31,800,000 new Shares to be allotted and issued pursuant to the Subscription Agreement
“%”	per cent.

By order of the Board
USPACE Technology Group Limited
Sun Fengquan
Chairman and Chief Executive Officer

Hong Kong, 14 June 2024

As at the date of this announcement, the Board comprises Mr. Sun Fengquan (Chairman and Chief Executive Officer), H.H. Shaikh Mohammed Maktoum Juma Al-Maktoum (Deputy Chairman), Ms. Ku Ka Lee Clarie (Vice Chairman), Dr. Fabio Favata and Mr. Ma Fujun as executive Directors; Mr. Alhamed Mnahi F Alanezi, Prof. Christian Feichtinger, Prof. Guo Huadong, Dr. Mazlan Binti Othman and Mr. Nathan Earl Whigham as non-executive Directors; and Ms. Barbara Jane Ryan, Mr. Hung Ka Hai Clement, Mr. Juan de Dalmau-Mommertz, Mr. Marwan Jassim Sulaiman Jassim Alsarkal and Prof. Wang Jianyu as independent non-executive Directors.