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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)

**DISCLOSEABLE TRANSACTION ACQUISITION OF 100%
OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on 8 August 2022 (after trading hours), the Vendor and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with a consideration of HK\$7,000,000, pursuant to which the Vendor have conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Vendor, the Sale Shares, representing 100% of the issued share capital of the Target Company.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 19.07 of the GEM Listing Rules) are more than 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

As Completion is subject to and conditional upon fulfilment or waiver (as the case maybe) of the conditions precedent set out in the Sale and Purchase Agreement and the Completion may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 8 August 2022 (after trading hours), the Vendor and the Purchaser, an indirectly wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Vendor have conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Vendor, the Sale Shares, representing 100% of the issued share capital of the Target Company.

Major terms of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

Date	8 August 2022 (after trading hours)
Parties	(i) Tse Chun Yiu, a Permanent Resident of the HK, who holds 100% of the issued share capital in the Target Company prior to the Acquisition, as the Vendor; (ii) Amuse Development Ltd, a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, as the Purchaser.
Summary of terms	Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser will acquire the share capital of the Target Company from the Vendor at a consideration of HK\$7,000,000 in cash was paid by the Purchaser upon signing of the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and their associates are third parties independent of the Company and its Connected Persons.

Consideration

The Consideration of HK\$7,000,000 shall be satisfied by the payment of cash by the Purchaser to the Vendor (or his nominee) upon Completion.

Basis of Consideration

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms after taking into account (i) the historical financial performance of the Target Company for the twelve months ended 30 June 2022; (ii) the business overview and outlook of the Target Company; (iii) the Company's assessment on the potential business development and prospect of the engineering industry

in Hong Kong as described under the paragraph headed “Reasons for and benefits of the Acquisition” below; and (iv) valuation of the 100% issued share capital of the Target Company of approximately HK\$7,000,000 as assessed by an independent professional valuer.

In order to assess the fairness and reasonableness of the Consideration, the Company engaged an independent professional valuer, to conduct the valuation on the fair value of the 100% of the issued share capital of the Target Company using income approach as at 8 August 2022. The Valuation constitutes a profit forecast under Rule 19.61 of the Listing Rules and accordingly, the requirements under Rules 19.60A and 19.62 of the Listing Rules are applicable. Pursuant to Rule 19.62 of the Listing Rules, the Board has reviewed the principal assumptions upon which the Valuation is based and is of the view that the profit forecast has been made after due and careful enquiry.

Conditions precedent

Completion shall be subject to the following conditions precedent having been fulfilled or waived (as the case may be):

- (i) the Purchaser being reasonably satisfied with the results of the due diligence review on the Target Company including but not limited to the assets, indebtedness, operation and financial aspect of the Target Company;
- (ii) the Vendor and the Target Company having obtained all necessary consent and approval relating to the Acquisition;
- (iii) the Purchaser having obtained all necessary consent and approval relating to the Acquisition;
- (iv) the warranties remaining true and accurate and not misleading from the date of the Sale and Purchase Agreement until the date of Completion; and
- (v) the Purchaser being satisfied that there being no material adverse change to the members of the Target Company.

Other conditions precedent is not capable of being waived by either party.

Completion

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, Completion shall take place on the Completion Date.

Profit guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor irrevocably and unconditionally guarantees to the Purchaser that 3 years net profit, and the each year net profit is not less than HK\$2,500,000. Otherwise, the vendor shall pay the differences to the Purchaser, and the maximum pay back by the vendor is HK\$2,500,000 per year.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is an investment holding company mainly engaged in the design, marketing, distribution and retail sale of toys and related products.

Whilst remaining focused on developing its existing businesses, the Group has been exploring potential investment opportunities from time to time in order to broaden its profit source and eventually optimise the returns to the Shareholders. Meanwhile, the Board is eyeing on engineering projects have development potential in Hong Kong, regardless of the large-scale government projects, the demand for decoration and engineering of buildings, buildings, commercial buildings and offices is increasing.

The Target Company is a company incorporated in Hong Kong with limited liability. It is principally engaged in the provision of its main operating engineering projects in Hong Kong, including (i) commercial building repair, maintenance, renovation; (ii) office renovation, design and (iii) other large-scale engineering projects. After review of the business and financial information of Target Company, the Directors are satisfied with the financial performance and are optimistic about its prospects. Further, the Directors consider that it is in line with the Group's investment objective by riding on the upside potential and investing in the Target Company.

Based on the above, the Directors are of the view that the terms of the Sale and Purchase Agreement and the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Financial information of the Target Group

Set out below is the financial information of the Target Company as extracted from its audited financial statements for the two years ended 31 Mar 2022:

	For the period ended	
	31 March	
	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)
Revenue	7,800,568	12,044,205
Loss before taxation	372,430	264,302
Loss after taxation	372,430	264,302
Net assets	606,731	979,161

GEM LISTING RULES IMPLICATIONS

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As Completion is subject to and conditional upon fulfilment or waiver (as the case maybe) of the conditions precedent set out in the Sale and Purchase Agreement and the Completion may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors;
“BVI”	British Virgin Islands;
“Company”	Amuse Group Holding Limited (stock code: 8545), a company incorporated in the Cayman Islands with limited liability whose shares are listed on GEM of the Stock Exchange;
“Completion”	Completion of the Acquisition;
“Completion Date”	the date on which Completion takes place, which shall be any business day falling within three business days after satisfaction and/or fulfilment and/or waiver (as the case may be) of all the conditions precedent (or such other date as shall be agreed in writing between the parties pursuant to the Sale and Purchase Agreement;
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Consideration”	HK\$7,000,000, being the total consideration for the Acquisition;
“Director(s)”	the director(s) of the Company;

“GEM”	the GEM of the Stock Exchange;
“GEM Listing Committee”	the listing committee of the GEM, which has the meaning ascribed to it under the GEM Listing Rules;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	a third party independent of and not connected with the Company, its subsidiaries and their Connected Persons;
“Purchaser”	Amuse Development Ltd, a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 August 2022 entered into between the Purchaser and the Vendor in relation to the Acquisition;
“Sale Share(s)”	100% of the issued share capital of the Target 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;
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Target Company”	Forever Profits Development Limited, a company incorporated in Hong Kong with limited liability;
“Valuation”	the independent valuation on the entire equity interest in Target Company carried out by the Valuer;

“Vendor “ Tse Chun Yiu, a Permanent Resident of the HK, who holds 100% of the issued share capital in the Target Company prior to the Acquisition;

“%” Per cent.

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

Hong Kong, 8 August 2022

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; Mr. Lee Ming Yeung Michael, Mr. Wei Qing and Mr. Chu Wai Tak as non-executive Directors; and Mr. Yu Pui Hang, Ms. Ren Hongyan, Ms. Chow Chi Ling Janice and Ms. Kwok Wai Ling 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 announcement will be published on the website of The Stock Exchange of Hong Kong Limited 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.

* For identification purpose only