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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)

MAJOR TRANSACTION ACQUISITION OF PROPERTIES

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.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the 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 the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Provisional Agreement, the Acquisition and the transactions contemplated thereunder. As no Shareholder has any material interest in the Acquisition, no Shareholder is required to abstain from voting at the EGM on the resolution to approve the Acquisition.

A circular containing, among other things, (i) details of the Provisional Agreement and the Acquisition; (ii) financial information of the Group; (iii) an independent property valuation report on the Properties; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 4 September 2020.

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, the Vendor and its ultimate beneficial owners are Independent Third Parties not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

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;
- (ii) a further deposit of HK\$1,938,200 shall be paid by the Purchaser to the Vendor on or before 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.

Formal agreement for the Acquisition shall be signed on or before 15 October 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.

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.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the 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 the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Provisional Agreement, the Acquisition and the transactions contemplated thereunder. As no Shareholder has any material interest in the Acquisition, no Shareholder is required to abstain from voting at the EGM on the resolution to approve the Provisional Agreement, the Acquisition and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Provisional Agreement and the Acquisition; (ii) financial information of the Group; (iii) an independent property valuation report on the Properties; and (iv) a notice convening the EGM is expected to be despatched to the Shareholders on or before 4 September 2020.

DEFINITIONS

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

“Acquisition”	the acquisition of the Properties by the Purchaser
“Board”	the board of Directors
“Company”	Amuse Group Holding Limited (stock code: 8545), 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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Provisional Agreement, the Acquisition and the transactions contemplated thereunder
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	independent third party who is independent of and not connected with the Company and its connected person(s) (as defined in the GEM Listing Rules)
“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
“Share(s)”	ordinary share(s) of HK\$0.01 each in the 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.

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

Hong Kong, 17 August 2020

As at the date of this announcement, the Board comprises Mr. Li Wai Keung, Mr. To Hoi Pan and Ms. Lee Kwai Fong as executive Directors; and Mr. Yu Pui Hang, Mr. Tung Man and Ms. Chow Chi Ling Janice as independent non-executive Directors.

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

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.