

AMASSE CAPITAL

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AMASSE CAPITAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8168

THIRD QUARTERLY REPORT

For the nine months ended 30 June 2019

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 Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 30 June 2019 (the “**Period**”), together with the comparative unaudited figures for the corresponding period in 2018 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 June 2019

	Note	Three months ended 30 June		Nine months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	2,009	7,225	6,398	16,730
Other income	3	173	95	579	99
Employee benefit expenses		(1,948)	(3,576)	(8,687)	(9,383)
Operating lease expense		(217)	(185)	(599)	(579)
Depreciation of plant and equipment		(54)	(36)	(124)	(106)
Other operating expenses		(689)	(232)	(2,232)	(2,723)
Listing expenses		-	-	-	(5,569)
(Loss)/profit before income tax	4	(726)	3,291	(4,665)	(1,531)
Income tax expense	5	-	(661)	-	(953)
(Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company		(726)	2,630	(4,665)	(2,484)
(Loss)/earnings per share – Basic and diluted (HK cents)	7	(0.07)	0.26	(0.47)	(0.28)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 June 2019

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained earnings/ (Accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 October 2018 (audited)	10,000	31,299	4,000	3,544	48,843
Loss and total comprehensive expense for the period	-	-	-	(4,665)	(4,665)
At 30 June 2019 (unaudited)	10,000	31,299	4,000	(1,121)	44,178

For the nine months period ended 30 June 2018

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained earnings/ (Accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 October 2017 (audited)	-	-	5,000	2,519	7,519
Loss and total comprehensive expense for the period	-	-	-	(2,484)	(2,484)
Issue of shares to ultimate holding company pursuant to reorganisation	1,000	-	(1,000)	-	-
Issue of shares pursuant to public offering	2,000	46,000	-	-	48,000
Capitalisation issue of shares	7,000	(7,000)	-	-	-
Share issuance costs	-	(7,701)	-	-	(7,701)
At 30 June 2018 (unaudited)	10,000	31,299	4,000	35	45,334

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 June 2019

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 for the nine months ended 30 June 2019 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 for the nine months ended 30 June 2019 have been prepared under the historical cost convention.

The principal accounting policies used in the unaudited condensed consolidated financial statements for the nine months ended 30 June 2019 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.

In the current period, the Group has adopted, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements for the nine months ended 30 June 2019:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 June 2019

2. BASIS OF PREPARATION (continued)

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. However, the impact of the adoption of these new and revised HKFRSs were disclosed in the interim report. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

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 30 June		Nine months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue				
Fee income from acting as: –				
Financial adviser	1,754	5,560	5,263	14,055
Independent financial adviser	255	1,665	1,135	2,675
	2,009	7,225	6,398	16,730
Other income				
Bank interest income	173	95	579	99

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 June 2019

4. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	Three months ended 30 June		Nine months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Auditor's remuneration	63	107	188	143
Donation	120	100	399	1,010
Employee benefit expenses (including Directors' remuneration)	1,948	3,576	8,687	9,383
– Salaries and welfare	1,890	1,815	5,635	5,004
– Performance related bonus	–	1,700	2,876	4,205
– Retirement benefit scheme contributions	58	61	176	174

5. INCOME TAX EXPENSE

	Three months ended 30 June		Nine months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current income tax: Hong Kong profits tax	–	661	–	953

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated profits arising in Hong Kong during the period.

6. DIVIDEND

No dividend is declared for the nine months ended 30 June 2019 (2018: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 June 2019

7. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June		Nine months ended 30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit for the period attributable to owners of the Company (HK\$'000)	(726)	2,630	(4,665)	(2,484)
Weighted average number of ordinary shares in issue at the end of the period ('000)	1,000,000	1,000,000	1,000,000	873,992

For each of the three months and nine months ended 30 June 2019 and 30 June 2018, there were no potential ordinary shares in issue, thus no adjustment has been made to the basic (loss)/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 under review, 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.

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, 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 (“**US**”)), the merger and acquisition (“**M&A**”) activities as well as the corporate fund raising activities of Hong Kong listed companies have been adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 345 transactions for the nine months ended 30 June 2019, representing a decrease of approximately 12.7% as compared to about 395 transactions for the corresponding period of last year.

Further, according to the HKEX Securities and Derivates 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 149 transactions for the nine months ended 30 June 2019, representing a decrease of approximately 39.4% as compared to about 246 transactions for the corresponding period of last year, mainly driven by the tightened regulatory measures.

The performance of the Group had still been adversely affected by (i) the decrease in number of corporate transactions and the lackluster performance of corporate finance market in Hong Kong as a result of the tightened regulatory regime and the persistent global economic uncertainties; and (ii) the keen competition in pricing for corporate finance advisory services deals as a result of the weak corporate finance advisory services sector. The total fees for corporate finance advisory services provided by the Group had further declined as compared to the three months and nine months ended 30 June 2018. The above-mentioned factors will continue to affect the number of corporate finance advisory services transactions handled by the Group, resulting in potential decline of transaction volume and fee chargeable of corporate finance advisory services provided by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

Revenue for the nine months ended 30 June 2019 amounted to approximately HK\$6.4 million, representing a decrease of approximately HK\$10.3 million or 61.7% as compared with that of approximately HK\$16.7 million for the corresponding period of last year. Such decrease was mainly due to (a) 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) and (b) the decrease in the number of corporate finance advisory transactions handled by the Group to 31 transactions (2018: 41) during the nine months ended 30 June 2019, representing a decrease of approximately 24.4% as compared to the corresponding period of last year.

Other Income

The Group's other income mainly included the bank interest income for the nine months ended 30 June 2019 of approximately HK\$0.6 million (2018: 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\$8.7 million (2018: approximately HK\$9.4 million), representing a decrease of approximately HK\$0.7 million as compared with the nine months ended 30 June 2018, primarily due to the combined effect of (a) upward adjustment to staff salaries and the recruitment of additional professional staff of approximately HK\$0.6 million; (b) the increase of approximately HK\$0.4 million of the performance related bonuses paid; and (c) no provision of performance related bonus provided during the period under review (2018: approximately HK\$1.7 million).

Other Operating Expenses

Other operating expenses for the nine months ended 30 June 2019 were approximately HK\$2.2 million when compared to approximately HK\$2.7 million for the nine months ended 30 June 2018. The decrease in other operating expenses was mainly due to the decrease in donation and other operating expenses.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Loss for the Period

The Group incurred net loss of approximately HK\$4.7 million for the nine months ended 30 June 2019 as compared to net loss of approximately HK\$2.5 million for the nine months ended 30 June 2018. The increase in net loss for the period was mainly due to (i) the decrease in revenue by approximately HK\$10.3 million; (ii) the decrease in listing expenses and income tax expenses by approximately HK\$5.5 million and HK\$0.9 million respectively; (iii) the decrease in employee benefit expenses and donation by approximately HK\$0.7 million and HK\$0.6 million respectively; and (iv) the increase in bank interest income of approximately HK\$0.4 million.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the period (2018: Nil).

DIVIDEND

The Board has not declared the payment of a dividend for the nine months ended 30 June 2019 (2018: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

The board 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 nine months ended 30 June 2019, 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 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.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (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 June 2019, 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:

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 June 2019, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Substantial shareholders' interests in shares and underlying shares of the Company

As at 30 June 2019, 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.

Save as disclosed above, as at 30 June 2019, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

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 June 2019.

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.

The primary duties of the Audit Committee are to review the annual reports and accounts, half-yearly reports and quarterly reports of the Group, make recommendations to the Board 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 and the third quarterly report of the Group for the nine months ended 30 June 2019.

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

Hong Kong, 6 August 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.