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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 2024**

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 2024 (the “**Year**”), together with the comparative figures for the year ended 31 March 2023 (the “**Prior Year**”) as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	219,190	235,963
Cost of sales		<u>(181,352)</u>	<u>(190,227)</u>
Gross profit		37,838	45,736
Other income, net	6	1,837	651
Selling expenses		(6,779)	(9,187)
Administrative expenses		(26,560)	(27,993)
Fair value changes of financial assets at fair value through profit or loss		(3,474)	(1,395)
Reversal of Provision of ECL allowance on trade receivables, net		77	19
Provision of ECL allowance on trade receivables, net		–	(80)
Provision of ECL allowance on other receivables, net		–	(157)
Share of profit of associates		(1,041)	263
Share of loss of a joint venture		–	–
Profit from operations		1,898	7,857
Finance costs	7(a)	(368)	(234)
Profit before taxation	7	1,530	7,623
Income tax expense	8	(1,044)	(1,861)
Profit and total comprehensive income for the year attributable to equity holders of the Company		486	5,762
Earnings per share for profit attributable to equity holders of the Company			
— Basic and diluted (in HK cents)	10	0.04	0.49

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		20,573	29,619
Goodwill		5,378	5,378
Financial assets at fair value through profit or loss		–	1,905
Interests in joint ventures		–	3
Interests in associates		17,172	18,213
Deferred tax assets		99	646
Other receivables		623	1,285
		<u>43,845</u>	<u>57,049</u>
Current assets			
Inventories		2,392	1,521
Trade and bills receivables	<i>11</i>	21,892	13,296
Other receivables	<i>13</i>	45,625	44,435
Financial assets at fair value through profit or loss		4,007	5,753
Current tax recoverable		1,424	1,233
Bank deposits and cash		102,696	133,555
		<u>178,036</u>	<u>199,793</u>
Current liabilities			
Trade and other payables	<i>12</i>	12,812	22,448
Contract liabilities		5,243	27,232
Amount due to a joint venture		–	3
Bank loan		3,075	3,187
Lease liabilities		3,835	3,748
Current tax payable		260	–
		<u>25,225</u>	<u>56,618</u>
Net current assets		<u>152,811</u>	<u>143,175</u>
Total assets less current liabilities		<u>196,656</u>	<u>200,224</u>

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		–	3,877
Deferred tax liabilities		56	233
		<u>56</u>	<u>4,110</u>
Net assets		<u>196,600</u>	<u>196,114</u>
EQUITY			
Share capital	<i>14</i>	11,923	11,923
Reserves		184,677	184,191
		<u>184,677</u>	<u>184,191</u>
Total equity		<u>196,600</u>	<u>196,114</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 Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, 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 2023

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 2023:

HKFRS 17	Insurance contracts
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform — Pillar Two model rules

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.

Amendment to HKAS 1 and Hong Kong Interpretation 5 (Revised)	Classification of Liabilities as Current and Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be 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 are not expected to have a material impact on the Group's consolidated financial statements.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

As disclosed in note 26, in June 2022 the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee's service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition the LSP in respect of the service before the Transition Date will be calculated on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 Employee Benefits that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 Employee Benefits in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022 (see note 26), with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have an impact on the opening balance of equity at 1 April 2022, and the cash flows and earnings per share amounts for the year ended 31 March 2023. It also did not have a material impact on the company-level statement of financial position as at 31 March 2023 and 31 March 2024.

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.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts within the scope of HKFRS 15		
Sales of ODM toys to license holders	90,316	114,835
Distribution of imported toys and related products	66,802	68,645
Sales of own licensed toys and related products	59,072	49,099
Revenue of agency services related to engineering projects	3,000	3,384
	219,190	235,963

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 2024 and 2023 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	90,316	114,835	66,802	68,645	59,072	49,099	3,000	3,384	219,190	235,963
Inter-segment revenue	-	-	21,891	21,919	43,289	31,519	-	-	65,180	53,438
Reportable segment revenue	<u>90,316</u>	<u>114,835</u>	<u>88,693</u>	<u>90,564</u>	<u>102,361</u>	<u>80,618</u>	<u>3,000</u>	<u>3,384</u>	<u>284,370</u>	<u>289,401</u>
Reportable segment (loss)/profit	<u>(7,150)</u>	<u>(5,784)</u>	<u>6,026</u>	<u>9,981</u>	<u>3,564</u>	<u>1,425</u>	<u>2,136</u>	<u>2,716</u>	<u>4,576</u>	<u>8,338</u>
Depreciation for the year	<u>731</u>	<u>1,149</u>	<u>3,835</u>	<u>1,691</u>	<u>4,208</u>	<u>4,182</u>	<u>-</u>	<u>-</u>	<u>8,774</u>	<u>7,022</u>
Reportable segment assets										
Non-current assets (other than financial instruments), including:										
— Interests in joint ventures	-	-	-	-	-	-	-	3	-	3
— Interests in associates	-	-	-	-	-	-	17,172	18,213	17,172	18,213
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	<u>-</u>	<u>45</u>	<u>85</u>	<u>6,844</u>	<u>548</u>	<u>12,246</u>	<u>-</u>	<u>-</u>	<u>633</u>	<u>19,135</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit		
Reportable segment profit derived from the		
Group's external customers	2,440	5,622
Other income, net	1,837	651
Fair value changes of financial assets at		
FVTPL — listed securities	(1,274)	(1,895)
Fair value changes of financial assets at		
FVTPL — contingent consideration receivable	(2,200)	500
Share of loss of a joint venture	–	–
Share of profit of associates	(1,041)	263
Finance costs	(368)	(234)
Unallocated	2,136	2,716
	<u>1,530</u>	<u>7,623</u>
Consolidated profit before taxation	<u>1,530</u>	<u>7,623</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.

	Revenue from external customers	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong (place of domicile)	<u>31,090</u>	<u>25,300</u>
Japan	96,745	134,877
The United States of America	24,266	17,180
People's Republic of China ("PRC")	40,823	31,144
Taiwan	10,839	12,371
South Korea	4,441	3,151
Italy	2,095	3,096
Others	8,891	8,844
	<u>188,100</u>	<u>210,663</u>
	<u>219,190</u>	<u>235,963</u>

5.4 Information about major customers

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A — sales of products	94,681	95,470
Customer B — sales of products	<u>(Note)</u>	<u>28,384</u>

Note: This customer did not contribute over 10% of total revenue of the Group in 2024.

6. OTHER INCOME, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	2,190	507
Compensation income	230	140
Net exchange (loss)/gain	(1,090)	(2,083)
Freight charge income	281	316
Loss on disposal of financial assets at FVTPL	–	(341)
Government grants (<i>note (i)</i>)	100	998
Management fee income	–	952
Sundry income	<u>126</u>	<u>162</u>
	<u>1,837</u>	<u>651</u>

Notes:

- (i) During the year ended 31 March 2024, the Group recognised government grants of HK\$100,000 (2023: HK\$100,000) in respect of SME Export Marketing Fund provided by the Hong Kong SAR Government and government grants of HK\$Nil (2023: 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):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loan and overdrafts	184	102
Interest on lease liabilities	184	132
	<u>368</u>	<u>234</u>
(b) Staff costs (excluding directors' remuneration)		
Salaries, wages and other benefits	6,711	7,895
Contributions to defined contributions retirement plans	303	307
	<u>7,014</u>	<u>8,202</u>
(c) Other items		
Depreciation:		
— Owned assets	5,601	4,387
— Right-of-use assets	3,173	2,635
Total depreciation	<u>8,774</u>	<u>7,022</u>
Auditor's remuneration	620	800
Provision of ECL allowance on trade receivables, net (<i>note 11</i>)	–	80
Reversal of provision of ECL allowance on trade receivable, net (<i>note 11</i>)	(77)	(19)
Provision of ECL allowance on other receivables, net (<i>note 13</i>)	–	157
Reversal of provision for inventories	252	–
Write-off of property, plant and equipment	905	358
Write down of inventories	9	–

8. INCOME TAX EXPENSE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax — Hong Kong profits tax		
Provision for the year	952	1,971
(Over)/Under-provision in respect of prior years	<u>(278)</u>	<u>56</u>
	674	2,027
Deferred tax		
Origination and reversal of temporary differences	<u>370</u>	<u>(166)</u>
	<u><u>1,044</u></u>	<u><u>1,861</u></u>

The provision for Hong Kong profits tax for 2024 is calculated at 16.5% (2023: 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 2023.

The provision for Hong Kong profits tax for 2024 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\$3,000 (2023: HK\$10,000).

9. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 31 March 2024 and 2023.

10. EARNINGS PER SHARE

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

	2024	2023
Profit for the year attribute to owners of the Company (<i>HK\$'000</i>)	486	5,762
Weighted average number of ordinary shares outstanding for basic earnings per share	<u>1,192,307,692</u>	<u>1,174,394,099</u>
Basic earnings per share (<i>HK cents</i>)	<u>0.04</u>	<u>0.49</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 years ended 31 March 2024 and 2023.

11. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables — gross	21,897	13,378
Bills receivables — gross	<u>—</u>	<u>—</u>
	21,897	13,378
Less: ECL allowance	<u>(5)</u>	<u>(82)</u>
Trade and bills receivables — net	<u>21,892</u>	<u>13,296</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables		
Less than 30 days	8,673	11,128
31 to 60 days	1,978	1,014
61 to 90 days	8,350	1,154
Over 90 days	<u>2,891</u>	<u>—</u>
	<u>21,892</u>	<u>13,296</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	82	21
ECL allowance recognised	–	80
Reversal of ECL allowance recognised	<u>(77)</u>	<u>(19)</u>
At the end of the year	<u><u>5</u></u>	<u><u>82</u></u>

12. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	8,252	17,150
Other payables and accrued expenses (<i>note</i>)	<u>4,560</u>	<u>5,298</u>
	<u><u>12,812</u></u>	<u><u>22,448</u></u>

Note: Other payables and accrued expenses mainly included accrued salaries, accrued professional fee and accrued license fee as at 31 March 2024 of approximately HK\$2,075,000, HK\$738,000 and HK\$1,573,000 (2023: HK\$2,096,000, HK\$1,091,000 and HK\$629,000) 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Less than 30 days	745	6,952
31 to 60 days	2,930	4,556
61 to 90 days	2,300	1,045
Over 90 days but within one year	735	4,597
Over one year	<u>1,542</u>	<u>–</u>
	<u><u>8,252</u></u>	<u><u>17,150</u></u>

13. OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other receivables — gross	583	10,701
Less: ECL allowance	<u>(157)</u>	<u>(157)</u>
Other receivables — net	426	10,544
Trade deposits	35,361	31,293
Rental deposits	1,231	1,458
Other deposits	186	422
Prepayments	<u>9,044</u>	<u>2,003</u>
	<u>45,822</u>	<u>35,176</u>
	46,248	45,720
Less: Portion due over one year included under non-current assets	<u>(623)</u>	<u>(1,285)</u>
	<u>45,625</u>	<u>44,435</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	157	–
ECL allowance recognised	<u>–</u>	<u>157</u>
At the end of the year	<u>157</u>	<u>157</u>

14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised ordinary shares of HK\$0.01 each:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>10,000,000,000</u>	<u>100,000</u>
Issued of shares:		
At 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, 1 April 2023 and 31 March 2024	<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

The sales of ODM toys has decreased but 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 13 years and 17 years respectively, representing the primary revenue source of the sales of ODM toys. During the year ended 31 March 2024 (the “**Year**”), revenue from sales of ODM toys decreased by approximately 21.4% to approximately HK\$90,316,000 (2023: approximately HK\$114,835,000).

The gross profit margin of the sales of ODM toys has declined by approximately 6.4%, which was decrease from 7.8% for the year ended 31 March 2023 (“**Prior Year**”) to 7.3% for the Year due to the production costs of our suppliers in China continue to rise and the cost increase has shifted to the Group.

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. The revenue from this segment has slightly decreased by approximately 2.7% to HK\$66,802,000 (2023: approximately HK\$68,645,000) 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 series of hot-selling high-end robot figures were released and delivered in the Year, leading to the significantly increased in revenue from sales of own licensed toys and related products during the Year by 20.3%, to approximately HK\$59,072,000 (2023: approximately HK\$49,099,000).

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 providing contraction projects consultancy service in the areas of (i) engineering consultancy; (ii) management consultancy, (iii) progress monitoring and (iv) quality assurance. It contributed the revenue of approximately HK\$3,000,000 for the Year (2023: approximately HK\$3,384,000).

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 decreased by approximately 7.1% to approximately HK\$219,190,000 for the Year from approximately HK\$235,963,000 for the Prior Year. The decrease in revenue was mainly due to the significant decrease in 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 decreased by approximately 4.7% to approximately HK\$181,352,000 for the Year from approximately HK\$190,227,000 for the Prior Year. The decrease of cost of sales is in line with the decrease of revenue.

Gross profit

Gross profit decreased by approximately 17.3% to approximately HK\$37,838,000 for the Year from approximately HK\$45,736,000 for the Prior Year. The gross profit margin decreased 10.8% to approximately 17.3% for the Year from approximately 19.4% for the Prior Year.

Other income, net

Other income, net increased significantly by approximately 182.2% to approximately HK\$1,837,000 for the Year from approximately HK\$651,000 for the Prior Year.

The increase was mainly due to: (i) a reduction in foreign exchange losses on foreign currency holdings as the appreciation of the US dollar slowed during the year; and (ii) an increase in bank interest income as a result of the general rise in interest rates.

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 decreased by approximately 26.2% from approximately HK\$9,187,000 for the Prior Year to approximately HK\$6,779,000 for the Year, mainly due to the decrease in marketing expenses in traditional marketing channels during 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 slightly decreased by approximately 5.1% from approximately HK\$27,993,000 for the Prior Year to approximately HK\$26,560,000 for the Year.

Finance costs

The finance costs arose from our bank loans and fees for electronic payment transactions. Finance costs increased by approximately 57.3% to approximately HK\$368,000 for the Year from approximately HK\$234,000 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 decreased by approximately 43.9% to approximately HK\$1,044,000 for the Year, as compared to approximately HK\$1,861,000 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

(i) 30% of Grand Amuse

As at 31 March 2024, 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 company named Grand Amuse Development Limited (“**Grand Amuse**”) 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 Grand Amuse for setting up the medical face masks production lines in proportion to their respective shareholdings, in which Amuse Luck contributed HK\$3 million to Grand Amuse 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.

(ii) 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 hardware 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.

(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 paid 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 2024, the Group’s gearing ratio was approximately 0.02 times, while it was 0.02 times as at 31 March 2023. 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 2024, the Group’s building with an aggregate carrying value of HK\$5,716,000 were mortgaged to secure banking facilities granted to the Group (31 March 2023: HK\$5,892,000).

Information on employees

As at 31 March 2024, the Group had 35 employees (31 March 2023: 40) 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\$15,808,000 (2023: approximately HK\$17,266,000).

Dividend

The Board does not recommend the payment of dividend for the year ended 31 March 2024 (2023: Nil).

Contingent Liabilities

As at 31 March 2024, the Group had no significant contingent liabilities (2023: 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 2024.

Scope of Work of Privatco CPA 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 2024 as set out in this announcement have been agreed by the Group's external auditor, Privatco CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2024. The work performed by Privatco CPA 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 Privatco CPA 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, 27 June 2024

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. 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 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.