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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 2023**

**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 2023 (the “**Year**”), together with the comparative figures for the year ended 31 March 2022 (the “**Prior Year**”) as follow:

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

*For the year ended 31 March 2023*

		<b>2023</b>	2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Revenue</b>	4	<b>235,963</b>	216,485
Cost of sales		<u>(190,227)</u>	<u>(181,612)</u>
<b>Gross profit</b>		<b>45,736</b>	34,873
Other income, net	6	<b>651</b>	3,898
Selling expenses		<b>(9,187)</b>	(8,200)
Administrative expenses		<b>(27,993)</b>	(27,036)
Fair value changes of financial assets at fair value through profit or loss		<b>(1,395)</b>	(38)
Fair value changes of investment properties		–	(461)
Provision of ECL allowance on trade receivables, net		<b>(61)</b>	(17)
Provision of ECL allowance on other receivables		<b>(157)</b>	–
Share of profit of associates		<b>263</b>	–
Share of loss of a joint venture		–	(1,917)
Gain on disposal of a subsidiary		–	<u>2,123</u>
Profit from operations		<b>7,857</b>	3,225
Finance costs	7(a)	<u>(234)</u>	<u>(108)</u>
<b>Profit before taxation</b>	7	<b>7,623</b>	3,117
Income tax expense	8	<u>(1,861)</u>	<u>(1,636)</u>
<b>Profit and total comprehensive income for the year attributable to equity holders of the Company</b>		<u><b>5,762</b></u>	<u>1,481</u>
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
— Basic and diluted (in HK cents)	10	<u><b>0.49</b></u>	<u>0.15</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		–	–
Property, plant and equipment		<b>29,619</b>	16,735
Goodwill		<b>5,378</b>	–
Financial assets at fair value through profit or loss (“FVTPL”)		<b>1,905</b>	–
Interests in joint ventures		<b>3</b>	3
Interests in associates		<b>18,213</b>	–
Deferred tax assets		<b>646</b>	425
Other receivables		<b>1,285</b>	117
		<hr/> <b>57,049</b>	<hr/> 17,280
<b>Current assets</b>			
Inventories		<b>1,521</b>	2,702
Trade and bills receivables	<i>11</i>	<b>13,296</b>	7,584
Other receivables	<i>13</i>	<b>44,435</b>	38,423
Financial assets at fair value through profit or loss		<b>5,753</b>	3,865
Current tax recoverable		<b>1,233</b>	3,452
Bank deposits and cash		<b>133,555</b>	151,640
		<hr/> <b>199,793</b>	<hr/> 207,666
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>22,448</b>	8,886
Contract liabilities		<b>27,232</b>	30,718
Amount due to a joint venture		<b>3</b>	3
Bank loan		<b>3,187</b>	3,327
Lease liabilities		<b>3,748</b>	820
Current tax payable		<b>–</b>	579
		<hr/> <b>56,618</b>	<hr/> 44,333
<b>Net current assets</b>		<hr/> <b>143,175</b>	<hr/> 163,333
<b>Total assets less current liabilities</b>		<hr/> <b>200,224</b>	<hr/> 180,613

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>3,877</b>	83
Deferred tax liabilities		<b>233</b>	178
		<u><b>4,110</b></u>	<u>261</u>
<b>Net assets</b>		<u><b>196,114</b></u>	<u>180,352</u>
<b>EQUITY</b>			
Share capital	<i>14</i>	<b>11,923</b>	10,000
Reserves		<b>184,191</b>	170,352
		<u><b>196,114</b></u>	<u>180,352</u>
<b>Total equity</b>		<u><b>196,114</b></u>	<u>180,352</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 B-E, 33/F, Plaza 88, No.88 Yeung UK Road, Tsuen Wan, New Territories, 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, and provision of agency services.

## 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 requirements 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 2022

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 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group 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>1</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 HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong interpretation 5 <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

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

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 the Group's 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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts within the scope of HKFRS 15</b>		
Sales of ODM toys to license holders	<b>114,835</b>	107,749
Distribution of imported toys and related products	<b>68,645</b>	50,264
Sales of own licensed toys and related products	<b>49,099</b>	58,472
Revenue of agency services related to engineering projects	<b>3,384</b>	–
	<b>235,963</b>	216,485

#### 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 2023 and 2022 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	114,835	107,749	68,645	50,264	49,099	58,472	3,384	–	235,963	216,485
Inter-segment revenue	–	–	21,919	8,644	31,519	43,812	–	–	53,438	52,456
Reportable segment revenue	<b>114,835</b>	107,749	<b>90,564</b>	58,908	<b>80,618</b>	102,284	<b>3,384</b>	–	<b>289,401</b>	268,941
Reportable segment (loss)/profit	<b>(5,784)</b>	(1,909)	<b>9,981</b>	6,666	<b>1,425</b>	(5,137)	<b>2,716</b>	–	<b>8,338</b>	(380)
Depreciation for the year	<b>1,149</b>	1,040	<b>1,691</b>	1,454	<b>4,182</b>	6,791	–	–	<b>7,022</b>	9,285
<b>Reportable segment assets</b>										
Non-current assets (other than financial instruments), including:										
— Interests in joint ventures	–	–	–	–	–	–	3	3	3	3
— Interests in associates	–	–	–	–	–	–	18,213	–	18,213	–
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	<b>45</b>	1,740	<b>6,844</b>	704	<b>12,246</b>	2,175	–	–	<b>19,135</b>	4,619

The Group's customers are primarily toys distributors based in Japan. The percentage of revenue contributed by the Group's five largest customers for the year ended 31 March 2023 amounted to approximately 65% (2022: 71%).

The Group primarily manages its business by three (2022: three) divisions, namely sales of ODM toys, sales 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 three (2022: three) reportable segments, which are sales of ODM toys to license holders, distribution of imported toys and related products and sales of own licensed toys and related products respectively. No operating segments have been aggregated to form the reportable segments.

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results based on the revenue and expenses which are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment assets and segment liabilities is not reported or used by the Group's most senior executive management.

***Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date***

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for goods such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an original expected duration of one year or less.



## 5.2 Reconciliations of reportable segment profit

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit</b>		
Reportable segment profit/(loss) derived from the Group's external customers	5,622	(380)
Other income, net	651	3,898
Fair value changes of financial assets at FVTPL — listed securities	(1,895)	(38)
Fair value changes of financial assets at FVTPL — contingent consideration receivable	500	–
Fair value changes of investment properties	–	(461)
Share of loss of a joint venture	–	(1,917)
Share of profit of associates	263	–
Gain on disposal of a subsidiary	–	2,123
Finance costs	(234)	(108)
Unallocated	2,716	–
	<u>7,623</u>	<u>3,117</u>
Consolidated profit before taxation	<u><u>7,623</u></u>	<u><u>3,117</u></u>

## 5.3 Geographic information

The following table sets out information about the geographic location of the Group's customers. The geographical location of customers is based on the location at which the goods or services were delivered.

	<b>Revenue from external customers</b>	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong (place of domicile)	<u>25,300</u>	<u>26,992</u>
Japan	134,877	111,073
The United States of America	17,180	32,732
People's Republic of China (“PRC”)	31,144	20,217
Taiwan	12,371	11,648
South Korea	3,151	3,170
Italy	3,096	1,921
Others	<u>8,844</u>	<u>8,732</u>
	<u>210,663</u>	<u>189,493</u>
	<u><u>235,963</u></u>	<u><u>216,485</u></u>

#### 5.4 Information about major customers

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A — sales of products	95,470	74,533
Customer B — sales of products	28,384	36,540
Customer C — sales of products	(Note)	31,417

*Note:* This customer did not contribute over 10% of total revenue of the Group in 2023.

#### 6. OTHER INCOME, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	507	173
Compensation income	140	408
COVID-19-related rent concessions received ( <i>note (i)</i> )	–	5
Net exchange (loss)/gain	(2,083)	1,312
Freight charge income	316	510
Loss on disposal of financial assets at FVTPL	(341)	(898)
Government grants ( <i>note (ii)</i> )	998	100
Management fee income	952	1,393
Rental income	–	707
Sundry income	162	188
	<u>651</u>	<u>3,898</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”. Hence the Group applies the practical expedients introduced by the amendments to all eligible rent concessions received by the Group during the year ended 31 March 2022.
- (ii) During the year ended 31 March 2023, the Group recognised government grants of HK\$100,000 (2022: HK\$100,000) in respect of SME Export Marketing Fund provided by the Hong Kong SAR Government and government grants of HK\$898,000 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):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on bank loan and overdrafts	102	49
Interest on lease liabilities	132	59
	<u>234</u>	<u>108</u>
<b>(b) Staff costs (excluding directors' remuneration)</b>		
Salaries, wages and other benefits	7,895	7,199
Contributions to defined contributions retirement plans	307	318
	<u>8,202</u>	<u>7,517</u>
<b>(c) Other items</b>		
Depreciation:		
— Owned assets	4,387	6,224
— Right-of-use assets	2,635	3,061
	<u>7,022</u>	<u>9,285</u>
Total depreciation		
	<u>7,022</u>	<u>9,285</u>
Auditor's remuneration	800	780
Provision of ECL allowance on trade receivables, net ( <i>note 11</i> )	61	17
Provision of ECL allowance on other receivables ( <i>note 13</i> )	157	–
Reversal of provision for inventories	–	(946)
Write-off of property, plant and equipment	358	–
Write down of inventories	–	428
Write-off of other receivables	–	774
	<u>–</u>	<u>774</u>

## 8. INCOME TAX EXPENSE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax — Hong Kong profits tax</b>		
Provision for the year	1,971	2,343
Under-provision in respect of prior years	<u>56</u>	<u>44</u>
	<b>2,027</b>	2,387
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(166)</u>	<u>(751)</u>
	<b><u>1,861</u></b>	<b><u>1,636</u></b>

The provision for Hong Kong profits tax for 2023 is calculated at 16.5% (2022: 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 2022.

The provision for Hong Kong profits tax for 2023 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 2022–23. The eligible companies are entitled for the maximum reduction of HK\$10,000 (2022: HK\$10,000).

## 9. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 31 March 2023 and 2022.

## 10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2023	2022
Profit for the year attribute to owners of the Company ( <i>HK\$'000</i> )	5,762	1,481
Weighted average number of ordinary shares outstanding for basic earnings per share	<u>1,174,394,099</u>	<u>1,000,000,000</u>
<b>Basic earnings per share (<i>HK cents</i>)</b>	<b><u>0.49</u></b>	<b><u>0.15</u></b>

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 2023 and 2022.

## 11. TRADE AND BILLS RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables — gross	13,378	5,834
Bills receivables — gross	<u>—</u>	<u>1,771</u>
	13,378	7,605
Less: ECL allowance	<u>(82)</u>	<u>(21)</u>
Trade and bills receivables — net	<b><u>13,296</u></b>	<b><u>7,584</u></b>

### 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Trade receivables</b>		
Less than 30 days	11,128	3,576
31 to 60 days	1,014	1,526
61 to 90 days	1,154	414
Over 90 days	<u>—</u>	<u>297</u>
	<b><u>13,296</u></b>	<b><u>5,813</u></b>

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 on trade and bills receivables is as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>21</b>	4
ECL allowance recognised	<b>80</b>	19
Reversal of ECL allowance recognised	<b>(19)</b>	(2)
	<hr/>	<hr/>
At the end of the year	<b>82</b>	21
	<hr/> <hr/>	<hr/> <hr/>

## 12. TRADE AND OTHER PAYABLES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>17,150</b>	4,345
Other payables and accrued expenses ( <i>note</i> )	<b>5,298</b>	4,541
	<hr/>	<hr/>
	<b>22,448</b>	8,886
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Other payables and accrued expenses mainly included accrued salaries and accrued professional fee as at 31 March 2023 of approximately HK\$1,484,000 (2022: HK\$992,000) and HK\$878,000 (2022: HK\$1,375,000) 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:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Less than 30 days	<b>6,952</b>	2,522
31 to 60 days	<b>4,556</b>	359
61 to 90 days	<b>1,045</b>	100
Over 90 days but within one year	<b>4,597</b>	1,364
	<hr/>	<hr/>
	<b>17,150</b>	4,345
	<hr/> <hr/>	<hr/> <hr/>

### 13. OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other receivables — gross	10,701	4,083
Less: ECL allowance	<u>(157)</u>	<u>—</u>
Other receivables — net	10,544	4,083
Trade deposits	31,293	32,801
Rental deposits	1,458	1,088
Other deposits	422	71
Prepayments	<u>2,003</u>	<u>497</u>
	<u>35,176</u>	<u>34,457</u>
	45,720	38,540
Less: Portion due over one year included under non-current assets	<u>(1,285)</u>	<u>(117)</u>
	<u>44,435</u>	<u>38,423</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.

The movement in the ECL allowance on other receivables is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the year	—	—
ECL allowance recognised	<u>157</u>	<u>—</u>
At the end of the year	<u>157</u>	<u>—</u>

## 14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised ordinary shares of HK\$0.01 each:</b>		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued of shares:</b>		
At 1 April 2021, 31 March 2022 and 1 April 2022	1,000,000,000	10,000
Issue of share capital ( <i>Note (ii)</i> )	<u>192,307,692</u>	<u>1,923</u>
At 31 March 2023	<u>1,192,307,692</u>	<u>11,923</u>

- (i) 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.
- (ii) The Company issued 192,307,692 shares on 5 May 2022 to the shareholders of DongYiQuan Network Technology Co., Ltd as the purchase consideration for 30% of its ordinary share capital. The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares issued at the date of acquisition amounted to HK\$10,000,000 (HK\$0.052 per share based on the published share price on 5 May 2022), of which HK\$1,923,000 and HK\$8,077,000 have been credited to share capital and share premium, respectively.



## **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, and provision of agency services.

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

After three years of COVID-19 pandemic, the production and supply chains across the globe has returned to normal slowly. The sales of ODM toys has increased slightly and continues to account for the largest portion of the sales business segment of the Group. The Group’s two major customers, namely Sentinel Japan and Wing Co., Ltd., have worked with us for over 12 years and 16 years respectively, representing the primary revenue source of the sales of ODM toys. During the year ended 31 March 2023 (the “**Year**”), revenue from sales of ODM toys increased by approximately 6.6% to approximately HK\$114,835,000 (2022: approximately HK\$107,749,000).

The profit margin of the sales of ODM toys has declined by approximately 29.7%, which was decrease from 11.1% for the year ended 31 March 2022 (“**Prior Year**”) to 7.8% 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 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 sharply by approximately 36.6% to HK\$68,645,000 (2022: approximately HK\$50,264,000) 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. A number of hot-selling high-end robot figures were released and delivered in the Prior Year, but not in the Year, leading to the significantly dropped in revenue from sales of own licensed toys and related products during the Year by 16.0%, to approximately HK\$49,099,000 (2022: approximately HK\$58,472,000).

## **Agency services related to engineering projects**

The Group's new revenue stream from agency services related to engineering projects commenced on 8 August 2022, which mainly contributed from the project in Fo Tan, Hong Kong. There are three areas of work including typical lobby, lift car and main lobby for this project, that contributed the revenue of approximately HK\$3,384,000 for the Year (2022: Nil).

## **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 9.0% to approximately HK\$235,963,000 for the Year from approximately HK\$216,485,000 for the Prior Year. The increase in revenue was mainly due to the rapid increase in sales and distribution of imported toys and related products and sales of ODM toys.

### **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\$190,227,000 for the Year from approximately HK\$181,612,000 for the Prior Year. The increase of cost of sales is in line with the increase of revenue.

### **Gross profit**

Gross profit increased by approximately 31.2% to approximately HK\$45,736,000 for the Year from approximately HK\$34,873,000 for the Prior Year. The gross profit margin increased to approximately 19.4% for the Year from approximately 16.1% for the Prior Year. The increase of gross profit was mainly because of the significant increased in the distribution of imported toys and related products which is the highest in profit margin among the business segments.

### **Other income, net**

Other income, net decreased by approximately 83.3% to approximately HK\$651,000 for the Year from approximately HK\$3,898,000 for the Prior Year.

The decrease was mainly due to the sharp rebound in the US dollar during the Year. The foreign currency held on hand during the Year results in a foreign exchange loss being written off from other incomes.

### **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 12.0% from approximately HK\$8,200,000 for the Prior Year to approximately HK\$9,187,000 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.

### **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 3.5% from approximately HK\$27,036,000 for the Prior Year to approximately HK\$27,993,000 for the Year.

### **Finance costs**

The finance costs arose from our bank loans and fees for electronic payment transactions. Finance costs increased by approximately 116.7% to approximately HK\$234,000 for the Year from approximately HK\$108,000 for the Prior Year. The increase was mainly due to the increase in (i) the mortgage interest; (ii) interest on lease liabilities.

### **Income tax expenses**

Income tax expenses were increased by approximately 13.8% to approximately HK\$1,861,000 for the Year, as compared to approximately HK\$1,636,000 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**”), the Group had no definite future plans for material investments and capital assets.

## **Significant investments held**

As at 31 March 2023, 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.

## ***Material acquisitions and disposals of subsidiaries and affiliated companies***

### *(i) Acquisition 30% of DongYiQuan*

On 25 April 2022, the Group entered into the Sale and Purchase Agreement with Chu Guigui (褚桂桂) and Zhu Rongzheng (朱榮政) to purchase 30% of DongYiQuan Network Technology Co., Ltd., (“**DongYiQuan**”). The Consideration is HK\$10,000,000 which was fully settled and discharged by the allotment and issue of 192,307,692 Consideration Shares that under General Mandate, at the Issue Price of HK\$0.052 per Consideration Share to the Vendors at Completion.

DongYiQuan is a high-tech enterprise focusing on the development and application of smart healthcare industry solutions. It is principally engaged in the provision of smart health care products and service systems with a vision of “**cloud platform, smart hard ware and smart service**”. DongYiQuan has cumulated solid clientele including local government agencies, hospitals, wellness centres, as well as individual households. It is in line with the Group’s investment objective by riding on the up side potential of the smart elderly care service sector and investing in DongYiQuan.

*(ii) Acquisition 100% of Forever Profits*

Pursuant to the sale and purchase agreement dated 8 August 2022 (the “**Sale and Purchase Agreement**”), Mr. Tse Chun Yiu (“**Mr. Tse**”) sold to the Company the entire issued share capital in Forever Profits Development Limited (“**Forever Profits**”) with a consideration of HK\$7,000,000, which was settled in cash. Pursuant to the Sale and Purchase Agreement, the Mr. Tse irrevocable and unconditionally guarantees to the Company that the net profit of each of the three years (“**Profit Guarantee Period**”) shall not be less than HK\$2,500,000. Otherwise, Mr. Tse shall pay the differences to the Company, and the maximum amount payable by Mr. Tse to the Company is HK\$2,500,000 per year.

As the first year of the Profit Guarantee Period will only end on 30 June 2023, it remains to be confirmed whether the profit guarantee in respect of the first year could be satisfied. The Company will disclose in its first quarterly report for the three months ending 30 June 2023 whether such guarantee in respect of the first year is satisfied and whether Mr. Tse is required to make any payment to the Company or not.

Forever Profits is a company incorporated in Hong Kong with limited liability. It is principally engaged in the provision of agency services related to engineering projects in Hong Kong, including (i) commercial building repair, maintenance, renovation; (ii) office renovation, design and (iii) other large-scale engineering projects.

*(iii) Acquisition 45% of M.I.P.*

An indirect wholly-owned subsidiary of the Company, Amuse Development Limited (the “**Amuse Development**”) and Ms. Cheng Pui Ling (the “**Ms. Cheng**”) entered into an agreement for the sale and purchase of approximately 45.00% of the issued share capital (the “**Sale Shares**”) M.I.P. International Limited (the “**M.I.P.**”), pursuant to which the Ms. Cheng conditionally agreed to sell and the Amuse Development conditionally agreed to acquire the Sale Shares (the “**M.I.P. Acquisition**”) at a consideration of HK\$7,950,000 which shall be payable by the Amuse Development to the Ms. Cheng by cash. The M.I.P. Acquisition was completed on 26 October 2022.

The M.I.P. is a company incorporated in Hong Kong with limited liability. It is principally engaged in the provision of information technology solutions to customers, including (i) infrastructure solution such as network and data center; (ii) system and security solution such as application server and system security; and (iii) equipment reselling service. The M.I.P. has a diversified customer base, including renowned hotels, property developers and the government of Hong Kong.

## **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 2023, the Group's gearing ratio was approximately 0.02 times, while it was 0.02 times as at 31 March 2022. 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 2023, the Group's building with an aggregate carrying value of HK\$5,892,000 were mortgaged to secure banking facilities granted to the Group (31 March 2022: HK\$6,069,000).

## **Information on employees**

As at 31 March 2023, the Group had 40 employees (31 March 2022: 41) 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\$17,266,000 (2022: approximately HK\$15,884,000).

## **Dividend**

The Board does not recommend the payment of dividend for the year ended 31 March 2023 (2022: Nil).

## **Contingent Liabilities**

As at 31 March 2023, the Group had no significant contingent liabilities (2022: Nil).

## **Event After Reporting Period**

There is no significant event of the Group after the reporting period.

## **Purchase, Sale or Redemption of Listed Securities**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

## **Corporate Governance**

The Company and its management are committed to maintain good corporate governance with an emphasis on the principles of transparency, accountability and independence to all shareholders. The Company believes that good corporate governance is essential for continual growth and enhancement of shareholder's value. From the listing date to the date of this announcement, the Company has applied and complied with the code provisions stipulated in the Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Company periodically reviews its corporate governance practices with reference to the latest development in corporate governance.

## **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.

## **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 Audit Committee currently consists of three members, namely Ms. Chow Chi Ling Janice (the Chairlady of the Audit Committee), Mr. Yu Pui Hang and Mr. Tung Man, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this announcement, including the audited consolidated results of the Group for the year ended 31 March 2023.



## **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 2023 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 2023. 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, 30 June 2023

*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. Chow Chi Ling Janice and Mr. Tung Man 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).*