

AMASSE CAPITAL
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AMASSE CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8168

FIRST QUARTERLY REPORT

For the three months ended 31 December 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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*This 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 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 report misleading.*

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The unaudited condensed consolidated results of the Group for the three months ended 31 December 2018 (the “**Period**”), together with the comparative unaudited figures for the corresponding period in 2017 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 December 2018

	Note	Three months ended 31 December	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	3	2,059	4,345
Other income	3	191	–
Employee benefit expenses		(4,812)	(4,101)
Operating lease expense		(190)	(186)
Depreciation of plant and equipment		(35)	(35)
Other operating expenses		(789)	(279)
Loss before income tax	4	(3,576)	(256)
Income tax credit	5	–	17
Loss and total comprehensive expense for the period attributable to owners of the Company		(3,576)	(239)
Loss per share			
– Basic and diluted (HK cents)	7	(0.36)	(0.03)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 December 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000
At 1 October 2018 (audited)	10,000	31,299	4,000	3,544	48,843
Loss and total comprehensive expense for the period	-	-	-	(3,576)	(3,576)
At 31 December 2018 (unaudited)	10,000	31,299	4,000	(32)	45,267

For the three months ended 31 December 2017

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 October 2017 (audited)	-*	-	5,000	2,519	7,519
Loss and total comprehensive expense for the period	-	-	-	(239)	(239)
At 31 December 2017 (unaudited)	-	-	5,000	2,280	7,280

* less than HK\$1,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 December 2018

1. GENERAL

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

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

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

2. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements of the Group have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair values.

The principal accounting policies used in the unaudited condensed consolidated financial statements for the three months ended 31 December 2018 are the same as those followed in the preparation of the Group's annual report for the year ended 30 September 2018, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group. The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in the unaudited condensed consolidated financial statements and/or disclosures set out in the unaudited condensed consolidated financial statements. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three months ended 31 December 2018

3. REVENUE AND OTHER INCOME

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

	Three months ended 31 December	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Fee income from acting as:-		
Financial adviser	1,729	4,345
Independent financial adviser	330	–
	<u>2,059</u>	<u>4,345</u>
Other income		
Bank interest income	191	–

4. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Three months ended 31 December	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Auditor's remuneration	63	–
Donation	169	94
Employee benefit expenses (including Directors' remuneration)	4,812	4,101
– Salaries and welfare	1,875	1,540
– Performance related bonus	2,876	2,505
– Retirement benefit scheme contributions	61	56

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three months ended 31 December 2018

5. INCOME TAX CREDIT

	Three months ended 31 December	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The credit comprises overprovision in prior year: Hong Kong profit tax	-	17

6. DIVIDEND

No dividend is declared for the three months ended 31 December 2018 (2017: Nil).

7. LOSS PER SHARE

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

	Three months ended 31 December	
	2018	2017
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company (HK\$'000)	3,576	239
Weighted average number of ordinary shares in issue at the end of the Period ('000)	1,000,000	800,000

For each three months ended 31 December 2018 and 31 December 2017, there were no potential ordinary shares in issue, thus no adjustment has been made to the basic earnings per share amount presented in respect of dilution.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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, shall not (i) hold client assets; (ii) for Type 1 regulated activity, engage in dealing activities other than those relating to corporate finance; and (iii) for Type 6 regulated activity, act as sponsor in respect of an application for listing on a recognised stock market of any securities.

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

During the Period, the Group had only one operating subsidiary, namely, Amasse Capital Limited. Corporate finance advisory business will remain as the core business of the Group and the Group intends to build on its ability to provide high quality corporate finance advisory services which has continued to be the major revenue stream of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

On 29 June 2018, the Stock Exchange published a consultation paper to seek comments on proposals to tighten its review on the suitability of listing of new applicants, enhance the continuing listing criteria for listed issuers and tighten the reverse takeovers rules to prevent backdoor listings particularly those involving shell companies. Further, on 3 July 2018, the Stock Exchange effected certain amendments to the Listing Rules to tighten the requirements on capital raising activities by listed issuers, including the restriction of highly dilutive capital raising activities. As a combined effect from the aforesaid tightened regulatory measures together with the recent poor market performance, economic uncertainties (such as tightened controls on capital outflow by the Government of The People's Republic of China (the "PRC"), and trade conflict between the PRC and the United States of America), the merger and acquisition ("M&A") activities as well as the corporate fund raising activities of Hong Kong listed companies have been adversely affected.

According to the website of the Stock Exchange, the number of circular 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) during October to December 2018 had declined by approximately 19.6% to about 131 transactions as compared to about 163 transactions for the three months ended 31 December 2017. Further, according to the HKEX Securities and Derivatives Markets Quarterly Reports published by the Stock Exchange, it was observed that the number of corporate fund raising transactions (including placing, right issues and open offer) of Hong Kong listed companies had decreased to about 48 during the period under review, representing a decrease of approximately 51.0% as compared to about 98 transactions for the corresponding period driven by the tightened regulatory measures.

The performance of the Group had been adversely affected by the aforesaid tightened regulatory measures, economic uncertainties and poor performance of the stock market, which resulted in a decline of the total fees for corporate finance advisory services provided by the Group during the period under review as compared to the three months ended 31 December 2017. The Group expects that the declining market trend and poor performance of Hong Kong stock market will continue to remain uncertain and deteriorate, and hence impacting the corporate finance advisory business of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

Revenue for the three months ended 31 December 2018 amounted to approximately HK\$2.1 million, representing a decrease of approximately HK\$2.2 million or 51.2% as compared with that of approximately HK\$4.3 million for the three months ended 31 December 2017. Such decrease was mainly driven by the decline of the total fees for corporate finance advisory services provided by the Group (i.e. transactions handled by the Group were less material with relatively lower fees chargeable). Nonetheless, the Group was involved in 14 (2017: 11) corporate finance advisory transactions during the three months ended 31 December 2018, representing an increase of approximately 27.3% as compared to the corresponding period.

Other Income

The Group's other income mainly included the bank interest income for the three months ended 31 December 2018 of approximately HK\$0.2 million (2017: Nil).

Employee Benefit Expenses

Employee benefit expenses primarily consist of salaries, bonus 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\$4.8 million (2017: approximately HK\$4.1 million), representing an increase of approximately HK\$0.7 million as compared with the three months ended 31 December 2017, primarily due to the combined effect of (a) upward adjustment to staff salaries and the recruitment of additional professional staff of approximately HK\$0.3 million; and (b) the increase of approximately HK\$0.4 million of the performance related bonuses paid during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Operating Expenses

Other operating expenses for the three months ended 31 December 2018 were approximately HK\$0.8 million when compared to approximately HK\$0.3 million for the three months ended 31 December 2017. The increase in other operating expenses were mainly due to (a) the increased cost of operating a publicly-traded company such as fees paid to professional parties including audit fee, compliance advisory fee, insurance fee, legal advisory fee and printing fee; and (b) the increase in donation.

Loss for the Period

The Group incurred net loss of approximately HK\$3.6 million for the three months ended 31 December 2018 as compared to net loss of approximately HK\$0.2 million for the three months ended 31 December 2017. The net loss for the Period was mainly due to (i) the decrease in revenue by approximately HK\$2.2 million; and (ii) the increase in employee benefits expenses and other operating expenses by approximately HK\$0.7 million and HK\$0.5 million respectively.

DIVIDEND

The board of Directors has not declared the payment of a dividend for the three months ended 31 December 2018 (2017: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2018, the Group did not have any significant investments.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

The board of Directors is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules during the three months ended 31 December 2018, except for the deviation as specified and explained below with considered reasons for such deviations.

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 Article of Association of the Company, the Directors may elect a chairman of the board meetings and determine the period for which he/she is to hold office. If no such chairman is elected, the Directors present may choose one of their members to be chairman of the meeting. The board of Directors considers this arrangement allows contributions from all Directors with different expertise to manage the Group’s overall business development, implementation and management.

Directors’ Securities Transactions

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules, as its own code of conduct regarding directors’ dealings in the securities of the Company. Having made specific enquiry, all Directors confirmed that they have complied with the required standard of dealing during the Period.

Directors’ Interests in Contracts

None of the Directors nor their respective close associates had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Directors' Interests in a Competing Business

None of the Directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses during the Period.

Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 December 2018, 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 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:

- 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.
- 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 31 December 2018, 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 31 December 2018, 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: 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 31 December 2018, 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.

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

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

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 31 December 2018.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 5.29 to 5.33 of the GEM Listing Rules with specific written terms of reference in compliance with code provision C3.3 of the CG Code. The Audit Committee currently consists of all the three independent non-executive Directors, namely Mr. Tsang Jacob Chung, Mr. Cheung Pak To, *BBS* and Dr. Yu Yuen Ping. Mr. Tsang Jacob Chung is the chairman of the Audit Committee.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

The primary duties of the Audit Committee are to review the annual reports and accounts, half-year reports and quarterly reports of the Group, make recommendations to the board of Directors on the appointment and dismissal of external auditors, provide advice in respect of financial reporting, review risk management and internal control framework of the Group, and monitor any continuing connected transactions.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the three months ended 31 December 2018.

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

Hong Kong, 28 January 2019

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