

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 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.

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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 2020 (the “**Period**”), together with the comparative unaudited figures for the corresponding period in 2019 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 December 2020

	Note	Three months ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	1,050	7,010
Other income and other net gain	4	3,650	159
Employee benefit expenses		(4,533)	(3,904)
Depreciation of plant and equipment and right-of-use asset		(313)	(385)
Other operating expenses		(743)	(975)
Finance costs		(25)	(25)
(Loss)/profit before income tax	5	(914)	1,880
Income tax	6	–	–
(Loss)/profit and total comprehensive (expense)/ income for the period attributable to ordinary equity shareholders of the Company		(914)	1,880
(Loss)/earnings per share			
– Basic and diluted (<i>HK cents</i>)	8	(0.09)	0.19

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 December 2020

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000
At 1 October 2020 (audited)	10,000	27,299	4,000	4,025	45,324
Loss and total comprehensive expense for the period	-	-	-	(914)	(914)
At 31 December 2020 (unaudited)	10,000	27,299	4,000	3,111	44,410

For the three months ended 31 December 2019

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 December 2020

1. GENERAL

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**”). 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 principal activities of its subsidiaries are provision of corporate finance advisory services and investment advisory services.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also 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 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**”).

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 2020 are the same as those followed in the preparation of the Group’s annual report for the year ended 30 September 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three months ended 31 December 2020

3. REVENUE

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

	Three months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Fee income from acting as:-		
Financial adviser	980	6,260
Independent financial adviser	70	750
	1,050	7,010
Timing of revenue recognition		
At point in time	—	6,360
Over time	1,050	650
	1,050	7,010

4. OTHER INCOME AND OTHER NET GAIN

	Three months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Other income		
Bank interest income	31	159
Government grants	261	—
Foreign exchange gain	213	—
Sundry income	6	—
	511	159
Other net gain		
Net realised gain on financial assets at fair value through profit and loss	1,062	—
Net unrealised gain on financial assets at fair value through profit and loss	2,077	—
	3,139	—
	3,650	159

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three months ended 31 December 2020

5. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Auditor's remuneration	63	63
Donation	121	183
Employee benefit expenses (including Directors' remuneration)	4,533	3,904
– Salaries and welfare	2,069	1,911
– Performance related bonus	2,417	1,935
– Retirement benefit scheme contributions	47	58
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	45	57
Finance costs		
– Interest on lease liabilities	24	25
– Interest on loan from a securities broker	1	–

6. INCOME TAX

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. For the three months ended 31 December 2020 (2019: Nil), no provision for Hong Kong Profits Tax has been made as the Group had no assessable profits.

7. DIVIDEND

No dividend is declared for the three months ended 31 December 2020 (2019: HK\$0.4 cents per share).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three months ended 31 December 2020

8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 December	
	2020 (unaudited)	2019 (unaudited)
Profit/(loss) for the Period attributable to ordinary equity shareholders of the Company (HK\$'000)	(914)	1,880
Weighted average number of ordinary shares ('000)	1,000,000	1,000,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is a corporate finance advisory service provider and investment advisory service provider based in Hong Kong and licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) 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 recognized stock market of any securities. Amasse Asset Management Limited shall not (i) hold client assets; and (ii) only provide services to professional investors.

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.

The operating environment which the Company operates under is anticipated to be under pressure in the foreseeable future. Corporate activities and deal flows had been and will be adversely affected by the wide spread coronavirus pandemic and the continual political tension between China and the United States of America. Such uncertainties are expected to persist for a protracted period of time. The Company will continue to navigate through the precarious landscape with caution.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

Revenue for the three months ended 31 December 2020 amounted to approximately HK\$1.1 million, representing a decrease of approximately HK\$5.9 million or 84.3% as compared with that of approximately HK\$7.0 million for the three months ended 31 December 2019. Such decrease was mainly driven by the decrease of the total fees for corporate finance advisory services provided by the Group which were due to the decrease of the total corporate finance advisory transactions. The Group was involved in 7 (2019: 21) corporate finance advisory transactions during the three months ended 31 December 2020, representing an decrease of approximately 66.7% as compared to the corresponding period in 2019.

Other Income and Other Net Gain

The Group's other income mainly included (i) realised and unrealised gain on financial assets at fair value through profit or loss of approximately HK\$3.1 million (2019: Nil); (ii) Hong Kong Government's subsidy, Employment Support Scheme of approximately HK\$0.3 million (2019: Nil); (iii) bank interest income of approximately HK\$0.03 million (2019: approximately HK\$0.2 million); and (iv) foreign exchange gain of approximately HK\$0.2 million (2019: 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\$4.5 million (2019: approximately HK\$3.9 million), representing an increase of approximately HK\$0.6 million as compared with the three months ended 31 December 2019, primarily due to the increase of approximately HK\$0.5 million of the performance related bonuses for 2020 paid during the Period.

Other Operating Expenses

Other operating expenses for the three months ended 31 December 2020 were approximately HK\$0.7 million, which was slightly decreased of HK\$0.3 million when compared to approximately HK\$1.0 million for the three months ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Loss for the Period

The Group incurred net loss of approximately HK\$0.9 million for the three months ended 31 December 2020 as compared to net profit of approximately HK\$1.9 million for the three months ended 31 December 2019. The net loss for the Period was mainly due to the net effect of (i) the decrease in revenue by approximately HK\$5.9 million; (ii) the increase in other income and other net gain by approximately HK\$3.5 million; and (iii) the increase in employee benefits expenses by approximately HK\$0.6 million.

DIVIDEND

The board of Directors has not declared a dividend for the three months ended 31 December 2020 (2019: HK\$0.4 cents).

SIGNIFICANT INVESTMENTS

As at 31 December 2020, the Group maintained a portfolio of equity investments with total carrying amount of approximately HK\$15.0 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 31 December 2020 are set out as follows.

		Unrealised fair value gain for the period ended	Fair value of the investment in listed securities as at	Percentage of fair value of the investment in listed securities/ total assets of the Group as at
	Investment cost	31 December 2020	31 December 2020	31 December 2020
	HK\$'000	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss	12,958	2,077	15,035	31.9%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 31 December 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 31 December 2020	Investment cost <i>HK\$'000</i>	Fair value	Percentage of fair value of the investment in listed securities/total assets of the Group as at
					31 December 2020 <i>HK\$'000</i>	31 December 2020
JD.com, Inc. (Hong Kong Stock Code: 9618)	A supply chain-based technology and service provider	8,000	less than 0.1%	2,326	2,736	5.8%
Bule Moon Group Holdings Limited (Hong Kong Stock Code: 6993)	Operates as a household care company that markets its products throughout China	175,000	less than 0.1%	2,600	2,671	5.7%
Other investments	-	-	-	8,032	9,628	20.4%
Total financial assets at fair value through profit or loss				12,958	15,035	31.9%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Description of investments	Realized fair value gain for the period ended 31 December 2020 <i>HK\$'000</i>	Unrealized fair value gain for the period ended 31 December 2020 <i>HK\$'000</i>	Dividend received during the period ended 31 December 2020 <i>HK\$'000</i>
JD.com, Inc. (Hong Kong Stock Code: 9618)	134	410	0
Bule Moon Group Holdings Limited (Hong Kong Stock Code: 6993)	0	71	0
Other investments	928	1,596	0
Total financial assets at fair value through profit or loss	1,062	2,077	0

During the period, 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 three months ended 31 December 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 during the period ended 31 December 2020 (2019: Nil).

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 2020, 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 separated 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.

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 31 December 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 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 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 31 December 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 31 December 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.

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.

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-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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

The Audit Committee has reviewed the unaudited consolidated results of the Group for the three months ended 31 December 2020.

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

Hong Kong, 27 January 2021

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.