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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)

SUPPLEMENTAL ANNOUNCEMENT

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

References are made to the announcement of Amuse Group Holding Limited (the “**Company**”) dated 08 August 2022 and 19 August 2022 (collectively, the “**Announcements**”) in relation to the Acquisition. Terms defined in the Announcements shall have the same meanings when used herein.

The Company wishes to provide the following supplemental information in relation to the Acquisition.

PROFIT GUARANTEE OF THE SALE AND PURCHASE AGREEMENT

Amount determination

Pursuant to the Sale and Purchase Agreement, the Consideration was HK\$7,000,000 versus a total amount of Profit Guarantee HK\$7,500,000 for 3 years (the “**Profit Guarantee**”). Based on the forecast for each project, the projected net profit is at least HK\$2,500,000 each year, therefore, the Company considered that the Profit Guarantee of HK\$2,500,000 each year is fair and reasonable.

In order to avoid the impact from single type of business, the Company has been exploring potential investment opportunities and was optimistic in the engineering business. Given the low risk exposure, the Board (the “**Board**”) considered that the Profit Guarantee is fair and reasonable, there is no loss of interest in the view of the Company and believes that it is a good opportunity to explore in a new business.

Payment Obligation

The Company conducted a due diligence on the Vendor in satisfying the payment obligation under the Profit Guarantee. In assessing the Vendor's financial position, the Company conducted a land search and the record has shown that the Vendor's spouse has owned three properties. The Vendor's spouse has also signed a confirmation letter to support the Vendor's Profit Guarantee. Therefore, the Company believes the Vendor could fulfill the Profit Guarantee.

Conditions

The Vendor shall be subject to the following conditions:

- (i) The Vendor guaranteed a net profit of no less than HK\$2,500,000 each year of the Target Company from year 2023 to 2025;
- (ii) The Vendor personally guaranteed the profit guarantee. The Vendor shall pay the differences to the Company if the net profit is less than HK\$2,500,000, and the maximum pay back by the Vendor is HK\$2,500,000 per year; and
- (iii) The Vendor will provide a free project consultant service to the Company.

THE VALUATION BASE OF THE TARGET COMPANY

Before the acquisition, the Company has conducted a valuation on the Target Company. As at the date of the valuation report on 08 August 2022, the Target Company has tendered five projects and Project I is already in progress. The forecast, which was prepared by the project manager of the Target Company, assumed that the other four projects win the bid, and all projects are started and finished on time. Although four projects were still under bidding at that time, it is confident that the bid will be successful under the supervision from an experienced project manager. The valuation was based on the forecast of the projects together with the Profit Guarantee.

In addition, the Board has compared the forecast with other listed companies in the same industry and found that the profit ratio is similar to the forecasted. After reviewed the project documents provided by the project manager and compared the forecasted data with the reality data from other listed companies in the same industry, the Board considered that the assumptions are fair and reasonable.

BACKGROUND OF THE TARGET COMPANY

The Target Company was related to trading of frozen meat business, it has been ceased this business in early 2022. Start from early June 2022, the Target Company changed the principal activity to engage in the provision of its main operating engineering projects in Hong Kong. At the moment the Company and the vendor entered in the Sales and Purchase agreement, the Target Company was handling engineering projects in Hong Kong.

THE EXISTING AND FUTURE PROJECTS DETAILS OF THE TARGET COMPANY

As at the date of the Announcement, the Target Company has undertaken or tendered five projects. Project I is already in progress, and Project II just won the bid on 10 August 2022. Although the other three projects, which are Project III, Project IV and Project V, are all under bidding, the Company is confident that the bid will be successively successful.

Project I is currently in progress and the expected profit ratio is around 25%. There are three areas of work including typical lobby, lift car and main lobby. For the typical lobby, it includes ceiling paint, supply and installation of ceiling and elevator frame. For lift car, it includes supply and installation of ceiling, ceiling lights, armrest, and armrest lights. For main lobby, it includes supply and installation of ceiling sconces, fireproof wooden doors and marble walls and table.

Project II has won the bid on 10 August 2022 and the expected profit ratio is around 13%. There are three areas of work including bathroom, kitchen, elevator lobby and interior of elevator. For bathroom, it includes supply and installation of sink cabinets and mirror cabinets. For kitchen, it includes supply and installation of shoes cabinets and armrests. For elevator lobby, it includes installation of walls, ceilings and furniture. For interior of elevator, it includes installation of wood base, walls, ceilings and armrests.

Project III, Project IV and Project V are still under bidding and will be in progress in 2023 and 2024. According to the data in the market, the profit ratio is mostly around 10% to 13% in the industry. The area of work is mainly includes installation of marble walls, floor, shelves, installation of feather baffle ceiling system, heatshield panel, light trough, light box, aluminum halo, wood works in sheet claddings, ceilings, fixed and demountable partitions and steel and metal works in linings, coverings and claddings and fixed and demountable partitions, suspended ceiling works, steel and metal, plastering and paving works in lathing and plasterboard.

THE SCALE OF THE TARGET COMPANY

For the back office part, the Target Company has already employed seven staffs. For the management level, the Target Company has two directors and a project manager. For the accounting department, there is an accounting manager with 5 years accounting experiences and supervises an accounting assistant. The accounting assistant has 3 years accounting experiences and the duty is handling the book keeping, account receivables and account payables. For the administration department, there is an administrative & human resources manager with 4 years related experiences and a secretary with 3 years related experiences and the duty is assisting two directors and a project manager.

For the present status, the Target Company has enough staffs to run the business and all staffs participate in the project bidding procedures. If the Target Company scales up or not enough manpower, it will employ more staff at the back office in the future. Although all on site labours were outsourced and sub-contracted in this moment, the Target Company will employ the own contract labour when the business running smoothly.

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

Hong Kong, 29 September 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, Mr. Cheng Pak Lam, 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.

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