AMASSE CAPITAL
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Amasse Capital Holdings Limited
寶積資本控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8168)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The board (the "**Board**") of directors (the "**Director**") of Amasse Capital Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 September 2018 together with the comparative figures for the year ended 30 September 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*3*	**22,202**	24,514
Other income	*3*	**250**	–
Employee benefit expenses		**(10,019)**	(7,264)
Operating lease expense		**(667)**	(613)
Depreciation of plant and equipment		**(141)**	(148)
Other operating expenses		**(3,564)**	(867)
Listing expenses		**(5,569)**	(5,732)
Profit before income tax	*4*	**2,492**	9,890
Income tax expense	*5*	**(1,467)**	(2,574)
Profit and total comprehensive income for the year attributable to owners of the Company		**1,025**	7,316
Earnings per share			
Basic and diluted *(HK cents)*	*7*	**0.11**	0.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		**254**	395
Current assets			
Trade receivables	*8*	**4,727**	2,365
Prepayments, deposits and other receivables	*9*	**502**	2,085
Cash and cash equivalents		**45,754**	10,633
		50,983	15,083
Current liabilities			
Other payables and accruals	*10*	**445**	4,180
Deferred revenue		**50**	60
Amount due to a director		**–**	210
Tax payable		**1,473**	3,509
		1,968	7,959
Net current assets		**49,015**	7,124
Total assets less current liabilities		**49,269**	7,519
Non-current liabilities			
Provision for long service payment		**426**	–
Net assets		**48,843**	7,519
EQUITY			
Share capital		**10,000**	–*
Reserves		**38,843**	7,519
Total equity		**48,843**	7,519

* *less than HK$1,000*

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 February 2017. The shares of the Company are listed on the GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office and the principal place of business of the Company are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Room 1201, Prosperous Building, 48-52 Des Voeux Road Central, Hong Kong respectively.

The Company is principally engaged in investment holding. The Group's only operating subsidiary is mainly engaged in the provision of corporate finance advisory services.

In the opinion of the Directors, the ultimate holding company of the Group is Access Cheer Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is same as the functional currency of the Group and all values are rounded to the nearest thousand except when otherwise indicated.

2. GROUP REORGANISATION AND BASIS OF PREPARATION

(a) Group reorganisation

Pursuant to the group reorganisation (the "**Reorganisation**") of the Company, as described in the section headed "History and Development – Reorganisation" in the prospectus of the Company dated 8 March 2018 (the "**Prospectus**"), the Company became the holding company of the companies now comprising the Group after the completion of the Reorganisation on 26 February 2018. The Group, comprising the Company and its subsidiaries, resulting from the Reorganisation, is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared on a consolidated basis using the principles of merger accounting as if the Reorganisation had occurred as at the beginning of the earliest date presented and the current group structure had always been in existence.

The consolidated statement of profit or loss and other comprehensive income included the results of the companies now comprising the Group as if the current group structure had been in existence throughout the years ended 30 September 2017 and 2018 or since their respective dates of incorporation, which is a shorter period. The consolidated statement of financial position of the Group as at 30 September 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at 30 September 2017.

(b) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("**GEM Listing Rules**").

In addition, the consolidated financial statements of the Group have been prepared under the historical cost convention.

(c) Changes in accounting policy and disclosures

In the current year, the Group has adopted, for the first time, the following new amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's consolidated financial statements:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 Included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

The application of amendments to HKAS 7 require an entity to make disclosures that aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising cash flows and non-cash changes.

(d) New and revised HKFRSs issued but not yet effective

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective for the current accounting period.

HKFRS 9	Financial Instruments[1]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 1 and HKAS 28	Annual Improvements to HKFRS Standards 2014-2016 Cycle[1]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2015-2017 Cycle[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *Effective date not yet determined*

[4] *Effective for annual periods beginning on or after 1 January 2021*

Further information about those HKFRSs that are expected to be applicable to the Group is described below. Whilst management has performed a detailed assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Group, including expectations of the application of transitional provision options and policy choices. Of those new and revised HKFRSs, except as described below, they will have no material impact upon adoption.

HKFRS 9 financial instruments

HKFRS 9 has introduced new requirements for a) classification and measurement of financial assets, b) impairment of financial assets and c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group anticipates that the adoption of HKFRS 9 is unlikely to result in significant impact on the Group's result but it may affect related disclosures made in the Group's consolidated financial statements.

HKFRS 15 revenue from contracts with customers

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The management of the Group has assessed the application of HKFRS 15 on the Group's recognition of revenue from provision of corporate finance advisory services and also the expenses incurred in the provision of such services for annual reporting period beyond 1 October 2018 (i.e. the effective date of applying HKFRS 15). The Group currently recognises revenue from provision of corporate finance advisory services over time by reference to the stage of completion of the contract activity in accordance with the requirements in HKAS 18, Revenue. Under HKFRS 15, revenue is recognised over time only if the specified criteria is met, otherwise revenue is recognised at a point in time, which may be only upon completion of the corporate finance transaction.

HKFRS 15 will be effective for the annual period beginning on 1 October 2018, the Group has assessed the impact of the adoption of HKFRS 15 and does not expect the adoption will have a material impact on the timing and amounts of revenue recognition based on the existing business model of the Group as at 30 September 2018.

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

With regard to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regard to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

As at 30 September 2018, the Group has non-cancellable operating lease commitments of approximately HK$0.4 million. For future arrangement that will meet the definition of a lease under HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term upon the application of HKFRS 16. The application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The Directors expect that the adoption of HKFRS 16 will not have material impact on the Group's result of operations but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. REVENUE AND OTHER INCOME

Revenue represents income received and receivables from the provision of corporate finance advisory services, is analysed as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Fee income from acting as:–		
Financial adviser	**18,737**	22,714
Independent financial adviser	**3,465**	1,800
	22,202	24,514
Other income		
Bank interest income	**250**	–

4. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**250**	20
Donation	**1,100**	285
Employee benefit expenses (including Directors' remuneration)	**10,019**	7,264
Salaries and welfare	**6,855**	4,897
Performance related bonus	**2,505**	2,198
Retirement benefit scheme contributions	**233**	169
Provision for long service payment	**426**	–
Operating lease rental payments for rental premises	**667**	613

5. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Charged for the year	**1,467**	2,594
Tax relief adjustment for previous year	**–**	(20)
	1,467	2,574

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated profits arising in Hong Kong for both years.

No provision for deferred taxation has been made in view of immaterial effect (2017: Nil).

The income tax expense for the years can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follow:

	2018	2017
	HK$'000	*HK$'000*
Profit before income tax	**2,492**	9,890
Tax at Hong Kong Profits Tax rate of 16.5%	**411**	1,632
Effect of change in tax rates *(Note)*	**(165)**	–
Tax effect of expenses not deductible for tax purpose	**1,243**	946
Tax effect of income not taxable for tax purpose	**(41)**	–
Tax effect of temporary differences not recognised	**19**	16
Tax relief adjustment for previous year	**–**	(20)
Income tax expense	**1,467**	2,574

Note: On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The two-tiered profits tax rates regime is applied from the year of assessment 2018/19.

6. DIVIDEND

	2018	2017
	HK$'000	*HK$'000*
Final dividend *(Note a)*		
HK$14.50 per share	–	14,500
Interim dividend *(Note b)*		
HK$4.50 per share	–	4,500
	–	19,000

Notes:

a. Final dividend of HK$14.5 million in respect of the year ended 30 September 2016 were declared and approved by Amasse Capital Limited ("**Amasse Capital**") on 30 November 2016. The distribution of final dividend was settled by offsetting against the amount due from its then shareholder before the Reorganisation.

b. Interim dividend of HK$4.5 million in respect of the year ended 30 September 2017 has been declared and approved by Amasse Capital on 31 March 2017 and paid in cash during the year ended 30 September 2017.

c. No interim and final dividend was paid or proposed during the year ended 30 September 2018.

7. EARNINGS PER SHARE

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

	2018	2017
Profit for the year attributable to owners of the Company *(HK$'000)*	**1,025**	7,316
Weighted average number of ordinary shares in issue at the end of the year *('000)*	**905,753**	800,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and capitalisation issue of shares had been effective on 1 October 2016.

For each year ended 30 September 2018 and 30 September 2017, there were no potential ordinary shares in issue, thus no adjustment has been made to the basic earnings per share amount presented in respect of dilution.

8. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**5,027**	2,665
Less: provision for impairment losses	**(300)**	(300)
	4,727	2,365

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the specific allowance for doubtful debts during the year is as follows:–

	2018	2017
	HK$'000	*HK$'000*
At the beginning and end of the year	**300**	300

The following is an aged analysis of trade receivables based on the invoice date, at the end of each reporting year. It also represented the ageing analysis of trade receivables which are past due but not impaired, at the end of each reporting period.

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**3,972**	1,725
1 to 3 months	**375**	640
Over 3 months	**380**	–
	4,727	2,365

There is no credit period granted for financial advisory services income. The trade receivables of approximately HK$4.7 million (2017: HK$2.4 million) were past due but not impaired as at 30 September 2018. As there is no significant change in credit quality of customers and no recent history of significant default in respect of these customers, the management believes that the amounts are fully recoverable and no allowances for bad and doubtful debts have been provided.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Prepayments *(Note)*	**267**	1,884
Deposits	**197**	196
Other receivables	**38**	5
	502	2,085

The amount of the Group's prepayments, deposits and other receivables expected to be recovered or recognised as expense within one year or are receivable on demand.

Note: As at 30 September 2017, the prepayments represented the prepaid expenses relating to the initial public offering (the "**IPO**") attributable to the new shares that will be issued amounted to approximately HK$1.9 million.

10. OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Other payables	**56**	1,613
Accruals	**389**	2,567
	445	4,180

All the other payables and accruals are expected to be settled within one year or are repayable on demand.

As at 30 September 2017, the accruals and other payables mainly represented the unpaid or to be paid expenses relating to the IPO attributable to the new shares that will be issued amounting to approximately HK$4.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Review

The Group is a corporate finance advisory service provider based in Hong Kong and licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"), subject to the conditions that its operating subsidiary, Amasse Capital, shall not (i) hold client assets; (ii) for Type 1 regulated activity, engage in dealing activities other than those relating to corporate finance; and (iii) for Type 6 regulated activity, act as sponsor in respect of an application for listing on a recognised stock market of any securities.

The Group is principally engaged in providing corporate finance advisory services in Hong Kong including (i) acting as financial adviser to Hong Kong public listed companies and investors seeking to control or invest in public listed companies in Hong Kong regarding corporate transactions which mainly involve the compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the GEM Listing Rules and/or the Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Codes**"); and (ii) acting as independent financial adviser to independent board committees and/or independent shareholders of public listed companies in Hong Kong.

On 3 November 2017, the Group obtained the license to carry on business in Type 1 (dealing in securities) regulated activity under the SFO, subject to the condition that the Group shall not engage in dealing activities other than those relating to corporate finance. This would extend the Group's business presence in the financial service industry and enable the Group to diversify its business scope and further broaden its source of income.

Regulation and Market Overview

In the past, one of the Group's advisory services was to act as a financial adviser on transfer of listing from GEM to Main Board of the Stock Exchange for Hong Kong public listed companies. However, as a result of the changes stipulated in the conclusion of the consultation paper on the review of the GEM and changes to the GEM and Main Board Listing Rules becoming effective on 15 February 2018, GEM listed companies are required to appoint a sponsor for such transfer and/or listing on Main Board of the Stock Exchange. As such, the Group was unable to be engaged in providing advisory service on transfer of listing from 15 February 2018 onwards.

On 29 June 2018, the Stock Exchange published a consultation paper to seek comments on proposals relating to backdoor listing and continuing listing criteria. To maintain market quality and reputation, the Stock Exchange proposed to tighten its review on the suitability of listing of new applicants, enhance the continuing listing criteria for listed issuers and tighten the reverse takeovers rules to prevent backdoor listings particularly those involving shell companies. These proposed changes may have adverse effect on number of merger and acquisition ("**M&A**") transactions of listing companies in Hong Kong and adversely impact on the Group's corporate finance advisory services going forward. According to the website of the Stock Exchange, it is observed that for the period from March to September 2018, the number of circulars in respect of notifiable transaction were around 236, representing a decrease of approximately 8.5% from around 258 circulars for the corresponding period last year. This trend appears to have been deteriorated in the following quarter as well. The number of circulars in respect of notifiable transactions published in October and November 2018 decreased to 68, representing a decrease of approximately 23.6% as compared to 89 transactions for the corresponding period last year.

Further, on 3 July 2018, certain amendments to the Listing Rules (the "**Amendments**"), which restricts highly dilutive capital raising activities and tightens the requirements on capital raising activities by listed issuers, as suggested by the Stock Exchange under its consultation paper of capital raisings by listed issuers on September 2017, has become effective. According to the HKEX Securities and Derivatives Markets Quarterly Reports published by the Stock Exchange, it is observed that for the period from January 2018 to June 2018, 148 fund raising transactions (including placing, right issues, and open offer) were recorded, representing a decrease of approximately 21.7% from 189 transactions for the corresponding period last year. Subsequent to the Amendments becoming effective, the corporate fund raising transactions had decreased to 64 for the period from July to September 2018, representing a decrease of approximately 28.1% as compared to 89 transactions for the corresponding period last year. Again, this trend appears to persist in the following quarter as well. According to the website of the Stock Exchange, the number of corporate fund raising transactions in October and November 2018 decreased to 42, representing a decrease of approximately 28.8% as compared to 59 transactions for the corresponding period last year.

The performance of the Group had been affected by the tightened regulatory measures and the poor performance of the stock market, which resulted in lower number and/or total fees of new advisory engagements by the Group during the year under review and for the period from the year-end date up to the publication of this announcement.

The Directors believed that the aforesaid tightened regulatory measures, together with the recent poor market performance, economic uncertainties (such as tightened controls on capital outflow by the Government of The People's Republic of China (the "**PRC**"), and trade conflict between the PRC and the United State of America) would continuous to affect the corporate fund raising activities as well as M&A activities by Hong Kong public listed companies in the coming financial year, and hence the Group's advisory services as well as the Group's future performance. These tightened regulatory measures might also lead to a longer transaction execution timeline, which might affect the timing of the Group's revenue recognition.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 30 September 2018 amounted to approximately HK$22.2 million (2017: approximately HK$24.5 million), representing a decrease of approximately HK$2.3 million or 9.4% as compared with last year. The decrease in revenue was driven mainly due to a decrease of corporate finance advisory transactions handled by the Group from 51 transactions for the year ended 30 September 2017 to 47 transactions for the year ended 30 September 2018, a decrease of approximately 7.8% as compared to last year.

Other Income

Other income was approximately HK$0.3 million for the year ended 30 September 2018 (2017: Nil), representing bank interest income generated from short-term deposits.

Employee Benefit Expenses

Employee benefit expenses primarily consist of salaries, bonus, long services payment and allowances as well as contributions to the mandatory provident fund for the Directors and employees of the Group. Employee benefits expenses was approximately HK$10.0 million, representing an increase of approximately HK$2.7 million or 37.0% from approximately HK$7.3 million for the corresponding period last year, primarily due to the combined effects of (a) upward adjustment to staff salaries and the recruitment of additional professional staff of approximately HK$2.0 million; (b) the increase of the performance related bonuses of approximately HK$0.3 million during the year ended 30 September 2018; and (c) the provision of long service payment of approximately HK$0.4 million under conditions of Hong Kong Employment Ordinance.

Other Operating Expenses

Other operating expenses for the year ended 30 September 2018 were approximately HK$3.6 million when compared to approximately HK$0.9 million for the corresponding period last year. The increase in other operating expenses was mainly due to (a) the increased cost of operating a publicly-traded company such as fee paid to professional parties including audit fee, compliance advisory fee, insurance fee, legal advisory fee and printing fee; and (b) the increase in donation.

During the year ended 30 September 2018, the Group provided HK$1.1 million in donation to contribute to the community. (2017: approximately HK$0.3 million).

Listing Expenses

During the year ended 30 September 2018, the Group recognised non-recurring listing expenses of approximately HK$5.6 million, as expenses in connection with the listing on GEM (2017: approximately HK$5.7 million).

Income Tax Expense

During the year ended 30 September 2018, the Group generated income only in Hong Kong and was subject only to Hong Kong profits tax. The income tax expense for the year ended 30 September 2018 was approximately HK$1.5 million (2017: approximately HK$2.6 million), representing a decrease of approximately HK$1.1 million.

Profit for the Year

The Group recorded net profit of approximately HK$1.0 million for the year ended 30 September 2018 (2017: approximately HK$7.3 million). Such decrease was mainly due to the combined effects of (i) the decrease in revenue of approximately HK$2.3 million as mentioned above; (ii) the increase in employee benefit expenses and other operating expense of approximately HK$2.7 million each, offsetting by (a) the decrease of income tax expenses of approximately HK$1.1 million and (b) the increase in interest income of approximately HK$0.3 million.

The Group's net profit after excluding non-recurring expenses would be approximately HK$6.6 million (2017: approximately HK$13.0 million).

Dividend

The Board does not recommend the payment of any dividend for the period. The detail is disclosed in Note 6 of the consolidated financial statements.

Liquidity and Financial Resources

As at 30 September 2018 and 2017, the Group had cash and cash equivalents of approximately HK$45.8 million and HK$10.6 million respectively. The Group's current ratio was approximately 25.9 times as compared to approximately 1.9 times as at 30 September 2017 mainly due to the increase in cash and cash equivalents attributable to the unutilised proceeds received from the listing on GEM of the Stock Exchange.

As at 30 September 2018 and 2017, the Group had no banking facilities or borrowings, hence no gearing ratio of the Group was presented.

The Directors are of the view that at the date hereof, the Group's financial resources are sufficient to support its business and operations.

Treasury Policy

The Group adopts a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the reporting period. The management of the Group regularly reviews the recoverable amount of trade receivables by performing ongoing credit assessments and monitoring prompt recovery and if necessary to make adequate impairment losses for irrecoverable amounts. In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with leading licensed banks in Hong Kong and denominated in Hong Kong dollars.

Capital Structure

The Company's shares were successfully listed on the GEM on 22 March 2018. There has been no change in the Company's capital structure since 22 March 2018. The capital structure of the Group comprises of issued share capital and reserves. The Directors review the Group's capital structure regularly.

Pledge of Assets

As at 30 September 2018, the Group did not have any pledged assets (2017: Nil).

Future Plans for Material Investments or Capital Assets

The Group did not have any other plans for material investment and capital assets as at 30 September 2018.

Foreign Currency Exposure

The majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material.

Capital Commitments and Contingent Liabilities

As at 30 September 2018, the Group did not have any significant capital commitments and contingent liabilities (2017: Nil).

Employees and Remuneration Policies

As at 30 September 2018, the Group employed 16 (2017: 14) staff (including executive Directors). The Group determines the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the year ended 30 September 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks and uncertainties involved in the Group's current operations, some of which are beyond the Group's control. The most significant risks relating to the business such as (i) business continuity depending on the reliance upon key authorised persons; (ii) withdrawals and terminations of transactions by customers; (iii) default or delays in payments by customers; (iv) potential exposures of reduced financial services transactions arising from unfavourable economic and financial market and (v) the Group's business operation is regulated by legislation and various regulatory authorities. Any changes of the relevant laws, rules and regulations will have potentially impact on the Group's business and operation as noted in the sub-section headed "Regulation and Market Overview" above. A detailed discussion of the risk factors is set out in the section headed "Risk Factors" in the Prospectus.

OUTLOOK

Looking forward, the business and operation environments of the Group will remain challenging as noted in the sub-section headed "Regulation and Market Overview" above.

To cope with the challenging environments, the Group will continue to provide quality corporate finance advisory services to customers while carefully reviewing the Group business strategies against the latest development and trend of the financial market. Meanwhile, the Group will also seek for business opportunities in other financial related services so as to generate value for our customers and future revenue for our shareholders.

USE OF PROCEEDS

The net proceeds received by the Company from the IPO after deducting the relevant one-off and non-recurring listing expenses amounted to approximately HK$29.0 million (based on the final public offering price of HK$0.24 per share), which was below the estimated net proceeds of approximately HK$32.8 million (estimated on the assumption that the public offering price would be HK$0.26 per share), the midpoint of the range stated in the Prospectus.

During this year and up to the date of this announcement, the Group spent approximately HK$2.2 million towards general working capital of the Group. The unutilised net proceeds of approximately HK$26.8 million were deposited as short-term deposits with a licensed bank in Hong Kong. The following sets forth a summary of the allocation of the net proceeds and its utilisation as at 30 September 2018, as compared to that envisaged in the Prospectus.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as stated in the Prospectus with the Group's actual business progress for the period from listing date to 30 September 2018 is set out below:

Business objectives	**Approximate amount of net proceeds** *HK$ million*	**Approximate actual amount utilised as at 30 September 2018** *HK$ million*	**Unused amount of net proceeds as at 30 September 2018** *HK$ million*
Expanding the corporate finance advisory business	5.9	–	5.9
Building up an IPO team	17.1	–	17.1
Developing the equity capital markets business	0.7	–	0.7
Expanding office	3.1	–	3.1
General working capital	2.2	2.2	–
	29.0	2.2	26.8

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The planned expansion of the Group's existing corporate finance advisory business and developing the equity capital markets business were originally expected to recruit additional high caliber of talents in the fourth quarter of the financial year ended 30 September 2018. In addition, the Group planned to build up an IPO team in the coming year. The Group was actively recruiting professional staffs through the website of the Company and recruitment agency. However, it was very difficult to recruit suitable candidates due to limited amount of staff with approved qualifications, high demand for talent and high salary package, especially for Responsible Officers and Principals for Type 6 (advising for corporate finance) regulated activity.

The Directors took the view the Group remains resolute to execute the future expansion plans as set out in the "Future Plans and Use of Proceeds" section in the Prospectus and albeit with delay due to the challenging environments as noted in the sub-section headed "Regulation and Market Overview" above and the economic uncertainties, and the difficulty in recruiting appropriate talents in a timely manner. Going forward, the Group will carry out its expansion plans cautiously with reference to the then prevailing market condition, and regulatory changes and atmosphere while keeping in mind the paramount objective to preserve shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Board acknowledges the importance of good corporate governance practices and believes that maintaining a high standard of corporate governance practices is crucial to the development of the Company. The Board will continue to review its corporate governance practices in order to enhance its corporate governance standards, comply with the increasingly complicated regulatory requirements, and meet with the rising expectations of the shareholders and respective investors. The Company has complied with all the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix 15 to the GEM Listing Rules throughout the period, except for the deviation as specified and explained below with considered reasons for such deviation.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Currently, no chairman has been elected for the Company. In accordance with article 132 of the memorandum and articles of association of the Company, the Directors may elect a chairman of the Board meetings and determine the period for which he/she is to hold office. If no such chairman is elected, the Directors present may choose one of their members to be chairman of the meeting. The Board considers this arrangement allows contributions from all Directors with different expertise to manage the Group's overall business development, implementation and management.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.

Directors' Securities Transactions

The Company has adopted the code for securities transactions by directors of listed issuers set out in the rules 5.48 to 5.67 of the GEM Listing Rules, as its own code regarding directors' dealings in the securities of the Company (the "**Own Code**"). Having made specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Own Code from the date of listing to the date of this announcement.

Review by Audit Committee

The audit committee of the Company has reviewed and discussed with the Company's auditor, CHENG & CHENG LIMITED, Certified Public Accountants, the consolidated financial statements of the Group for the year ended 30 September 2018 including critical accounting policies and practices adopted by the Group.

Scope of Work of CHENG & CHENG LIMITED

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 30 September 2018 have been compared by the Company's auditor, CHENG & CHENG LIMITED, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by CHENG & CHENG LIMITED in this respect did not constitute an audit, review or other 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 the auditor.

Events after the Reporting Period

The Group had no significant events from the end of the reporting period to the date of this announcement.

Publication of Annual Results and Annual Report

This announcement is published on the websites of the Stock Exchange (www.hkgem.com) and the Company (www.amasse.com.hk). The Company's annual report for the year ended 30 September 2018 containing all applicable information required by GEM Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

By order of the Board
Amasse Capital Holdings Limited
Lam Ting Lok
Executive Director and CEO

Hong Kong, 18 December 2018

As at the date of this announcement, the executive Directors are Mr. Lam Ting Lok, Mr. Lo Mun Lam Raymond, Ms. Tse Fung Sum Flora and Ms. Tsang Kwong Wan; and the independent non-executive Directors are Mr. Cheung Pak To, BBS, Mr. Tsang Jacob Chung and Dr. Yu Yuen Ping.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company's website at www.amasse.com.hk.