
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Amuse Group Holding Limited (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its 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 this circular.



Amuse Group Holding Limited

佰悅集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8545)

**MAJOR TRANSACTION
ACQUISITION OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular

A letter from the Board is set out on pages 3 to 7 of this circular. A notice convening the EGM to be held on 5 November 2020 at 11:00 a.m. at Flat A–C, 3A/F, Metex House, 24–32 Fui Yiu Kok Street, Tsuen Wan, Hong Kong is set out on pages 33 to 35 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish.

This circular will remain on the Stock Exchange’s website at www.hkexnews.hk, the GEM website at www.hkgem.com, on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at www.amusegroupholding.com.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

20 October 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Acquisition”	the acquisition of the Properties by the Purchaser
“Announcements”	the announcement and supplemental announcement of the Company dated 17 August 2020 and 19 August 2020 respectively in relation to the Acquisition
“Board”	the board of Directors
“Company”	Amuse Group Holding Limited, a company incorporated in Cayman Islands with limited liability whose shares are listed on GEM of the Stock Exchange
“Consideration”	the purchase price of HK\$31,382,000 for acquisition of the Properties
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Shareholders to be convened for the purpose of approving the Acquisition
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Properties
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party/Parties”	independent third party who is independent of and not connected with the Company and its connected person (as defined in GEM Listing Rules)
“Latest Practicable Date”	14 October 2020, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Properties”	workshops No. 1, No. 2, No. 3 and No. 4 located at 28 Floor, EW International Tower, 120 Texaco Road, Tsuen Wan, New Territories and a carpark No. 7 located at 1 Floor, EW International Tower, 120 Texaco Road, Tsuen Wan, New Territories
“Provisional Agreement”	the provisional agreement dated 17 August 2020 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Properties
“Purchaser”	D4 Toys (Oversea) Co., Ltd, a wholly owned subsidiary of the Company
“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 issued share capital of the Company
“Shareholder(s)”	holder(s) of the Company’s shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Cannex Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“%”	per cent.



Amuse Group Holding Limited

佰悅集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8545)

Executive Directors:

Mr. Li Wai Keung

(Chairman and Chief Executive Officer)

Mr. To Hoi Pan

Ms. Lee Kwai Fong

Independent non-executive Directors:

Ms. Chow Chi Ling Janice

Mr. Tung Man

Mr. Yu Pui Hang

Registered office:

P.O. Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

Principal place of business in

Hong Kong:

Flat A-C, 3A/F

Metex House

24-32 Fui Yiu Kok Street

Tsuen Wan

Hong Kong

20 October 2020

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTION
ACQUISITION OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcements.

The purpose of this circular is to provide the Shareholders with information in respect of the Acquisition and to give the Shareholders notice of the EGM to approve the Provisional Agreement, the Acquisition and the transactions contemplated thereunder. This circular provides, among other things, (i) further details of the Provisional Agreement and the Acquisition; (ii) financial information of the Group; (iii) an independent valuation report on the Properties; and (iv) a notice convening the EGM.

LETTER FROM THE BOARD

2. THE ACQUISITION

The Board announces that on 17 August 2020 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Vendor, an Independent Third Party, in relation to the acquisition of the Properties at the Consideration of HK\$31,382,000.

The Provisional Agreement

Date: 17 August 2020 (after trading hours of the Stock Exchange)

Vendor: Cannex Limited, a company incorporated in Hong Kong with limited liability and is principally engaged in property investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, and based on the available information provided by the Vendor, Cannex Limited is a company indirectly owned as to (i) 40% by Wang On Properties Limited ("Wang On"), a listed company in Hong Kong, which is owned as to 75% by Mr. Tang Ching Ho, an acting chief executive officer and executive director of Wang On and his spouse Ms. Yau Yuk Yin; and (ii) aggregate of 60% by Mr. Lo Chu Hung and Ms. Tang Pik Kam Cherry respectively, who are Independent Third Parties.

Purchaser: D4 Toys (Oversea) Co., Ltd, a wholly owned subsidiary of the Company.

Properties to acquire: Workshops No. 1, No. 2, No. 3 and No. 4 located at 28 Floor EW International Tower, 120 Texaco Road, Tsuen Wan, New Territories, and a carpark No. 7 located at 1 Floor, EW International Tower, 120 Texaco Road, Tsuen Wan, New Territories.

The Properties will be acquired on "as is" basis.

Consideration

The Consideration of HK\$31,382,000 was determined after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms with reference to the valuation of the Properties of HK\$32,000,000. The Consideration is/shall be payable by the Purchaser to the Vendor in the following manner:

- (i) an initial deposit of HK\$1,200,000 was paid by the Purchaser to the Vendor upon signing of the Provisional Agreement;

LETTER FROM THE BOARD

- (ii) a further deposit of HK\$1,938,200 was paid by the Purchaser to the Vendor on 7 September 2020; and
- (iii) the balance of HK\$28,243,800 shall be paid by the Purchaser to the Vendor upon completion of the Acquisition on or before 30 November 2020.

The Formal Agreement shall be signed on or before 16 November 2020 or a later date as agreed between the parties.

The Directors (including the independent non-executive Directors) consider the Consideration is fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

The Consideration will be financed by bank facilities available to and/or internal resources of the Group.

Completion

Completion shall take place on or before 30 November 2020. The Vendor shall deliver vacant possession of the Properties to the Purchaser upon Completion. In relation to workshop No. 3 and carpark No. 7, the Purchaser agrees to purchase the said premises subject to the existing tenancy.

Should the Purchaser fails to complete the Acquisition in accordance with the Provisional Agreement, the deposits, to the extent already paid by the Purchaser pursuant to the Provisional Agreement, shall be forfeited to the Vendor and the Vendor shall not sue the Purchaser for any liabilities and/or damages caused by the Purchaser's default of the Provisional Agreement.

Should the Vendor after receiving the deposit paid hereunder fail to complete the sale in the manner herein contained the Vendor shall immediately compensate the Purchaser with a sum equivalent to the amount of the deposit as liquidated damages together with the refund of the deposit and the Purchaser shall not take any further action to claim for damages or to enforce specific performance.

LETTER FROM THE BOARD

Information of the properties

The Properties consist of (i) workshops No. 1, No. 2, No. 3 and No. 4 located at 28 Floor EW International Tower, 120 Texaco Road, Tsuen Wan, New Territories, and (ii) a carpark No. 7 located at 1 Floor, EW International Tower, 120 Texaco Road, Tsuen Wan, New Territories. Based on the existing arrangements of the tenancy of the workshop No. 3 and carpark No. 7, the current monthly rental are HK\$24,000 and HK\$4,000 respectively (exclusive of government rates and management fee), expiring on 30 November 2020 and 31 July 2021 respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the tenant is an Independent Third Party.

Reasons for the acquisition

The Group is principally engaged in design, marketing, distribution and retail sales of toys and related products.

The Group has been exploring investment opportunities with an aim to enhance the returns to the Company and Shareholders as a whole. The Directors and senior management of the Company have been reviewing the prevailing property market in Hong Kong. The Acquisition represents an allocation of capital into revenue generating assets that are non-correlated to the Group's core principal business in toys and related products. The Group intends to use the Properties for investment purposes by leasing out for rental income. The Directors are of the view that the Acquisition is beneficial to the Group with rental income and potential capital appreciation. The Directors consider that the terms of the Acquisition (including the Consideration) are on normal commercial terms and are fair and reasonable, and the Acquisition is in the interests of the Shareholders and the Company as a whole.

Financial effects of the acquisition

It is expected that upon completion of the Acquisition, there will be an decrease in total assets of approximately HK\$381,000, comprising an increase in investment properties of approximately HK\$34,049,000 offset by a decrease of approximately HK\$34,430,000 in bank deposits and cash (being the total of the Consideration of HK\$31,382,000 together with other directly attributable costs of the Acquisition of approximately HK\$3,048,000, comprising stamp duty of approximately HK\$2,667,000, and legal and professional fee of approximately HK\$381,000). For further details, please refer to the unaudited pro forma financial information of the Group as set out in Appendix III to this circular.

The Group's earnings are expected to increase as a result of the Acquisition, after taking into account the rental income to be derived from the Properties.

LETTER FROM THE BOARD

3. GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in GEM Listing Rules) in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval pursuant to Chapter 19 of GEM Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, and based on the available information provided by the Vendor, Cannex Limited is a company indirectly owned as to (i) 40% by Wang On Properties Limited ("**Wang On**"), a listed company in Hong Kong, which is owned as to 75% by Mr. Tang Ching Ho, an acting chief executive officer and executive director of Wang On and his spouse Ms. Yau Yuk Yin; and (ii) aggregate of 60% by Mr. Lo Chu Hung and Ms. Tang Pik Kam Cherry respectively, who are Independent Third Parties. Accordingly, no shareholder is required to abstain from voting on the relevant resolution to be proposed at the EGM.

4. RECOMMENDATION

Taken into account the reasons set out above, the Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition and the transactions contemplated thereunder.

5. ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Amuse Group Holding Limited
Li Wai Keung
Chairman and executive Director

1. FINANCIAL SUMMARY

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2020 and the unaudited condensed consolidated financial information of the Group for the three months ended 30 June 2020, together with the relevant notes thereto are disclosed in the following documents:

- first quarterly report of the Group for the three months ended 30 June 2020 published on 13 August 2020 (pages 5 to 28)^{Note 1};
- annual report of the Group for the year ended 31 March 2020 published on 24 June 2020 (pages 57 to 148)^{Note 2};
- annual report of the Group for the year ended 31 March 2019 published on 28 June 2019 (pages 56 to 144)^{Note 3}; and
- annual report of the Group for the year ended 31 March 2018 published on 29 June 2018 (pages 56 to 140)^{Note 4}.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2020, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness comprising secured bank borrowings amounting to approximately HK\$3,579,000 and lease liabilities amounting to approximately HK\$4,707,000.

The outstanding secured bank borrowings were guaranteed and secured by the properties owned by a subsidiary of the Group and the leases liabilities are secured by the rental deposits.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, the Group did not, as at the close of business on 31 August 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, have any loan capital issued and outstanding or agreed to be issued, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, bank overdraft, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

Notes:

1. <https://www1.hkexnews.hk/listedco/listconews/gem/2020/0813/2020081301462.pdf>
2. <https://www1.hkexnews.hk/listedco/listconews/gem/2020/0624/2020062401494.pdf>
3. <https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628177.pdf>
4. <https://www1.hkexnews.hk/listedco/listconews/gem/2018/0629/gln20180629307.pdf>

The Directors confirm that, as of 31 August 2020, being the latest practicable date for the purpose of this statement of indebtedness, save as disclosed above, the Group did not have any issued and outstanding, or authorised or otherwise created but unissued debt securities, term loans, other borrowings, indebtedness, mortgages and charges, contingent liabilities and guarantees.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources available to the Group, including internally generated funds and available banking facilities of the Group, the Directors, after due and careful enquiry, are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances, such as any event of force majeure occurs including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in design, marketing, distribution and retail sales of toys and related products.

As disclosed in the first quarterly report of the Group for the three months ended 30 June 2020, the Group's financial performance for the aforementioned period was impacted by slow market conditions. The Group therefore proactively seeks potential business opportunities and explore the possibility to expand the Group's network not limited to ACG figure toys market, that will broaden the sources of income of the Group and enhance value to the shareholders. Taking into account the relatively depressed property market in Hong Kong, the Directors believe the Acquisition represents such potential business opportunity.

Going forward, the Group may explore investment opportunities with an aim to further diversify and broaden revenue sources of the Group and generate returns and long-term values for the Shareholders should the opportunity arise.

PROFIT AND LOSS STATEMENT OF THE PROPERTIES

Pursuant to Rule 19.67(6)(b)(i) of the GEM Listing Rules, a profit and loss statement for the three preceding financial years ended 31 March 2018, 2019 and 2020 and the period from 1 April 2020 to 30 June 2020 (the “**Relevant Period**”) on the identifiable net income stream or assets valuation in relation to the Properties, which must be reviewed by the auditor or the reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records, is required to be included in this circular.

The Vendor is Cannex Limited, a limited liability company incorporated in Hong Kong, which is principally engaged in property investments and is indirectly owned by (i) Wang On Properties Limited (“**Wang On**”) as to 40%; and (ii) by Mr. Lo Chu Hung and Ms. Tang Pik Kam Cherry respectively as to aggregate of 60% as at the date of this circular.

As disclosed in the announcement of the Company dated 17 August 2020, based on the information provided by the Vendor, the Properties are subject to certain tenancies. The Company has obtained from the Vendor the copies of the tenancy agreements of the existing tenancies in respect of the Properties (the “**Tenancy Agreements**”). Save for the Tenancy Agreements, (i) no further detailed breakdown of any financial breakdown has been provided by the Vendor; and (ii) the Vendor has not granted the Company access to the underlying books and records or other financial information of the Properties, including direct costs and other expenses for the preparation of the financial information of the Properties for the Relevant Period in strict compliance with the requirements of Rule 19.67(6)(b)(i) of the GEM Listing Rules on the grounds that they contain other information which is confidential and not relevant to the Acquisition.

The Company has therefore applied, and the Stock Exchange has granted, a waiver from strict compliance with Rule 19.67(6)(b)(i) of the GEM Listing Rules.

The financial information of the Properties for each of the Relevant Period to the Company set out below has been prepared by the Directors solely based on the Tenancy Agreements provided by the Vendor and represents an alternative to and does not represent the profit and loss statement of the Properties. Accordingly, it may not give a full picture of the performance of the Properties during the Relevant Period.

Based on the Tenancy Agreements, the gross rental income of the Properties during the Relevant Period is set out below:

	Note	Year ended 31 March			Three months ended	
		2018	2019	2020	30 June	
		HK\$'000	HK\$'000	HK\$'000	2019	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross rental income	1	288	305	262	83	83

Note 1: Revenue of the Properties during the Relevant Period is set out below:

		Year ended 31 March			Three months ended 30 June	
		2018	2019	2020	2019	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(note)	(note)	(note)	(note)	(note)
Rental income						
Property 1	288	288	216	72	72	
Property 2	–	17	46	11	11	
		288	305	262	83	83

note: Being gross rental income derived from the Tenancy Agreements in respect of the Properties.

During the Relevant Period, there were 2 tenancy agreements for Property 1. Property 1 is currently let to Hong Kong Fair Trade Power Limited on a lease for a term of 1 year from 1 December 2019 to 30 November 2020. The current monthly rental, started from 1 December 2019, (excluding rates and building management fees) paid/to be paid to the Vendor of the Property 1 is HK\$24,000.

During the Relevant Period, there was 1 tenancy agreement for Property 2. Property 2 was let to LT Design Concepts Limited on a lease for a term of 2 years from 13 November 2018 to 12 November 2020 which was early terminated until 31 July 2020. The monthly rental, started from 13 November 2018 (excluding rates and building management fees) paid to the Vendor of the Property 2 was HK\$3,800. Currently, Property 2 is let to ZT International Limited on a lease for a term of 1 year from 1 August 2020 to 31 July 2021. The current monthly rental, started from 1 August 2020, (excluding rates and building management fees) paid/to be paid to the Vendor of the Property 2 is HK\$4,000.

Note 2: Based on the Tenancy Agreements, gas, water, telephone, electricity and air-conditioning charges and all other outgoings directly attributable to the Properties shall be borne by the tenants, whereas government rent and rates, management fee and profits tax in respect of the Properties shall be borne by the Vendor. Stamp duty incurred in respect of the Tenancy Agreements shall be borne by the tenants and the Vendor (as landlord) in equal shares.

Note 3: Based on the information provided by the Vendor, the management fee in respect of the Properties for the financial year ended 31 March 2018, 2019 and 2020 and the three months ended 30 June 2019 and 2020 was to be approximately HK\$47,000, HK\$47,000, HK\$47,000, HK\$12,000 and HK\$12,000 respectively.

- Note 4:* Pursuant to the information publicly available from the website of Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region, the total government rent and rates paid and payable in respect of the Properties for the financial year ended 31 March 2018, 2019 and 2020 and the three months ended 30 June 2019 and 30 June 2020 was estimated to be approximately HK\$739,000, HK\$739,000, HK\$739,000, HK\$185,000 and HK\$185,000.
- Note 5:* Save for the Tenancy Agreements and other publicly available information, the Directors do not have access to other financial information in relation to the Properties. Due to the limited information available to them, based on the Tenancy Agreements and the experience of the Company's management, the Directors estimated that the other monthly expenses such as insurance costs and repair and maintenance expenses, which are payable by the Vendor, is minimal and the Directors are of the view that the omission of such other monthly expenses would not materially affected the financial information. Accordingly, no other expenses such as insurance costs and repair and maintenance expenses were included in the above financial information.
- Note 6:* Save for the financial information that the Company could not obtain from the Vendor, the financial information of the Properties set out above is prepared using accounting policies which are materially consistent with those of the Company.
- Note 7:* The Directors are of the view that the omission of a profit and loss statement for the net income stream of the Properties would not render this circular materially incomplete and misleading or deceptive.

The Company has engaged Grant Thornton Hong Kong Limited, the auditor of the Company, to perform certain agreed-upon procedures in respect of the gross rental income for the leasing of the Properties for the Relevant Period in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The procedures were performed solely to assist the Directors in evaluating the accuracy of the gross rental income derived from the Properties, and are summarised as follows:

- (i) to obtain the gross rental income summary (the "**Gross Rental Income Summary**") of the Properties for the Relevant Period prepared by management of the Company and to check its arithmetical accuracy. As represented by management of the Company, the information in the Gross Rental Income Summary was extracted from the Tenancy Agreements provided by the Vendor;
- (ii) to compare the amount of gross rental income as set out in this appendix against the Gross Rental Income Summary; and
- (iii) to compare the particulars of the tenancy periods and monthly rental as shown in the Gross Rental Income Summary to the respective Tenancy Agreements which were provided by management of the Company.

Based on the information and documents made available to the auditor of the Company, their findings are:

- (i) with respect to procedure (i) above, the auditor found the Gross Rental Income Summary was arithmetically accurate;
- (ii) with respect to procedure (ii) above, the auditor found the gross rental income as set out in this Appendix was in agreement with those contained in the Gross Rental Income Summary; and
- (iii) with respect to procedure (iii) above, the auditor found that the particulars of the tenancy periods and monthly rental as shown in the Gross Rental Income Summary of the Properties to be in agreement with those contained in respective Tenancy Agreements which were provided to the auditor by management of the Company.

The auditor has performed the above agreed-upon procedures set out in the relevant engagement letter between the Company and the auditor and reported its factual findings based on the agreed-upon procedures to the Directors. Pursuant to the terms of the relevant engagement letter between the Company and the auditor, the reported factual findings should not be used or relied upon by any other parties for any purposes.

The above work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, Hong Kong Standards on Assurance Engagements or Hong Kong Standards on Investment Circular Reporting Engagements issued by the HKICPA and consequently no assurance is provided by the auditor of the Company on the unaudited financial information of the Properties disclosed in this circular and the gross rental income for the Relevant Period.

VALUATION OF THE PROPERTIES

No valuation of the Properties for each of the financial year end and the period end within the Relevant Period has been disclosed herein as the Company has not been able to obtain the valuation report(s) in respect of the Properties from the Vendor. Instead a valuation report of the Properties as at 14 August 2020 as appraised by an independent valuer is prepared and set out in Appendix IV in this circular.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma consolidated statement of assets and liabilities (the “**Unaudited Pro Forma Financial Information**”) presented below is prepared to illustrate the effect of the acquisition of the Properties (the acquisition of the Properties referred to as the “**Acquisition**”) on assets and liabilities of the Group as if the Acquisition as defined in the Circular, had been completed on 31 March 2020.

The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company for illustrative purpose only and because of its hypothetical nature, it may not purport to represent what the financial position of the Group would have been on actual completion of the Acquisition.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 19.67 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited, for the purpose of illustrating the financial effect of Acquisition as if the Acquisition had been completed on 31 March 2020. The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates, uncertainties and currently available information.

The Unaudited Pro Forma Financial Information has been prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2020 extracted from the published annual report of the Group for the year ended 31 March 2020, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition and not related to future events or decisions and (ii) factually supportable, as if the Acquisition had been completed on 31 March 2020.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this Circular, and the unaudited financial information of the Properties as set out in Appendix II to this Circular and other financial information included elsewhere in this Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AS AT 31 MARCH 2020

	Statement of assets and liabilities of the Group as at 31 March 2020			The Group after Acquisition
	Pro forma adjustments			
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties	–	34,049	–	34,049
Property, plant and equipment	26,299	–	–	26,299
Deferred tax assets	30	–	–	30
Other receivables	1,298	–	–	1,298
	<u>27,627</u>	<u>34,049</u>	<u>–</u>	<u>61,676</u>
Current assets				
Inventories	3,249	–	–	3,249
Trade and other receivables	57,556	–	–	57,556
Current tax recoverable	1,424	–	–	1,424
Bank deposits and cash	115,102	(34,049)	(381)	80,672
	<u>177,331</u>	<u>(34,049)</u>	<u>(381)</u>	<u>142,901</u>
Current liabilities				
Trade and other payables	22,757	–	–	22,757
Bank loans	3,639	–	–	3,639
Lease liabilities	3,471	–	–	3,471
Current tax payable	1,356	–	–	1,356
	<u>31,223</u>	<u>–</u>	<u>–</u>	<u>31,223</u>
Net current assets	<u>146,108</u>	<u>(34,049)</u>	<u>(381)</u>	<u>111,678</u>
Total assets less current liabilities	<u>173,735</u>	<u>–</u>	<u>(381)</u>	<u>173,354</u>
Non-current liabilities				
Lease liabilities	2,915	–	–	2,915
Deferred tax liabilities	626	–	–	626
	<u>3,541</u>	<u>–</u>	<u>–</u>	<u>3,541</u>
Net assets	<u>170,194</u>	<u>–</u>	<u>(381)</u>	<u>169,813</u>

C. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. The figures were extracted from the consolidated statement of financial position as at 31 March 2020 as set out in the published annual report of the Group for the year ended 31 March 2020.
2. The adjustment is to reflect (i) the Acquisition at a fixed purchase price of HK\$31,382,000 determined on the basis as set out on page 1 to this Circular and (ii) the incidental cost of stamp duty amounting to HK\$2,667,000 which are directly attributable costs of the Acquisition. The estimated total acquisition costs are HK\$34,049,000.

The Properties are to be held by the Group to lease out for rental income and hence are classified as investment properties, which are initially measured at cost and subsequently measured at fair value. Changes in fair value of investment properties will be recognised in profit or loss.

In respect of the valuation of the Properties carried out by an independent valuer, as set out in the Appendix IV to this Circular, the Properties are valued at HK\$32,000,000 as of 14 August 2020, which approximates the amount of the purchase price of HK\$31,382,000.

3. The adjustment reflects the payment of the estimated legal and professional fee of approximately HK\$381,000 for the Acquisition. This adjustment has no continuing effect.
4. No adjustment have been made to reflect any operating results or other transactions of the Group entered into subsequent to 31 March 2020.

D. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from our reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF AMUSE GROUP HOLDING LIMITED**

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Amuse Group Holding Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 March 2020 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 14 to 16 of the Company’s circular dated 20 October 2020 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 14 to 16 of the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of Properties (the “**Acquisition**”) on the Group’s financial position as at 31 March 2020 as if the Acquisition had taken place at 31 March 2020. As part of this process, information about the Group’s financial position has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 March 2020, on which an auditor’s report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 19.67 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM 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 Control

We have complied with the independence and other ethical requirements 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.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and 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 7.31(7) of the GEM 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 have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM 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.

The purpose of Unaudited Pro Forma Financial Information included in circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2020 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 by the directors of the Company 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 7.31(1) of the GEM Listing Rules.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Ng Ka Kong

Practising Certificate No.: P06919

Hong Kong, 20 October 2020

The following is the text of a letter, summary of value and valuation report, prepared for the purpose of incorporation in this circular received from AA Property Services Limited, an independent valuer, in connection with its valuation as at the date of this report of the real properties located in Hong Kong.



AA Property Services Ltd.
環亞物業顧問有限公司

Valuation . Agency . Auction . Investment Consultancy . Project & Building Management
Estate Agent's Licence No. C-003730

708 Mirror Tower,
61 Mody Road,
Tsimshatsui East,
Kowloon

14 August, 2020

Our Ref. V200236

The Directors
Amuse Group Holding Limited
Flat A-C on 3A/F
Metex House
Nos. 24-32 Fui Yiu Kok Street
Tsuen Wan
New Territories

Dear Sirs,

RE: WORKSHOP NOS.1, 2, 3 & 4 ON 28TH FLOOR AND VAN CAR PARK NO.V7 ON 1/F,
EW INTERNATIONAL TOWER, NO. 120 TEXACO ROAD, TSUEN WAN, NEW
TERRITORIES (THE “**PROPERTY**”)

INSTRUCTION

In accordance with your instruction to value the Property to be acquired by D4 Toys (Oversea) Co. Ltd., a wholly-owned subsidiary of Amuse Group Holding Limited (hereinafter referred to as the “**Company**”) located in Hong Kong, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at the date of this report.

DEFINITION OF MARKET VALUE

Our valuation is our opinion of the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

BASIS OF VALUATION AND ASSUMPTIONS

The property interests have been valued on the open market basis assuming sale with the benefit of vacant possession by the market approach whereby sales of property of nature and character similar to the property under consideration are collated and analysed in order to arrive at a value appropriate to the property interests and where appropriate on the basis of capitalization of the net income receivable with due allowance for reversionary income potential. Comparisons are made in respect of the location, size and character between the property and the comparable property in order to arrive at a value appropriate to the property interests.

Our valuation has been made on the assumption that the owners sell the property interests in the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the value of such property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no allowance has been made for the property interests to be sold in one lot or to a single purchaser.

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site and floor areas, age of building and all other relevant matters which can affect the values of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have not carried out on-site measurement to verify the site and floor areas of the property under consideration. We have assumed that the site and floor areas supplied to us or as shown on the documents handed to us are correct. We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

TITLE INVESTIGATION

We have conducted searches in respect of the property interests at the Land Registry of Hong Kong. However we have not scrutinized the original documents to verify ownership or to verify any lease amendments which may not appear on the copies handed to us. All documents and leases have been used as reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the property included in the valuation certificate attached in respect of which we have been provided with such information as we have required for the purpose of our valuation. The property was inspected by Mr. Alex Ng (Diploma in Surveying with over 20 years of experience in the valuation of property located in Hong Kong) on 7 August 2020.

No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

VALUATION STANDARDS

In this valuation, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; and the HKIS Valuation Standards (2017 Edition) on Properties published by the Hong Kong Institute of Surveyors.

Our Summary of Valuation and Valuation Report are attached.

Yours faithfully,
For and on behalf of
AA PROPERTY SERVICES LIMITED
PATRICK W.C. LAI,
MRICS, MHKIS, MCI Arb., RPS (GP)
Executive Director

Note: Mr. Patrick W. C. Lai, Chartered Valuation Surveyor, has been a qualified valuer with AA Property Services Ltd. since 1991 and has over 20 years of experience in the valuation of property located in Hong Kong and the People's Republic of China. Mr. Lai is on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers issued by the Hong Kong Institute of Surveyors under the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

SUMMARY OF VALUATION

Property to be held for investment in Hong Kong

Property	Capital value in existing state as at the date of this report
Workshop Nos. 1, 2, 3 & 4 on 28th Floor and Van Car Park No. 7 on 1st Floor EW International Tower No. 120 Texaco Road Tsuen Wan New Territories	HK\$32,000,000

VALUATION REPORT

Property to be held for investment in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at the date of this report
Workshop Nos.1, 2, 3 & 4 on 28th Floor and Van Car Park No. 7 on 1st Floor, EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories	The property comprises four industrial units on 28th floor together with a van parking space on 1st floor of a 27-storeyed industrial building.	Workshop Nos.1, 2 & 4 on 28/F were vacant, whilst Workshop No.3 and Van Car Park No.7 on 1/F were subject to various tenancies with the latest expiry date on 31 July 2021 as at the date of this report.	HK\$32,000,000
520/13, 735th shares of and in Tsuen Wan Town Lot No.124	<p>The building was completed in about 1995.</p> <p>The four industrial units contains a total gross floor area of approximately 632.48 square metres (or approximately 6,808 square feet) and a total saleable area of approximately 469.34 square metres (or approximately 5,052 square feet).</p>	The total monthly rent receivable from the leased portions was about HK\$28,000 as at the date of this report.	

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at the date of this report
	By virtue of section 6 of the New Territories Leases (Extension) Ordinance 1988 the lease term of the property is extended until the expiry of 30 June 2047.	The property was occupied primarily for workshop and carparking purposes respectively.	
	The annual government rent for the property is equal to 3% of the rateable value of the property.		
	The property falls into the area zoned for “Industrial” uses under the current approved Tsuen Wan Outline Zoning Plan No. S/TW/33 dated 28 April 2017.		

Notes:

1. The registered owner of the property is Cannex Limited.
2. As per the land register obtained from the Tsuen Wan land registry, the property is subject to, *inter alia*, the following encumbrances:

By a mortgage in favour of Hang Seng Bank Limited vide memorial no.19101702380149 dated 25 September 2019.
3. The property is located in Texaco Road, close to its junction with Yeung Uk Road, in the Tsuen Wan district of the New Territories, Hong Kong. The area is a well-established industrial area comprising mainly of old and new industrial developments. Public transport facilities of franchised bus, public light bus and taxi are available nearby. Mass Transit Railway – Tsuen Wan Station is within about 5 minutes driving distance from the property.
4. For the purpose of valuation, we have obtained market comparables which are of nature and character similar to the property such that they are also industrial properties with similar building age and are located in the same locality. Further, such comparable transactions were obtained and collated in such way that we have chosen those with their dates of transaction close to the date of valuation.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with GEM 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 circular 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 circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company comprised 10,000,000,000 ordinary Shares, which is in turn in HK\$100,000,000, while the issued share capital of the Company comprised 1,000,000,000 ordinary Shares, which is in HK\$10,000,000.

As at the Latest Practicable Date, the Company had no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Nature of interest/ Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1)
Mr. Li Wai Keung ("Mr. Li") (Note 1)	Interest of a controlled corporation	485,000,000 (L) (Note 2)	48.50%

Notes:

1. Mr. Li is wholly and beneficially interested in the said shares through his wholly owned Company, Infinite Force Holdings Ltd (“Infinite Force”), which is the beneficial owner of 485,000,000 Shares.
2. The letter “L” denotes the person’s long position in the Shares.

(b) Substantial Shareholders and other persons’ interests in Shares and underlying Shares

As at the Latest Practicable Date, person (other than the Directors) who had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company’s issued share capital, was recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest/ Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company
Infinite Force (<i>Note 1</i>)	Beneficial owner	485,000,000 (L) <i>(Note 2)</i>	48.50%
Ms. Fong Wing Yan (“ Ms. Fong ”) <i>(Note 3)</i>	Interest of spouse	485,000,000 (L) <i>(Note 2)</i>	48.50%

Notes:

1. Infinite Force, a company incorporated in the British Virgin Islands on 18 October 2016 and an investment holding company, is wholly and beneficially owned by Mr. Li who is the chairman and an executive Director of the Company. Therefore, Mr. Li is deemed to be interested in the 485,000,000 Shares held by Infinite Force by virtue of his 100% shareholding interest in Infinite Force.
2. The letter “L” denotes the person’s long position in the Shares.
3. Ms. Fong is the spouse of Mr. Li. She is deemed to be interested in the Shares in which Mr. Li is interested under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any other interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of GEM Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified by any persons (other than Directors or chief executive of the Company as discussed above) who had interests or short positions in the Shares or underlying Shares of the Company that was required to be recorded in the register kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of GEM Listing Rules.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors of the Group, the compliance adviser (Ample Capital Limited), and their respective associates has interests in the businesses which competes or was likely to compete, whether directly or indirectly, with the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACTS OR ASSETS

As at the Latest Practicable Date,

- (i) there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group; and
- (ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operation or financial condition of the Group.

8. QUALIFICATION AND CONSENTS OF EXPERTS

- (a) The following sets out the qualifications of the experts who have given their opinions or advice or statements as contained in this circular:

NAME	QUALIFICATION
AA Property Services Ltd.	Independent qualified valuer
Grant Thornton Hong Kong Limited	Certified public accountants

- (b) As at the Latest Practicable Date, each of the above experts had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.
- (c) As at the Latest Practicable Date, each of the above experts had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 March 2020 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased to any member of the Group.
- (d) As at the Latest Practicable Date, each of the above experts had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their reports or letters or their name and logo in the form and context in which they respectively appear.

9. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Provisional Agreement;
- (b) the joint venture agreement dated 30 March 2020 between Amuse Luck Limited (a wholly-owned subsidiary of the Company) and Grand View Protective Products Limited to jointly establish a limited liability company proposed to be incorporated in Hong Kong (whereby Amuse Luck Limited contributed HK\$3 million to the joint venture), which will principally engage in manufacturing and sale of protective products in Hong Kong and People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and the Taiwan area) markets; and

- (c) the formal agreement for sale and purchase of Flat J on 32nd Floor of Tower 5 of Phase 1, Century Gateway, No. 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories dated 31 July 2019 between Sentinel International Co. Limited (a wholly-owned subsidiary of the Company), being the vendor, and Mr. Wan Kin Lun, being the purchaser, at the consideration of HK\$10.8 million.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 6:30 p.m. on any business days from the date of this circular up to and including 14 days (except public holidays) thereafter at the Company's principal place of business in Hong Kong situated at Flat A-C, 3A/F Metex House 24-32 Fui Yiu Kok Street Tsuen Wan, Hong Kong:

- (a) the memorandum and articles of association of the Company;
- (b) the Provisional Agreement;
- (c) the annual reports of the Company for each of the three years ended 31 March 2018, 2019 and 2020, respectively;
- (d) the first quarterly report of the Company for the three months ended 30 June 2020;
- (e) the letter from the Board, the text of which is set out from pages 3 to 7 of this circular;
- (f) the report on the unaudited financial information of the properties, the text of which is set out in Appendix II to this circular;
- (g) the report on the unaudited pro forma financial information of the Group upon completion of the Acquisition, the text of which is set out in Appendix III to this circular;
- (h) the valuation report issued by AA Property Services Ltd., the text of which is set out in Appendix IV to this circular;
- (i) the written consents of the experts referred to in paragraph 8 of this appendix;
- (j) the material contracts referred to in paragraph 9 of this appendix; and
- (k) this circular.

11. MISCELLANEOUS

- (a) The company secretary and compliance officer of the Company is Mr. TO Hoi Pan, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at Flat A-C, 3A/F, Metex House, 24-32 Fui Yiu Kok Street, Tsuen Wan, Hong Kong.
- (d) The principal share registrar of the Company is Estera Trust (Cayman) Limited at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands
- (e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The Company has an audit committee established with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are (i) to make recommendations to the Directors on the appointment and removal of external auditors, (ii) to review the financial statements and material advice in respect of financial reporting process of the Group and (iii) to oversee the internal control systems of the Group. The audit committee currently consists of all independent non-executive Directors, namely Ms. Chow Chi Ling Janice, Mr. Yu Pui Hang and Mr. Tung Man. Ms. Chow Chi Ling Janice is the chairman of our audit committee.

Ms. CHOW Chi Ling Janice (“**Ms. Chow**”) is an independent non-executive Director. Ms. Chow is responsible for providing independent judgement on our strategy, performance, resources and standard of conduct. Ms. Chow obtained a degree of Bachelor of Commerce from The University of Auckland in New Zealand in May 2004. She subsequently obtained a degree of Master of Commerce in Finance from The University of New South Wales in Australia in September 2005. Ms. Chow has become a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2010.

Mr. YU Pui Hang (“**Mr. Yu**”) is an independent non-executive Director. He is responsible for providing independent judgement on our strategy, performance, resources and standard of conduct. Mr. Yu obtained a degree of Bachelor of Laws from the King’s College London of the University of London in the United Kingdom in July 2001. Mr. Yu was admitted to practise law as a solicitor in Hong Kong in August 2004 and in England and Wales in April 2005. He was also admitted as an associate of the Hong Kong Institute of Arbitrators in May 2003. Mr. Yu was appointed as the honorary legal advisor to the Hong Kong Federation of Invention and Innovation since July 2017 and the honorary legal advisor to The GHM-Greater Bay Area TECHFIN Association since May 2018.

Mr. TUNG Man (“**Mr. Tung**”), is an independent non-executive Director. He is responsible for providing independent judgement on our strategy, performance, resources and standard of conduct. Mr. Tung obtained a degree of Bachelor of Social Science with Honours from The Chinese University of Hong Kong in December 1997.

- (g) The English text of this circular shall prevail over its Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Amuse Group Holding Limited

佰悅集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8545)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Amuse Group Holding Limited (the “**Company**”) will be held on 5 November 2020 at 11:00 a.m. at Flat A–C, 3A/F, Metex House, 24–32 Fui Yiu Kok Street, Tsuen Wan, Hong Kong (the “**Meeting**”) for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the provisional sale and purchase agreement (the “**Agreement**”, a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) dated 17 August 2020 entered into between D4 Toys (Oversea) Co., Ltd, a wholly owned subsidiary of the Company (the “**Purchaser**”) as purchaser, Cannex Limited as vendor and Centaline Property Agency Limited as the property agent in relation to the sale and purchase of workshops No. 1, No. 2, No. 3 and No. 4 located at 28 Floor EW International Tower, 120 Texaco Road, Tsuen Wan, New Territories, and a carpark No. 7 located at 1 Floor, EW International Tower, 120 Texaco Road, Tsuen Wan, New Territories and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised on behalf of the Company to do all such acts, matters and things and sign, seal, execute, perfect and deliver all such documents as they may in their discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation and/or give effect to any matters relating to the Agreement and the transactions contemplated thereunder.”

By Order of the Board
Amuse Group Holding Limited
Li Wai Keung
Chairman and executive Director

Hong Kong, 20 October 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Chairman and executive Director:

Mr. Li Wai Keung

Executive Directors:

Mr. To Hoi Pan

Ms. Lee Kwai Fong

Independent non-executive Directors:

Ms. Chow Chi Ling Janice

Mr. Tung Man

Mr. Yu Pui Hang

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. In order to be valid, the instrument appointing a proxy and (if required by the board of the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the Meeting and, in such event, the form of proxy shall be deemed to be revoked.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned Meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
6. To ascertain shareholders' eligibility to attend and vote at this Meeting, the register of members of the Company will be closed from 2 November 2020 to 5 November 2020 (both days inclusive), during which period no share transfer will be effected. In order to qualify for attending and voting at the Meeting, unregistered holders of shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m., on 30 October 2020.
7. A form of proxy for use at the Meeting is enclosed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

8. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is hoisted or in effect at or after 9:00 a.m. on the date of the extraordinary general meeting, the Meeting will be postponed. The Company will post an announcement on the Company’s website at www.amusegroupholding.com and the Stock Exchange’s website at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
9. The resolution set out in this notice shall be decided by way of poll.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 notice is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in this notice have been arrived at after due and careful consideration, and there are no other matters the omission of which would make any statement herein or this notice misleading.

This notice will be published on the Stock Exchange’s website at www.hkexnews.hk, the GEM website at www.hkgem.com, on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at www.amusegroupholding.com.