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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2022**

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

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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.**

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*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.*

## FINAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Group for the year ended 31 March 2022 (the “**Year**”), together with the comparative figures for the year ended 31 March 2021 (the “**Prior Year**”) as follow:

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

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>216,485</b>	211,467
Cost of sales		<u>(181,612)</u>	<u>(173,503)</u>
<b>Gross profit</b>		<b>34,873</b>	37,964
Other income, net	6	<b>3,898</b>	6,477
Selling expenses		<b>(8,200)</b>	(5,649)
Administrative expenses		<b>(27,036)</b>	(25,975)
Fair value changes of financial assets at fair value through profit or loss		<b>(38)</b>	352
Fair value changes of investment properties		<b>(461)</b>	302
(Provision)/Reversal of ECL allowance on trade receivables, net		<b>(17)</b>	182
Share of loss of a joint venture		<b>(1,917)</b>	(1,086)
Gain on disposal of a subsidiary		<b>2,123</b>	–
<b>Profit from operations</b>		<b>3,225</b>	12,567
Finance costs	7(a)	<u>(108)</u>	<u>(196)</u>
<b>Profit before taxation</b>	7	<b>3,117</b>	12,371
Income tax expense	8	<u>(1,636)</u>	<u>(3,694)</u>
<b>Profit and total comprehensive income for the year attributable to equity holders of the Company</b>		<u><b>1,481</b></u>	<u>8,677</u>
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
— Basic and diluted (in HK cents)	10	<u><b>0.15</b></u>	<u>0.87</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		–	32,000
Property, plant and equipment		<b>16,735</b>	21,401
Interests in joint ventures		<b>3</b>	1,920
Deferred tax assets		<b>425</b>	128
Other receivables		<b>117</b>	747
		<hr/> <b>17,280</b>	<hr/> 56,196
<b>Current assets</b>			
Inventories		<b>2,702</b>	1,864
Trade and bills receivables	<i>11</i>	<b>7,584</b>	10,476
Other receivables		<b>38,423</b>	59,691
Financial assets at fair value through profit or loss		<b>3,865</b>	5,329
Current tax recoverable		<b>3,452</b>	853
Bank deposits and cash		<b>151,640</b>	86,961
		<hr/> <b>207,666</b>	<hr/> 165,174
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>8,886</b>	9,317
Contract liabilities		<b>30,718</b>	24,002
Amount due to a joint venture		<b>3</b>	3
Bank loan		<b>3,327</b>	3,487
Lease liabilities		<b>820</b>	3,055
Current tax payable		<b>579</b>	1,499
		<hr/> <b>44,333</b>	<hr/> 41,363
<b>Net current assets</b>		<hr/> <b>163,333</b>	<hr/> 123,811
<b>Total assets less current liabilities</b>		<hr/> <b>180,613</b>	<hr/> 180,007

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>83</b>	504
Deferred tax liabilities		<b>178</b>	632
		<u><b>261</b></u>	<u>1,136</u>
<b>Net assets</b>		<u><b>180,352</b></u>	<u>178,871</u>
<b>EQUITY</b>			
Share capital	<i>13</i>	<b>10,000</b>	10,000
Reserves		<b>170,352</b>	168,871
<b>Total equity</b>		<u><b>180,352</b></u>	<u>178,871</u>

## 1. GENERAL INFORMATION

Amuse Group Holding Limited (the “**Company**”) is a company incorporated in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is at Flat A-C, 3A/F, Metex House 24-32, Fui Yiu Kok Street, Tsuen Wan, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together referred to as the “**Group**”) are principally engaged in design, marketing, distribution and retail sales of toys and related products.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance and include the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The functional currency of the Company is Hong Kong dollar (“**HK\$**”), which is the same as the presentation currency of the consolidated financial statements.

## 3. ADOPTION OF NEW AND AMENDED HKFRSs

### **Amended HKFRSs that are effective for annual period beginning on 1 April 2021**

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 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 the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

## Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated 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>
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/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

### ***Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 April 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosure of accounting policies may need to be revised to cope with the above changes, the directors of the Group expect that the amendments have no material impact on the consolidated financial statements.

#### 4. REVENUE AND SEGMENT REPORTING

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<b>Revenue from contracts within the scope of HKFRS 15</b>		
Sales of ODM toys to license holders	<b>107,749</b>	134,054
Distribution of imported toys and related products	<b>50,264</b>	44,297
Sales of own licensed toys and related products	<b>58,472</b>	33,116
	<b>216,485</b>	211,467

#### 5. SEGMENT INFORMATION

##### 5.1 Revenue

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 years ended 31 March 2022 and 2021 is set out below:

	Sales of ODM toys		Distribution of imported toys and related products		Sales of own licensed toys and related products		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	107,749	134,054	50,264	44,297	58,472	33,116	-	-	216,485	211,467
Inter-segment revenue	-	-	8,644	13,189	43,812	26,504	-	-	52,456	39,693
Reportable segment revenue	<u>107,749</u>	<u>134,054</u>	<u>58,908</u>	<u>57,486</u>	<u>102,284</u>	<u>59,620</u>	<u>-</u>	<u>-</u>	<u>268,941</u>	<u>251,160</u>
Reportable segment (loss)/profit	<u>(1,909)</u>	<u>3,240</u>	<u>6,666</u>	<u>6,272</u>	<u>(5,137)</u>	<u>(2,990)</u>	<u>-</u>	<u>-</u>	<u>(380)</u>	<u>6,522</u>
Depreciation for the year	<u>1,040</u>	<u>838</u>	<u>1,454</u>	<u>1,586</u>	<u>6,791</u>	<u>7,946</u>	<u>-</u>	<u>-</u>	<u>9,285</u>	<u>10,370</u>
<b>Reportable segment assets</b>										
Non-current assets (other than financial instruments), including:										
— Interests in joint ventures	-	-	-	-	-	-	3	1,920	3	1,920
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	<u>1,740</u>	<u>597</u>	<u>704</u>	<u>279</u>	<u>2,175</u>	<u>4,984</u>	<u>-</u>	<u>-</u>	<u>4,619</u>	<u>5,860</u>

## 5.2 Reconciliations of reportable segment profit

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit</b>		
Reportable segment (loss)/profit derived from the Group's external customers	(380)	6,522
Other income, net	3,898	6,477
Fair value changes of financial assets at FVTPL	(38)	352
Fair value changes of investment properties	(461)	302
Share of loss of a joint venture	(1,917)	(1,086)
Gain on disposal of a subsidiary	2,123	–
Finance costs	(108)	(196)
	<u>3,117</u>	<u>12,371</u>
Consolidated profit before taxation	<u>3,117</u>	<u>12,371</u>

## 5.3 Geographic information

The following table sets out information about the geographic location of (i) sales of ODM toys, (ii) distribution of imported toys and related products and (iii) sales of own licensed toys and related products. The geographical location of customers is based on the location at which the goods were delivered.

	<b>Revenue from external customers</b>	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	<u>26,992</u>	<u>24,313</u>
Japan	111,073	135,108
The United States of America	32,732	11,727
People's Republic of China ("PRC")	20,217	18,006
Taiwan	11,648	11,295
South Korea	3,170	2,595
Others	<u>10,653</u>	<u>8,423</u>
	<u>189,493</u>	<u>187,154</u>
	<u>216,485</u>	<u>211,467</u>

#### 5.4 Information about major customers

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	74,533	97,052
Customer B	36,540	38,056
Customer C	<u>31,417</u>	<u>(note)</u>

*Note:* This customer did not contribute over 10% of total revenue of the Group in 2021.

#### 6. OTHER INCOME, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	173	559
Compensation income	408	1,138
COVID-19-related rent concessions received ( <i>note (i)</i> )	5	219
Net exchange gain	1,312	795
Freight charge income	510	199
(Loss)/Gain on disposal of financial assets at FVTPL	(898)	49
Government grants ( <i>note (ii)</i> )	100	1,980
Management fee income	1,393	1,364
Rental income	707	16
Sundry income	<u>188</u>	<u>158</u>
	<u>3,898</u>	<u>6,477</u>

*Notes:*

- (i) During the year ended 31 March 2022, the Group has adopted Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021". During the year ended 31 March 2021, the Group has early adopted Amendment to HKFRS 16 "Covid-19-Related Rent Concessions". Hence the Group applies the practical expedients introduced by the amendments to all eligible rent concessions received by the Group during the years ended 31 March 2022 and 2021.
- (ii) During the year ended 31 March 2022, the Group recognised government grants of HK\$100,000 in respect of SME Export Marketing Fund provided by the Hong Kong SAR Government. During the year ended 31 March 2021, the Group recognised government grants of HK\$1,980,000 in respect of Covid-19-related subsidies, of which HK\$1,660,000 and HK\$320,000 relates to Employment Support Scheme and Retail Sector Subsidy Scheme under Anti-epidemic Fund provided by the Hong Kong SAR Government respectively.

## 7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on bank loan and overdrafts	49	63
Interest on lease liabilities	59	133
	<u>108</u>	<u>196</u>
<b>(b) Staff costs (excluding directors' remuneration)</b>		
Salaries, wages and other benefits	7,199	7,174
Contributions to defined contributions retirement plans	318	336
	<u>7,517</u>	<u>7,510</u>
<b>(c) Other items</b>		
Depreciation:		
— Owned assets	6,224	6,976
— Right-of-use assets	3,061	3,394
Total depreciation	<u>9,285</u>	<u>10,370</u>
Auditor's remuneration	780	750
Provision/(Reversal) of ECL allowance on trade receivables, net ( <i>note 11</i> )	17	(182)
Write-off of property, plant and equipment	–	388
Reversal of provision for inventories	(946)	–
Write down of inventories	428	1,078
Write-off of other receivables	774	–

## 8. INCOME TAX EXPENSE

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Hong Kong profits tax		
Provision for the year	<b>2,343</b>	3,942
Under-provision/(Over-provision) in respect of prior years	<b>44</b>	(156)
	<b>2,387</b>	3,786
Deferred tax		
Origination and reversal of temporary differences	<b>(751)</b>	(92)
	<b>1,636</b>	3,694

The provision for Hong Kong profits tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2021.

The provision for Hong Kong profits tax for 2022 has also taken into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2021-22. The eligible companies are entitled for the maximum reduction of HK\$10,000 (2021: HK\$10,000).

## 9. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 31 March 2022 and 2021.

## 10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of HK\$1,481,000 (2021: HK\$8,677,000) and weighted average of 1,000,000,000 ordinary shares in issue during the year ended 31 March 2022 (2021: 1,000,000,000 shares).

There was no difference between basic and diluted earnings per share as the Company did not have any dilutive potential shares outstanding during the years ended 31 March 2022 and 2021.

## 11. TRADE AND BILLS RECEIVABLES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables — gross	<b>5,834</b>	8,829
Bills receivables — gross	<b>1,771</b>	1,651
	<b>7,605</b>	10,480
Less: ECL allowance	<b>(21)</b>	(4)
Trade and bills receivables — net	<b>7,584</b>	10,476

### 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>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Trade receivables</b>		
Less than 30 days	<b>3,576</b>	8,544
31 to 60 days	<b>1,526</b>	171
61 to 90 days	<b>414</b>	82
Over 90 days	<b>297</b>	28
	<b>5,813</b>	8,825

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>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the year	<b>4</b>	186
ECL allowance recognised	<b>19</b>	2
Reversal of ECL allowance recognised	<b>(2)</b>	(184)
At the end of the year	<b>21</b>	4

## 12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	4,345	4,186
Other payables and accrued expenses ( <i>note</i> )	<u>4,541</u>	<u>5,131</u>
	<u><u>8,886</u></u>	<u><u>9,317</u></u>

*Note:* Other payables and accrued expenses mainly included accrued salaries and accrued professional fee as at 31 March 2022 of approximately HK\$992,000 (2021: HK\$2,808,000) and HK\$1,375,000 (2021: HK\$768,000) respectively.

### Ageing analysis

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 30 days	2,522	4,049
31 to 60 days	359	25
61 to 90 days	100	1
Over 90 days but within one year	<u>1,364</u>	<u>111</u>
	<u><u>4,345</u></u>	<u><u>4,186</u></u>

## 13. SHARE CAPITAL

	Number of shares	Amount <i>HK\$</i>
<b>Authorised ordinary shares of HK\$0.01 each:</b>		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>10,000,000,000</u>	<u>100,000,000</u>
<b>Issued of shares:</b>		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>1,000,000,000</u>	<u>10,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## **BUSINESS REVIEW**

Amuse Group Holding Limited (the “**Company**”) is a company incorporated in the Cayman Islands with limited liability under the Companies Law (as revised) of the Cayman Islands. The Company and its subsidiaries (the “**Group**”) are principally engaged in design, marketing, distribution and retail sales of toys and related products.

### **Sales of original design manufacturer (“ODM”) toys**

The sales of ODM toys has significantly dropped due to the COVID-19 pandemic effect on manufacturing which had caused disruption to production and supply chains across the globe, but the sales of ODM toys continues to account for the largest portion of the sales business of the Group. The Group’s two major customers, namely Sentinel Japan and Wing Co., Ltd., have worked with us for over 11 years and 15 years respectively, representing the primary revenue source of the sales of ODM toys. During the year ended 31 March 2022 (the “**Year**”), revenue from sales of ODM toys decreased by approximately 19.6% to approximately HK\$107,749,000 (2021: approximately HK\$134,054,000). The production in Mainland China has clamped down since the COVID-19 pandemic which started from 2020, where many suppliers rushed to limit production activity. As China seeks to maintain its zero-Covid strategy, the production was brought to a halt unless absolutely necessary. Electricity and water supply failures caused a decline in the production capacity of suppliers in Mainland China. In addition, same as the Prior Year, the scarcity of containers in the right locations in many ports caused heavy vessel delays, missed sailings and limitation on volumes that could be loaded which affected the shipment in the Year.

The profit margin of the sales of ODM toys has declined by approximately 25.5%, which was decrease from 14.9% for the year ended 31 March 2021 (“**Prior Year**”) to 11.1% for the Year due to the same reason in Prior Year, with the increment of labour and raw material costs passed on by our suppliers to the Group during the Year being the main reason for the decrease of the overall gross profit margin for the Year.

### **Distribution of imported toys and related products**

The high-end robot figures is continuously top-dollar growth category in the revenue from distribution of imported toys and related products in the Year. Several of hot-selling high-end robot figures were released and delivered which strongly push up the sales of the segment in the year. The revenue from this segment has increased by approximately 13.5% to HK\$50,264,000 (2021: approximately HK\$44,297,000) during the Year.

## **Sales of own licensed toys and related products**

The Group applied the “SENTINEL/千值練”, “TOPI” and “FLAME TOYS” brands in developing our own licensed toys and related products over the years. After continuous hard work on building up the own licensed toys in years, there was a sharp increase in the sales of the segment. A number of hot-selling high-end robot figures were released and delivered in the Year, leading to the increase in revenue from sales of own licensed toys and related products during the Year by 76.6%, to approximately HK\$58,472,000 (2021: approximately HK\$33,116,000).

## **FINANCIAL ANALYSIS**

### **Revenue**

Revenue is recognised when the customer takes possession of and accepts the products. Revenue is after deduction of any trade discounts.

Revenue increased by approximately 2.4% to approximately HK\$216,485,000 for the Year from approximately HK\$211,467,000 for the Prior Year. The increase in revenue was mainly due to the rapid increase in sales of own licensed toys and related products and distribution of imported toys and related products.

### **Cost of sales**

Our Group’s cost of sales, incurred from the ODM toys, distribution of imported toys and related products and own licensed toys and related products comprising of (i) production costs of related products; (ii) license fee; (iii) depreciation of mould and (iv) others.

Cost of sales increased by approximately 4.7% to approximately HK\$181,612,000 for the Year from approximately HK\$173,503,000 for the Prior Year. The increase of cost of sales brings into line with the increase of revenue.

### **Gross profit**

Gross profit decreased by approximately 8.1% to approximately HK\$34,873,000 for the Year from approximately HK\$37,964,000 for the Prior Year. The gross profit margin decreased to approximately 16.1% for the Year from approximately 18.0% for the Prior Year. The decrease in gross profit margin is mainly due to the increase of labour and raw materials costs, which led to the increase of the cost of ODM toys and own licensed toys and related products.

## **Other income, net**

Other income, net decreased by approximately 39.5% to approximately HK\$3,898,000 for the Year from approximately HK\$6,477,000 for the Prior Year.

The decrease was mainly due to the Group received government grants in respect of Covid-19-related subsidies in the Prior Year, which was ceased in the Year.

## **Selling expenses**

Our selling expenses comprises (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 45.2% from approximately HK\$5,649,000 for the Prior Year to approximately HK\$8,200,000 for the Year, mainly due to the increase in the online marketing expenses on social media platforms; and the expenses on Ani-Com & Games Hong Kong incurred in the Year, which was cancelled in the Prior Year.

## **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) insurance expenses mainly in relation to product liability insurance; and (viii) other administrative expenses.

Administrative expenses increased by approximately 4.1% from approximately HK\$25,975,000 for the Prior Year to approximately HK\$27,036,000 for the Year. The increased expense was mainly due to a discretionary bonus is given to Mr. Li Wai Keung to reward his exceptional performance in the Year.

## **Finance costs**

The finance costs arose from our bank loans and fees for electronic payment transactions. Finance costs decreased by approximately 44.9% to approximately HK\$108,000 for the Year from approximately HK\$196,000 for the Prior Year. The decrease was mainly due to the decrease in fees for electronic payment.

## **Income tax expenses**

Income tax expenses were decreased by approximately 55.7% to approximately HK\$1,636,000 for the Year, as compared to approximately HK\$3,694,000 for the Prior Year.

## **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 as mentioned under Events After Reporting Date on pages 12 of Annual Report 2022, the Group had no definite future plans for material investments and capital assets.

## **Significant investments held**

As at 31 March 2022, the Group is holding an investment of joint venture which was formed in accordance with the joint venture agreement entered into between Amuse Luck and Grand View Protective Products Limited (“**Grand View**”) (the “**Joint Venture Agreement**”) pursuant to which Amuse Luck and Grand View agreed to jointly establish a joint venture (the “**Joint Venture**”) in Hong Kong owned as to 30% by Amuse Luck and 70% by Grand View, which principally engages in manufacturing and sale of protective products (including medical face masks, infrared thermometer, disinfectant spray, protective clothing, etc.) in Hong Kong and PRC markets.

In accordance with the Joint Venture Agreement, Amuse Luck and Grand View have invested in aggregate amount of HK\$10 million to the Joint Venture for setting up the medical face masks production lines in proportion to their respective shareholdings, in which Amuse Luck contributed HK\$3 million to the Joint Venture and Grand View is responsible for the costs of medical face masks production equipment, its installation and the plant renovation which amount to approximately HK\$7 million.

## **Gearing Ratio**

Gearing ratio is calculated based on the total loans and borrowings divided by total equity at the respective reporting date. As at 31 March 2022, the Group’s gearing ratio was approximately 0.02 times, while it was 0.02 times as at 31 March 2021. The Group’s financial position is sound and strong. With available bank balances and cash, the Group has sufficient liquidity to satisfy its funding requirements.

## **Foreign Exchange Exposure**

Certain trade receivables, bank balances and trade payables are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk. Although part of the Group's revenue and cost are in U.S. Dollar (“USD”) and Japanese Yen, the Group does not expect any significant movement in the USD and Japanese Yen exchange rate. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## **Charge on the Group's assets**

At 31 March 2022, the Group's building with an aggregate carrying value of HK\$6,069,000 were mortgaged to secure banking facilities granted to the Group (31 March 2021: HK\$6,246,000).

## **Information on employees**

As at 31 March 2022, the Group had 41 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 total staff cost (including remuneration of the Directors and mandatory provident funds contributions) for the Year amounted to approximately HK\$15,852,000 (2021: approximately HK\$14,301,000).

## **Dividend**

The Board does not recommend the payment of dividend for the year ended 31 March 2022 (2021: Nil).

## Use of Proceeds

The ordinary share(s) of the Company (the “**Shares**”) were listed on GEM on 31 May 2018. The net proceeds from the listing of the Shares on GEM (the “**Listing**”) (after deducting the underwriting fees and related expenses) amounted to approximately HK\$57.9 million which has already been fully utilised. The proceeds from the Listing were applied as follows:

	<b>Total planned amount to used HK\$'000</b>	<b>Actual amount utilised up to 31 March 2022 HK\$'000</b>	<b>Unutilised balance as at 31 March 2022 HK\$'000</b>
Expanding our product portfolio of own licensed toys and related products	46,200	46,200	–
Enhancing our overseas distribution network	3,600	3,600	–
Further strengthening our manpower	6,000	6,000	–
Further enhancing our information technology system and performing warehouse renovation	2,100	2,100	–
Total	<u>57,900</u>	<u>57,900</u>	<u>–</u>

## Contingent Liabilities

As at 31 March 2022, the Group had no significant contingent liabilities (2021: Nil).

## Event After Reporting Period

### *Acquisition of 30% of the issued share capital of DongYiQuan*

The Board is eyeing on an increasing prevalence of smart home technology and rising public awareness on elderly care in the PRC. Particularly, the PRC government’s fourteenth five-year plan for 2021–2025 has stressed the importance of developing smart elderly care services and favourable policies are being promulgated to foster the application of advanced technology in enhancing senior-friendly products and services.

On 31 December 2021, Amuse Luck Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with Chu Guigui (褚桂桂) (the “**Vendor A**”) and Zhu Rongzheng (朱榮政) (the “**Vendor B**”) in relation to a possible acquisition (the “**Possible Acquisition**”) of all or part of the equity interests in DongYiQuan Network Technology Co., Ltd. (“**DongYiQuan**”) by the Group.

DongYiQuan is an investment holding company incorporated in the British Virgin Islands with limited liability and, through its subsidiaries, is a high-tech enterprise focusing on the development and application of smart health care industry solutions. It is principally engaged in the provision of smart health care products and service systems with a vision of “cloud platform, smart hardware and smart service” in the PRC.

On 25 April 2022, the Vendors and the Purchaser, entered into the Sale and Purchase Agreement, pursuant to which the Vendors have conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Vendors, the Sale Shares, representing 30% of the issued share capital of DongYiQuan.

The Completion of the Sale and Purchase Agreement took place on 5 May 2022. Upon the Completion, the Consideration in the sum of HK\$10,000,000 was fully settled and discharged by the allotment and issue a total of 192,307,692 new Shares, representing approximately 16.13% of the issued share capital of the Company (as enlarged by the issue of the Consideration Shares), have been duly allotted and issued as fully paid to the nominee of Vendor A (Chu Guigui\* (褚桂桂)), namely Ms. Lin Weiyi\* (林煒儀) (“**Vendor A’s Nominee**”), and the nominee of Vendor B (Zhu Rongzheng\* (朱榮政)), namely Mr. Liu Jun\* (劉峻) (“**Vendor B’s Nominee**”), respectively, at the Issue Price of HK\$0.052 each under the General Mandate. As confirmed by the Vendors and their respective nominees, and to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, each of the Vendors, Vendor A’s Nominee and Vendor B’s Nominee is an Independent Third Party, save for their respective interest in the Consideration Shares.

Set out below for illustrative purposes is the shareholding structure of the Company (i) immediately before the Completion; and (ii) immediately after the Completion.

	<b>(i) Immediately before the Completion</b>		<b>(ii) Immediately after the Completion</b>	
	<i>No. of Shares</i>	<i>approx.%</i>	<i>No. of Shares</i>	<i>approx.%</i>
Infinite Force Holdings Ltd. ( <i>Note 1</i> )	180,800,000	18.08%	180,800,000	15.16%
Vendor A's Nominee	–	–	144,230,769	12.10%
Vendor B's Nominee	–	–	48,076,923	4.03%
Other public Shareholders	819,200,000	81.92%	819,200,000	68.71%
Total	<u>1,000,000,000</u>	<u>100.00%</u>	<u>1,192,307,692</u>	<u>100.00%</u>

*Note 1:* Infinite Force Holdings Ltd., a company incorporated in the BVI on 18 October 2016 and an investment holding company, is wholly and beneficially owned by Mr. Li Wai Keung who is the chairman and an executive Director of the Company. Therefore, Mr. Li Wai Keung is deemed to be interested in the 180,800,000 Shares held by Infinite Force Holdings Ltd. by virtue of his 100% shareholding interest in Infinite Force Holdings Ltd..

### **Purchase, sale or redemption of listed securities of the Company**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

### **Corporate Governance Practice**

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "CG Code") set out in Appendix 15 of the GEM Listing Rules. During the year, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

## **Directors' Securities Transactions**

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Following specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standard as set out in the Model Code and its code of conduct regarding directors' securities transactions from the listing date to the date of this announcement.

## **Contingent Liabilities**

As at 31 March 2022, the Group had no significant contingent liabilities (2021: Nil).

## **Audit Committee**

The Audit Committee was established in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the Company's financial information, overseeing the Group's financial reporting system, risk management and internal control systems, reviewing and monitoring the effectiveness of the scope of audit and making recommendation to the Board on the appointment of external auditors.

The Group's annual results for the year ended 31 March 2022 has been reviewed by the Audit Committee.

## **Scope of Work of Grant Thornton Hong Kong Limited**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been agreed by the Group's external auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this announcement.

## **Appreciation**

On behalf of the Board, the Chairman of the Company, Mr. Li Wai Keung, would like to take this opportunity to express his sincere gratitude to the management and staff of the Group for their hard work and dedication as well as to its shareholders and business companies for their continued support.

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

Hong Kong, 28 June 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 will remain on the website of Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at [www.amusegroupholding.com](http://www.amusegroupholding.com).*