

**AMASSE CAPITAL**  
**寶 積 資 本**

**AMASSE CAPITAL HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8168

**ANNUAL REPORT**  
**2020**

## 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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.*

*This annual report, for which the directors (the “**Directors**”) of Amasse Capital Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this annual report 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 annual report misleading.*

# CONTENTS

	<i>Page</i>
Corporate Information	3
Chief Executive's Statement and Management Discussion and Analysis	5
Corporate Governance Report	14
Biography of Directors and Company Secretary	25
Directors' Report	29
Environmental, Social and Governance Report	37
Independent Auditor's Report	49
Consolidated Statement of Profit or Loss and Other Comprehensive Income	54
Consolidated Statement of Financial Position	55
Consolidated Statement of Changes in Equity	57
Consolidated Statement of Cash Flows	58
Notes to the Consolidated Financial Statements	60
Financial Summary	116

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lam Ting Lok (*Chief Executive Officer*)  
Mr. Lo Mun Lam Raymond  
Ms. Tse Fung Sum Flora  
Ms. Tsang Kwong Wan

#### Independent Non-executive Directors

Mr. Cheung Pak To, *BBS*  
Mr. Tsang Jacob Chung  
Dr. Yu Yuen Ping

### BOARD COMMITTEES

#### Audit Committee

Mr. Tsang Jacob Chung (*Chairman*)  
Mr. Cheung Pak To, *BBS*  
Dr. Yu Yuen Ping

#### Remuneration Committee

Mr. Cheung Pak To, *BBS* (*Chairman*)  
Mr. Tsang Jacob Chung  
Ms. Tsang Kwong Wan

#### Nomination Committee

Mr. Cheung Pak To, *BBS* (*Chairman*)  
Dr. Yu Yuen Ping  
Ms. Tsang Kwong Wan

### COMPLIANCE OFFICER

Mr. Lam Ting Lok

### AUTHORISED REPRESENTATIVES

Mr. Lam Ting Lok  
Ms. Tsang Kwong Wan

### COMPANY SECRETARY

Ms. Ying Yuk Sim

### AUDITOR

CHENG & CHENG LIMITED  
*Certified Public Accountants*  
Levels 35, Tower 1  
Enterprise Square Five,  
38 Wang Chiu Road  
Kowloon Bay, Kowloon  
Hong Kong

### COMPLIANCE ADVISER

Somerley Capital Limited  
20/F, China Building  
29 Queen's Road Central  
Hong Kong

### LEGAL ADVISOR

Fairbairn Catley Low & Kong  
23/F, Shui On Centre  
6-8 Harbour Road  
Wanchai, Hong Kong

### REGISTERED OFFICE

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1201  
Prosperous Building  
48-52 Des Voeux Road Central  
Hong Kong

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## **CORPORATE INFORMATION** (Continued)

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

### **PRINCIPAL BANKERS**

Industrial and Commercial Bank of  
China (Asia) Limited

### **WEBSITE**

[www.amasse.com.hk](http://www.amasse.com.hk)

### **STOCK CODE**

8168

# CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Amasse Capital Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) is pleased to present the audited consolidated financial results of the Group for the year ended 30 September 2020 to the shareholders (the “**Shareholders**”) of the Company.

## REVIEW OF RESULTS

For the financial year ended 30 September 2020, the Group's revenue was approximately HK\$16.2 million (2019: approximately HK\$10.7 million). A profit attributable to owners of the Company amounted to approximately HK\$5.6 million as compared with a loss of approximately HK\$4.7 million for the financial year ended 30 September 2019.

## 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 Limited (“**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.

In May 2020, the Group's wholly-owned subsidiary, Amasse Asset Management Limited (“**Amasse AM**”) was granted the licenses of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, subject to the conditions for Type 9 regulated activity that Amasse AM (i) shall not hold client assets; and (ii) only provide services to professional investors.

During the year under review, 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 Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) and/or the Codes on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Codes**”); (ii) acting as independent financial adviser to independent board committees and/or independent shareholders of public listed companies in Hong Kong; and (iii) acting as underwriter and/or placing agent not holding client assets in dealing activities for its clients.

According to the website of the Stock Exchange, the number of circular (“**Circular(s)**”) in respect of Takeovers Code related transactions and/or notifiable transactions under Chapter 14 of the Listing Rules and/or under Chapter 19 of the GEM Listing Rules of Hong Kong listed companies (including transactions with M&A) had decreased to about 460 transactions for the year ended 30 September 2020, representing a slightly decreased of approximately 2.1% as compared to about 470 transactions for the corresponding period of last year.

## CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

During the year under review, the corporate finance advisory business remained the main revenue generator and the Group was engaged in a total of 38 corporate finance advisory transactions as compared to 36 transactions in the corresponding period last year, representing a slightly increase, due to continuous effort of the Group. In addition, as compared to the last year, the Group was also able to engage certain complex takeovers transaction, including general offer and privatization. As a result of the above, the Group generated approximately HK\$15.9 million from the corporate finance advisory services business, representing an increase of approximately 48.6% as compared to that of HK\$10.7 million in the corresponding period last year. Notwithstanding the challenging economics environment, the Group will continue to develop the corporate finance advisory business as it is our key business.

During the period, the Group was successfully engaged in one investment advisory transaction, which generated revenue of HK\$0.25 million. The Group's investment advisory and asset management business was still at an early development stage and the Group will continue to develop this business segment, which would provide additional revenue source to the Group.

However, the Directors will be more cautious and conservative in the both the corporate finance advisory business and the asset management business in the coming year as further discussed in the section headed "Outlook and Prospect" on page 13 of this annual report.

### FINANCIAL REVIEW

#### Revenue

Revenue for the year ended 30 September 2020 amounted to approximately HK\$16.2 million, representing an increase of approximately HK\$5.5 million or approximately 51.4% as compared with that of approximately HK\$10.7 million for the corresponding period of last year. Such increase was mainly driven by the increase of the total fees for corporate finance advisory services provided by the Group which were due to the slightly increase of the total corporate finance advisory transactions, in which some complex transactions that induced higher servicing fee. The Group was involved in 38 (2019: 36) corporate finance advisory transactions during the year ended 30 September 2020, representing a slightly increase of approximately 5.6% as compared to the corresponding period of last year.

#### Other Income and Other Net Gain

The Group's other income for the year ended 30 September 2020 mainly included (i) realised and unrealised gain on financial assets at fair value through profit or loss approximately HK\$7.5 million (2019: Nil); (ii) Hong Kong Government's subsidy, Employment Support Scheme approximately HK\$0.5 million (2019: Nil); (iii) bank interest income of approximately HK\$0.3 million (2019: approximately HK\$0.8 million); and (iv) reversal of provision for long service payment approximately HK\$0.3 million (2019: Nil).

#### 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 were approximately HK\$11.6 million, representing an increase of approximately HK\$0.7 million or 6.4% from approximately HK\$10.9 million for the corresponding period of last year, primarily due to the increase of the performance related bonuses paid.

## CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Other Operating Expenses

Other operating expenses for the year ended 30 September 2020 were approximately HK\$3.9 million when compared to approximately HK\$4.2 million for the corresponding period of last year. The decrease in other operating expenses was mainly due to the combined effects of (i) increase of bad debts, donation and exchange loss, etc of approximately HK\$0.6 million, and (ii) decrease of legal advisory fee, repair and maintenance and entertainment expenses of approximately HK\$0.9 million.

### Income Tax Expense

No provision for Hong Kong profits tax for the year ended 30 September 2020 (2019: Nil) has been made in respect of the subsidiary as the tax losses brought forward from previous year exceed the estimated assessable profits for the year.

Income tax expense represents mainly provision of deferred taxation.

### Profit for the Period

The Group generated net profit of approximately HK\$5.6 million for the year ended 30 September 2020 as compared to net loss of approximately HK\$4.7 million for the year ended 30 September 2019. The net profit for the year was mainly due to (i) the increase in revenue by approximately HK\$5.5 million; and (ii) the increase in other income of approximately HK\$7.9 million.

### Dividend

The Board declared a special dividend of HK\$0.4 cents per share (2019: Nil) for the year ended 30 September 2020. The special dividend will be paid to shareholders on or before 24 February 2021 upon approval at the annual general meeting. Together with the dividend for the three months ended 31 December 2019 of HK\$0.4 cents per share (2018: Nil), the total dividend for the year 30 September 2020 is HK\$0.8 cents per share.

### Liquidity and Financial Resources

As at 30 September 2020 and 2019, the Group had cash and cash equivalents of approximately HK\$24.7 million and HK\$39.5 million respectively. The Group's current ratio was approximately 15.5 times as compared to approximately 27.7 times as at 30 September 2019.

For the year ended 30 September 2020, the gearing ratio was approximately 5.1% mainly due to the increase in lease liabilities after the initial application of HKFRS 16 on 1 October 2019 (2019: not applicable). Gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include all interest-bearing borrowings and lease liabilities.

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



## **CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **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.

### **Capital Structure**

The Directors monitor the Group's capital structure by reviewing cash flow requirements, taking into account of its future financial obligations and commitments. The capital structure of the Group comprises of issued share capital and reserves attributable to Shareholders. The Directors review the Group's capital structure regularly.

### **Charges on Group Assets**

As at 30 September 2020, the Group did not have any charges on its assets (2019: Nil).

### **Future Plans for Material Investments or Capital Assets**

The Group did not have any specific plans for material investments and capital assets as at 30 September 2020.

### **Foreign Currency Exposure**

The Group's exposures to foreign currencies mainly arises from CNY time deposits and US\$ equity investments. The Directors should be aware that foreign currency time deposit and equity investments are subject to currency risks and there can be no assurance that any appreciation value of foreign currency dollar. In order to mitigate the potential impact of currency fluctuation, the Directors closely monitors its foreign currency exposures and cash is deposited in US\$, GBP and CNY time deposit with short maturities. No other foreign currency time deposit was entered into by the Group during the year under review. As at 30 September 2020, the Group had CNY time deposits of approximately CNY4.5 million (2019: Nil), deposits in broker firms of approximately US\$0.1 million (2019: Nil) and US\$ equity investments of approximately US\$1.0 million (2019: Nil). The Group does not have foreign currency hedging arrangement but will closely monitor the exposure and take measures when necessary.

### **Capital Commitments and Contingent Liabilities**

As at 30 September 2020, the Group did not have any significant capital commitments and contingent liabilities (2019: Nil).

## CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

As at 30 September 2020, the Group maintained a portfolio of equity investments with total carrying amount of approximately HK\$17.9 million (2019: Nil). The portfolio of equity investments comprises mainly constituent stocks of key indexes in Hong Kong and US. The portfolio of equity investments as at 30 September 2020 are set out as follows.

	Investment cost HK\$'000	Unrealised fair value gain for the year ended 30 September 2020 HK\$'000	Fair value of the investment in listed securities as at 30 September 2020 HK\$'000	Percentage of fair value of the investment in listed securities/ total assets of the Group as at 30 September 2020
Financial assets at fair value through profit or loss	13,711	4,194	17,905	36.0%

Details of the significant investments in the portfolio under financial assets at fair value through profit or loss with a value of 5% or more of the Group's total assets as at 30 September 2020 are as follows:

Description of investments	Principal businesses	Number of shares held	Percentage held to the total issued share capital of the company as at 30 September 2020	Investment cost HK\$'000	Fair value of the investment in listed securities as at 30 September 2020 HK\$'000	Percentage of fair value of the investment in listed securities/ total assets of the Group as at 30 September 2020
Meituan (Stock Code: 3690)	Meituan is a China-based e-commerce platform providing life services	12,700	less than 0.1%	1,199	3,071	6.2%
Other investments	-	-	-	12,512	14,834	29.8%
Total financial assets at fair value through profit or loss				13,711	17,905	36.0%

## CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Details of the performance of financial assets at fair value through profit or loss during the year are as follows:

Description of investments	Realized fair value gain for the year ended 30 September 2020 HK\$'000	Unrealized fair value gain for the year ended 30 September 2020 HK\$'000	Dividend received during the year ended 30 September 2020 HK\$'000
Meituan (Stock Code: 3690)	0	1,872	0
Other investments	3,287	2,322	4
Total financial assets at fair value through profit or loss	3,287	4,194	4

During the year, the performance of both the investments portfolio and the significant investment in the portfolio delivered better return than bank deposit interest income. Due to the turbulence in the stock market in the past nine months ended 30 September 2020, the Directors expect the stock market will remain volatile in the coming year and the Group will continue to adopt the cautious approach in making investment decision in securities trading so as to obtain a balance between risk and return.

Save as disclosed above, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates, joint ventures and capital assets during the year ended 30 September 2020 (2019: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed 16 (2019: 16) 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.

### PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks and uncertainties involved in the Group's current operations, many of such are market systemic financial risks and 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 "Business Review" above. A detailed discussion of the risk factors is set out in the section headed "Risk Factors" in the prospectus of the Company dated 8 March 2018 (the "Prospectus").

## CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### 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) (the "Net Proceeds").

On 6 April 2020, the Board resolved to change the use of proceeds as stated in the Prospectus. During the year under review, the Group had used approximately HK\$18.2 million (2019: approximately HK\$0.6 million). The following sets forth a summary of the allocation of the net proceeds and its utilisation as at 30 September 2020, as compared to the revised use of the Net Proceeds.

### 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 2020 is set out below:

	Approximate amount of Net Proceeds from the Listing HK\$ million	Revised approximate amount of Net Proceeds from the Listing HK\$ million	Approximate actual amount utilised from the Listing to 30 September 2019 HK\$ million	Approximate actual amount utilised from 1 October 2019 to 30 September 2020 HK\$ million	Unused amount of Net Proceeds as at 30 September 2020 HK\$ million
Expanding the corporate finance advisory business	5.9	5.9	0.1	0.2	5.6
Building up an IPO team	17.1	–	–	–	–
Developing the equity capital markets business	0.7	–	–	–	–
Expanding office	3.1	3.1	0.5	0.7	1.9
General working capital	2.2	10.0	2.2	7.3	0.5
Equity Investments	–	10.0	–	10.0	–
	29.0	29.0	2.8	18.2	8.0

## CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Change in use of the Net Proceeds in April 2020

Reference is made to the announcement of the Company dated 6 April 2020 (the “**Change in use of Net Proceeds Announcement**”) in relation to, among other things, the change in use of the unused Net Proceeds. As disclosed in the Change in use of Net Proceeds Announcement, in view of (i) Hong Kong has been hit by volatility stemming from concerns over trade conflict between the People's Republic of China (the “**PRC**”) and the United States (the “**US**”); (ii) the social instability in Hong Kong since June 2019; and (iii) the global outbreak of coronavirus disease in early 2020, the economic outlook and financial market in Hong Kong remain uncertain, the Group therefore weighed up the costs and the benefits and considered the adoption of a prudent approach to hold-up on establishment of an IPO team and expansion of equity capital markets business until the time when the social and economic environments become clearer. The Board had resolved to change the Net Proceeds of approximately HK\$17.1 million for building up an IPO team and HK\$0.7 million for developing the equity capital markets business as to (i) HK\$10.0 million for the establishment of asset management services. The fund would be applied as a seed money to invest in equity or debt securities of listed companies in order to build up the Group's track record in portfolio management; and (ii) approximately HK\$7.8 million for general working capital of the Group.

### Further change in use of the Net Proceeds

The Group hired one staff to expand the corporate finance advisory business and utilised approximately HK\$0.3 million from Listing to 30 September 2020. However, due to the coronavirus disease has yet to be under control and the trade conflict between the PRC and the US has yet to be resolved, the Board considers that the economic outlook and financial market in Hong Kong remain uncertain and volatile, the Board has decided not to further expand the corporate finance advisory business. Further, in order to have higher flexibility for allocating resources of the Group, the Board has also decide to change the unused Net Proceeds for expanding office to general working capital of the Group. Therefore, on 27 November 2020, the Board had resolved to change the unused Net Proceeds for expanding the corporate finance advisory business of approximately HK\$5.6 million and for expanding office of approximately HK\$1.9 million as at 30 September 2020 to general working capital of the Group (the “**Further Change in Use of Net Proceeds**”).

## CHIEF EXECUTIVE'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Set out below is the summary of unused Net Proceeds after the Further Change in Use of Net Proceeds:

	<b>Approximate amount of Net Proceeds</b> HK\$ million	<b>Revised approximate amount of Net Proceeds upon the Further Change in Use of Net Proceeds</b> HK\$ million	<b>Unused amount of Net Proceeds upon the Further Change in Use of Net Proceeds</b> HK\$ million
Expanding the corporate finance advisory business	5.9	0.3	–
Building up an IPO team	17.1	–	–
Developing the equity capital markets business	0.7	–	–
Expanding office	3.1	1.2	–
General working capital	2.2	17.5	8.0
Equity Investments	–	10.0	–
	<u>29.0</u>	<u>29.0</u>	<u>8.0</u>

### Expected timeline for utilising the unused Net Proceeds

The remaining unutilised Net Proceeds for general working capital of approximately HK\$8.0 million is expected to be utilised for general working capital of the Group in the coming year.

## OUTLOOK AND PROSPECTS

Looking forward, the business and operation environments of the Group will remain challenging due to the global outbreak of coronavirus disease, and the dramatic escalation in tensions between the PRC and the US, the overall market is expected to be volatile. The Directors expect that there are still uncertainties and adverse effects on the overall business of our Group with the weak economic conditions, both in Hong Kong and worldwide. As a result of the above, in particular the outbreak of the coronavirus pandemic, the tightened measures imposed by the Hong Kong Government from time to time to fight against the aforesaid pandemic, including the cross-boundary control and tightening of social and economic activities, which continues to affect the business operations as well as the corporate transaction of our clients. Recently, due to the fourth wave of the aforesaid pandemic, the Hong Kong Government has again reinforced the tightened control measures. The Directors considers that there is high uncertainty on the end of the aforesaid pandemic as well as the resumption of the economic activities. Therefore, the Directors expect that the deal flow of our corporate finance services will be severely affected and the performance of the Group in the coming year will be very challenging, particularly the Directors believe that the performance of the Group for the first quarter for the three months ending 31 December 2020 will be deteriorated. Given the challenges mentioned above, the Directors will also be more cautious and conservative in asset management business.

Notwithstanding the above, as a service company, the Directors believe that high quality advisory services are a way to success of the Group. The Directors consider that the professional teams of the Group have continued to provide high quality services to customers which will continue to deliver value for our Shareholders.

# CORPORATE GOVERNANCE REPORT

## 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 year, 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 (the “**Articles**”) 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 and experience to manage the Group’s overall business development, implementation and management.

The key corporate governance principles and practices of the Company are summarised as follows:

## BOARD OF DIRECTORS

The Board cultivates good governance as the cornerstone of the Group’s corporate culture. The Board is responsible for the leadership and control of the Company and is accountable to shareholders for the strategic development of the Group with a targeted goal in respect of maximising long-term shareholder value, while balancing stakeholders’ interests. The Board formulates the overall strategic direction, while the management is delegated with the power to implement policies and strategies as set out by the Board. The Board has also delegated the day-to-day responsibility to the executive Directors who will meet regularly to review the financial results and performance of the Group. The Group oversees the Group’s affairs in a responsible and effective manner. The Board has a balanced composition of executive and non-executive Directors. Currently, the Board comprises four executive Directors and three independent non-executive Directors. At all times during the year, the independent non-executive Directors represent at least one-third of the Board. Each of the independent non-executive Directors appointed on 26 February 2018 has entered into a service agreement with the Company for an initial term of three years commencing from 22 March 2018 which shall continue thereafter unless and until terminated by not less than three months’ notice in writing. Their appointments are subject to retirement by rotation and re-election at the Company’s annual general meeting (“**AGM**”) in accordance with the Articles of the Company.

The composition of the Board is as follows:

### Executive Directors

Mr. Lam Ting Lok (*Chief Executive Officer*)  
Mr. Lo Mun Lam Raymond  
Ms. Tse Fung Sum Flora  
Ms. Tsang Kwong Wan

### Independent non-executive Directors

Mr. Cheung Pak To, *BBS*  
Mr. Tsang Jacob Chung  
Dr. Yu Yuen Ping

During the year, there was no change in the composition of the Board. The biographical information of the Directors, which is set out on pages 25 to 28, demonstrates a balance of skills, experience and diversity perspectives of the Board. Except as disclosed in the biography of directors, the Directors have no financial, business, family or other material/relevant relationships with the Group.

The Company has throughout the year met the requirements of the GEM Listing Rules relating to the appointment of the independent non-executive Directors with at least one of them possessing appropriate accounting professional qualifications as required under rule 5.05(2) of the GEM Listing Rules. Mr. Tsang Jacob Chung is one of three independent non-executive Directors, possesses the appropriate professional qualifications, or accounting or related financial management expertise as required under rule 5.05(2) of the GEM Listing Rules. The Company has also received a written annual confirmation from each of the independent non-executive Directors in respect of their independence for the year. The Board considers that all independent non-executive Directors are being considered to be independent by reference to the factors stated in the GEM Listing Rules throughout the year.

The Board recognises and embraces the benefits of having a diverse Board to enhance the quality of the Company's performance as well as to achieve the business objectives and sustainable development. The Board has established a board diversity policy setting out the approach to achieve diversity on the Board including but not limited to gender, age, cultural and educational background, or professional experience with aims of enhancing its capability of decision making and effectiveness in dealing with organisational changes.

Any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and any director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election. Other matters reserved for the Board include consideration of dividend policy, approval of major investments and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.



## CORPORATE GOVERNANCE REPORT (Continued)

The Company has arranged insurance cover in respect of legal action against its Directors. The insurance coverage is reviewed at least annually to ensure that the Directors and officers are adequately protected against potential liabilities.

Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

### DIVIDEND POLICY

The Company has adopted a dividend policy. As a summary, in recommending or declaring dividends, the Company shall maintain adequate reserves for meeting its current and future operations, liquidity position and capital requirements. There is no pre-determined dividend distribution ratio. Dividends may be paid only out of the Company's reserves as determined by the Directors having regard to the above-mentioned factors and permitted under Companies Law of the Cayman Islands and the Articles of the Company. Final dividend for any financial year will in addition be subject to Shareholders' approval.

### NOMINATION COMMITTEE

The Company has established the nomination committee on 26 February 2018 with specific written terms of reference in compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the nomination committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the nomination committee are to review the structure, size and composition of the Board on a regular basis; identify qualified individuals to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and monitor the implementation of the board diversity policy on an ongoing basis.

The Company believes that the board diversity policy is a key element for the Company to maintain sound corporate governance, realise sustainable development, achieve strategic objectives and enhances decision-making capability. The Company considers that the concept of diversity incorporates a number of different aspects and measurable objectives, such as professional experience, business perspectives, independence, skills and knowledge, gender, age, cultural and educational background.

The Board has achieved most of the measurable objectives under board diversity policy during the Year.

In accordance with the nomination policy which is applicable to both new appointments and re-appointments, the secretary of the nomination committee shall call a meeting of the nomination committee, and invite nominations of candidates from the Board members (if any), for consideration by the nomination committee prior to its meeting. The nomination committee may also put forward candidates who are not nominated by the Board members. The nomination committee shall make recommendations of the candidates for the Board's consideration and approval. For proposing candidates to stand for election/re-election at a general meeting, the nomination committee shall make nominations to the Board for its consideration and recommendation. In identifying and selecting suitable candidates for directorships, the nomination committee would consider the candidate's character, qualifications, experience, independence pursuant to Rule 5.09 of the GEM Listing Rules and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The nomination committee has comprised a total of three members, being Ms. Tsang Kwong Wan, the Company's executive Director, Mr. Cheung Pak To, *BBS* and Dr. Yu Yuen Ping, the Company's independent non-executive Directors.

The majority of the nominee committee members are independent non-executive Directors. The Chairman of the nominee committee is Mr. Cheung Pak To, *BBS*.

During the year ended 30 September 2020, the nomination committee held one meeting for, inter alia, considering the retirement and re-election of the Directors at the annual general meeting and to assess, review and make recommendations on the structure, size and composition of the Board.

Details of the attendance records of each committee member at the nomination committee meeting are set out under the subheading "Practices and Conduct of Meetings" below.

### REMUNERATION COMMITTEE

The Company has established the remuneration committee on 26 February 2018 with specific written terms of reference in compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the remuneration committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the remuneration committee are to make recommendations to the Board on the overall remuneration policy and structure relating to the Directors and senior management of the Group; review performance-based remuneration; approving terms of executive Directors' service contracts; make recommendations to the Board on the remuneration packages of the Directors and senior management of the Group; and ensure none of the Directors determine their own remuneration. The remuneration committee has adopted the model as described in the Code Provision B.1.2(c)(ii) to make recommendations to the Board on the remuneration packages of individual executive Directors, including salaries, bonuses and benefits in kind.

The remuneration committee has comprised a total of three members, being Ms. Tsang Kwong Wan, the Company's executive Director, Mr. Cheung Pak To, *BBS* and Mr. Tsang Jacob Chung, the Company's independent non-executive Directors.

The majority of the remuneration committee members are independent non-executive Directors. The Chairman of the remuneration committee is Mr. Cheung Pak To, *BBS*.

For the financial year ended 30 September 2020, the remuneration of Directors was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

During the year ended 30 September 2020, the remuneration committee held one meeting for, inter alia, reviewing the remuneration policy of the Company, the Directors' fee of the independent non-executive Directors and remuneration packages of the Executive Directors and senior management.

Details of the attendance records of each committee member at the remuneration committee meeting are set out under the subheading "Practices and Conduct of Meetings" below.

### AUDIT COMMITTEE

The Company has established the audit committee on 26 February 2018 with specific written terms of reference in compliance with Rule 5.28 to 5.29 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the audit committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the audit committee are mainly to make recommendation to the Board on the appointment and removal of external auditor; review financial statements and material advice in respect of financial reporting; and review risk management and internal control system of the Company. The audit committee shall consider whether, in order to assure continuing auditor independence, there should be a regular rotation of the independent registered public accounting firm.

The audit committee has comprised a total of three members, being the three independent non-executive Directors, namely Mr. Tsang Jacob Chung, Mr. Cheung Pak To, *BBS* and Dr. Yu Yuen Ping. The Chairman of the audit committee is Mr. Tsang Jacob Chung who possesses the appropriate accounting and financial management experiences. None of the members of the audit committee is a former partner of the Company and its subsidiary's existing external auditor.

During the year ended 30 September 2020, the audit committee held 4 meetings for, inter alia, (1) re-appointment of external auditor; (2) assessment of independence of external auditor; (3) discussing with the external auditor to assess the impact on applying (i) new and amendments of accounting standard and (ii) update of Listing Rules; (4) reviewing and commenting the audited consolidated financial statements for the year ended 30 September 2019, the unaudited consolidated financial statements for the three months ended 31 December 2019, six months ended 31 March 2020 and nine months ended 30 June 2020; (5) reviewing risk management and internal control system in accordance with code provision C.2.1 of the CG Code and (6) improving current standard of financial, operational and compliance control.

Details of the attendance records of each committee member at the audit committee meeting are set out under the subheading "Practices and Conduct of Meetings" below.

### PRACTICES AND CONDUCT OF MEETINGS

Schedules and agendas for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is given. Board papers together with appropriate, complete and reliable information are circulated to all Directors not less than 3 days before the date of the Board meetings to enable them to make informed decisions.

All Directors are supplied in a timely manner with all relevant documentation and financial information. The company secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final version is open for their inspection.

## CORPORATE GOVERNANCE REPORT (Continued)

The attendance records of each Director at the Board and the above committee meetings and the general meeting of the Company held during the year ended 30 September 2020:

Name of Director	Attendance/Number of Meetings				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors:					
Mr. Lam Ting Lok	12/12	N/A	N/A	N/A	1/1
Mr. Lo Mun Lam Raymond	12/12	N/A	N/A	N/A	1/1
Ms. Tse Fung Sum Flora	12/12	N/A	N/A	N/A	1/1
Ms. Tsang Kwong Wan	12/12	N/A	1/1	1/1	1/1
Independent non-executive Directors:					
Mr. Cheung Pak To, <i>BBS</i>	12/12	4/4	1/1	1/1	1/1
Mr. Tsang Jacob Chung	12/12	4/4	1/1	N/A	1/1
Dr. Yu Yuen Ping	12/12	4/4	N/A	1/1	1/1

The Board was satisfied with the attendance of the Directors as they have committed sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of the materiality of interest and be required to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### CORPORATE GOVERNANCE FUNCTIONS

According to code provision D.3 of the CG Code, the Board is responsible for performing the duties relating to corporate governance functions. The Board has the following responsibilities in performing the corporate governance duties of the Company as follows: (i) developing and reviewing the Group's policies and practices on corporate governance and make recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management of the Group; (iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) reviewing the Group's compliance with the CG Code and disclose in the corporate governance report.

## CORPORATE GOVERNANCE REPORT (Continued)

### AUDITOR'S REMUNERATION

During the year ended 30 September 2020, the fees of the external auditor in respect of audit and non-audit services provided to the Group were as follows:

<b>Service rendered</b>	<b>Fee Amount</b> HK\$'000
Audit services	250
Non-audit services	–
Total	250

### FINANCIAL REPORTING

The Board has acknowledged their responsibility for the preparation of the consolidated financial statements for the year ended 30 September 2020 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the GEM Listing Rules. The management has provided sufficient explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group for the Board's approval. The statement by auditor about their reporting responsibilities is set out in the independent auditor's report on the consolidated financial statements.

### REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration of the executive Directors and senior management is subject to review and approval by the remuneration committee. The remuneration policy of independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends. The remuneration of the independent non-executive Directors is subject to approval by the Board.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public.

### NON-COMPETITION UNDERTAKING

The controlling shareholders (as defined in the GEM Listing Rules) of the Company gave a non-competition undertaking in favour of the Company and confirm that they and their associates have not breached the terms of the undertaking contained in the deed of non-competition during the year. Details of the non-competition undertaking are set out in section headed “Underwriting – Further Undertaking by our Controlling Shareholders” in the Prospectus. All independent non-executive Directors have reviewed on an annual basis the compliance with the respective non-competition undertakings by our controlling shareholders. In view of this conclusion, the controlling shareholders have complied with all the undertakings under the deed of non-competition in favour of the Company during the year.

### 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 year under review to the date of this annual report.

### PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

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’ TRAINING AND PROFESSIONAL DEVELOPMENT

The Directors have complied with the requirement of the code provision A.6.5 of the CG Code on Director’s training. During the year, the Directors participated in appropriate professional development activities by ways of reading materials and attending seminars regarding their duties and responsibilities under the relevant legal and regulatory requirements. The Company organised in-house training sessions to the Directors. The training sessions were delivered by professional service provider (a member of Hong Kong Institute of Certified Public Accountants) to provide relevant reading materials on the latest development of applicable rules and corporate governance practices. In addition, the Company organised a joint seminar with a legal firm. This seminar was conducted by solicitor to provide up-to-date regulatory and compliance information to the Directors.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility to maintain the Group’s risk management and internal control systems. With the support from the audit committee, the Board monitors the Group’s risk exposures, oversees the actions of management and reviews the overall effectiveness of the risk management system on an ongoing basis.

## CORPORATE GOVERNANCE REPORT (Continued)

### Risk Management System

Risk is an inherent part of the Group's business activities. When the Group provides corporate advisory services to clients, the Group takes on some degree of risk. The Group's overall objective is to manage the business, and associated risks, in a manner that balances serving the interests of customers and protects the safety and soundness of the Group. The Group's approach to risk management covers a broad spectrum of economic and other core risk areas, such as credit, market, liquidity, country, operational, compliance, conduct, legal, capital and reputation risks, with controls and governance established for each area, as appropriate.

The Group believes that effective risk management requires:–

1. acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Group;
2. ownership of risk identification, assessment, management within the business and corporate functions;
3. structure for risk governance; and
4. implementation of risk strategies by avoiding, transferring, mitigating and accepting the risk.

The risk management system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The senior management provides leadership and guideline for the balance of risk and opportunity. The Group's executive Directors review and report to the Board through the audit committee on the material risks affecting the Group as well as potential impact and mitigating measures. The senior management ensures that a review of the effectiveness of the risk management framework has been conducted at least annually and provide confirmation of this to the Board through the audit committee.

### Internal Control System

Under Code Provision C.2.5, the Group should have an internal audit function. The Company has no internal audit function because the Company has delegated the internal audit function to an independent external assurance provider who has conducted a review on the adequacy and effectiveness of the Group's risk management and internal control systems. In addition, the Company has maintained an internal control system and its implementation has been considered effective by the audit committee and the Board. Meanwhile, the Group strives for continual improvement through efforts to enhance controls, ongoing employee training and development, talent retention, and other measures. The Group follows a disciplined and balanced compensation framework with strong internal governance and independent Board oversight. The impact of risk and control issues are carefully considered in the Group's performance evaluation and incentive compensation processes.

In order to enhance the Group's system of handling and dissemination of inside information, the Group maintains a framework for the handling and dissemination of inside information and the disclosure policy of the framework sets out the procedures and internal controls to ensure inside information remains confidential until such information is appropriately disclosed and the announcement of such information is made in a timely manner in compliance with the SFO and the GEM Listing Rules. In addition, the Group had, from time to time, reminded the management of the requirements of the GEM Listing Rules and guidelines on the inside information issued by the Stock Exchange and the SFC. The blackout notice period and Mode Code are sent to the Directors regularly to arouse their awareness to preserve the confidentiality of inside information. Inside information (if any) is only disseminated to specified persons on a need-to-know basis.

### **Effectiveness of the Risk Management and Internal Control Systems**

The audit committee reviewed annually the risk management and internal control review report issued by the independent external assurance provider and the Company's risk management and internal control systems in respect of the year ended 30 September 2020 and considered that they are effective and adequate in financial controls, operational and compliance controls and risk management functions. The Board assessed the effectiveness of internal control systems by considering the risk management and internal control review report and reviews performed by the audit committee and concurred the same. In addition, the audit committee has communicated with external auditors of the Company to understand if there is any material control deficiency.

Based on the risk management and internal control reviews conducted in the year, no significant control deficiency was identified.

### **SHAREHOLDERS AND INVESTORS' RELATIONS**

The Board has established shareholders communication policy and is dedicated to maintaining an on-going dialogue with the shareholders and the investment community. The policy is subject to review regularly to ensure its effectiveness. It aims to ensure the shareholders and the investment community are provided with ready and timely access to all publicly available information about the Company such as circulars and Company's financial reports (quarterly, interim and annual reports) so as to enable the shareholders to exercise their rights in an informed manner and to allow the shareholders and investment community to engage actively with the Company. We welcome shareholders and the investment community to visit the Company's website at [www.amasse.com.hk](http://www.amasse.com.hk) to obtain up-to-date information regarding the Company.

### **Constitutional Documents**

During the year, there is no changes in the Company's constitutional documents.



### SHAREHOLDERS' RIGHTS

#### Convening an Extraordinary General Meeting of the Company and putting forward Proposals at General Meetings

In accordance with article 64 of the Articles of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company and carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting (“**EGM**”) to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

#### Putting forward Enquiries to the Board

Enquiries by Shareholders to be put to the Board can be sent in writing to the Directors or company secretary at the principal place of business in Hong Kong. The shareholders may make a request for information about the Company by sending an e-mail to [co@amasse.com.hk](mailto:co@amasse.com.hk).

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the Company's registered Shareholders can contact the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited.

### COMPANY SECRETARY

Ms. Ying Yuk Sim was appointed as the company secretary of the Company on 1 December 2019. Her biographical detail is set out under the section headed “Biography of Directors and Company Secretary” of this annual report. She has complied with Rule 5.15 of GEM Listing Rules by taking no less than 15 hours of relevant professional training to update her skills and knowledge.

# BIOGRAPHY OF DIRECTORS AND COMPANY SECRETARY

## EXECUTIVE DIRECTORS

**Mr. Lam Ting Lok**, aged 47, is an executive Director and the chief executive officer of the Company. He was appointed as a director on 14 February 2017 and was re-designated as an executive director on 12 September 2017. Mr. Lam is responsible for formulating overall business strategies, cultivating long-term client relationship, leading execution of corporate finance projects and overseeing the investment portfolio of the Group. Mr. Lam has been a Responsible Officer for Type 1 (dealing in securities), Type 4 (Advising on Securities), Type 6 (advising on corporate finance) and Type 9 (Asset Management) regulated activities of the Group. Mr. Lam received a bachelor's degree in Business Administration from The Chinese University of Hong Kong in December 1995. Mr. Lam has been an Associate member of the Hong Kong Institute of Certified Public Accountants since October 1998, and a CFA® charterholder since December 1999. Mr. Lam has over 23 years of experience in the accounting and financial industry.

Mr. Lam is the spouse of Ms. Tse Fung Sum Flora, an executive Director and a controlling shareholder of the Company.

**Mr. Lo Mun Lam Raymond**, aged 68, is an executive Director of the Company. He was appointed as a director on 14 February 2017, re-designated as an executive director on 12 September 2017. Mr. Lo has been a Responsible Officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO for Amasse Capital.

Mr. Lo is a Chartered Accountant and Corporate Finance designate of the ICAEW (FCA, CF), a Chartered Surveyor (FRICS) and a Chartered Arbitrator (FCIArb.). He is also a Trust and Estate Practitioner (TEP).

Mr. Lo held both directorate and executive positions with multinational corporations, advisory and financial institutions in the past. Mr. Lo is currently an independent non-executive director of China Datang Corporation Renewable Power Company Limited (Stock Code: 1798) from August 2013, a company listed on the Main Board of the Hong Kong Stock Exchange.

**Ms. Tse Fung Sum Flora**, aged 48, is an executive Director of the Company. She was appointed as a director on 14 February 2017 and was re-designated as an executive director on 12 September 2017. She was appointed as the chief operating officer of Amasse Capital on 1 September 2014 and she is responsible for supervising and formulating business and corporate strategies and handling our Group's daily operations and back office support functions. She has been an Associate member of The Hong Kong Institute of Company Secretaries (now known as The Hong Kong Institute of Chartered Secretaries) since September 2001. Ms. Tse received a Master of Business Administration (an on-line course) from The University of Newcastle in Australia in May 2006. She has over 23 years of experience in the financial and secretarial industry. She served as a vice president of Computershare Hong Kong Investor Services Limited from September 2000 to October 2013 and mainly responsible for providing share registry services to listed companies in Hong Kong.

Ms. Tse is the spouse of Mr. Lam Ting Lok, an executive Director and chief executive officer of the Group.

## BIOGRAPHY OF DIRECTORS AND COMPANY SECRETARY (Continued)

**Ms. Tsang Kwong Wan**, aged 47, is an executive Director, a member of both the remuneration and nomination committee of the Company. She was appointed as a director on 14 February 2017 and was re-designated as an executive director on 12 September 2017. She joined Amasse Capital on 13 July 2012 as Responsible Officer. She is responsible for supervising and leading execution of corporate finance projects. She has been a Responsible Officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for Amasse Capital under the SFO. Ms. Tsang has over 18 years of experience in the financial industry and held senior positions in the corporate finance department of local securities firms.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Cheung Pak To**, *BBS*, aged 71, is an independent non-executive Director, the Chairman of both the remuneration committee and the nomination committee and a member of the audit committee of the Company. He joined the Company in February 2018. Mr. Cheung obtained a Master's degree in Public Administration from The University of Hong Kong in November 2007. Mr. Cheung has extensive management and administrative experiences. From January 1969 to October 1989, Mr. Cheung served with the HQ British Forces Hong Kong with his final position as executive officer. Mr. Cheung had also worked with the SFC for about 20 years, with his final position as senior manager of the finance & administration department of the SFC.

On the social and community responsibilities front, Mr. Cheung was a devoted volunteer serving the Civil Aid Service of Hong Kong for about 30 years until May 2009; during which he was appointed as Honorary Aide-de-Camp to Governors Lord Wilson of Tillyorn and Mr. Christopher Patten, and Chief Executive Mr. Tung Chee-Hwa, and achieved the rank of Assistant Commissioner. Mr. Cheung was awarded the Bronze Bauhinia Star by the Hong Kong Government in July 2003.

Mr. Cheung served formerly as executive director of Hong Kong Resources Holdings Limited (Stock Code: 2882) from November 2012 to June 2015, and consecutively as non-executive director from July 2015 to November 2017. He was appointed independent non-executive director of National Agricultural Holdings Limited (Stock Code: 1236) on 1 January 2017 where he resigned from the company of his own accord on 8 November 2019. Mr. Cheung is also an independent non-executive director of Minshang Creative Technology Holdings Limited (Stock Code: 1632) from July 2018 and Greenheart Group Limited (Stock Code: 0094) from June 2019. All companies are listed on the Main Board of the Stock Exchange.

Mr. Cheung has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

## BIOGRAPHY OF DIRECTORS AND COMPANY SECRETARY (Continued)

**Mr. Tsang Jacob Chung**, aged 70, is an independent non-executive Director, the Chairman of the audit committee and a member of the remuneration committee of the Company. He joined the Company in February 2018. Mr. Tsang has over 22 years of experience in accounting and financial work sector. Mr. Tsang had been working with The Hong Kong Jockey Club since 1995 and was the director of the Group Treasury of that club from 2008 to 2016, before he retired from the club in January 2017. He was admitted as a member of the Association of Chartered Certified Accountants, in the United Kingdom in February 1978 and has maintained fellowship status since February 1983. He was a member of the Products Advisory Committee of the SFC from August 2010 to March 2016. Mr. Tsang was also appointed by different organisations to serve on their respective boards and/or committees in relation to aspects of investment advisory, financial and treasury services. He was Honorary Treasurer of Heep Hong Society and a member of executive committee and sub-committee on investment and finance on Heep Hong Society. He was the chairman of investment advisory committee of Sir David Trench Fund for Recreation, Police Children's Education Trust and Police Education and Welfare Trust. He was also a member of ad hoc committee on fund management of Hong Kong Housing Society and a member of global investor steering committee of Alternative Investment Management Association.

On 26 March 2020, Mr. Tsang has appointed as independent non-executive director of China International Fund Management Company Limited, a private company based in Shanghai which is owned by JPMorgan Asset Management (UK) Limited and Shanghai International Trust Company Limited.

Mr. Tsang has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

**Dr. Yu Yuen Ping**, aged 53, is an independent non-executive Director, a member of both the audit committee and nomination committee of the Company. He joined the Company in February 2018. Dr. Yu obtained a Bachelor of Arts (Honours) degree in International Business Studies from the City University of Hong Kong in November 1995 and a Master of Business Administration in International Management from the Thunderbird, The American Graduate School of International Management (now known as the Thunderbird School of Global Management) at the Arizona State University in the United States in December 2001. In September 2003, he obtained a Professional Diploma in Corporate Governance and Directorship, which was jointly organised by The Hong Kong Institute of Directors and the Hong Kong Productivity Council and the course was undertaken on a part-time basis. In February 2010, he obtained his Doctor of Philosophy (PhD) in Management Studies from the University of Cambridge in the United Kingdom. After graduating from the City University of Hong Kong in 1995, Dr. Yu later worked as a Marketing Analyst at 3M Hong Kong Limited from August 1995 to June 1996 and was later transferred to Imation Hong Kong Limited where he worked from July 1996 to April 2002 with his last position as business manager in the China new business development. He then returned to the City University of Hong Kong, where he was employed as an Instructor from July 2002 to August 2004 before pursuing his PhD programme at the University of Cambridge in the United Kingdom in October 2004.

## BIOGRAPHY OF DIRECTORS AND COMPANY SECRETARY (Continued)

Dr. Yu has nearly 13 years of management experience, with a particular focus on energy, climate policy, environmental management and development of education. He was the former head of the climate programme of WWF-Hong Kong from November 2008 to August 2012. He is the founder and the current chief executive officer of the World Green Organisation, which was established in November 2012. He has been serving as Adjunct Professor at the City University of Hong Kong from October 2012 to September 2016 and from January 2017 onwards, and as Honorary Assistant Professor at The University of Hong Kong since May 2017 until April 2019. He has been appointed as a member of the School of Continuing Education – College of International Education Advisory Committee of the Hong Kong Baptist University from March 2014 to August 2017. He is a member of advisory committee on environmental science of the Chinese University of Hong Kong. He is also appointed by other different organisations to serve on their respective committees in relation to aspects such as environment, energy and technological innovation. Dr. Yu was a member of environmental campaign committee, energy advisory committee and energy & power generation subgroup of the air quality objectives review working group of Environment Bureau of the Hong Kong Government. He was a member of environmental and conservation fund waste recovery projects vetting subcommittee of Environmental Protection Department Community Relations Unit of the Hong Kong Government. He is a member of genetically modified organisms (control of release) ordinance expert group of Agriculture, Fisheries and Conservation Department, and Sustainable Development Council as well as Appeal Board Panel (Town Planning) of the Hong Kong Government.

Dr. Yu has no relationship with any Directors, senior management or substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

## COMPANY SECRETARY

**Ms. Ying Yuk Sim**, aged 54, joined Amasse Capital on 12 November 2019 and is company secretary of the Company and financial controller of Amasse Capital. She is primarily responsible for overseeing company secretarial matters, as well as the financial management of our Group. She obtained a Master Degree in Business Administration from Manchester Business School, University of Manchester in June 2002. She is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. She has over 20 years of experience in accounting, financial control, corporate finance and personal financial planning. She had previously served in a number of Hong Kong listed companies and private companies with investment in China, in the fields of banking, construction, trading and manufacturing, property management and insurance company.

# DIRECTORS' REPORT

The Directors are pleased to present Shareholders their report together with the audited consolidated financial statements of the Group for the year ended 30 September 2020.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group's principal activities during the year are provision of corporate finance advisory services and investment advisory services in Hong Kong. The principal activities of its subsidiaries are set out in Note 34 to the consolidated financial statements.

## BUSINESS REVIEW

The business review and outlook of the Group during the year are set out in the section headed "Chief Executive's Statement and Management Discussion and Analysis" on pages 5 to 13 of this annual report. The Corporate Governance Report is set out on pages 14 to 24 of this annual report.

## RESULTS AND DIVIDEND

The Group's result for the year ended 30 September 2020 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 54 to 56.

The Board declared a special dividend of HK\$0.4 cents per share (2019: Nil) for the year ended 30 September 2020 as set out in Note 12. The special dividend will be paid to shareholders on or before 24 February 2021 upon approval at the annual general meeting. Together with the dividend for the three months ended 31 December 2019 of HK\$0.4 cents per share (2018: Nil), the total dividend for the year 30 September 2020 is HK\$0.8 cents per share.

## SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to profit or loss for the year by its principal activities is set out in Note 7 to the consolidated financial statements.

## FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last financial years is set out on page 116 of this annual report.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

## RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 57 of this annual report.

## DISTRIBUTABLE RESERVES

At 30 September 2020, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the Companies Law of the Cayman Islands, was approximately HK\$32.7 million (2019: approximately HK\$33.5 million).

## **DIRECTORS' REPORT (Continued)**

### **USE OF PROCEEDS**

The net proceeds from the issue of new shares of the Company, after deduction of the professional fees, underwriting commissions and other fees payable by the Company in connection with the listing, were estimated to be approximately HK\$29.0 million. On 6 April 2020 and 27 November 2020, the Board resolved to change the use of proceeds. As at 30 September 2020, approximately HK\$8.0 million of the net proceeds remained unutilised. The net proceeds utilised up to 30 September 2020 was approximately HK\$21.0 million. Details are set out in Management Discussion and Analysis on pages 5 to 13 of this annual report.

### **PLANT AND EQUIPMENT**

Details of movements in plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

### **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.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### **DEBENTURES**

The Company did not issue any debentures during the year ended 30 September 2020 (2019: Nil).

### **DONATIONS**

Donations made by the Group during the year amounted to approximately HK\$0.8 million (2019: HK\$0.5 million).

### **MAJOR CUSTOMERS AND SUPPLIERS**

The revenue generated by the five largest customers accounted for approximately 55.3% of the total revenue for the year ended 30 September 2020. For the year ended 30 September 2019, there were four customers ranked equally as the top fourth largest customers in terms of their respective revenue contribution to the Group. The seven largest customers accounted for approximately 60.0% of the total revenue for the year ended 30 September 2019. The largest customer for the year ended 30 September 2020 accounted for approximately 18.5% of the total revenue (2019: approximately 18.7%).

The Group had no major suppliers due to the nature of the principal activities of the Group.

None of the Directors or any of their close associates, or any shareholder (which to the best knowledge of the Directors, owns 5% or more of the Company's issued shares) had any beneficial interest in the Group's above-mentioned customers.

### PRINCIPAL RISKS AND UNCERTAINTIES AND FUTURE DEVELOPMENT OF THE BUSINESS

Principal risks and uncertainties of the Group are set out in the subsection headed "PRINCIPAL RISKS AND UNCERTAINTIES" on page 10 and the future development of the business of the Group are set out in the subsection headed "OUTLOOK AND PROSPECTS" in the section headed "Chief Executive's Statement and Management Discussion and Analysis" on page 13 of this annual report.

### CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 14 to 24 of this annual report.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has overall responsibility for the Group's environmental, social and governance ("ESG") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. The details of ESG performance of the Group are set out in the ESG Report on pages 37 to 48 of this annual report.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 30 September 2020, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. There was no material breach of or non-compliance with the applicable laws and regulations by the Group.

### RELATIONSHIPS WITH EMPLOYEES AND CUSTOMERS

The Group recognises employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing employee benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers good welfare benefits and continuous professional training. The Group provides good quality services to the customers and maintains a good relationship with them. Without good relationship with customers, the success of the Group's operation would be at risk.

### DIRECTORS

The Directors of the Company during the year ended 30 September 2020 and up to the date of this report are as follow:

#### Executive directors

Mr. Lam Ting Lok (*Chief Executive Officer*)  
Mr. Lo Mun Lam Raymond  
Ms. Tse Fung Sum Flora  
Ms. Tsang Kwong Wan

#### Independent non-executive directors

Mr. Cheung Pak To, *BBS*  
Mr. Tsang Jacob Chung  
Dr. Yu Yuen Ping



## **DIRECTORS' REPORT (Continued)**

Pursuant to the Articles of the Company, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Ms. Tse Fung Sum Flora, Ms. Tsang Kwong Wan and Dr. Yu Yuen Ping will retire and, being eligible, will offer themselves for re-election at the Company's forthcoming annual general meeting.

The biographic details of Directors are set out on pages 25 to 28 of this annual report.

### **DIRECTORS' SERVICE CONTRACTS**

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from Listing Date, which shall continue thereafter unless and until terminated by not less than three months' notice in writing served by either party on the other. Each of the independent non-executive Director has entered into a letter of appointment with the Company for a term of three years commencing from Listing Date, which shall continue thereafter unless and until terminated by not less than three months' notice in writing served by either party on the other.

Save as disclosed above, none of the Directors, including those to be re-elected at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

### **EMOLUMENT POLICY**

The remuneration committee is responsible for reviewing emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and corporate market practices. The Company has adopted a share option scheme as incentive to Directors and eligible employees.

#### **Share Option Scheme**

The Company adopted the share option scheme on 26 February 2018, details of the scheme are set out in Note 33 to the consolidated financial statements. No share option has been granted under the share option scheme since its adoption.

### **EQUITY-LINKED AGREEMENTS**

For the year ended 30 September 2020, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 30 September 2020.

### **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS**

Save as disclosed in Note 32 to the consolidated financial statements, there were no transactions, arrangements or contracts of significance to which the Company, its holding company, fellow subsidiaries or any of its subsidiaries was a party and in which Directors and controlling shareholders had a material interest, whether directly or indirectly, subsisted at any time during the year.

### **MANAGEMENT CONTRACTS**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Other than the share option scheme disclosed, at no time during the year was the Company, its holding company, fellow subsidiaries or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

Save for the Directors disclosed as below, none of Directors nor their respective close associates were considered to have interests in any business which is likely to compete directly or indirectly with the Group's business.

### **RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS**

Details of the significant related party transactions entered into by the Group during the year ended 30 September 2020 are set out in Note 32 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under GEM Listing Rules.

### **PERMITTED INDEMNITY PROVISIONS**

The Company's Articles provide that every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate directors' and officers' liability insurance and such permitted indemnity provision for the benefit of the Directors currently in force.

## DIRECTORS' REPORT (Continued)

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### Long position in ordinary shares of the Company

Name	Capacity	Note	Long position	
			Number of ordinary shares	Percentage of total number of shares
Ms. Tse	Interest in controlled corporation	1	750,000,000	75%
Mr. Lam	Interest of spouse	2	750,000,000	75%

Notes:

1. Ms. Tse Fung Sum Flora ("**Ms. Tse**") is interested in the entire issued share capital of Access Cheer Limited ("**Access Cheer**") and she is therefore deemed to be interested in the shares held by Access Cheer by virtue of the SFO.
2. Mr. Lam Ting Lok ("**Mr. Lam**") is the spouse of Ms. Tse and he is therefore deemed to be interested in the shares held by Ms. Tse by virtue of SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executives of the Company had an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2020, to the knowledge of the Directors, shareholders of the Company (other than the Directors or chief executives of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follow:

### Long position in ordinary shares of associated corporation

Name	Capacity	Note	Long position	
			Number of ordinary shares	Percentage of total number of shares
Access Cheer	Beneficial owner	1	750,000,000	75%

Note:

1. The entire issued share capital of Access Cheer is legally and beneficially owned by Ms. Tse who is deemed to be interested in the shares held by Access Cheer by virtue of the SFO.

Save as disclosed above, as at 30 September 2020, none of the substantial shareholders or other persons, other than Directors and chief executives of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## NON-COMPETITION UNDERTAKING

The Company confirmed that Ms. Tse and Access Cheer have been complied with all the undertakings under the deed of non-competition in favour of the Company during the year and up to the date of this annual report. Details of which are set out in Corporate Governance Report on page 21 of this annual report.

## COMPLIANCE ADVISER'S INTERESTS

As notified by Somerley Capital Limited ("**Somerley**"), compliance adviser of the Company, neither Somerley nor any of its close associates and none of the directors or employees had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2020.

## **DIRECTORS' REPORT** (Continued)

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained the sufficient public float as required under the GEM Listing Rules as at the date of this annual report.

### **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The AGM will be held on Wednesday, 27 January 2021. A notice convening the meeting will be issued and sent to the shareholders in due course.

The register of members of the Company will be closed from Friday, 22 January 2021 to Wednesday, 27 January 2021 (both days inclusive), during which period no transfer of shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Thursday, 21 January 2021 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

### **EVENT AFTER THE REPORTING PERIOD**

There are no significant events affecting the Group after the year ended 30 September 2020 and up to the date of this annual report.

### **AUDITOR**

The consolidated financial statements for the year ended 30 September 2020 have been audited by CHENG & CHENG LIMITED. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint CHENG & CHENG LIMITED as the auditor of the Company.

By order of the Board  
**Amasse Capital Holdings Limited**

Lam Ting Lok  
*Executive Director and Chief Executive Officer*

Hong Kong, 30 November 2020

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

This Environmental, Social and Governance (“**ESG**”) report (“**ESG Report**”) summarises the initiatives, programmes and performance of Amasse Capital Holdings Limited and its subsidiaries (the “**Group**”, “**we**” or “**our**”) as well as demonstrates our commitment to sustainability. The Group’s core business is provision of corporate finance advisory services in Hong Kong and the Group is devoted to minimizing its potential environmental and social impact.

This ESG Report covers the Group’s progress on ESG aspects from 1 October 2019 to 30 September 2020 (the “**Year**”) and the preparation of this ESG Report follows the Environmental, Social and Governance Report Guide (the “**ESG Reporting Guide**”), as set out in Appendix 20 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”).

The following table summaries the Group’s material ESG aspects as set out in this ESG Report:

<b>The ESG Reporting Guide</b>	<b>Material ESG aspects of the Group</b>	<b>Page</b>
<b>A. Environment</b>		
A1. Emissions	Air Emissions and Greenhouse Gas Emissions	40
A2. Use of Resources	Energy Conservation	41
	Water Conservation	42
	Paper Conservation	42
A3. The Environment and Natural Resources	Environmental Impact Management	43
<b>B. Society</b>		
B1. Employment	Employee Benefits and Career Development	43
B2. Health and Safety	Employees’ Health and Workplace Safety	45
B3. Development and Training	Employee Development and Training	45
B4. Labor Standards	Prevention of Child Labor or Forced Labor	46
B5. Supply Chain Management	Supplier Practices	46
B6. Service Responsibility	Services Quality and Satisfaction	47
	Protection of Privacy	47
B7. Anti-Corruption	Anti-corruption	47
B8. Community Involvement	Contributions to Society	48

During the Year, the Group confirmed that appropriate and effective management policies and internal control systems for ESG issues are in place and confirmed the information disclosed in this ESG Report meets the ESG Reporting Guide.

### OUR STAKEHOLDERS

The Group values our stakeholders and their views relating to its businesses and ESG issues. One of the key approaches is through stakeholder engagement, which enables two-way communication to receive valuable feedback and to act on improvement measures. The communication channels with respective stakeholder groups are highlighted as below:

Stakeholders	Communication channels	Possible concerned issues
Stock Exchange	<ul style="list-style-type: none"> <li>• Seminars and training</li> <li>• Updating of website and announcements</li> <li>• Regulatory or voluntary disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with the Listing Rules, publishing of announcements in a timely and accurate manner</li> </ul>
Government and regulatory bodies	<ul style="list-style-type: none"> <li>• Seminars for employees</li> <li>• Statutory filings</li> <li>• Regulatory or voluntary disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Shareholders' meetings</li> <li>• Financial reports, announcements and circulars</li> <li>• Company's website</li> <li>• Company's enquiry e-mail and phone</li> </ul>	<ul style="list-style-type: none"> <li>• Business strategies and sustainability</li> <li>• Financial performance</li> <li>• Corporate governance</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Business meetings</li> <li>• e-mail and phone</li> </ul>	<ul style="list-style-type: none"> <li>• Services quality and reliability</li> <li>• Fair and reasonable pricing</li> <li>• Customer information security</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employee activities</li> <li>• Training, seminars and workshops</li> <li>• Interviews</li> <li>• Internal memorandum</li> </ul>	<ul style="list-style-type: none"> <li>• Training and development</li> <li>• Occupational health and safety</li> <li>• Employee remuneration</li> <li>• Working hours</li> <li>• Equal Opportunity</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Stakeholders	Communication channels	Possible concerned issues
Suppliers and Business Partners	<ul style="list-style-type: none"> <li>• Company's website</li> <li>• e-mail and phone</li> </ul>	<ul style="list-style-type: none"> <li>• Payment schedule</li> <li>• Fair competition</li> </ul>
Local Communities and Society	<ul style="list-style-type: none"> <li>• Company's website</li> <li>• Company's enquiry e-mail and phone</li> <li>• Community activities</li> <li>• Donations</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Employment</li> <li>• Social welfare</li> </ul>

In formulating operational strategies and ESG measures, our employees were involved in helping us better understand our sustainability performance in those environmental and social issues. The Group have identified the following top three material issues for each aspect:

### Environmental aspect

1. Air Emissions and Greenhouse Gas Emissions
2. Paper Conservation
3. Energy Conservation

### Social aspect

1. Anti-corruption
2. Services Quality and Satisfaction
3. Employee Benefits and Career Development

Based on the material issues, the Group shall strategise and plan resources accordingly to promote environmental and social issues, and address related concerns. Additionally, the Group continues to look for ways to engage in different stakeholders such as investors, customers or local communities, so as to gain a wider understanding of ESG material issues.

## ENVIRONMENT

We pay close attention to the environmental responsibilities. As a corporate finance advisory service provider, we focus on the conservation of energy, reduction of paper usage and reduction of waste by recycling and we have been devoted to protecting environment by seeking to reduce the impact to the environment by incorporating environmental-friendly measures into our business operations. In order to help our employees understand the potential impact on the environment brought by each individuals, we have taken various actions to facilitate behavioral changes, setting up related policies with an aim to reduce environmental footprint.

We monitor mainly Scope 1 and 2 greenhouse gas (“GHG”) emissions according to the international standard of Greenhouse Gas Protocol, and also make reference to guidelines published by Hong Kong's Environmental Protection Department, Electrical and Mechanical Services Department and Hong Kong Exchanges and Clearing Limited.

We are not aware of any significant impacts of activities on the environment and natural resources.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### Emissions

In the Group's business activities, fuel consumption of vehicle (Scope 1 direct emissions), electricity consumption in office(s) (Scope 2 indirect emissions) and paper consumption (Scope 3 indirect emissions) are the major sources of all pollutants and GHG emissions of the Group.

The Group believes that its operation does not have significant negative impact on the environment and natural resources related to emission of other harmful gas, discharge of pollutants into water or land, generation of hazardous or non-hazardous waste during the Year. We are not aware of any material non-compliance with the relevant environmental protection legislations in relation to Air Pollution Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance, Hazardous Chemicals Control Ordinance, Noise Control Ordinance, Ozone Layer Protection Ordinance, Producer responsibility schemes, Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Ordinance and Environmental Impact Assessment Ordinance during the Year.

As an environmental-friendly company, we have undertaken various energy saving measures (refer to section headed "Use of Resources" below for details) to reduce energy consumption, improve energy efficiency and reduce environmental impact associated with global warming, pollutions and environmental diversity. During the Year, the GHG of the Group is estimated to be 20.5 tonnes of carbon dioxide equivalent ("CO<sub>2</sub>e") which has been increased by 26.5% with that of around 16.2 tonnes for the corresponding period of last year. The increase was attributed to increase in consumption of electricity and fuel during the year.

Detailed summary of the GHG emissions were shown as below:

Scope of greenhouse gas emissions	Source of greenhouse gas emissions	2020 CO <sub>2</sub> e emission (in tonnes)	2019 CO <sub>2</sub> e emission (in tonnes)
Scope 1 Direct emission	Local business travel	11.3	8.2
Scope 2 Indirect emission	Purchased electricity	8.7	7.1
Scope 3 Other indirect emission	Paper consumption	0.5	0.9
		<b>20.5</b>	<b>16.2</b>

Note:

Scope 1: All direct GHG emissions.

Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.

Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. transmission and distribution losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

During the Year, the Group's consumption in electricity and fuel were:

<b>Electricity</b>	<b>2020</b>	2019
Consumption (Kwh)	<b>11,057.0</b>	9,010.0
Intensity (per sq.ft.)	<b>5.0</b>	4.9
<b>Fuel</b>	<b>2020</b>	2019
Consumption (liter)	<b>4,770.7</b>	3,481.2
Intensity (per employee)	<b>294.5</b>	214.9
NOx (g)	<b>2,401.3</b>	1,768.0
SOx (g)	<b>70.1</b>	51.1
PM (g)	<b>176.8</b>	130.1

There is an increase of approximately 21.1% in office area during the Year due to our expansion to asset management business which requires extra office space for accommodation of staffs and document-keeping purposes, as a result, the total electricity consumption is raised by 22.7% year-on-year. We always remind our staffs the importance of conservation and put in practice using LED lighting in new leased office and has maintained effective control over the energy consumption in our daily operation. The Group will continue to monitor energy use in the future in order to protect environment.

Being affected by the covid-19 pandemic, overseas business travel had come to a minimal if not impossible. The Group has no overseas business travel during the financial year ended 30 September 2020. During the Year, the fuel consumption is increased by 37.0%. which is due to traveling in private vehicle instead of using public transport to avoid the risk of contracting infection as a precaution to protect the health of staffs.

Note:

1. As at 30 September 2020, the Group had a total of 16 employees (2019: 16) all located in Hong Kong. The weighted average number of employees during the Year was 16.2 (2019: 16.2).
2. During the Year, the Group's office area was 2,194 square feet (2019: the weighed average space of office area was 1,835.6 square feet).

### Use of Resources

It has become increasingly clear that every employee has a part to play when it comes to the environmental protection and sustainable development. The Group has been developing different policies to reduce its environmental footprint and promote sustainable business best practices, including energy and water conservation, paper and other resources reduction.

#### **Energy conservation**

Energy conservation should start from daily life. We raise our employees' awareness in the energy efficiency of electrical appliances. The electrical appliances with Grade 1 or 2 energy efficient labels will be given priority in procurement. We also encourage our employees to turn off equipment when not in use. Photocopiers, printers, computers and monitors should be altered to default sleep/rest modes and set energy saving modes. The temperature of air conditioning is set at 25°C. Electrical appliances will be purchased with Grade 1 or 2 energy efficient labels when necessary. In particular, the Group strives to utilise telephone or video conference to minimise face-to-face meeting in order to reduce fuel consumption in business travels.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

### **Water conservation**

Water is one of the most basic necessities in life. We encourage consumption of refillable potable water and reduce wasteful uses of water. For example, employees should finish drinking the water in their mugs and potable water is not used for other purposes. The Group's water usage payment has been included in the management fee to the landlord, thus related consumption data cannot be obtained. We do not have any issue in sourcing water.

### **Paper conservation**

The integration of the computer into the business world is heralded as the beginning of the "paperless" office. In order to save paper, the Group (1) provides two monitors to operational employees to perform duties electronically; (2) advises employees to handle documents electronically; and (3) encourages to communicate electronically. The Group also avoid paper wastage by (1) setting default on printers, photocopiers and/or fax machines (if applicable) to print in double-sided; (2) adjusting settings to maximise printed area, such as adjusted margins and reduce scale; (3) re-using single-sided paper; and (4) recycled paper and wasted paper are shredded for recycle.

During the Year, the Group's paper usage was:

<b>Paper</b>	<b>2020</b>	<b>2019</b>
Consumption (kg)	<b>105.0</b>	187.5
Intensity (per employee)	<b>6.5</b>	11.7

The decrease in consumption of paper are mainly attributed to (1) use of electronic means of communication instead of printing out the hard copy; (2) encourage printing of document on a need-to-print basis; and (3) if printing is necessary, it is encourage to print on both side of the paper.

### **Other conservation**

Although there are many "greening" options, it is imperative that environmental and human impacts are seriously taken into consideration. We understand that volatile organic compounds ("**VOC**") in cleaning products can affect indoor air quality and also contribute to smog formation in outdoor air. Therefore, the Group will consider purchase of environmental-friendly cleaning products with lower or no VOC and toxicity which has a lesser or reduced impact on the environment and human health. Due to the nature of the Group's business, the Group does not have physical products for sale and therefore no use of packaging material is involved.

### Environmental Impact Management

The Group needs to demonstrate environmental responsibility. It is important to consider the potential opportunities for minimizing environmental impact, cost of implementing resources or pollutants reduction strategies, potential impact on employee and ability to evaluate success. The Group has endeavored to find ways to manage and reduce resources consumption under our business operations, such as recommend setting the temperature of air conditioning at 25°C and use double-sided paper. The above-mentioned conservations have multiple benefits that promotes green and sustainable office, saving energy and resources. Those implementations have initial efforts to reduce environmental footprint.

Undoubtedly, management will play an integral role in supporting and endorsing a change in organisational behaviour and culture. Our employees will play an integral role in supporting and realising such a change. In view of this, the Group can play our part in protecting our environment.

### SOCIETY

The Group is committed to endeavoring to enhance consideration towards the environment, social contributions and corporate governance to improve the sustainability of society. We recognise that this is an important social responsibility for a Hong Kong public listed company to assume.

#### Employment

Employees are the Group's most valuable assets and the success of the business depends on the Group's workforce. The Group highly appreciates the contributions from employees and are determined to reward and maintain our employees through provision of attractive remuneration package and a safe working environment. During the Year, we complied with the Employment Ordinance (Cap. 57), the Employee's Compensation Ordinance (Cap. 282), the Mandatory Provident Fund Schemes Ordinance (Cap. 485), the Minimum Wage Ordinance (Cap. 608) and did not find any violation of laws and regulations relating to employment.

The Group is also dedicated to implementing equal opportunity employment practices by maintaining a diverse workforce that includes age, gender, family status, sexual orientation, disability, ethnicity and religion, which are in compliance with the requirements of the legislation on anti-discrimination in Hong Kong, including Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination Ordinance (Cap. 602).

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

The following table sets forth the number and breakdown of the Group's employees as at 30 September 2020 and 2019:

Summary of Employee Data	Total number (percentage) of employees	
	2020	2019
Gender		
Male	<b>10 (62%)</b>	11 (69%)
Female	<b>6 (38%)</b>	5 (31%)
Age distribution of present employees		
21 – 30	<b>1 (6%)</b>	3 (19%)
31 – 40	<b>5 (31%)</b>	4 (25%)
41 – 50	<b>4 (26%)</b>	6 (37%)
51 – 60	<b>5 (31%)</b>	2 (13%)
61 – 70	<b>1 (6%)</b>	1 (6%)
Employment Categories		
Front office	<b>12 (75%)</b>	12 (75%)
Back office	<b>4 (25%)</b>	4 (25%)

### ***Employee remuneration and benefits***

The management regularly reviews the Group's remuneration and benefits policies in reference to the market standards and is committed to safeguarding the rights and interests of the employee including but not limited to policies regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Remuneration and benefits have been adjusted in accordance with the employees' individual performance, contribution and market conditions. Remuneration packages include holidays, annual leave, medical scheme, group insurance, mandatory provident fund and discretionary bonus.

### ***Promotion and Career Development***

The promotion of the Group's employees is subject to review regularly. The Group has established objective performance indicators for annual performance evaluation.

During the Year ended 30 September 2020, the employee turnover rate of the Group was 12.5% (2019: 6.3%). Those employees who left the Group were in their own accord. The Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the Year.

### Health and Safety

The business operation of the Group does not involve high-risk activities. The Group attaches great importance to occupational safety, hygiene and health of our employees and makes all efforts to build a safe and comfortable working environment for employees. We are not only uphold the Occupational Safety and Health Ordinance (Cap. 509) but also provide regular briefings for all employees, on occupational safety and health policy and workplace safety.

As for insurance, in addition to employee compensation insurance, the Group also provides medical insurance and other benefits such as purchasing air purifier to improve air quality and working environment for our employees. During the coronavirus outbreak period, we provided face masks and hand sanitizer to employees and visitors as a measure to protect the health and safety of everyone. All employees and visitors are requested not to smoke in the office in order to achieve a healthier and pleasant work place, safeguard non-smokers from the risks to health of passive smoke and protect the office sites from increased risk of fire. The building management office also arranges rescue, fire and evacuation drills to improve staff safety awareness. In addition, we have enough first-aid supplies to be available to all employees in office for handling injuries. This first-aid kit is maintained in convenient and accessible locations. Supplies items are replenished as they become depleted. Refills are also available for all supplies.

During the Year, the Group did not record any work-related injury or fatality of employees, nor any lost days due to work injury. We are not aware of any material non-compliance with Occupational Safety and Health Ordinance that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

### Development and Training

The Group firmly believes that trainings help improve competency, work skills, expertise and performance of employees and so that they can deliver the high quality of service that safeguards the public and meets the expectations of customers and the requirements of their profession. Trainings also help employees to raise environmental awareness and build capacity, as well as support a diverse human workforce and flexible work styles. Meanwhile, the Group is subject to various ordinances, rules and guidelines such as, but not limited to, the Securities and Futures Commission Ordinance, the Personal Data (Privacy) Ordinance, the GEM Listing Rules and the Hong Kong Securities and Futures Commission's Guideline on Anti-Money Laundering and Counter-Terrorist Financing. In addition, every licensed employee and professional employee must fulfill prescribed hours of continuous professional training relevant to their licensed regulated activities and/or professional body activities in each calendar year.

The Group supports employees to participate in personal and professional training and encourages the culture of sharing of knowledge and experience. The Group also provides our employees with training courses for upgrading skills and development as needed. For example, the Group provides licensed employees and professional employees with seminars and trainings organised by professional parties. There was an increase in number of hours in training received by employees. During the Year, the Group arranged 3 training sessions (2019: 2 training sessions), amounting to 8.5 training hours (2019: 6 training hours) for employees.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Statistics in respect of development and training for the Year is set out below:

	2020	2019
Total number of hours of training received by employees	<b>192</b>	123
Total number of employees	<b>16</b>	16
Total number of employees trained	<b>15</b>	15
Average hours of training per employee and percentage (%) of employees who received training	<b>13 (94)</b>	12 (94)
By gender (%)		
Male	<b>10 (91)</b>	11 (92)
Female	<b>13 (100)</b>	15 (100)
By employment categories (%)		
Front office	<b>12 (100)</b>	12 (100)
Back office	<b>9 (80)</b>	11 (80)

### Labour Standards

The Group strictly prohibits the use of child and forced labour. Through the well-established recruitment policies, the Group ensures that our employees are all above the minimum legal working age and no forced labour is hired. The Group has complied with all applicable laws and regulations in relation to employment matters during the Year.

### Supply Chain Management

Due to the nature of our principal business activities, the Group had no major suppliers during the year ended 30 September 2020 (2019: Nil). To integrate the environmental vision into the procurement of office supplies, the Group have a green procurement policy (i.e. reuseable, repairable, durable) and make a conscious effort to not be wasteful when using or ordering supplies. With this in mind, we have purchased refillable pens, environment-friendly paper and refillable potable water. During the procurement process, the Group evaluates and assesses the suppliers' quality of services and products, their experience and track record, and review from public domain as to any reporting violation to ESG rules and regulations.

### Service Responsibility

The Group aims at delivering a high quality of services to its clients at all times. The Group believes that market reputation and clients' confidence in the services are critical to its success. As the Group with clients of Hong Kong public listed company, the Group is in a unique position to leverage our expertise to promote sustainable business practices and help customers capitalise on opportunities to a more sustainable economy. In achieving this aim, we are committed to providing them with prompt, competent and unbiased professional services who seeks for corporate financing strategies. This is guided by our services delivery process and services quality standards. This covers everything from assessing the suitability of services to ensuring we fulfil our duties. During the Year, no service related complaints has been received by the Group. Meanwhile, the Group is regulated by the Securities and Futures Commission and is a licensed corporation under SFO. The professional employees were properly licensed and registered with the SFC. All Responsible Officers have extensive experience providing corporate finance advisory services to customers listed in Hong Kong. The Group has been devoted to improving its management in every aspect of its operation to create greater value for our customers and the shareholders of the Company.

During the Year, we are not aware of any incidents of non-compliance with regulations and/or voluntary codes concerning the Group's service information and labelling, as well as marketing communications including advertising.

### Protection of Privacy

The Group places the highest priority on protecting the privacy of our customers and employees in the collection, processing and use of their personal data in compliance with Personal Data (Privacy) Ordinance (Cap. 486). The Group adheres to the applicable data protection regulations and ensures appropriate technical measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data are kept confidential and securely to prevent against loss, unauthorised access, use, modification or disclosure, and processed only for the purpose for which it has been collected. No non-compliance or complaints from customers regarding personal data privacy has been received during the Year.

### Anti-corruption

The Group is committed to upholding the highest ethical standard. The Group has set forth in our staff's code for the required conducts of our employees as well as anti-fraud and whistleblowing policies to prevent, detect and report each and every form of bribery, extortion, fraud and money laundering. Any such kind of fraudulent acts is prohibited and the Group will not tolerate any fraudulent business activities. In particular, all directors and employees should avoid conflict of personal interest relating to their professional duties and are required to declare any conflict of interest by disclosure form to ensure appropriate assurance for the Group in matters of conflict of interest, professional and scientific integrity, and to protect the Group from avoiding regulatory and reputational risk.

The Group operate a whistleblowing policy, which allows employees to report matters of concern about privacy and confidentiality, conflicts of interest, bribery and anti-corruption to the financial controller. If it is a possible criminal offence case, financial controller will bring the case to the Group, who will refer to audit committee to decide further action with consultation from our legal advisers.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

All staff members of the Group are required to comply with Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutes) Ordinance (Cap. 615) and follow a AML/CTF guideline laid down by the Group.

During the Year, no directors and employees obtained or provided benefits to customers, suppliers, or people with business relationship with the Group, no whistleblowing disclosures were received and no litigations relating to matters of bribery, extortion, fraud or money laundering were brought against the Group or our employees.

### Community Involvement

The Group aim to help the grassroots people such as the homeless, the illness, elderly and children. We keep on our best to contribute to the community to show our care by supporting charitable organizations. During the Year, we donated approximately HK\$0.8 million (2019: HK\$0.5 million) to various charities including (in alphabetical order) Amazing Grace Worship Music Ministry Limited; Apple Daily Charitable Foundation; Chi Lin Nunnery; Chin Kung Multicultural Education Foundation Limited; Children's Cancer Foundation: Haven of Hope Christian Service; Hong Chi Association; Hong Kong Buddhist Education Foundation Limited; Pamela Youde Nethersole Eastern Hospital; Po Lin Monastery; Ruttonjee Hospital; Sunshine Action Limited; The Princess Margaret Hospital Charitable Trust; World Green Organisation.

Besides donations, we encouraged and arranged staff to participate in voluntary services. During the Year, we had participated "Sunshine action" events, in which executive directors, employees together with their children worked as volunteers to distribute rice boxes to homeless people in different districts around Hong Kong and Kowloon, support and assist a charitable deed by packaging foods and products of basic needs to the needy families.

### GOVERNANCE

Details on the Group's corporate governance practices set out in the Corporate Governance Report of this annual report.

### FEEDBACK

We highly value any feedback regarding this ESG Report. Please feel free to direct your feedback and comments to: [co@amasse.com.hk](mailto:co@amasse.com.hk).

# INDEPENDENT AUDITOR'S REPORT



## CHENG & CHENG LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

鄭 鄭 會 計 師 事 務 所 有 限 公 司

Level 35, Tower 1,  
Enterprise Square Five,  
38 Wang Chiu Road,  
Kowloon Bay, Kowloon,  
Hong Kong

### TO THE MEMBERS OF AMASSE CAPITAL HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Amasse Capital Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 54 to 115, which comprise the consolidated statement of financial position as at 30 September 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### KEY AUDIT MATTERS (Continued)

#### The Key Audit Matter

#### How the matter was addressed in our audit

#### **Revenue recognition of fee income from the provision of corporate finance advisory services and investment advisory services**

*Refer to notes 4(i) and 5 to the consolidated financial statements*

We identified the recognition of fee income from the provision of corporate finance advisory services and investment advisory services as a key audit matter due to the use of management judgement and its significance to the consolidated financial statements.

The Group's income from provision of corporate finance advisory services and investment advisory services are recognised either at point in time or over time based on contractual terms specified in the underlying agreements when the revenue can be measured reliably. Certain income is recognised at point in time when the reports are issued under the terms of each engagement as only that time the Group satisfies its performance obligation by transferring the promised service to the customer. The income is recognised overtime when the customer simultaneously receives and consumes the benefits provided by the Group's performance or when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

As set out in note 5 to the consolidated financial statements, the revenue from corporate finance advisory services and investment advisory services recognised over time and at point in time for the year ended 30 September 2020 are approximately HK\$6,887,000 and HK\$9,310,000 respectively.

Our procedures in relation to the recognition of corporate finance advisory service income and investment advisory service income included the following:

- Obtaining an understanding on the key controls over the revenue recognition, including the basis of revenue recognition on the corporate finance advisory service income and investment advisory service income and the revenue recognition policy;
- Determining whether the corporate finance advisory service income and investment advisory service income are properly recognised either over time or at point in time by checking to the contract terms of mandates on a sample basis;
- Checking to the supporting evidence of invoices and settlements during the year and subsequent to the year end on a sample basis; and
- Checking the percentage of completion, when revenue is recognised over time, by comparing the actual staff costs incurred up to date to the total expected staff costs, assessing the reasonableness of the total expected staff costs and examining relevant supporting documentation.

### **INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**CHENG & CHENG LIMITED**

*Certified Public Accountants*

**Lui Chun Yip**

Practising Certificate number P07004

Hong Kong, 30 November 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	5	16,197	10,698
Other income and other net gain	6	8,622	768
Loss allowance on trade receivables		(2,050)	–
Employee benefit expenses		(11,566)	(10,887)
Operating lease expense		–	(861)
Depreciation of plant and equipment		(280)	(192)
Depreciation of right-of-use assets		(1,253)	–
Other operating expenses	9	(3,852)	(4,193)
Finance costs	8	(122)	–
Profit/(loss) before taxation	9	5,696	(4,667)
Income tax	10	(73)	–
Profit/(loss) and total comprehensive income/(expense) for the year attributable to equity shareholders of the Company		5,623	(4,667)
Earnings/(loss) per share	13		
– Basic and diluted (HK cents)		0.56	(0.47)

The notes on pages 60 to 115 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Plant and equipment	14	521	801
Right-of-use assets	15	1,931	–
Prepayments and deposits	18	423	383
Deferred tax assets	25	126	–
		<b>3,001</b>	<b>1,184</b>
<b>Current assets</b>			
Contract assets	16	259	–
Trade receivables	17	2,404	3,855
Prepayments, deposits and other receivables	18	518	447
Financial assets at fair value through profit or loss	19	17,905	–
Tax recoverable		1,015	965
Cash and cash equivalents	20	24,670	39,532
		<b>46,771</b>	<b>44,799</b>
<b>Current liabilities</b>			
Other payables and accruals	21	1,119	1,569
Contract liabilities	22	376	50
Lease liabilities	23	1,220	–
Loan from a securities broker	24	307	–
		<b>3,022</b>	<b>1,619</b>
<b>Net current assets</b>		<b>43,749</b>	<b>43,180</b>
<b>Total assets less current liabilities</b>		<b>46,750</b>	<b>44,364</b>

The notes on pages 60 to 115 form part of these financial statements.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	23	790	–
Provision for long service payment	31	387	663
Deferred tax liabilities	25	249	–
		<b>1,426</b>	663
<b>Net assets</b>		<b>45,324</b>	43,701
<b>EQUITY</b>			
Share capital	26	10,000	10,000
Reserves		35,324	33,701
<b>Total equity</b>		<b>45,324</b>	43,701

Approved and authorised for issue by the Board of Directors on 30 November 2020.

**Lam Ting Lok**  
Director

**Lo Mun Lam Raymond**  
Director

The notes on pages 60 to 115 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2020

Attributable to equity shareholders of the Company					
				Retained earnings/ (Accumulated losses)	
Note	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	HK\$'000	Total HK\$'000
Balance at 1 October 2018	10,000	31,299	4,000	3,069	48,368
Loss and total comprehensive expense	-	-	-	(4,667)	(4,667)
At 30 September 2019 and 1 October 2019	<b>10,000</b>	<b>31,299</b>	<b>4,000</b>	<b>(1,598)</b>	<b>43,701</b>
Profit and total comprehensive income	-	-	-	5,623	5,623
Dividends declared and paid in respect of the current year	-	(4,000)	-	-	(4,000)
Balance at 30 September 2020	<b>10,000</b>	<b>27,299</b>	<b>4,000</b>	<b>4,025</b>	<b>45,324</b>

The notes on pages 60 to 115 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Operating activities</b>			
Profit/(loss) before taxation		5,696	(4,667)
Adjustments for:			
Bad debt written off		80	–
Depreciation of plant and equipment		280	192
Depreciation of right-of-use assets		1,253	–
Dividend income from investments in listed securities		(4)	–
Loss allowance on trade receivables		2,050	–
Bank interest income		(339)	(768)
Interest on lease liabilities		119	–
Interest on loan from a securities broker		3	–
Net unrealised gain on financial assets at fair value through profit or loss		(4,194)	–
(Reversal of)/provision for long service payment		(276)	237
Operating profit/(loss) before changes in working capital		4,668	(5,006)
Increase in financial assets at fair value through profit or loss		(13,711)	–
Increase in contract assets		(259)	–
(Increase)/decrease in trade receivables		(679)	572
Increase in prepayments, deposits and other receivables		(111)	(328)
(Decrease)/increase in other payables and accruals		(450)	1,124
Increase/(decrease) in contract liabilities		326	(175)
Cash used in operations		(10,216)	(3,813)
Received dividend income from investments in listed securities		4	–
Income tax paid		–	(2,438)
<b>Net cash used in operating activities</b>		<b>(10,212)</b>	<b>(6,251)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 30 September 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Investing activities</b>			
Purchase of plant and equipment		–	(739)
Interest received		339	768
<b>Net cash generated from investing activities</b>		<b>339</b>	29
<b>Financing activities</b>			
Repayment of lease liabilities		(1,174)	–
Net increase in loan from a securities broker		307	–
Interest paid on lease liabilities		(119)	–
Interest paid on loan from a securities broker		(3)	–
Dividend paid	12	(4,000)	–
<b>Net cash used in financing activities</b>		<b>(4,989)</b>	–
Decrease in cash and cash equivalents		(14,862)	(6,222)
Cash and cash equivalents at beginning of the year		39,532	45,754
<b>Cash and cash equivalents at end of the year</b>	20	<b>24,670</b>	39,532

The notes on pages 60 to 115 form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

## 1. GENERAL

Amasse Capital Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate parent is Access Cheer Limited (“**Access Cheer**”), a company incorporated in the British Virgin Islands. Its ultimate controlling party is Ms. Tse Fung Sum Flora, who is also the Executive Director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are provision of corporate finance advisory services and investment advisory services. Particulars of the subsidiaries are set out in note 34. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. BASIS OF PREPARATION

### (a) Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) with 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**”), 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 (the “**GEM Listing Rules**”).

These consolidated financial statements have been prepared under the historical cost convention except for financial instruments that are measured at fair values.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 2. BASIS OF PREPARATION (Continued)

#### (b) Application of new and amendments to HKFRSs

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these condensed consolidated financial statements.

#### **HKFRS 16, Leases**

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

#### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 2. BASIS OF PREPARATION (Continued)

#### (b) Application of new and amendments to HKFRSs (Continued)

##### **HKFRS 16, Leases** (Continued)

###### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 October 2019.

As at 1 October 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b) (ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- iii. excluded initial direct cost from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5%.

	<b>At 1 October 2019</b>
	HK\$'000
Operating lease commitments at 30 September 2019	3,397
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 30 September 2020	(7)
	3,390
Less: total future interest expenses	(206)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 October 2019 and total lease liabilities recognised at 1 October 2019	3,184

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 2. BASIS OF PREPARATION (Continued)

#### (b) Application of new and amendments to HKFRSs (Continued)

##### **HKFRS 16, Leases** (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 October 2019 comprises the following:

	<b>Right-of-use assets</b> HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	3,184

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	<b>Carrying amounts at 30 September 2019</b> HK\$'000	<b>Capitalisation of operating lease contracts</b> HK\$'000	<b>Carrying amounts at 1 October 2019</b> HK\$'000
<b>Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:</b>			
Right-of-use assets	–	3,184	3,184
<b>Total non-current assets</b>	<b>1,184</b>	<b>3,184</b>	<b>4,368</b>
Lease liabilities (current)	–	1,174	1,174
<b>Current liabilities</b>	<b>1,619</b>	<b>1,174</b>	<b>2,793</b>
<b>Net current assets</b>	<b>43,180</b>	<b>(1,174)</b>	<b>42,006</b>
<b>Total assets less current liabilities</b>	<b>44,364</b>	<b>2,010</b>	<b>46,374</b>
Lease liabilities (non-current)	–	2,010	2,010
<b>Total non-current liabilities</b>	<b>663</b>	<b>2,010</b>	<b>2,673</b>
<b>Net assets</b>	<b>43,701</b>	<b>–</b>	<b>43,701</b>

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 30 September 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 October 2019 as disclosed above.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 2. BASIS OF PREPARATION (Continued)

#### (c) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>7</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions <sup>3</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020 cycle <sup>5</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>5</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>5</sup>
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract <sup>5</sup>
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current <sup>6</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>7</sup> Effective for annual periods beginning on or after a date to be determined.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of consolidated financial statements are summarised below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### (b) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment losses. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Plant and equipment

Plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any.

The cost of an item of plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of plant and equipment is sold, its cost and accumulated depreciation are derecognised and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

Depreciation is provided on the straight-line method to allocate their cost over their estimated economic useful lives of the individual assets, as follows:

Leasehold improvements	Shorter of lease term or 5 years
Furniture and equipment	5 years
Motor vehicles	5 years

The assets' useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### (d) Leases

##### ***Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Leases (Continued)

##### ***The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)***

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of offices and a warehouse that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Leases (Continued)

##### ***The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)***

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Leases (Continued)

##### *The Group as a lessee (prior to 1 October 2019)*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

#### (e) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“**FVTPL**”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Financial Instruments (Continued)

##### **Financial assets**

##### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Financial Instruments (Continued)

##### **Financial assets** (Continued)

##### *Classification and subsequent measurement of financial assets (Continued)*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Financial Instruments (Continued)

##### **Financial assets** (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade receivables and other receivables), and other items (contract assets) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on trade receivables are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Financial Instruments (Continued)

##### **Financial assets** (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Financial Instruments (Continued)

##### **Financial assets** (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Financial Instruments (Continued)

##### **Financial assets** (Continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Financial Instruments (Continued)

##### **Financial assets** (Continued)

###### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### **Financial liabilities and equity**

###### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

###### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

###### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (f) Impairment on plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (g) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

#### (h) Income tax

Income tax for the year comprises current and deferred tax.

The current income tax is based on taxable profit for the year. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Income tax (Continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### (i) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### (j) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- i. has control or joint control over the Group;
- ii. has significant influence over the Group; or
- iii. is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- vi. The entity is controlled or jointly controlled by a person identified in note 3(j)(a).
- vii. A person identified in note 3(j)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (k) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

#### ***Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation***

##### *Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group’s performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group’s performance completed to date for those general advisory services of which the Group bills a fixed amount each month, the Group recognises revenue in the amount to which the Group has the right to invoice.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (k) Revenue from contracts with customers (Continued)

##### **Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Continued)**

###### *Input method*

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

###### *Income from provision of corporate finance advisory services and investment advisory services*

Income from provision of corporate finance advisory services and investment advisory services is recognised over time or at a point in time with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers and counterparties.

For the contracts that the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, the Group's performance obligations are satisfied over time. Invoices are issued upon the end of each month.

For the contracts that the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, the Group's performance obligations are satisfied over time. The Group is entitled to an amount that at least compensates the Group for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Group's failure to perform as promised. Invoices are issued upon signing service contracts and when stated milestones in the contract are reached.

For the contracts with revenue recognised at point in time, the Group satisfied its performance obligations when the reports are issued under the terms of each engagement as only that time the Group has a present right to payment from the customer for the service performed. Invoices for the financial services are issued upon signing service contracts and when stated milestones in the contract are reached.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (k) Revenue from contracts with customers (Continued)

##### **Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Continued)**

###### *Costs to fulfil a contract*

The Group incurs costs to fulfil a contract in its corporate finance advisory services. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant HKFRSs, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- (i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

#### (l) Employee benefits

The Group operates a mandatory provident fund scheme (the “**MPF Scheme**”; a defined contribution plan) under which the Group and its employees are required to contribute 5% (subject to an aggregate maximum of HK\$1,500 per month) of the employees’ relevant income. Contributions from the employer are 100% vested in the employees as soon as they are paid to the MPF Scheme.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Payments to the mandatory provident fund scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Under the Hong Kong Employment Ordinance, the Group’s net obligation in respect of lump sum long service amounts payable on cessation of employment in certain circumstances is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The Group’s obligations to make such long service payments are recognised in the financial statements as long service payment liabilities at the present value (where the effect of discounting is material) of the long service payment obligations, which are estimated after deducting the entitlements accrued under the Group’s defined contribution retirement scheme that are attributable to contributions made by the Group. Changes in carrying amount of the relevant net obligation are recognised in profit or loss.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (m) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

#### (n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. These significant accounting judgement and estimates have been consistently applied to all the years presented, unless otherwise stated.

#### (i) Revenue recognition

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

#### (i) Revenue recognition (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The directors of the Company have considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers. Accounting policies for revenue recognition are disclosed in note 3(k).

#### (ii) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on debtors' aging as groupings of various debtors that have same credit periods and similar payment patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit-impaired are assessed for ECL individually.

As at 30 September 2020, the carrying amount of trade receivables is HK\$2,404,000 (2019: HK\$3,855,000) (net of loss allowance of HK\$2,050,000 (2019: HK\$300,000)).

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 17 and 29(a) respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 5. REVENUE

The principal activities of the Group are the provision of corporate finance advisory services and investment advisory services.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2020 HK\$'000	2019 HK\$'000
Corporate finance advisory fee income from acting as:		
Financial adviser	14,726	9,038
Independent financial adviser	1,221	1,660
	15,947	10,698
Investment advisory fee income	250	–
	16,197	10,698

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	2020 HK\$'000	2019 HK\$'000
Disaggregated by timing of revenue recognition		
Point in time	9,310	7,608
Over time	6,887	3,090
	16,197	10,698

#### Transaction price allocated to the remaining performance obligations for contracts with customers

All corporate finance advisory services and investment advisory services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 6. OTHER INCOME AND OTHER NET GAIN

	2020 HK\$'000	2019 HK\$'000
Other income		
Bank interest income	339	768
Dividend income	4	–
Government grants	522	–
Reversal of provision for long service payment	276	–
	<b>1,141</b>	768
Other net gain		
Net realised gain on financial assets at FVTPL	3,287	–
Net unrealised gain on financial assets at FVTPL	4,194	–
	<b>7,481</b>	–
	<b>8,622</b>	768

### 7. SEGMENT INFORMATION

Information reported to the board of directors (the “**Board**”) of the Company, being the chief operating decision maker (the “**CODM**”) for the purposes of resource allocation and assessment of segment performance focuses on advisory services provided. The CODM considers the Group’s operation, assets and revenue are located and derived in Hong Kong. The principal activity of the reportable and operating segment is the provision of corporate finance advisory services only. In addition to the provision of corporate finance advisory services, other operating segment includes the provision of investment advisory services which did not meet the quantitative thresholds for the reportable segment in both current and prior years. Accordingly, no segment and geographical information are presented.

#### Information about major clients

Revenue from clients who individually contributed over 10% of the Group’s total revenue during the years are as follows:

	2020 HK\$'000	2019 HK\$'000
Customer A	3,000	N/A
Customer B	2,000	N/A
Customer C	N/A	2,000
Customer D	N/A	1,200

N/A: The corresponding revenue did not contribute over 10% of total revenue of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 8. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interests on:		
Lease liabilities	119	–
Loan from a securities broker	3	–
	122	–

### 9. PROFIT/(LOSS) BEFORE TAXATION

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

	2020 HK\$'000	2019 HK\$'000
Auditor's remuneration	250	250
Bad debt written off	80	–
Donation	780	469
Employee benefit expenses (including directors' remuneration)	11,566	10,887
Salaries and welfare	7,795	7,541
Performance related bonus	3,535	2,876
Retirement benefit scheme contributions	236	233
Provision for long service payment	–	237
Expenses relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	22	–
Net exchange loss	211	10
Operating lease rental payments for rental premises	–	861



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 10. INCOME TAX

	2020 HK\$'000	2019 HK\$'000
Current tax – Hong Kong Profits Tax		
Charged for the year	–*	–
Over-provision in prior years	(50)	–
	(50)	–
Deferred taxation	123	–
	73	–

\* Less than HK\$1,000

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 the qualifying Group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of Group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying Group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the year ended 30 September 2020.

For the year ended 30 September 2019, no provision for Hong Kong Profits Tax has been made as the Group had no assessable profits.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 10. INCOME TAX (Continued)

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

	2020 HK\$'000	2019 HK\$'000
Profit/(loss) before taxation	<b>5,696</b>	(4,667)
Tax at Hong Kong Profits Tax rate of 16.5% (2019: 16.5%)	<b>939</b>	(770)
Income tax at concessionary rate	<b>(6)</b>	277
Tax effect of expenses not deductible for tax purpose	<b>47</b>	399
Tax effect of income not taxable for tax purpose	<b>(486)</b>	(165)
Tax effect of unused tax losses not recognised	<b>107</b>	279
Tax effect of origination and reversal of temporary differences	<b>82</b>	(20)
Utilisation of tax losses previously not recognised	<b>(558)</b>	–
Tax relief for the year	<b>(2)</b>	–
Over-provision in prior years	<b>(50)</b>	–
Income tax expense	<b>73</b>	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 11. DIRECTORS' AND MANAGEMENT EMOLUMENTS

#### (a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383 (1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 30 September 2020</b>					
<b>Executive directors:</b>					
Mr. Lam Ting Lok	960	–	1,240	18	2,218
Mr. Lo Mun Lam Raymond	–	600	450	–	1,050
Ms. Tse Fung Sum Flora	–	360	150	18	528
Ms. Tsang Kwong Wan	–	600	700	18	1,318
	<b>960</b>	<b>1,560</b>	<b>2,540</b>	<b>54</b>	<b>5,114</b>
<b>Independent non-executive directors:</b>					
Mr. Cheung Pak To, <i>BBS</i>	240	–	–	–	240
Mr. Tsang Jacob Chung	240	–	–	–	240
Dr. Yu Yuen Ping	240	–	–	–	240
	<b>720</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>720</b>

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 30 September 2019</b>					
<b>Executive directors:</b>					
Mr. Lam Ting Lok	960	–	240	18	1,218
Mr. Lo Mun Lam Raymond	–	600	150	–	750
Ms. Tse Fung Sum Flora	–	360	90	18	468
Ms. Tsang Kwong Wan	–	600	300	18	918
	<b>960</b>	<b>1,560</b>	<b>780</b>	<b>54</b>	<b>3,354</b>
<b>Independent non-executive directors:</b>					
Mr. Cheung Pak To, <i>BBS</i>	240	–	–	–	240
Mr. Tsang Jacob Chung	240	–	–	–	240
Dr. Yu Yuen Ping	240	–	–	–	240
	<b>720</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>720</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 11. DIRECTORS' AND MANAGEMENT EMOLUMENTS (Continued)

#### (a) Directors' emoluments (Continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes:

- (i) There was no arrangement under which the directors of the Company waived or agreed to waive any remuneration during the year and the prior year.
- (ii) Discretionary bonus was determined with reference to the operating results of the subsidiary and individual performance of the executive directors of the Company.
- (iii) During the year, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors of the Company; nor are any payable (2019: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2019: Nil). There are no loans, quasi-loans or other dealings in favour of the directors of the Company, their controlled bodies corporate and connected entities (2019: Nil).
- (iv) No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2019: None).
- (v) No emoluments have been paid to the directors of the Company or the five highest individuals as an inducement to join or upon joining the Group, or as compensation of loss of office in any of the years ended 30 September 2020 and 2019.

#### (b) Individual with highest emoluments

Of the five individuals with the highest emoluments, three (2019: two) are directors of the Company whose emoluments are disclosed in note 11(a). The aggregate of the emoluments in respect of the other two (2019: three) individuals are as follow:

	2020 HK\$'000	2019 HK\$'000
Salaries, allowance and other benefits in kind	960	1,560
Performance related bonuses	625	1,100
Provident fund contributions	36	54
	<b>1,621</b>	<b>2,714</b>

The emoluments of the two (2019: three) individuals with the highest emoluments are within the following bands:

	2020	2019
Nil to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	1	1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 12. DIVIDEND

An dividend for the three months ended 31 December 2019 of HK\$0.004 per share was paid on 12 March 2020 (2019: Nil).

Subsequent to the end of the reporting period, a special dividend in respect of the year ended 30 September 2020 of HK\$0.004 per ordinary share, in an aggregate amount of HK\$4,000,000 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting (2019: Nil).

### 13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to ordinary equity shareholders of the Company is based on the following data:

	2020	2019
Profit/(loss) for the year attributable to equity shareholders of the Company (HK\$'000)	5,623	(4,667)
Weighted average number of ordinary shares ('000)	1,000,000	1,000,000

For each year ended 30 September 2019 and 30 September 2020, there were no potential ordinary shares in issue, thus no adjustment has been made to the basic earnings/(loss) per share amount presented in respect of dilution.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 14. PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>				
At 1 October 2018	–	81	677	758
Additions	164	39	536	739
At 30 September 2019, 1 October 2019 and 30 September 2020	<b>164</b>	<b>120</b>	<b>1,213</b>	<b>1,497</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 October 2018	–	64	440	504
Charged for the year	5	7	180	192
At 30 September 2019 and 1 October 2019	5	71	620	696
Charged for the year	58	13	209	280
At 30 September 2020	<b>63</b>	<b>84</b>	<b>829</b>	<b>976</b>
<b>NET BOOK VALUES</b>				
At 30 September 2020	<b>101</b>	<b>36</b>	<b>384</b>	<b>521</b>
At 30 September 2019	159	49	593	801

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 15. RIGHT-OF-USE ASSETS

	<b>Leased properties</b> HK\$'000
As at 1 October 2019	
Carrying amount	3,184
As at 30 September 2020	
Carrying amount	1,931
For the year ended 30 September 2020	
Depreciation charge	<u>1,253</u>
Expenses relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	22
Total cash outflow for leases	<u>1,315</u>

For both years, the Group leases offices and a warehouse for its operations. Lease contracts are entered into for fixed term of one to three years. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The Group regularly entered into short-term leases for a warehouse.

### 16. CONTRACT ASSETS

	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Corporate finance advisory services	<u>259</u>	<u>–</u>

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group typically receives a 50% deposit within three days upon commencement of the contract. The remaining consideration is payable when stated milestones in the contract are reached. If the contract is terminated, the Group is immediately entitled to receive payment for work done to date. When the Group's performance in relation to the contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, the Group recognised the contract assets when the portion of the contract sum according to progress exceeds the billed portion of the contract.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 17. TRADE RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	4,454	4,155
Less: Loss allowance (Note 29(a))	(2,050)	(300)
	<b>2,404</b>	<b>3,855</b>

The following is an aged analysis of trade receivables net of loss allowance presented based on the invoice date at the end of each reporting year.

	2020 HK\$'000	2019 HK\$'000
Within 1 month	420	980
1 to 3 months	1,102	2,250
Over 3 months	882	625
	<b>2,404</b>	<b>3,855</b>

There is no credit period granted for corporate finance advisory services income and investment advisory services income. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 29(a).

### 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Prepayments	406	329
Deposits	387	452
Other receivables	148	49
	<b>941</b>	<b>830</b>
Deduct: Non-current portion	(423)	(383)
Current portion	<b>518</b>	<b>447</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL as at 30 September comprise:

	2020 HK\$'000	2019 HK\$'000
Listed securities held for trading:		
– Equity security listed in Hong Kong	9,941	–
– Equity security listed in the United States	7,964	–
	<b>17,905</b>	–

### 20. CASH AND CASH EQUIVALENTS

	2020 HK\$'000	2019 HK\$'000
Cash at bank and on hand	11,657	3,793
Cash at other financial institutions	7,877	–
Short-term bank deposits	5,136	35,739
	<b>24,670</b>	39,532

Cash and cash equivalents include cash at bank and on hand, cash at other financial institutions and short-term bank deposits. Short-term bank deposits are made for varying periods of between one month and three months (2019: between one day and three months) depending on the cash requirements of the Group, and earn interest rate at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

### 21. OTHER PAYABLES AND ACCRUALS

	2020 HK\$'000	2019 HK\$'000
Other payables	51	254
Accruals	1,068	1,315
	<b>1,119</b>	1,569

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 22. CONTRACT LIABILITIES

	2020 HK\$'000	2019 HK\$'000
Corporate finance advisory services	376	50

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit in advance of provision of corporate finance advisory services to the customers, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The Group typically receives a 50% deposit within three days upon commencement of the contract. The remaining consideration is payable when stated milestones in the contract are reached. If the contract is terminated, the Group is immediately entitled to receive payment for work done to date.

#### Movements in contract liabilities

	2020 HK\$'000	2019 HK\$'000
Balance at the beginning of the year	50	225
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(50)	(225)
Increase in contract liabilities as a result of billing in advance of provision of the corporate finance advisory service	376	50
Balance at the end of the year	376	50

The balance of the contract liabilities is expected to be recognised as income within one year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 23. LEASE LIABILITIES

	2020 HK\$'000
<b>Lease liabilities payable:</b>	
Within one year	1,220
Within a period of more than one year but not more than two years	790
	<b>2,010</b>
Less: Amount due for settlement within 12 months shown under current liabilities	1,220
	<b>790</b>

### 24. LOAN FROM A SECURITIES BROKER

	2020 HK\$'000	2019 HK\$'000
Loan from a securities broker	307	–

The amount bears interest rates ranged from 4.8% to 6.8% per annum for the year, is secured by the financial assets at FVTPL and repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 25. DEFERRED TAX ASSETS/LIABILITIES

The following is the deferred tax (assets)/liabilities recognised and movement thereon during the year:

	Unrealised gain on financial assets at FVTPL HK\$'000	Accelerated tax depreciation HK\$'000	ECL provision HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 October 2018, 30 September 2019 and 1 October 2019	-	-	-	-	-
Charged to profit or loss	458	37	(163)	(209)	123
At 30 September 2020	458	37	(163)	(209)	123

Reconciliation to the consolidated statement of financial position

	2020 HK\$'000	2019 HK\$'000
Net deferred tax asset recognised in the consolidated statement of financial position	(126)	-
Net deferred tax liabilities recognised in the consolidated statement of financial position	249	-
At 30 September 2020	123	-

At the end of the reporting period, the Company has unused tax losses of approximately HK\$1,911,000 (2019: approximately HK\$3,383,000) available for offset against future profits. No deferred tax assets have been recognised for the tax losses of approximately HK\$646,000 (2019: approximately HK\$3,383,000) due to unpredictability of future profit streams.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 26. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary share of HK\$0.01 each		
<b>Authorised:</b>		
At 1 October 2018, 30 September 2019, 1 October 2019 and 30 September 2020	10,000,000,000	100,000
<b>Issued and fully paid:</b>		
At 1 October 2018, 30 September 2019, 1 October 2019 and 30 September 2020	1,000,000,000	10,000

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.

### 27. OPERATING LEASE COMMITMENTS

Operating lease payments represent rentals payable by the Group for its office premises, with the leases negotiated for a term within one to three years at fixed rentals.

At 30 September 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 HK\$'000
Within one year	1,300
In the second to fifth years inclusive	2,097
	3,397

### 28. CAPITAL RISK MANAGEMENT

The Group defines “capital” as total equity.

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The directors of the Company regularly review and manage the Group’s capital structure to maintain a sufficient cash level to meet its liquidity requirements. Neither the Company nor its subsidiaries, except for the subsidiaries, Amasse Capital Limited (“**Amasse Capital**”) and Amasse Asset Management Limited (“**Amasse Asset**”), are subject to externally imposed capital requirements. Amasse Capital and Amasse Asset are regulated by the Securities and Futures Commission (“**SFC**”) and are required to comply with certain minimum capital requirements according to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The management monitors liquid capital of Amasse Capital and Amasse Asset daily to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules (“**FRR**”) adopted by the SFC. Under the FRR, Amasse Capital and Amasse Asset must maintain the liquid capital in excess of HK\$3,000,000 and HK\$100,000 respectively. The required information of Amasse Capital and Amasse Asset is filed with SFC on a monthly basis and semi-annually basis respectively. Amasse Capital and Amasse Asset were in compliance with the capital requirements imposed by FRR during the year ended 30 September 2020. Other than this, the Company and other subsidiaries are not subject to externally imposed capital requirements.

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s major financial instruments include trade receivables, deposits and other receivables, cash and cash equivalents, financial assets at FVTPL, other payables and accruals and loan from a securities broker. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (currency risk, interest rate risk and other price risk). The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### (a) Credit risk

The Group’s maximum exposure to credit risk in the event of the counterparties’ failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (a) Credit risk (Continued)

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. Consequently, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments. The responsible officers of the Group are responsible for overall monitoring of the credit risk of their customers. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration risk as 22.4% (2019: 48.1%) and 77.6% (2019: 84.2%) of the total trade receivables was due from the largest counterparty and the five largest counterparties respectively as at the end of the reporting period.

The credit risk on liquid funds is limited because the counterparties are reputable banks and financial institution with high credit ratings.

The Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significant reduced. The Group does not hold any collaterals over these balances.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Credit-impaired debtors with gross carrying amounts of HK\$1,900,000 as at 30 September 2020 (2019: HK\$300,000) were assessed individually.

	Expected loss rate %	2020 Gross carrying amount HK\$'000	Loss allowance HK\$'000	Expected loss rate %	2019 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Within 1 month	6%	449	29	0%	980	-
1 to 3 months	10%	1,220	118	0%	2,250	-
Over 3 months	29%	885	253	0%	625	-
		<b>2,554</b>	<b>400</b>		<b>3,855</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (a) Credit risk (Continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 30 September 2020, the Group provided approximately HK\$400,000 (2019: Nil) loss allowance for trade receivable based on the provision matrix. Loss allowance of HK\$1,650,000 (2019: HK\$300,000) were made on credit impaired debtors.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2020 Lifetime ECL (Not credit- impaired) HK\$'000	2020 Lifetime ECL (Credit- impaired) HK\$'000	2020 Lifetime ECL Total HK\$'000	2019 Total and lifetime ECL (credit- impaired) HK\$'000
Balance at the beginning of the year	–	300	300	300
Amount written off during the year	–	(300)	(300)	–
Impairment losses recognised during the year	400	1,650	2,050	–
Balance at the end of the year	400	1,650	2,050	300

The following significant changes in the gross carrying amounts of trade receivables contributed to the net increase in the loss allowance during the year ended 30 September 2020:

- increase in credit-impaired ECL resulted in an increase in loss allowance of HK\$1,650,000 when there is information indicating that those credit-impaired trade debtors are in severe financial difficulty or has breached the contract.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

	Within one year or on demand HK\$'000	More than one year but less than two years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 30 September 2020</b>				
Other payables and accruals	1,119	–	1,119	1,119
Lease liabilities	1,293	804	2,097	2,010
Loan from a securities broker	307	–	307	307
	<b>2,719</b>	<b>804</b>	<b>3,523</b>	<b>3,436</b>
<b>At 30 September 2019</b>				
Other payables and accruals	1,569	–	1,569	1,569
	<b>1,569</b>	<b>–</b>	<b>1,569</b>	<b>1,569</b>

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash and cash equivalents, lease liabilities and loan from a securities broker (see notes 20, 23 and 24 for details of these balances). Variable rate cash at bank and other financial institutions and loan from a securities broker expose the Group to cash flow interest rate risk; while fixed deposits at fixed rates expose the Group to fair value interest rate risk. The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arises.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (c) Interest rate risk (Continued)

The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances, cash at other financial institutions and loan from a securities broker is insignificant.

#### (d) Currency risk

The Group is exposed to currency risk primarily through ordinary business operations which give rise to financial assets at fair value through profit or loss and cash and cash equivalent that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars (“US\$”) and Renminbi (“RMB”).

Management considers that the Group’s exposure to foreign currency risk arising from US\$ denominated assets is minimal. As Hong Kong dollar is pegged to US\$, the directors of the Company consider that the currency risk of US\$ is insignificant.

#### **Exposure to currency risk**

The following table details the Group’s exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	September 2020	
	US\$ HK\$’000	RMB HK\$’000
Financial assets at FVTPL	7,964	–
Cash and cash equivalents	–	5,151
Overall exposure arising from recognised assets	7,964	5,151

  

	September 2019	
	US\$ HK\$’000	RMB HK\$’000
Cash and cash equivalents	14,739	–
Overall exposure arising from recognised assets	14,739	–

Management closely monitors currency risk position to ensure that the net exposure is kept at an acceptable level.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (d) Currency risk (Continued)

##### **Exposure to currency risk** (Continued)

##### *Sensitivity analysis*

The following table indicates the instantaneous change in the Group's profit/(loss) after tax (and retained earnings/(accumulated losses)) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies.

	2020		2019	
	Increase/ (decrease) in foreign exchange rate HK\$'000	Effects on profit after tax and retained earnings HK\$'000	Increase/ (decrease) in foreign exchange rate HK\$'000	Effects on profit after tax and retained earnings HK\$'000
RMB	5% (5%)	215 (215)	5% (5%)	– –

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss/profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (e) Other price risk

The Group's financial assets at FVTPL are measured at fair value at end of the reporting period. Therefore, the Group is exposed to security price risk. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

In respect of financial assets at FVTPL, the following table demonstrates the impact on profit after tax, other comprehensive income and equity if the price had been 5% higher/lower (2019: Nil).

	<b>Carrying amount of equity investments</b> HK\$'000	<b>Increase/ decrease in profit after tax</b> HK\$'000	<b>Increase/ decrease in equity</b> HK\$'000
<b>2020</b>			
Financial asset at FVTPL			
- Listed securities	17,905	813	813

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### (f) Fair value measurement

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 September 2020 and 2019.

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis (2019: Nil), categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	<b>2020 Level 1 and total HK\$'000</b>
Financial asset at FVTPL	
– Listed securities	<b>17,905</b>

During the years ended 30 September 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities.

	<b>Lease liabilities</b> HK\$'000	<b>Loan from a securities broker</b> HK\$'000	<b>Total</b> HK\$'000
At 30 September 2019	–	–	–
Adjustment on HKFRS 16	3,184	–	3,184
At 1 October 2019 (restated)	3,184	–	3,184
Changes from financing cash flow:			
Repayment of lease liabilities	(1,174)	–	(1,174)
Net increase in loan from a securities broker	–	307	307
Interest paid	(119)	(3)	(122)
Total changes from financing cash flows	1,891	304	2,195
Other changes			
Interest on lease liabilities	119	–	119
Interest on loan from a securities broker	–	3	3
At 30 September 2020	2,010	307	2,317

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 31. PROVISION FOR LONG SERVICE PAYMENT

Under the Hong Kong Employment Ordinance, the Group is obligated to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash at banks when such payments are required.

Details of the provision for long service payments of the Group are as follows:

	2020 HK\$'000	2019 HK\$'000
At beginning of the year	663	426
(Credited)/charged to profit or loss	(276)	237
At end of the year	387	663

### 32. RELATED PARTY TRANSACTIONS

Save as disclosed in Notes 11(a) to these consolidated financial statements, the Group had the following material transactions with related parties.

#### Compensation of key management personnel

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the directors of the Company.

Key management personnel remuneration was as follow:

	2020 HK\$'000	2019 HK\$'000
Short-term employee benefits	6,959	4,930
Post-employment benefits	102	90
	7,061	5,020

The related party transactions did not constitute connected transactions (including continuing connected transactions) as defined in Chapter 20 of the GEM Listing Rules.

### 33. SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 26 February 2018 for the primary purpose of providing incentives or rewards to directors and eligible employees, and will expire on 26 February 2028. Under the Share Option Scheme, the Board of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

#### (a) Purpose

The purpose of the Share Option Scheme is to provide incentive or reward to the eligible participants for their contribution to, and continuing efforts to promote the interests of the Group.

#### (b) Eligible Participants

Eligible participants include employee, adviser, consultant, service provider, agent, client, partner or joint venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, client, partner or joint-venture partner or any person who, in the absolute discretion of the Board of Director, has contributed or may contribute to the Group as incentive or reward for their contribution to the Group to subscribe for the shares thereby linking their interest with that of the Group. The basis of eligibility shall be determined by the Board from time to time.

#### (c) Total Number of Shares available for Issue

The maximum number of shares in respect of which options may be granted under the Share Option Scheme is 100,000,000 shares, representing 10% of the shares of the Company in issue immediately upon completion of the public share offering and the capitalisation issue.

#### (d) Total Maximum Entitlement of each Eligible Participant

Unless approved by the shareholders in the manner set out below, the total number of shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the Share Option Scheme and any other share option schemes of the Group (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue. Where any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant). The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before shareholders' approval and the date of meeting of our Board for proposing such further grant should be taken as the date of offer for the purpose of calculating the subscription price.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 33. SHARE OPTION SCHEME (Continued)

#### (d) Total Maximum Entitlement of each Eligible Participant (Continued)

The exercise of any option shall be subject to the shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of our Company to allot the shares on the exercise of any option.

#### (e) Option period and Payment on Acceptance of the Option

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 on acceptance of the offer. Options may be exercised at any time during a period commencing on or after the date on which the option is accepted and granted and expiring on a date to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the option is accepted and granted.

#### (f) Minimum Period for which an Option must be Held before it can be Exercised

No minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board at the time of grant.

#### (g) Subscription Price of Shares

The subscription price for shares under the Share Option Scheme shall be determined at the absolute discretion of the Board but in any event will not be less than the highest of (a) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the offer date of that particular option; and (c) the nominal value of a share on the offer date of the particular option.

No option had been granted or agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme from the listing date to 30 September 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 34. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation	Place of operation	Particulars of issued and paid-up share capital	Percentage of equity attributable to the Company as at 30 September		Principal activities
				2020	2019	
Merit Group Investment Limited	British Virgin Islands	Hong Kong	US\$1	100%	100%	Investment holding
Amasse Capital Limited	Hong Kong	Hong Kong	HK\$10,000,000	100%	100%	Provision of corporate finance advisory services
Amasse Asset Management Limited	Hong Kong	Hong Kong	HK\$2,000,000 (2019: HK\$500,000)	100%	100%	Provision of investment advisory services

None of the subsidiaries has issued any debt securities at the end of each reporting period.

### 35. EVENTS AFTER THE REPORTING PERIOD

#### Outbreak of Coronavirus Disease 2019

After the outbreak of coronavirus (“**COVID-19**”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Group’s financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Investment in a subsidiary		—*	—*
Prepayments		30	—
		<b>30</b>	—
<b>Current assets</b>			
Prepayments, deposits and other receivables		102	179
Financial assets at fair value through profit or loss		17,905	—
Amounts due from subsidiaries	a	12,439	10,489
Cash and cash equivalents		18,048	35,927
		<b>48,494</b>	46,595
<b>Current liabilities</b>			
Other payables and accruals		206	174
Amounts due to subsidiaries	a	5,092	2,947
Loan from a securities broker		307	—
		<b>5,605</b>	3,121
<b>Net current assets</b>		<b>42,889</b>	43,474
<b>Total assets less current liabilities</b>		<b>42,919</b>	43,474
<b>Non-current liabilities</b>			
Deferred tax liabilities		249	—
		<b>249</b>	—
Net assets		<b>42,670</b>	43,474
<b>EQUITY</b>			
Share capital		10,000	10,000
Reserves	b	32,670	33,474
Total equity		<b>42,670</b>	43,474

\* less than HK\$1,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30 September 2020

### 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

- a) The amounts due were non-trade in nature, unsecured, non-interest bearing and had no fixed repayment terms.
- b) **Movement in reserves**

	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 October 2018	31,299	4,000	(12,526)	22,773
Profit and total comprehensive income	–	–	10,701	10,701
At 30 September 2019 and 1 October 2019	31,299	4,000	(1,825)	33,474
Profit and total comprehensive income	–	–	3,196	3,196
Dividends declared and paid in respect of the current year	(4,000)	–	–	(4,000)
At 30 September 2020	27,299	4,000	1,371	32,670

c) **Other reserve**

It represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the exchange of shares on group reorganisation.

# FINANCIAL SUMMARY

## RESULTS

	For the year ended 30 September				
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	<b>16,197</b>	10,698	22,202	24,514	23,024
Profit/(loss) before tax	<b>5,696</b>	(4,667)	2,492	9,890	15,598
Income tax	<b>(73)</b>	–	(1,467)	(2,574)	(2,568)
Profit/(loss) and total comprehensive income/(expense)	<b>5,623</b>	(4,667)	1,025	7,316	13,030

## ASSETS AND LIABILITIES

	As at 30 September				
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Total assets	<b>49,772</b>	45,983	51,237	15,478	20,186
Total liabilities	<b>4,448</b>	2,282	2,394	7,959	983
Total equity	<b>45,324</b>	43,701	48,843	7,519	19,203

Note:

The financial information for the year ended 30 September 2016 was extracted from the Prospectus.