

TARGET

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T H U R S D A Y

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AMUSE GROUP HOLDING LTD: SELLING THE DINING-ROOM'S SILVER IN ORDER TO BOLSTER THE FINANCIAL COFFERS ?

On or about Friday, January 28, 2022, Senior Management of Amuse Group Holding Ltd (佰悅集團控股有限公司) (Code: 8545, The **G**rowth **E**nterprise **M**arket – The **GEM** – The Stock Exchange of Hongkong Ltd) determined to cause the Company to obtain the lump sum of \$HK34,000,000.00, that not inconsiderable amount of money, being the direct result of the disposal of D4 Toys (Oversea) Company Ltd.

D4 Toys (Oversea) Company Ltd, formerly a wholly owned subsidiary of Amuse Group Holding Ltd, was sold to Mr Li Wai Keung (李偉強), the Chairman and Chief Executive Officer of Amuse Group Holding Ltd.

The gain on the disposal of this former subsidiary was said to have been \$HK2,123,000.00, according to Page 135 of the 2022 Annual Report of Amuse Group Holding Ltd.

The immediate result of the disposal of this Company's former subsidiary was to boost bank deposits and cash, quite materially, because, as at March 31, 2021, '*Cash at bank and on hand*' amounted to \$HK54,715,000.00, with Bank Deposits with '*Original maturities within three months*', being \$HK17,328,000.00, aggregating \$HK72,043,000.00.

Even without that very healthy injection of \$HK34 million from the pocketbook of Mr Li Wai Keung into the coffers of Amuse Group Holding Ltd, it appeared that this publicly listed company was not, exactly, short of a few dollars.

Or was it?

Or was Management afraid of the near-term, financial future?

The business of Amuse Group Holding Ltd is that of a Company, principally engaged in design, marketing, distribution and retail sales of toys and related products.

The 2022 Annual Report Of Amuse Group Holding Ltd

On Wednesday, June 29, 2022, Management of Amuse Group Holding Ltd published and disseminated the Annual Report of the Company in respect of the Financial Year, ended March 31, 2022.

The following is a verbatim copy of the ‘**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**’, found at Page 56 of the 2022 Annual Report, to which this medium has taken the liberty of having injected mathematical points that might be considered of interest to **TARGET** (泰達財經) Subscribers:

	For The Financial Year, Ended March 31		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	216,485	211,467	2.37
Gross Profit	34,873	37,964	(8.14)
Gross Profit Margin*	16.11 percent	17.95 percent	(10.25)
Profit From Operations	3,225	12,567	(74.34)
Profit Before Taxation	3,117	12,371	(74.80)
Profit And Total Comprehensive Income For The Year, Attributable To Shareholders Of The Company	1,481	8,677	(82.93)
Earnings Per Share Of Profit Attributable To Shareholders Of The Company	0.15 cents	0.87 cent	(82.76)

* These are **TARGET**'s calculations.

The Chairman Has His Say

At Page Five of the 2022 Annual Report of the Company, Mr Li Wai Keung, the Chairman and Chief Executive Officer of the Company, took the trouble (allegedly, because it is not stated as to whom had concocted the Chairman's Statement and/or on what date it was composed and published) to pen three paragraphs as to his take on the situation with regard to the health of the Company, during the past Financial Year, as well as how he viewed the Company's future:

‘Since the middle of 2021, COVID-19 Omicron virus spread around the world. The virus spread into Hong Kong in early 2022, and then spread across Hong Kong. After that, some areas in China were also inevitably affected, though these areas have performed exceptionally well in implementing pandemic prevention and control measures. Lockdown and production suspension had lasted for more than two months in various important economic areas, such as Shenzhen, Dongguan, Zhejiang and Shanghai. This has caused tremendous impacts on our industry which extremely relies on manpower for production. Up to now, general logistics between China and Hong Kong is still unable to resume usual operations.

‘The market closure and production suspension in China as well as the Russia-Ukraine war have caused surging prices and excessive inflation. Moreover, the population mobility in China was restricted by pandemic prevention and control measures, so there was also shortage of manpower

for production. These adverse factors have caused serious impacts on the profitability of the Group. It's expected that the consumer sentiment of customers would also become weak as the cycle of raising interest rate begins. Therefore, we are also not so optimistic on our performance in the coming year. We are more moderate and conservative on our performance.

'Furthermore, in order to mitigate the risks of reliance on production of toys, the Group will also identify other investment opportunities. For example, the Group has completed the acquisition of project of DongYiQuan at the beginning of the year. It aims to provide additional and relatively stable source of revenue for the Group in addition to the design and production of toys. Confronted with the tough business environment affecting various industries, we still hope we will be able to create some profits for the Group.'

Event After The Reporting Period

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