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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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.

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.

This announcement, for which the directors (the “Directors”) of Amuse Group Holding Limited (the “Company”) 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 (the “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 announcement 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 announcement misleading.

The board of Directors (the “Board”) of Amuse Group Holding Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 31 December 2018 (the “Period”), together with the comparative figures for the nine months ended 31 December 2017 (the “Corresponding Period”), which have not been audited nor reviewed by the independent auditor but have been reviewed and approved by the audit committee of the Company (the “Audit Committee”), as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2018

		Nine months ended	
		31 December	
		2018	2017
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	3	139,337	94,002
Cost of sales		<u>(103,486)</u>	<u>(66,992)</u>
Gross profit		35,851	27,010
Other net income	4	1,951	2,680
Selling expenses		(4,237)	(3,346)
Administrative expenses		(13,209)	(9,327)
Listing expenses		(2,487)	(3,803)
Valuation gain on investment property		<u>300</u>	<u>1,000</u>
Profit from operations		18,169	14,214
Finance costs	5(a)	<u>(127)</u>	<u>(81)</u>
Profit before taxation	5	18,042	14,133
Income tax expense	6	<u>(3,331)</u>	<u>(2,892)</u>
Profit for the period		<u>14,711</u>	<u>11,241</u>
Earnings per share			
– Basic and diluted (HK cents)	7	<u>1.56</u>	<u>1.50</u>
Profit for the period		14,711	11,241
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		<u>1</u>	<u>–</u>
Total comprehensive income for the period		<u>14,712</u>	<u>11,241</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

		Share capital	Share premium	Exchange reserve	Land and buildings revaluation reserve	Merger reserve	Retained earnings	Total equity
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2017		-*	-	-	1,242	129	58,351	59,722
Profit and total comprehensive income for the period		-	-	-	-	-	11,241	11,241
Dividends declared during the period	8(b)	-	-	-	-	-	(6,000)	(6,000)
Balance at 31 December 2017		<u>-*</u>	<u>-</u>	<u>-</u>	<u>1,242</u>	<u>129</u>	<u>63,592</u>	<u>64,963</u>
Balance at 1 April 2018		-*	-	-	1,242	129	69,261	70,632
Profit for the period		-	-	-	-	-	14,711	14,711
Other comprehensive income		-	-	1	-	-	-	1
Total comprehensive income		-	-	1	-	-	14,711	14,712
Issue of shares	8(a)	2,500	85,000	-	-	-	-	87,500
Capitalisation issue of shares	8(a)	7,500	(7,500)	-	-	-	-	-
Transaction costs directly attributable to issue of shares		-	(10,509)	-	-	-	-	(10,509)
Balance at 31 December 2018		<u>10,000</u>	<u>66,991</u>	<u>1</u>	<u>1,242</u>	<u>129</u>	<u>83,972</u>	<u>162,335</u>

* The balances represent amounts less than HK\$1,000.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

The Company's shares were listed on the GEM of the Stock Exchange on 31 May 2018 (the "Listing").

The Company is an investment holding company. The Group is principally engaged in design, marketing, distribution and retail sales of toys and related products.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis except that the investment property is stated at fair value. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all figures are rounded to the nearest thousand ("HK\$'000") unless otherwise indicated.

2. BASIS OF PREPARATION

The financial results set out in this announcement do not constitute the Group's condensed consolidated financial statements for the nine months ended 31 December 2018 but are extracted from that financial report.

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2018 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of the GEM Listing Rules. The principal accounting policies used in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2018 are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2018 except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ended 31 March 2019.

The Group has adopted all the new and revised HKFRSs issued that are relevant to its operations and effective for its accounting period beginning on 1 April 2018. The adoption of the new and revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group.

The Group has not applied the new and revised HKFRSs which have been issued but are not yet effective. The Group is currently in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether they would have a material impact on the Group's results and financial position.

3. REVENUE AND BUSINESS SEGMENT

(a) Revenue

The principal activities of the Group are design, marketing, distribution and retail sales of toys and related products.

The Group's revenue comprised the sales of Original Design Manufacturing ("ODM") toys to license holders, sale of own licensed toys and distribution of imported toys and is analysed by principal activities as follows:

	Nine months ended	
	31 December	
	2018	2017
	HK\$'000	HK\$'000
Sales of ODM toys to license holders	74,653	61,282
Distribution of imported toys	45,339	16,260
Sales of own licensed toys	19,345	16,460
	<u>139,337</u>	<u>94,002</u>

The Group's customers are primarily distributors based in Japan. The percentage of revenue contributed by the Group's five largest customers for the Period amounted to approximately 73% (the Corresponding Period: 77%). Further details regarding the Group's principal activities are disclosed below.

The Group manages its business by three divisions, namely sale of ODM toys, sale of own licensed toys and distribution of imported toys. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the above three reportable segments. No operating segments have been aggregated to form the above reportable segments.

(b) Information about major customers

Revenue from customers during the Period contributing over 10% of the Group's revenue are as follows:

	Nine months ended	
	31 December	
	2018	2017
	HK\$'000	HK\$'000
Group's largest customer	<u>75,879</u>	<u>63,617</u>

4. OTHER NET INCOME

	Nine months ended 31 December	
	2018	2017
	HK\$'000	HK\$'000
Bank interest income	599	128
Net exchange (loss)/gain	(460)	771
Rental income	180	180
Freight charge income	705	667
Management fee income	731	911
Sundry income	196	23
	<u>1,951</u>	<u>2,680</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Nine months ended 31 December	
	2018	2017
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loan and overdrafts	<u>127</u>	<u>81</u>
(b) Staff costs (excluding directors' remuneration)		
Salaries, wages and other benefits	5,104	3,827
Contributions to defined contributions retirement plans	<u>229</u>	<u>184</u>
	<u>5,333</u>	<u>4,011</u>
(c) Other items		
Depreciation of property, plant and equipment	2,836	2,338
Auditors' remuneration	975	563
Operating lease charges for land and buildings	<u>1,323</u>	<u>812</u>

6. INCOME TAX

	Nine months ended 31 December	
	2018	2017
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	3,371	2,729
Deferred tax	(40)	163
	<u>3,331</u>	<u>2,892</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for each of the reporting period.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$14,711,000 (the Corresponding Period: HK\$11,241,000) and weighted average of 945,255,474 ordinary shares in issue during the Period (the Corresponding Period: 750,000,000 shares).

The weighted average number of ordinary shares is calculated as follows:

	At 31 December	
	2018	2017
Issued ordinary share at 1 April	20,000	20,000
Capitalisation issue on 31 May 2018	749,980,000	749,980,000
Effect of shares offer on 31 May 2018	195,255,474	–
	<u>945,255,474</u>	<u>750,000,000</u>

The capitalisation issue took place on 31 May 2018 is deemed to be completed on 1 April 2017 and the weighted average number of shares at 31 December 2018 and 2017 have been adjusted accordingly.

There was no difference between basic and diluted earnings per share as the Company did not have any dilutive potential shares outstanding during the Period and the Corresponding Period.

8. SHARE CAPITAL AND DIVIDENDS

(a) Share capital

	Number of shares	Nominal value of ordinary shares HK\$
Authorised ordinary shares of HK\$0.01 each:		
At 31 March 2018 and 1 April 2018	38,000,000	380,000
Increase in authorised share capital (<i>note (i)</i>)	9,962,000,000	99,620,000
	<u>10,000,000,000</u>	<u>100,000,000</u>
Ordinary shares, issued and fully paid:		
At 31 March 2018 and 1 April 2018	20,000	200
Capitalisation issue on 31 May 2018 (<i>note (ii)</i>)	749,980,000	7,499,800
Issuance of shares on 31 May 2018 (<i>note (iii)</i>)	250,000,000	2,500,000
	<u>1,000,000,000</u>	<u>10,000,000</u>

Notes:

- (i) Pursuant to the resolutions in writing of the shareholders passed on 11 May 2018, the authorised share capital of the Company was increased from 38,000,000 shares to 10,000,000,000 shares by creation of additional 9,962,000,000 shares, ranking pari passu with the shares in all respects with shares in issue as at the date of passing of the written resolution.
- (ii) Pursuant to the resolutions in writing of the shareholders passed on 11 May 2018, subject to the share premium account of the Company being credited as a result of the Listing, the directors were authorised to allot and issue a total of 749,980,000 shares to the holders of shares on the register of members of the Company as of 11 May 2018 in proportion to their respective shareholdings, credited as fully paid at par by way of capitalisation of the sum of HK\$7,499,800 standing to the credit of the share premium account of the Company, and the shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the shares in issue. Such capitalisation issue has been completed on 31 May 2018.
- (iii) On 31 May 2018, the shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited. In connection with the Listing, the Company issued 250,000,000 shares at a price of HK\$0.35 each for gross proceeds of HK\$87,500,000.

(b) Dividends

Dividends declared during the Period

	Nine months ended 31 December	
	2018	2017
	HK\$'000	HK\$'000
Interim dividends declared	—	6,000
	<u>—</u>	<u>6,000</u>

No dividends were paid or declared by the Company or any of the subsidiaries during the Period.

During the Corresponding Period, the Company declared interim dividends of HK\$6,000,000, of which HK\$900,000 has been settled through cash and HK\$5,100,000 was settled through amount due from a director.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

The shares of the Company (the “Share(s)”) were successfully listed on the GEM of the Stock Exchange on 31 May 2018. The Group is principally engaged in design, marketing, distribution and retail sales of toys and related products.

Business Review

For the Period as compared to the Corresponding Period, the Group’s revenue increased by approximately 48.2% while gross profit increased by approximately 32.7%, which was primarily due to the Group’s efforts paid in developing a new distribution line in trading educational toys that contributed over HK\$8,000,000 revenue in the Period. Secondly, over ten new high-end distribution items were delivered to customers, which lead to a significant increase comparing with the Corresponding Period.

Business in the sales of ODM toys to license holder

The Group’s revenue in the sales of ODM toys to license holders increased by approximately 21.8% from approximately HK\$61,282,000, representing 65.2% of our total revenue, for the Corresponding Period to approximately HK\$74,653,000, representing 53.6% of our revenue, for the Period.

The Group’s gross profit in the sales of ODM toys to license holders for the Period amounted to approximately HK\$13,868,000, representing 38.7% of our total gross profit and a decrease of approximately HK\$731,000, or approximately 5.0%, as compared to that of the Corresponding Period of approximately HK\$14,599,000, which represented 54.1% of our total gross profit in the Corresponding Period. Our gross profit margin of this segment in the Period was approximately 18.6%, representing a decrease of 5.2% as compared to that of the Corresponding Period of approximately 23.8%. The major reason of gross profit margin dropped in this segment was the sales proportion of high-end ODM toys in the Corresponding Period was higher than in the Period, which provided relatively higher gross profit margin compare with general ODM toys. The increase in revenue from the sales of ODM toys to license holders was primarily because more products were sold in this segment than that of the Corresponding Period.

Business in the distribution of imported toys

The Group’s revenue in the distribution of imported toys substantially increased by approximately 178.8% from approximately HK\$16,260,000, representing 17.3% of our total revenue, for the Corresponding Period to approximately HK\$45,339,000, representing 32.5% of our revenue, for the Period.

The Group's gross profit in the distribution of imported toys for the Period amounted to approximately HK\$13,777,000, representing 38.4% of our total gross profit and an increase of approximately HK\$8,729,000, or approximately 172.9%, as compared to that of the Corresponding Period of approximately HK\$5,048,000, which represented 18.7% of our total gross profit in the Corresponding Period. Our gross profit margin of this segment in the Period was approximately 30.4%, representing a decrease of 0.6 percentage point as compared to that of the Corresponding Period of approximately 31.0%. The increase in revenue from the distribution of imported toys was mainly because a number of new high-end items were released and delivered in the Period, and a new distribution line in trading educational toys is developing and contributing to the revenue. The slightly drop in our gross profit margin was primarily because the gross profit margin of newly developing educational toys trading was lower than the animations, comics and games (ACG) figures.

Business in the sales of own licensed toys

The Group's revenue in the sales of own licensed toys increased by approximately 17.5% from approximately HK\$16,460,000, representing 17.5% of our total revenue, to the Corresponding Period to approximately HK\$19,345,000, representing 13.9% of our revenue, for the Period.

The Group's gross profit in the sales of own licensed toys for the Period amounted to approximately HK\$8,206,000, representing 22.9% of our total gross profit and an increase of approximately HK\$843,000, or approximately 11.4%, as compared to that of the Corresponding Period of approximately HK\$7,363,000, which represented 27.3% of our total gross profit in the Corresponding Period. Our gross profit margin of this segment in the Period was approximately 42.4%, representing a decrease of 2.3% as compared to that of the Corresponding Period of approximately 44.7%. The increase in revenue from the sales of own licensed toys was primarily because couple of high end figure models were newly released in the Period, which constantly provide stable revenue to the Group.

Financial Analysis

Revenue

Revenue increased by approximately 48.2% to approximately HK\$139,337,000 for the Period from approximately HK\$94,002,000 for the Corresponding Period. The increase in revenue was mainly due to the increase in revenue from (i) distribution of imported toys; and (ii) sales of the ODM toys in the Period.

Cost of sales

The Group's cost of sales, incurred from the ODM toys production costs, distribution of imported toys and own licensed toys comprises (i) production costs; (ii) license fee; (iii) depreciation of mould; and (iv) others.

Cost of sales increased by approximately 54.5% to approximately HK\$103,486,000 for the Period from approximately HK\$66,992,000 for the Corresponding Period.

Gross profit

Gross profit increased by approximately 32.7% to approximately HK\$35,851,000 for the Period from approximately HK\$27,010,000 for the Corresponding Period. The gross profit margin decreased to approximately 25.7% for the Period from approximately 28.7% for the Corresponding Period due to the decrease in sales proportion of sale of own licensed toys which has the highest gross profit margin in the three reportable segments.

Other net income

Other income and gains decreased by approximately 27.2% to approximately HK\$1,951,000 for the Period from approximately HK\$2,680,000 for the Corresponding Period.

The decrease was mainly due to the exchange losses on cash and bank deposits denominated in Renminbi (“RMB”) and Japanese Yen (“JPY”).

Selling expenses

Our selling expenses comprise (i) advertising; (ii) staff costs which mainly represents the expenses in salary of staff; (iii) freight, postage and delivery; (iv) commission expense for our consignment sales; and (v) other selling and distribution expenses. Selling expenses increased by approximately 26.6% to approximately HK\$4,237,000 for the Period from approximately HK\$3,346,000 for the Corresponding Period, mainly due to (i) the increase of selling staff; and (ii) the increase of postage and delivery.

Administrative expenses

Our administrative expenses mainly consists of (i) staff costs which mainly represents the expenses in salary and staff benefit payable to our administrative department including our Directors; (ii) operating lease charges for land and building; (iii) travelling and entertainment expenses; (iv) audit fee; (v) depreciation expenses; (vi) legal and professional fee; (vii) stamp duty; (viii) insurance expenses mainly in relation to product liability insurance; and (ix) other administrative expenses.

Administrative expenses increased by approximately 41.6% to approximately HK\$13,209,000 for the Period from approximately HK\$9,327,000 for the Corresponding Period. The increased expense was mainly presented by (i) increase of legal and professional fee mainly represented by variety of after the Listing expenses; (ii) increase in staff costs due to increase in salary and number of staff; and (iii) additional expense for the new office in Mainland China.

Event after the reporting period

There is no significant event subsequent to 31 December 2018 which would materially affect the Group's operating and financial performance.

Liquidity, financial resources and funding

As at 31 December 2018, we had cash and bank deposits of approximately HK\$102,515,000 (31 March 2018: approximately HK\$27,541,000), which were cash at banks and on hand and bank deposits.

As at 31 December 2018, no bank deposit was pledged (31 March 2018: nil).

As at 31 December 2018, the Group's indebtedness comprised bank loans of HK\$6,426,000 (31 March 2018: HK\$6,582,000).

The Group's gearing ratio, which is calculated by total debt (defined as bank and other debts incurred not in the ordinary course of business) divided by total equity, was 0.04 times as at 31 December 2018 (31 March 2018: 0.09 times).

Going forward, we intend to use our capital for our operations and the expansion plans as stated in the prospectus of the Company dated 18 May 2018 (the "Prospectus").

Capital structure

As at 31 December 2018 and 31 March 2018, the capital structure of our Company comprised issued share capital and reserves.

Commitments

Our contract commitments mainly involve leases of office and warehouse properties. As at 31 December 2018, the Group's operating lease commitments were approximately HK\$2,288,000 (31 March 2018: approximately HK\$1,321,000).

Future plans for material investments and capital assets

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies (the Corresponding Period: nil).

Significant investments

As at 31 December 2018, the Group did not hold any significant investments (31 March 2018: nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2018 (31 March 2018: nil).

Exposure to exchange rate fluctuation

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$.

During the Period, the Group's exposure to foreign currency risk primarily arose from certain financial instruments including trade and other receivables, cash and cash equivalents and trade and other payables which are denominated in JPY, RMB and/or US\$. During the Period and the Corresponding Period, the Group did not adopt any hedging strategy but the management continuously monitored the foreign exchange risk exposure on a case-by-case basis. The Group did not use any hedging contracts to engage in speculative activities during the Period and the Corresponding Period.

Charge on group's assets

At 31 December 2018, the Group's investment property and leasehold land and building with an aggregate carrying value of HK\$17,243,000 were mortgaged to secure banking facilities granted to the Group (31 March 2018: HK\$17,075,000).

Information on employees

As at 31 December 2018, the Group had 38 employees (31 March 2018: 25) working in Hong Kong. Employees are remunerated according to their performance and work experience. On top of basic salary, commission, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. The total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for the Period amounted to approximately HK\$8,001,000 (the Corresponding Period: HK\$6,050,000).

Interim dividend

The Board does not recommend the payment of interim dividend for the Period (the Corresponding Period: HK\$6,000,000).

Use of Proceeds

The Shares were listed on GEM on 31 May 2018. The net proceeds from the Listing (after deducting the underwriting fees and related expenses) amounted to approximately HK\$58 million. Up to 31 December 2018, the actual use of proceeds and an unutilised proceeds were approximately HK\$8 million and HK\$50 million, respectively. The net proceeds from the Listing were applied as follows:

	Planned use of proceeds as stated in the Prospectus up to 31 December 2018 HK\$'000	Actual use of proceeds up to 31 December 2018 HK\$'000
Expanding our product portfolio of own licensed toys	6,150	5,085
Enhancing our overseas distribution network	400	915
Further strengthening our manpower	1,650	1,557
Further enhancing our information technology system and performing warehouse renovation	600	184
Total	<u>8,800</u>	<u>7,741</u>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

Principal risks and uncertainties

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The principal risks and uncertainties are summarised as follows:

Principal risks and uncertainties facing the Group

- Failure to obtain new orders could materially affect the Group's financial performance

Directors' approach to addressing these risks and uncertainties

- The Group has constantly built up good relationships with key customers and actively solicited new customers

Principal risks and uncertainties facing the Group

- The Group relies on the performance of senior management team
- Ineffective quality control over the suppliers and products may result in negative impact on the business and operation of our Group
- We may be exposed to delays and/or defaults of payments by our customers which would adversely affect our cash flows or financial results
- Failure to renew existing license rights and/or obtain new license rights for our own licensed toys will have adverse impact on financial performance on our Group

Directors' approach to addressing these risks and uncertainties

- The Group has constantly provided training to senior management team to enhance their performance
- The Group has professional and well trained engineer team to working closely with suppliers in order to maintain our product in high standard of quality and timely
- The Group only offer credit period for customer with long term relationship and well credit record. Most of the customers are traded in cash basis
- The Group has a dedicated team to work closely with existing licensor, obtained outstanding results in the joint events with the licensors. The Group has kept up good relationship and also developing new relationship with potential new licensor in the market

Outlook

The Group will make steady progress in accordance with the plans formulated before the Listing and its actual operational conditions, so as to facilitate effective implementation of the business objectives of the Company and bring benefits from it.

The Board will proactively seek 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.

In the future, the Board believes that the Group will achieve another breakthrough in terms of its business performance by leveraging on its advantages, in particular with its wide variety of high-end toys product.

OTHER INFORMATION

Directors' and chief executives' interest and short position in shares, underlying shares or debentures

As at 31 December 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which shall have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which shall be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which shall be required to notify the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, were as follows:

Long position

Name of Director/ chief executive	Name of Group member/associated corporation	Capacity/Nature of interest	Total number of shares	Approximate percentage of shareholding
Mr. Li Wai Keung ("Mr. Li")	The Company	Interest of a controlled corporation	525,000,000 (Note 1)	52.50%
Mr. Li	Infinite Force Holdings Limited ("Infinite Force")	Beneficial owner	1 ordinary share (Note 2)	100%

Notes:

1. Infinite Force, a company incorporated in the British Virgin Islands, is the registered owner of 525,000,000 Shares. As Mr. Li owns the entire issued share capital of Infinite Force, he is deemed to be interested in all the shares of the Company registered in the name of Infinite Force under the SFO.
2. Infinite Force is the registered owner of 525,000,000 shares of the Company, and is wholly owned by Mr. Li. Under the SFO, Infinite Force is an associated corporation of the Company.

Save as disclosed above, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules as at 31 December 2018.

Substantial shareholders' and other persons' interests and short positions in shares or underlying shares

As at 31 December 2018, so far as the Directors are aware, other than the Directors and chief executive of the Company whose interests are disclosed under the paragraph headed "Directors' and chief executives' interest and short positions in shares, underlying shares or debentures" above, the following persons had an interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which is required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Long position

Name of shareholders	Capacity/Nature of interest	Total number of shares	Approximate percentage of shareholding
Infinite Force	Beneficial owner	525,000,000 (Note 1)	52.50%
Ms. Fong Wing Yan	Interest of spouse	525,000,000 (Note 2)	52.50%
New Express Investment Limited ("New Express")	Beneficial owner	112,500,000 (Note 3)	11.25%
China Investment and Finance Group Limited ("China Investment")	Interest of a controlled corporation	112,500,000 (Note 3)	11.25%

Notes:

1. Infinite Force, a company incorporated in British Virgin Islands, is wholly owned by Mr. Li. Under the SFO, Mr. Li is deemed to be interested in the shares of the Company registered in the name of Infinite Force.
2. Ms. Fong Wing Yan, the spouse of Mr. Li, is deemed to be interested in all the shares of the Company in which Mr. Li is interested by virtue of the SFO.
3. New Express is wholly owned by China Investment, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange (Stock code: 1226). Under the SFO, China Investment is deemed to be interested in the shares of the Company registered in the name of New Express.

Saved as disclosed above, the Directors were not aware of any other persons other than the Directors or chief executive of the Company who held an interest or short positions in the shares and underlying shares of the Company which were required to be recorded pursuant to section 336 of the SFO as at 31 December 2018.

Purchase, sale or redemption of listed securities of the company

The Company had not redeemed any of its ordinary shares during the Period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's ordinary shares during the Period.

Directors' and controlling shareholders' interest in competing business

None of the Directors, the directors of the Company's subsidiaries, the Company's controlling shareholders, or any of their respective close associates, as defined in the GEM Listing Rules, has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group (other than being a Director and/or a director of its subsidiaries and their respective associates) during the Period.

Directors' securities transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Period.

Interests of the compliance adviser

As notified by the compliance adviser of the Company, Ample Capital Limited, save for the compliance adviser agreement dated 31 May 2018 entered into between the Company and Ample Capital Limited, none of Ample Capital Limited, its directors, employees and close associates had any interest in the securities of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2018.

Share Option Scheme

The Company's share option scheme (the "Share Option Scheme") was approved by a resolution of the Company's shareholders passed on 11 May 2018. The principal terms of the Share Option Scheme, a summary of which is set out in Appendix VI to the Prospectus, are in compliance with the provisions under Chapter 23 of the GEM Listing Rules.

As of 31 December 2018 and up to the date of this announcement, there were no options granted, exercised, lapsed or cancelled under the Share Option Scheme. There was no outstanding share option not yet exercised under the Share Option Scheme.

Appointment of Directors

Mr. Na Zhiming was appointed as an non-executive Director on 16 November 2018.

Corporate governance practice

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code during the Period except for the deviation from the code provision A.2.1 of the Code. Mr. Li is the chairman of the Board and the chief executive officer of the Company and he has been managing the Group's business and supervising the overall operations of the Group since 2004. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Mr. Li is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Audit committee

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the nine months ended 31 December 2018 of the Group with the management and is of the view that such unaudited condensed consolidated financial statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board
Amuse Group Holding Limited
Li Wai Keung
Chairman and Executive Director

Hong Kong, 11 February 2019

As at the date of this announcement, the Board composition is as follows:

Chairman and Executive Director:

Mr. Li Wai Keung

Executive Directors:

Mr. To Hoi Pan

Ms. Lee Kwai Fong

Non-Executive Director:

Mr. Na Zhiming

Independent non-executive Directors:

Ms. Chow Chi Ling Janice

Mr. Tung Man

Mr. Yu Pui Hang

This announcement 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. This announcement will also be published on the Company's website at www.amusegroupholding.com.