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Space Group Holdings Limited
恒宇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2448)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING
IN RELATION TO POSSIBLE ACQUISITION

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

INTRODUCTION

The Board of directors (the “**Board**”) of the Company is pleased to announce that after trading hours of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 December 2021, Space Financial Holdings Limited (an indirect wholly-owned subsidiary of the Company) (the “**Purchaser**”) entered into a non-legal binding memorandum of understanding (the “**MOU**”) with a party (a third party independent of the Company and its connected persons as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) (the “**Vendor**”) in relation to the possible acquisition (the “**Possible Acquisition**”) of the entire issued capital (the “**Sale Shares**”) of a company (the “**Target Company**”).

The Target Company is a company incorporated in Hong Kong with limited liability and is a corporation licensed by the Hong Kong Securities and Futures Commission (the “**SFC**”) to carry out Type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

PRINCIPAL TERMS OF THE MOU

Subject to the fulfillment of the conditions precedent as set forth below and the final determination of the consideration amount between the Purchaser and the Vendor, the Purchaser intends to purchase the entire equity interest in the Target Company for a total consideration of not more than HK\$105 million, which shall be settled by way of (i) cash; (ii) issue and allotment of shares by the Purchaser (which shall represent not more than 9.5% of the enlarged share capital of the Purchaser); or (iii) a combination of cash and issue and allotment of shares by the Purchaser, where the settlement method is subject to the further negotiation between the Purchaser and the Vendor.

Pursuant to the MOU, the Purchaser shall pay a sum of HK\$30.0 million as deposit (the “**Deposit**”) within 7 business days after the signing of the MOU. The Vendor undertook for a period of three month after the payment of the Deposit, or such other dates as may be agreed by the Parties (the “**Exclusivity Period**”), not to negotiate or enter into any document with any third party in relation to the transfer of any of the Sale Shares or businesses or assets of the Target Company. Within the Exclusivity Period, the Purchaser will perform due diligence review (the “**Due Diligence**”) on the Target Company.

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

ABOUT THE TARGET COMPANY

The Target Company is a limited company incorporated in Hong Kong and holds the Type 6 license issued by the SFC to carry out Type 6 regulated activity (advising on corporate finance) under the SFO.

ABOUT THE GROUP

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

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group has been focusing on its development in the finance industry in recent years. It has been seeking business and investment opportunities to strengthen its core financial businesses and broaden its profit base. The Group has been providing financial services including securities trading, investment advice and asset management through its subsidiaries since 2020. Space Prospering Wealth OFC, a direct wholly-owned subsidiary of Space Asset

Management Limited, has been approved by the SFC to become an open-ended fund company, providing pre-IPO fund services to professional investors. In addition, Space Prospering Wealth (Guangdong) Private Equity Fund Management Limited, a direct wholly-owned subsidiary of the Space Asset Management Limited, has also obtained a Qualified Foreign Limited Partner License (QFLP) approved by the Zhuhai Hengqin New Area Finance Bureau to provide private equity investment and venture capital fund management services in China. The Group has set up its China headquarters in Hengqin, Zhuhai and branch office in Shanxi. The construction of the Qingdao branch office has just been completed and it has been put into operation recently. The Anhui branch office will also come into operation soon. The Group is gradually expanding its scope of business in the finance industry and it hopes to radiate its business across China.

The Board believes that the Possible Acquisition will drive the development of the Company's financial businesses and accelerate its expansion in the Greater Bay Area for the following reasons:

- i. the senior management of the Target Company has rich experience in assisting in the listing and corporate transactions of companies. It is qualified to act as sponsor in respect of an application for the listing of securities on the Stock Exchange and/or compliance adviser to Hong Kong listed companies under the capacity of its license. Its main business includes assisting companies to carry out initial public offerings (the “**IPOs**”), acting as independent financial advisers or financial advisers for different corporate advisory services, including but not limited to acquisition and disposal, equity and debt financing, business restructuring and other financial advisory services, and providing advice to listed companies on compliance-related matters in accordance with the requirements under the Listing Rules. It is therefore believed that the Possible Acquisition is of great commercial potential which is able to greatly drive the development of the company's business in Hong Kong and as well as generate new sources of profit;
- ii. the Group has a strong network in China and has been establishing a number of branch offices to facilitate the Target Company to reach out to more Chinese clients and assist potential Chinese companies to list in Hong Kong;
- iii. through the Possible Acquisition, the Group will gain access to more institutional clients, which is conducive to the Group's diversified development and enhanced prospects; and
- iv. the subsidiaries of the Group hold the Type 1, 4 and 9 licenses. The Possible Acquisition allows the Group to obtain the Type 6 license which allows the Group to extend its coverage in the financial industry and become an enterprise that is capable of providing clients with one-stop comprehensive financial services (including pre-IPO financing, IPOs, underwriting of new shares, bookrunner, custody, placing, and other corporate finance advisory services), effectively integrating resources and reducing operating costs.

CONDITIONS PRECEDENT

Should a binding sales and purchase agreement (the “**Formal Agreement**”) be entered into by the parties to the MOU in respect of the Possible Acquisition, completion of such agreement will be conditional upon the fulfillment of, among others, the following:

- i. the Vendor has completed and fulfilled all necessary procedures and legal requirements for the Possible Acquisition;
- ii. the completion of the Due Diligence on the Target Company to the reasonable satisfaction of the Purchaser; and
- iii. the approval of the SFC for the Purchaser or its designated persons to become a substantial shareholder of the Target Company.

LEGAL EFFECT

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

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

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

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

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

Hong Kong, 30 December 2021

As at the date of this announcement, the Board comprises Mr. Che Chan U, Ms. Lei Soi Kun and Mr. Ho Kwong Yu as executive Directors; and Mr. Fan Chun Wah, Andrew, Mr. Eulógio dos Remédios, José António and Ms. Leong Iat Lun as independent non-executive Directors.