

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, 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 announcement.*



**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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

**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.*

*This announcement will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk), the GEM website at [www.hkgem.com](http://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](http://www.amusegroupholding.com).*

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2021 (the “Period”), together with the comparative figures for the six months ended 30 September 2020 (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”), are set out as follows:

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

For the six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
	Notes	HK\$'000	HK\$'000
Revenue	4	116,391	95,294
Cost of sales		<u>(97,761)</u>	<u>(78,083)</u>
Gross profit		18,630	17,211
Other income, net	5	2,714	4,356
Selling expenses		(4,932)	(4,320)
Administrative expenses		(11,252)	(8,700)
Fair value changes of financial assets at fair value through profit or loss		(167)	–
Share of loss of a joint venture		<u>(500)</u>	<u>–</u>
Profit from operations		4,493	8,547
Finance costs	6(a)	<u>(63)</u>	<u>(116)</u>
Profit before taxation	6	4,430	8,431
Income tax expense	7	<u>(1,552)</u>	<u>(2,118)</u>
Profit for the period		<u>2,878</u>	<u>6,313</u>
Earnings per share			
— Basic and diluted ( <i>HK cents</i> )	8	<u>0.29</u>	<u>0.63</u>
Profit for the period		<u>2,878</u>	<u>6,313</u>
Total comprehensive income for the period		<u>2,878</u>	<u>6,313</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	As at 30 September 2021 HK\$'000	As at 31 March 2021 HK\$'000
<b>Non-current assets</b>			
Investment properties		32,461	32,000
Property, plant and equipment	9	21,118	21,401
Deferred tax assets		128	128
Other receivables	11	1,131	747
Interest in joint ventures		1,420	1,920
		<u>56,258</u>	<u>56,196</u>
<b>Current assets</b>			
Inventories		2,240	1,864
Trade and bills receivables	10	15,127	10,476
Financial assets at fair value through profit or loss	12	5,129	5,329
Other receivables	11	40,173	59,691
Current tax recoverable		980	853
Bank deposits and cash	13	107,900	86,961
		<u>171,549</u>	<u>165,174</u>
<b>Current liabilities</b>			
Trade and other payables	14	9,280	9,317
Contract liabilities	15	28,723	24,002
Amount due to a joint venture		3	3
Bank loans		3,407	3,487
Lease liabilities		2,269	3,055
Current tax payable		1,470	1,499
		<u>45,152</u>	<u>41,363</u>
<b>Net current assets</b>		<u>126,397</u>	<u>123,811</u>
<b>Total assets less current liabilities</b>		<u>182,655</u>	<u>180,007</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		632	632
Lease liabilities		274	504
		<u>906</u>	<u>1,136</u>
<b>NET ASSETS</b>		<u>181,749</u>	<u>178,871</u>
<b>Capital and reserves</b>			
Share capital		10,000	10,000
Reserves		171,749	168,871
<b>TOTAL EQUITY</b>		<u>181,749</u>	<u>178,871</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2021*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Land and buildings revaluation reserve <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance at 1 April 2020</b>	10,000	66,991	-	-	129	93,074	170,194
Profit for the period	-	-	-	-	-	6,313	6,313
Total comprehensive income	-	-	-	-	-	6,313	6,313
<b>Balance at 30 September 2020 (Note)</b>	<u>10,000</u>	<u>66,991</u>	<u>-</u>	<u>-</u>	<u>129</u>	<u>99,387</u>	<u>176,507</u>
<b>Balance at 1 April 2021</b>	<b>10,000</b>	<b>66,991</b>	-	-	<b>129</b>	<b>101,751</b>	<b>178,871</b>
Profit for the period	-	-	-	-	-	2,878	2,878
Total comprehensive income	-	-	-	-	-	2,878	2,878
<b>Balance at 30 September 2021</b>	<u><b>10,000</b></u>	<u><b>66,991</b></u>	<u>-</u>	<u>-</u>	<u><b>129</b></u>	<u><b>104,629</b></u>	<u><b>181,749</b></u>

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2021

		Six months ended	
		30 September	
		2021	2020
	Note	HK\$'000	HK\$'000
<b>Net cash generated from operating activities</b>		<b>22,450</b>	10,279
<b>Investing activities</b>			
Interest received		170	384
Decrease in bank deposits with original maturities over three months		7,807	3,541
Addition of deposits for the purchase of investment property		–	(3,138)
Payment for the purchase of equipment, furniture and fixtures		<u>(7,442)</u>	<u>(2,978)</u>
<b>Net cash generated from/(used in) investing activities</b>		<b>535</b>	(2,191)
<b>Financing activities</b>			
Repayment of bank loans		(80)	(74)
Capital element of lease rental paid		(1,903)	(1,795)
Interest element of lease rental paid		(39)	(79)
Interest paid		<u>(24)</u>	<u>(37)</u>
<b>Net cash used in financing activities</b>		<b>(2,046)</b>	(1,985)
<b>Net increase in cash and cash equivalents</b>		<b>20,939</b>	6,103
<b>Cash and cash equivalents at the beginning of period</b>		<b>86,961</b>	115,102
<b>Cash and cash equivalents at the end of period</b>	13	<b><u>107,900</u></b>	<b><u>121,205</u></b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 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 Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

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 properties and certain financial assets are 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

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the GEM Listing Rules, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 11 November 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains unaudited condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial consolidated statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report has not been audited nor reviewed by the independent auditor but has been reviewed by the Audit Committee.

The financial information relating to the financial year ended 31 March 2021 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2021 are available from the Company's principal place of business. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 June 2021.

### 3. ADOPTION OF NEW AND AMENDED HKFRSS AND CHANGES IN ACCOUNTING POLICIES

#### (a) Amended HKFRSs that are effective for annual periods beginning on or after 1 April 2021

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 March 2021, except for the adoption of the following amended HKFRSs which are effective as of 1 April 2021.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The adoption of these amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

#### (b) Issued but not yet effective HKFRSs

At the date of authorisation of the unaudited condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>5</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 <sup>1</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective date not yet determined

<sup>4</sup> Effective for business combination/common control combination for which the acquisition/comboination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

<sup>5</sup> Effective for annual periods beginning on or after 1 April 2021

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

#### 4. 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:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales of ODM toys to license holders	<b>56,767</b>	62,709
Distribution of imported toys and related products	<b>30,285</b>	20,825
Sales of own licensed toys and related products	<b>29,339</b>	11,760
	<b><u>116,391</u></b>	<b><u>95,294</u></b>

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 72% (the Corresponding Period: 76%). 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.



Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2021 and 2020 is set out below.

	Sales of ODM toys		Distribution of imported toys and related products		Sales of own licensed toys and related products		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	56,767	62,709	30,285	20,825	29,339	11,760	116,391	95,294
Inter-segment revenue	–	–	5,076	4,580	24,640	9,389	29,716	13,969
Reportable segment revenue	<u>56,767</u>	<u>62,709</u>	<u>35,361</u>	<u>25,405</u>	<u>53,979</u>	<u>21,149</u>	<u>146,107</u>	<u>109,263</u>
Reportable segment profit/(loss)	<u>1,320</u>	<u>2,405</u>	<u>4,044</u>	<u>974</u>	<u>(2,918)</u>	<u>812</u>	<u>2,446</u>	<u>4,191</u>
Depreciation for the period	<u>423</u>	<u>1,710</u>	<u>835</u>	<u>699</u>	<u>7,083</u>	<u>2,519</u>	<u>8,341</u>	<u>4,928</u>

(b) Reconciliations of reportable segment profit

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
<b>Profit</b>		
Reportable segment profit derived from the Group's external customers	2,446	4,191
Other income, net	2,714	4,356
Fair value changes of financial assets at fair value through profit or loss	(167)	–
Share of loss of a joint venture	(500)	–
Finance costs	(63)	(116)
Consolidated profit before taxation	<u>4,430</u>	<u>8,431</u>

(c) **Information about major customers**

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Group's largest customer	<b>58,604</b>	<b>62,709</b>

**5. OTHER INCOME, NET**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Bank interest income	<b>170</b>	384
Net exchange gain	<b>642</b>	383
Rental income	<b>377</b>	–
Freight charge income	<b>121</b>	101
Management fee income	<b>630</b>	622
Sundry income	<b>774</b>	958
Government grant	<b>–</b>	1,908
	<b>2,714</b>	<b>4,356</b>

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on bank loan and overdrafts	24	37
Interest on lease liabilities	39	79
	<u>63</u>	<u>116</u>
<b>(b) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	9,342	6,439
Contributions to defined contributions retirement plans	200	199
	<u>9,542</u>	<u>6,638</u>
<b>(c) Other items</b>		
Depreciation of property, plant and equipment	6,803	3,050
Depreciation of right-of-use assets	1,538	1,878
Auditors' remuneration	375	375
	<u>6,803</u>	<u>3,050</u>

## 7. INCOME TAX

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax — Hong Kong		
Profits Tax	<u>1,552</u>	<u>2,118</u>

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

## 8. 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\$2,878,000 (the Corresponding Period: HK\$6,313,000) and weighted average of 1,000,000,000 ordinary shares in issue during the Period (the Corresponding Period: 1,000,000,000 shares).

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

	<b>At 30 September</b>	
	<b>2021</b>	2020
Issued ordinary share at 1 April	<u><b>1,000,000,000</b></u>	<u>1,000,000,000</u>
Weighted average number of shares at 30 September	<u><b>1,000,000,000</b></u>	<u>1,000,000,000</u>

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.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired items of plant and machinery with a cost of HK\$7,442,000 (six months ended 30 September 2020: HK\$2,978,000).

## 10. TRADE AND BILLS RECEIVABLES

	<b>As at 30 September 2021 HK\$'000</b>	As at 31 March 2021 HK\$'000
Trade receivables — gross	<b>14,101</b>	8,829
Bills receivables — gross	<u><b>1,030</b></u>	<u>1,651</u>
	<b>15,131</b>	10,480
Less: ECL allowance	<u><b>(4)</b></u>	<u>(4)</u>
Trade and bills receivables — net	<u><b>15,127</b></u>	<u>10,476</u>

## Ageing analysis

Details of the ageing analysis of trade receivables (net of ECL allowance), based on the invoice date (approximate to revenue recognition date), as of the end of the reporting period are as follows:

	<b>As at 30 September 2021 HK\$'000</b>	<b>As at 31 March 2021 HK\$'000</b>
<b>Trade receivables</b>		
Less than 30 days	7,321	8,544
31 to 60 days	6,926	171
61 to 90 days	52	82
Over 91 days	828	28
	<u>15,127</u>	<u>8,825</u>

Bills receivables are due within 30 to 35 days from the date of billing.

Trade debtors are due within 0 to 60 days from the date of billing.

The movement in the ECL allowance is as follows:

	<b>As at 30 September 2021 HK\$'000</b>	<b>As at 31 March 2021 HK\$'000</b>
At the beginning of the period	4	186
ECL allowance recognised	–	2
Reversal of ECL allowance recognised	–	(184)
	<u>4</u>	<u>4</u>

## 11. OTHER RECEIVABLES

	As at 30 September 2021 <i>HK\$'000</i>	As at 31 March 2021 <i>HK\$'000</i>
Other receivables — gross	2,403	4,161
Less: ECL allowance	<u>—</u>	<u>—</u>
Other receivables — net	<u>2,403</u>	<u>4,161</u>
Trade deposits	36,448	53,480
Rental deposits	1,091	1,083
Other deposits	107	147
Prepayments	<u>1,255</u>	<u>1,567</u>
	<u>38,901</u>	<u>56,277</u>
	41,304	60,438
Less: Portion due over one year included under non-current assets	<u>(1,131)</u>	<u>(747)</u>
	<u><u>40,173</u></u>	<u><u>59,691</u></u>

Apart from the portion due over one year included under non-current assets, all of the prepayments, deposits and other receivables are expected to be recovered or recognised as expenses within one year.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2021 <i>HK\$'000</i>	As at 31 March 2021 <i>HK\$'000</i>
Listed securities:		
Equity securities — Hong Kong	<u>5,129</u>	<u>5,329</u>

### 13. BANK DEPOSITS AND CASH

Cash and cash equivalents comprise:

	<b>As at 30 September 2021 HK\$'000</b>	<b>As at 31 March 2021 HK\$'000</b>
Cash at bank and on hand	<b>100,789</b>	54,715
Bank deposits with original maturities within three months	<u>–</u>	<u>17,328</u>
Cash and cash equivalents in the consolidated cash flow statement	<b>100,789</b>	72,043
Bank deposits with original maturities over three months	<u>7,111</u>	<u>14,918</u>
	<b><u>107,900</u></b>	<b><u>86,961</u></b>

### 14. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2021 HK\$'000</b>	<b>As at 31 March 2021 HK\$'000</b>
Trade payables	<b>6,775</b>	4,186
Other payables and accrued expenses	<u>2,505</u>	<u>5,131</u>
	<b><u>9,280</u></b>	<b><u>9,317</u></b>

#### Ageing analysis

The Group was granted by its suppliers with credit periods ranging from 30–60 days. As at the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	<b>As at 30 September 2021 HK\$'000</b>	<b>As at 31 March 2021 HK\$'000</b>
Less than 30 days	<b>6,405</b>	4,049
31 to 60 days	<b>231</b>	25
61 to 90 days	<b>–</b>	1
Over 91 days but within one year	<u>139</u>	<u>111</u>
	<b><u>6,775</u></b>	<b><u>4,186</u></b>

## 15. CONTRACT LIABILITIES

	<b>As at 30 September 2021 <i>HK\$'000</i></b>	<b>As at 31 March 2021 <i>HK\$'000</i></b>
Contract liabilities arising from deposits received from sales of toys and related products	<u><b>28,723</b></u>	<u>24,002</u>

Receiving a trade deposit by the Group before the delivery of goods gives rise to contract liabilities at the inception of a contract, until the revenue recognised exceeds the amount of the deposit. The amount of deposit is negotiated on a case by case basis with customers.

All contract liabilities are expected to be recognised as revenue within one year.

## 16. DIVIDENDS

No dividends were paid or declared by the Company or any of the subsidiaries during the six months ended 30 September 2021 and 30 September 2020.

## 17. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 September 2021 and 31 March 2021.

## 18. COMMITMENTS

At 30 September 2021 and 31 March 2021, the Group has no operating lease commitment as lessee and capital commitment.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business review and outlook**

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 22.1% while gross profit increased by approximately 8.2%.

#### ***Business in the sales of ODM toys to license holder***

The Group's revenue in the sales of ODM toys to license holders decreased by approximately 9.5% to approximately HK\$56,767,000 (the Corresponding Period: approximately HK\$62,709,000).

The decrease in revenue from this segment was primarily because of the production capacity of suppliers in mainland China seriously dropped due to electricity and water supply failure in the Period.

#### ***Business in the distribution of imported toys and related products***

The Group's revenue in the distribution of imported toys and related products increased by approximately 45.4% to approximately HK\$30,285,000 (the Corresponding Period: approximately HK\$20,825,000).

The increase in revenue from the distribution of imported toys and related products was mainly because one hot selling high-end robot figure released and delivered in the period, which contributed over 50% sales in the segment.

#### ***Business in the sales of own licensed toys and related products***

The Group's revenue in the sales of own licensed toys and related products increased by approximately 149.5% to approximately HK\$29,339,000 (the Corresponding Period: approximately HK\$11,760,000).

The increase in revenue from the sales of own licensed toys and related products was primarily because i) the sales of this segment was relative low in Corresponding Period; ii) a newly, developed super hero series figure selling like hot cakes in the Period.

## **Financial Analysis**

### ***Revenue***

Revenue increased by approximately 22.1% to approximately HK\$116,391,000 for the Period from approximately HK\$95,294,000 for the Corresponding Period.

The increase in revenue was mainly due to the notable increase in revenue from (i) distribution of imported toys and related products; (ii) sales of own licensed toys and related products in the Period.

### ***Cost of sales***

Cost of sales increased by approximately 25.2% to approximately HK\$97,761,000 for the Period from approximately HK\$78,083,000 for the Corresponding Period. The increase of cost of sales brings into line with the increase of revenue.

### ***Gross profit***

Gross profit increased by approximately 8.2% to approximately HK\$18,630,000 for the Period from approximately HK\$17,211,000 for the Corresponding Period. The gross profit margin decreased to 16.0% for the Period from approximately 18.1% for the Corresponding Period due to extra production and labour cost has transferred from suppliers caused by the unstable production environment in Mainland China.

### ***Other income, net***

Other income, net decreased by approximately 37.7% to approximately HK\$2,714,000 for the Period from approximately HK\$4,356,000 for the Corresponding Period.

The decreased was mainly due to the subsidy of Employment Support Scheme and the Retail Sector Subsidy Scheme from Hong Kong Government was ceased.

### ***Selling expenses***

Selling expenses increased by approximately 14.2% to approximately HK\$4,932,000 for the Period from approximately HK\$4,320,000 for the Corresponding Period. The increased was due to the expenses on Ani-Com & Games Hong Kong incurred in the Period, which was cancelled in the Corresponding Period.

### *Administrative expenses*

Administrative expenses increased by approximately 29.3% to approximately HK\$11,252,000 for the Period from approximately HK\$8,700,000 for the Corresponding Period. The increased expense was mainly due to a HK\$3,000,000 discretionary bonus is given to Mr. Li Wai Keung to reward his exceptional performance, as he led the Group in achieving continuous growth in sales since the Group listed on GEM in mid of 2018.

### *Event after the reporting period*

A wholly owned subsidiary of the Company, Amuse International Investment Limited (the “Vendor”) and Mr. Li Wai Keung (“Mr. Li”) entered into Agreement For Sale and Purchase In Respect of Entire Issued Share Capital (the “Sale Shares”) of D4 Toys (oversea) Co., Limited (the “Disposal Company”) (the “Agreement”), pursuant to which the Vendor conditionally agreed to sell and Mr. Li conditionally agreed to acquire the Sale Share (the “Disposal”) a consideration of HK\$34.0 million which shall be payable by Mr. Li to the Vendor by cash.

Mr. Li is a connected person of the Company by virtue of his being the chairman, the executive Director and substantial Shareholder of the Company. The Disposal Company is directly owned as to 100% by the Vendor. The principal asset of Disposal Company is the Property of four workshops and a carpark located in Tsuen Wan, New Territories. It is expected to record a net gain of approximately HK\$1.1 million attributable to the Disposal.

An extraordinary general meeting of the Company (the “EGM”) is to be held for the shareholders of the Company (the “Shareholders”) to approve the Disposal and transactions contemplated thereunder by way of poll. Mr. Li and his associates will abstain from voting at the EGM on the relevant resolutions to approve the Agreement and the Disposal.

Apart from the above mentioned, there is no other significant event subsequent to 30 September 2021 which would materially affect the Group’s operating and financial performance.

### **Liquidity, financial resources and funding**

As at 30 September 2021, the Group had cash and bank deposits of approximately HK\$107,900,000 (31 March 2021: approximately HK\$86,961,000), which were cash at banks and on hand and bank deposits.

As at 30 September 2021, no bank deposit was pledged (31 March 2021: nil).

As at 30 September 2021, the Group's indebtedness comprised bank loans of HK\$3,407,000 (31 March 2021: HK\$3,487,000) and lease liabilities of HK\$2,543,000 (31 March 2021: HK\$3,559,000).

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 0.02 times as at 30 September 2021 (31 March 2021: 0.02 times).

### **Capital structure**

As at 30 September 2021 and 31 March 2021, the capital structure of the Company comprised issued share capital and reserves.

### **Future plans for material investments and capital assets**

Save as disclosed in the prospectus of the Company dated 18 May 2018 (the "Prospectus"), and the acquisition of investment properties as mentioned under Event after the reporting period in Page 27 of this announcement, 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).

### **Contingent liabilities**

The Group had no material contingent liabilities as at 30 September 2021 (31 March 2021: 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 30 September 2021, the Group's leasehold land and building with an aggregate carrying value of HK\$6,334,000 were mortgaged to secure banking facilities granted to the Group (31 March 2021: HK\$6,246,000).

### **Information on employees**

As at 30 September 2021, the Group had 40 employees (31 March 2021: 39) 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 remuneration of the Directors for the Period amounted to approximately HK\$5,352,000 (the Corresponding Period: approximately HK\$2,562,000).

### **Interim dividend**

The Board does not recommend the payment of interim dividend for the Period (the Corresponding Period: Nil).

## 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
- 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 the Group
- The Group may be exposed to delays and/or defaults of payments by customers which would adversely affect cash flows or financial results
- Failure to renew existing license rights and/or obtain new license rights for own licensed toys will have adverse impact on financial performance on the Group

### Directors' approach to addressing these risks and uncertainties

- The Group has constantly built up good relationships with key customers and actively solicited new customers
- 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 and timely with suppliers in order to maintain its product in high standard of quality
- The Group only offer credit period for customers with long term relationship and well credit record. Most of the customers are traded on 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 licensors 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

### Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company

As at 30 September 2021, 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 the 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	380,800,000 (L) (Note 2, 3)	38.08%

*Notes:*

1. As at 30 September 2021, the Company issued ordinary share capital was HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each.
2. 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 380,800,000 Shares.
3. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 September 2021, 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 the GEM Listing Rules.

### **Interests and Short Positions of Substantial Shareholders in the Shares, Underlying Shares and Debentures of the Company**

As at 30 September 2021, 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:

<b>Name of Shareholders</b>	<b>Nature of interest/ Holding capacity</b>	<b>Number of ordinary shares held</b>	<b>Percentage of issued share capital of the Company (Note 1)</b>
Infinite Force	Beneficial owner	380,800,000 (L) (Note 2, 3)	38.08%
Ms. Fong Wing Yan ("Ms. Fong")	Interest of spouse	380,800,000 (L) (Note 4)	38.08%
Mr. Wong Man Hin Max	Beneficial owner	102,920,000 (L)	10.29%

*Notes:*

1. As at 30 September 2021, the Company issued ordinary share capital was HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each.
2. 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 380,800,000 Shares held by Infinite Force by virtue of his 100% shareholding interest in Infinite Force.
3. The letter "L" denotes the person's long position in the Shares.
4. 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.



### **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**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Ample Capital Limited ("Ample Capital") to be the compliance adviser. As informed by Ample Capital, neither Ample Capital nor any of its directors or employees or close associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Ample Capital dated 31 May 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 30 September 2021 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.

## **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 six months ended 30 September 2021 of the Group with the management and is of the view that such unaudited interim 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 November 2021

*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 Directors:*

Mr. Lee Ming Yeung Michael

(appointed on 30 September 2021)

Mr. Wei Qing

(appointed on 30 September 2021)

*Independent non-executive Directors:*

Ms. Chow Chi Ling Janice

Mr. Yu Pui Hang

Ms. Ren Hongyan