

**AMASSE CAPITAL**

**寶 積 資 本**

**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 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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this 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 report.*

*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.*

## CONTENTS

	Page
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Changes in Equity	4
Notes to the Condensed Consolidated Financial Statements	5
Management Discussion and Analysis	10
Corporate Governance and Other Information	14

The unaudited condensed consolidated results of the Group for the three months ended 31 December 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 three months ended 31 December 2019

	Note	Three months ended 31 December	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	7,010	2,059
Other income	5	159	191
Employee benefit expenses		(3,904)	(4,812)
Operating lease expense		(57)	(190)
Depreciation of plant and equipment and right-of-use asset		(385)	(35)
Other operating expenses		(918)	(789)
Finance costs		(25)	–
Profit/(loss) before income tax	6	1,880	(3,576)
Income tax	7	–	–
Profit/(loss) and total comprehensive income/ expense for the period attributable to owners of the Company		1,880	(3,576)
Profit/(loss) per share			
– Basic (HK cents)	9	0.19	(0.36)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 December 2019

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000
At 1 October 2019 (audited)	10,000	31,299	4,000	(1,598)	43,701
Profit and total comprehensive income for the period	-	-	-	1,880	1,880
Dividend	-	(4,000)	-	-	(4,000)
At 31 December 2019 (unaudited)	10,000	27,299	4,000	282	41,581

For the three months ended 31 December 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings 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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 31 December 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 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 2019 are the same as those followed in the preparation of the Group's annual report for the year ended 30 September 2019, 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 2019*

### 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS

The Group has adopted HKFRS 16 Leases from 1 October 2019. The Group has applied HKFRS 16 using the simplified transition approach and has not restated comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

At adoption of HKFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019.

All right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated balance sheet immediately before the adoption of the HKFRS 16. As a result of the adoption of HKFRS 16, as of 1 October 2019, the Group recognized a right-of-use asset of approximately HK\$3.2 million in other non-current assets, and a lease liability of approximately HK\$1.2 million and approximately HK\$2 million in other payables and accruals and other non-current liabilities, respectively.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for certain operating leases with a remaining lease term of less than 12 months as of 1 October 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Upon adoption of HKFRS 16, principal elements of lease payments and related interest portion have been classified within financing activities.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three months ended 31 December 2019

### 4. 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	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Fee income from acting as:-		
Financial adviser	6,260	1,729
Independent financial adviser	750	330
	<u>7,010</u>	<u>2,059</u>
Timing of revenue recognition		
At point in time	6,360	929
Over time	650	1,130
	<u>7,010</u>	<u>2,059</u>

### 5. OTHER INCOME

	Three months ended 31 December	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income		
Bank interest income	159	191
	<u>159</u>	<u>191</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three months ended 31 December 2019

### 6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging:

	Three months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Auditor's remuneration	63	63
Donation	183	169
Employee benefit expenses (including Directors' remuneration)	3,904	4,812
– Salaries and welfare	1,911	1,875
– Performance related bonus	1,935	2,876
– Retirement benefit scheme contributions	58	61
Finance costs		
– Interest on lease liabilities	25	–

### 7. INCOME TAX

No provision for Hong Kong Profits Tax for the three months ended 31 December 2019 (2018: Nil) has been made in respect of the subsidiary as the tax losses brought forward from previous years exceed the estimated assessable profits for the period.

### 8. DIVIDEND

The Directors declared a dividend of HK\$0.4 cents per share for the three months ended 31 December 2019 (2018: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three months ended 31 December 2019

### 9. PROFIT/(LOSS) PER SHARE

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

	<b>Three months ended 31 December 2019</b> <b>(unaudited)</b>	2018  (unaudited)
Profit/(loss) for the period attributable to owners of the Company (HK\$'000)	<b>1,880</b>	(3,576)
Number of ordinary shares in issue at the end of the Period ('000)	<b>1,000,000</b>	1,000,000

## 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. In order to cope with the challenging environments, the Group has decided to seek other financial related services to diversify its business and broaden its revenue base so as to generate value for shareholders. The Group formed a wholly-owned subsidiary named as Amasse Asset Management Limited (“**Amasse AM**”) which made an application (the “**Application**”) to the Securities and Futures Commission (“**SFC**”) for the granting of Type 4 (Advising on securities) and Type 9 (Asset Management) regulated activities under the SFO. The Application was still under review by the SFC. It is expected that Amasse AM will participate in providing asset management services after granting the licenses by the SFC. Meanwhile, the Group will continue to provide quality corporate finance advisory services to customers so as to generate value for our customers and future revenue for our shareholders.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2019 had increased by approximately 7.7% to about 140 transactions as compared to about 130 transactions for the three months ended 31 December 2018. 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 was about 48 during the period under review, which was same as the corresponding period.

Looking forward, the business and operation environments of the Group will remain challenging as effective from 1 October 2019, the Stock Exchange tightened 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. The tightened regulatory measures together with the recent economic uncertainties, such as tightened controls on capital outflow by the Government of The People's Republic of China (the "PRC"), stage two trade conflict negotiations between the PRC and the United States of America. The social instability in Hong Kong is expected to continue, the outbreak of coronavirus together with concerns over the worldwide and Hong Kong economic growth, the overall market is expected to be volatile. The merger and acquisition activities as well as the corporate fund raising activities of Hong Kong listed companies must be adversely affected. The Directors expect that there are still uncertainties and adverse effects on the overall business of our Group with the weak economic conditions in Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### FINANCIAL REVIEW

#### Revenue

Revenue for the three months ended 31 December 2019 amounted to approximately HK\$7.0 million, representing an increase of approximately HK\$5.0 million or 240% as compared with that of approximately HK\$2.1 million for the three months ended 31 December 2018. 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 increase of the total corporate finance advisory transactions, in which some complex transactions that induced higher servicing fee. The Group was involved in 21 (2018: 14) corporate finance advisory transactions during the three months ended 31 December 2019, representing an increase of approximately 50% 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 2019 of approximately HK\$0.2 million (2018: approximately HK\$0.2 million).

#### 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\$3.9 million (2018: approximately HK\$4.8 million), representing a decrease of approximately HK\$0.9 million as compared with the three months ended 31 December 2018, primarily due to the decrease of approximately HK\$0.9 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 2019 were approximately HK\$0.9 million, which was slightly increased of HK\$0.1 million when compared to approximately HK\$0.8 million for the three months ended 31 December 2018.

### Profit for the Period

The Group generated net profit of approximately HK\$1.9 million for the three months ended 31 December 2019 as compared to net loss of approximately HK\$3.6 million for the three months ended 31 December 2018. The net profit for the Period was mainly due to (i) the increase in revenue by approximately HK\$5.0 million; (ii) the decrease in employee benefits expenses by approximately HK\$0.9 million; and (iii) the increase of depreciation of plant and equipment and right-of-use asset by approximately HK\$0.4 million in which approximately HK\$0.3 million was incurred by adoption of HKFRS 16 as mentioned in note (3) above.

## DIVIDEND

The Board of Directors has declared a dividend of HK0.4 cents for the three months ended 31 December 2019 (2018: Nil) per share payable to the shareholders of the Company, whose names appear on the register of members on 2 March 2020. The dividend will be paid on 12 March 2020.

## CLOSURE OF MEMBERS REGISTER

The Register of Members of the Company will be closed from Friday, 28 February 2020 to Monday, 2 March 2020, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the dividend for the three months ended 31 December 2019, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 27 February 2020.

## SIGNIFICANT INVESTMENTS

As at 31 December 2019, 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 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 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 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.



## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 31 December 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.

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

As at 31 December 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 31 December 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.

### 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 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.

## 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 2019.

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

Hong Kong, 13 February 2020

*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.*