



Asia Pioneer Entertainment Holdings Limited

亞洲先鋒娛樂控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8400



TOTAL SOLUTIONS PROVIDER FOR ELECTRONIC
GAMING EQUIPMENT IN MACAU AND ASIA



THIRD QUARTERLY REPORT 2018

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2018 THIRD QUARTERLY HIGHLIGHTS (UNAUDITED)

1. During the nine months ended 30 September 2018 (the “**Period**”), the Group’s revenue amounted to HK\$40.7 million, representing a decrease of approximately 32.2% from HK\$60.0 million recorded for the nine months ended 30 September 2017 (the “**Corresponding Period**”). The decrease in revenue was mainly attributed to a decrease of income derived from (i) technical sales and distribution of electronic gaming equipment (“**EGE**”) of approximately 38% and (ii) consulting and technical services of approximately 26% for the Period as compared with those for the Corresponding Period.
2. The Group turned from a profit and total comprehensive income of approximately HK\$7.8 million for the Corresponding Period to a loss of approximately HK\$1.6 million for the Period. Such adverse change was mainly attributable to (i) the decrease in revenue derived from the Group’s sales of EGE and its consulting and technical services, (ii) the increase in the Group’s operating expenses and (iii) the decrease in the Group’s gross profit margin.
3. The board of Directors (the “**Board**”) has resolved not to declare the payment of dividend for the Period (the Corresponding Period: HK\$6,500,000 was declared and paid by Asia Pioneer Entertainment, Ltd. (“**APE BVI**”), to its shareholders).

UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

The Board presents the unaudited condensed consolidated results of the Group for the Period together with the comparative unaudited figures for the Corresponding Period as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2018

	NOTES	Nine months ended 30 September	
		2018 HK\$ Unaudited	2017 HK\$ Unaudited
Revenue	3	40,721,332	60,058,265
Cost of sales and services		(26,407,668)	(34,726,539)
		14,313,664	25,331,726
Other income, gains and losses	4	(149,785)	399,614
Operating expenses		(15,789,414)	(8,737,261)
Listing expenses		-	(7,160,788)
(Loss) Profit before tax		(1,625,535)	9,833,291
Income tax expense	5	-	(2,003,392)
(Loss) Profit and total comprehensive income attributable to shareholders of the Company for the period	6	(1,625,535)	7,829,899
(Loss) Earnings per share	7		
Basic		(0.002)	0.01

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Legal reserve HK\$	Accumulated profits HK\$	Total HK\$
As at 1 January 2017 (Audited)	-	-	3,137,505	504,489	10,287,654	13,929,648
Profit and total comprehensive income for the period	-	-	-	-	7,829,899	7,829,899
Share swap upon reorganisation	25	6,553,628	(6,553,653)	-	-	-
Dividends (Note 8)	-	-	-	-	(6,500,000)	(6,500,000)
As at 30 September 2017 (Unaudited)	25	6,553,628	(3,416,148)	504,489	11,617,553	15,259,547
As at 1 January 2018 (Audited)	10,000,000	55,098,836	(3,416,148)	504,489	8,279,940	70,467,117
Loss and total comprehensive expenses for the period	-	-	-	-	(1,625,535)	(1,625,535)
As at 30 September 2018 (Unaudited)	10,000,000	55,098,836	(3,416,148)	504,489	6,654,405	68,841,582

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 22 February 2017. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in the Macau Special Administrative Region ("**Macau**") is located at EM Macau, Estrada Marginal Do Hipódromo N^oS 56-66, Industrial Lee Cheung F10. The issued shares of the Company (the "**Shares**") have been listed on GEM since 15 November 2017 (the "**Listing**").

The Company is an investment holding company and its subsidiaries are principally engaged in (1) technical sales and distribution of EGE; (2) consulting and technical services; (3) repair services; and (4) sales of refurbished electronic gaming machines ("**EGMs**").

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the Period (the "**Condensed Consolidated Financial Statements**") have been prepared by the Directors in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board and the disclosure requirements of the GEM Listing Rules. The accounting policies and basis of preparation adopted in the preparation of the financial statements for the Period are consistent with those adopted in the annual financial statements of the Group for the year ended 31 December 2017. The adoption of the new and revised IFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group. The Condensed Consolidated Financial Statements have not been audited but have been reviewed by the Company's audit committee (the "**Audit Committee**"). The measurement basis used in the preparation of the unaudited Condensed Consolidated Financial Statements is the historical cost basis. The unaudited Condensed Consolidated Financial Statements are presented in Hong Kong dollars ("**HK\$**") unless otherwise indicated.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in (1) technical sales and distribution of EGE; (2) consulting and technical services; (3) repair services; and (4) sales of refurbished EGMs.

For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 2 above. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

Revenue from major products and services

	Nine months ended 30 September	
	2018 HK\$ Unaudited	2017 HK\$ Unaudited
Technical Sales and Distribution of EGE	32,149,821	51,540,936
Sales of spare parts	2,430,300	663,033
Consulting and Technical Services	4,518,488	6,157,838
Repair Services	1,622,723	1,696,458
Sales of second-hand machines	-	-
	40,721,332	60,058,265

Geographical information

The Group primarily operates in Macau. All of the revenue for the Corresponding Period and the Period were derived in Macau.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

4. OTHER INCOME, GAINS AND LOSSES

	Nine months ended 30 September	
	2018 HK\$ Unaudited	2017 HK\$ Unaudited
Bank interest income	83,050	687
Commission income	–	87,317
Net foreign exchange gain (loss)	(251,766)	(55,174)
Service handling income	–	281,274
Other income	18,931	85,510
	(149,785)	399,614

5. INCOME TAX EXPENSE

	Nine months ended 30 September	
	2018 HK\$ Unaudited	2017 HK\$ Unaudited
Current tax:		
Macau Complementary Tax	–	(2,003,392)

No tax has been provided for the Period as the Group has suffered a loss. The Group is subject to Macau Complementary Tax at a rate of 12% on the assessable income exceeding Macau Pataca (“MOP”) 600,000 (equivalent to approximately HK\$583,000) for the Corresponding Period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

6. (LOSS) PROFIT FOR THE PERIOD

	Nine months ended 30 September	
	2018 HK\$ Unaudited	2017 HK\$ Unaudited
(Loss) Profit for the period has been arrived at after charging:		
Directors' remuneration	(1,918,311)	(659,587)
Other staff costs		
— salaries and allowances	7,641,274	5,102,879
— staff retirement, welfare and training	23,010	20,699
Total staff costs	(7,664,284)	(5,123,578)
Auditor's remuneration	(1,216,886)	(873,786)
Depreciation of property and equipment	(853,621)	(161,496)
Cost of inventories recognised as an expense	(22,951,038)	(31,526,407)
Minimum lease payment in respect of rental premises	(1,081,107)	(510,783)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share for each of the periods ended 30 September 2017 and 2018 is based on the following data:

	Nine months ended 30 September	
	2018	2017
	HK\$	HK\$
	Unaudited	Unaudited
(Loss) Earnings		
(Loss) Earnings for the purpose of calculating basic (loss) earnings per share (profit for the period attributable to the shareholders of the Company)	(1,625,535)	7,829,899
	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	1,000,000	750,000

For the Period, the number of ordinary Shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation of the Group and the capitalisation issue of the Shares made in preparation for the Listing had been effective on 1 January 2017.

No diluted loss/earnings per share for the periods was presented as there were no potential ordinary Shares in issue during both periods.

8. DIVIDENDS

The Board has resolved not to declare the payment of a dividend for the Period. During the Corresponding Period, an interim dividend of HK\$6,500,000 was declared and paid by APE BVI to its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a total solutions provider of EGE for land based casinos in Macau as well as other regions in Asia. EGE principally includes electronic table games and EGMs. The Group's business can be segmented into: (i) the technical sales and distribution of EGE to land based casinos, (ii) the provision of consulting service to suppliers or manufacturers of EGE and technical services to manufacturers, (iii) the provision of repair services and sale of EGE plus spare parts, and (iv) the sales of refurbished EGMs.

The Group's business is conducted through its wholly-owned subsidiaries, including Asia Pioneer Entertainment Limited ("**APE Macau**"). APE Macau is the operating company of the Group, which operates the core businesses in Macau. For the Period, APE Macau's revenue represented all of the revenue of the Group.

The Group's strategic objective is to further strengthen its distribution of EGE in Macau whilst at the same time continuing to extend its business into Southeast Asia markets. The issued Shares were successfully listed on GEM on 15 November 2017. The net proceeds raised from the Listing have strengthened the Group's financial position and we shall implement our future plans according to the details as disclosed in the section headed "Statement of Business Objectives and Use of Proceeds" in the prospectus of the Company dated 31 October 2017 (the "**Prospectus**").

FORWARD OUTLOOK

Trading in our core business in the previous three quarters have been challenging due to an increase in competition resulting in lower sales orders and lower pricing of our products.

During the Period, the Group sold a total of 70 seats of EGEs (Corresponding period: 98 seats). This was lower than our expectation as certain of trial orders had not passed the performance evaluation during the Period and had not turned into actual sales.

For the Period, we entered into two consulting agreements with one of our existing suppliers to enhance their new products for the Macau market. When fully completed, the agreements will increase our income from consulting and technical services segment.

For the fourth quarter of 2018 ("**Q4**"), within our technical sales and distribution segment, we have secured 5 new direct purchase orders, of which 2 trials of EGE are in Macau. Also, our trading in spare parts continues to do well as we continue to distribute Transact branded printers to new customers in Macau and SouthEast Asia. Management is optimistic that the Group's revenues and gross margins can be improved in Q4.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 32.2% from approximately HK\$60.0 million for the Corresponding Period to approximately HK\$40.7 million for the Period. The decrease in revenue was mainly attributed to a decrease of income derived from (i) technical sales and distribution segment of approximately 37.6% and (ii) consulting and technical services segment of approximately 26% for the Period as compared with those for the Corresponding Period.

The following table sets forth the revenue from major products and services of the Group for the Period and the Corresponding Period:

Revenue from major products and services	Nine months ended		Period-on-period change
	30 September 2018	2017	
	HK\$	HK\$	%
Technical Sales and Distribution of EGE	32,149,821	51,540,936	-37.6%
Sales of spare parts	2,430,300	663,033	266.5%
Consulting and Technical Services	4,518,488	6,157,838	-26.6%
Repair Services	1,622,723	1,696,458	-4.3%
Sales of second-hand machines	–	–	–
	40,721,332	60,058,265	-32.2%

Gross Profit and Gross Profit Margin by Revenue Streams

The following table sets forth the breakdown of the Group's gross profit margins by income segmentation for the Period and the Corresponding Period.

For the nine months ended 30 September 2018

Breakdown by revenue streams	Technical sales and distribution of EGE	Sales of spare parts	Consulting and technical services	Repairs services	Sales of second-hand machines	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	
Revenue	32,149,821	2,430,300	4,518,488	1,622,723	–	40,721,332
Cost of sales and services	(23,258,568)	(1,434,365)	(1,048,624)	(666,111)	–	(26,407,668)
Gross profit	8,891,253	995,935	3,469,864	956,612	–	14,313,664
Gross profit ratio	27.66%	40.98%	76.79%	58.95%	–	35.15%

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended 30 September 2017

Breakdown by revenue streams	Technical sales and distribution of EGE HK\$	Sales of spare parts HK\$	Consulting and technical services HK\$	Repairs services HK\$	Total HK\$
Revenue	51,540,936	663,033	6,157,838	1,696,458	60,058,265
Cost of sales and services	(31,921,095)	(426,378)	(1,050,312)	(1,328,754)	(34,726,539)
Gross profit	19,619,841	236,655	5,107,526	367,704	25,331,726
Gross profit ratio	38.07%	35.69%	82.94%	21.67%	42.18%

Gross profit margin reduced from approximately 42.2% for the Corresponding Period to approximately 35.2% for the Period. This decrease in gross profit margin was due to a slight fall in gross margin in technical sales and distribution segment and consulting and technical services segment during the Period versus the Corresponding Period.

Operating Expenses

The Group's operating expenses increased by approximately 81% from approximately HK\$8.7 million for the Corresponding Period to approximately HK\$15.8 million for the Period. This increase was mainly due to the increases in Directors' remuneration and other staff costs as well as other general operating expenses.

	Nine months ended 30 September 2018 HK\$		2017 HK\$	Period-on- period change %
Directors' remuneration	1,918,311		659,587	+191%
Other staff costs	7,664,284		5,123,578	+49.6%

Directors' remuneration increased by approximately 191% to approximately HK\$1.9 million for the Period from approximately HK\$659,587 for the Corresponding Period due to the appointments of two executive Directors and three independent non-executive Directors (the "INEDs") before the Listing. Other staff costs increased by approximately 49.6% for the Period as compared to the Corresponding Period due to an increase in salaries for senior management together with an increase in staff headcount.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit and Loss

The Group recorded an unaudited loss and other comprehensive income attributable to shareholders of the Company (the “**Shareholders**”) of approximately HK\$1.6 million for the Period but recorded an unaudited profit and other comprehensive income attributable to the Shareholders without deduction of the non-recurring Listing expenses of approximately HK\$15 million for the Corresponding Period.

The turn from profit to loss was mainly due to a sharp drop in total revenue of approximately 32.2% between the comparable periods and a slight drop in overall gross profit margins between the periods.

USE OF PROCEEDS FROM LISTING

The net proceeds from the Listing (the “**Net Proceeds**”) received by the Company after deducting the underwriting fees and other Listing expenses were approximately HK\$40 million. The intended use of the Net Proceeds are disclosed in the section headed “Statement of Business Objectives and Use of Proceeds” in the Prospectus. Unutilised Net Proceeds as at 30 September 2018 amounted to approximately HK\$25.9 million (31 December 2017: approximately HK\$37.4 million), and are deposited in a licensed bank in Hong Kong. The Company intends to use the remaining Net Proceeds in the coming years in accordance with the purposes set out in the Prospectus.

As at 30 September 2018, the Group has utilised the Net Proceeds as follows:

	Percentage to total amount	Intended use of Net Proceeds HK\$ million	Utilised amount HK\$ million	Unutilised amount HK\$ million
Upfront deposits for manufacturers to provide more trial products	41.5%	16.60	3.42	13.18
Procuring EGE for lease to casino operators	17.8%	7.10	–	7.10
Procuring and refurbishment of used EGE for resales	13.2%	5.30	4.79	0.51
Enhancing market recognition in Macau and Southeast Asia and strengthening in-house capability to provide repair services	17.3%	6.90	2.26	4.64
Relocation of premises	0.7%	0.30	0.30	–
Purchase of tools and equipment and new Enterprise Resource Planning (“ ERP ”) system	6.8%	2.70	2.17	0.53
General working capital	2.7%	1.10	1.10	–
	100%	40.00	14.04	25.96

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the Period, the Group financed its operations by its internal resources. As at 30 September 2018, the Group had net current assets of approximately HK\$62.4 million compared with approximately HK\$14.6 million as at 30 September 2017. The increase in net current assets was mainly attributed to the public offer and placing completed in November 2017, which raised net cash of approximately HK\$40 million. As at 30 September 2018, the Group had one banking credit facility for HK\$10 million to facilitate trade finance. As of 30 September 2018, HK\$3,800,000 was drawn down to facilitate a bulk order purchase from one of our suppliers. Gearing ratio (which is calculated by dividing total debt by total equity) was 5.5% as at 30 September 2018 (31 December 2017: nil). There has been no change in the capital structure of the Company since 31 December 2017.

The capital structure refers to the maturity profile of debt and obligation, type of capital instrument used, currency and interest rate structure.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the sections headed “Statement of Business Objectives and Use of Proceeds” and “Use of Proceeds”, respectively in the Prospectus, the Group did not have any other plans for material investment or the capital assets as at 30 September 2018.

SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not make any significant investment or material acquisition and disposal of subsidiaries, associates or joint ventures during the Period.

CONTINGENT LIABILITIES

As at 30 September 2017 and 2018, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group had a total of 36 employees (30 September 2017: 31). For the Period, the Group incurred staff costs, including Directors’ remuneration of approximately HK\$1.9 million (30 September 2017: approximately HK\$659,587). The Company adopted a share option scheme on 25 October 2017 for the purpose of recognising and acknowledging the contribution of employees and directors of the Group and other selected participants.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

During the fourth quarter of 2017, the Group signed a lease agreement as tenant for a new premises in Macau with a total gross floor area of about 18,000 sq.ft. for integrated office with workshop and warehouse. As at 30 September 2018, capital commitment was approximately HK\$1.8 million in ERP system, of which HK\$1.4 million had been paid.

CHARGES ON GROUP'S ASSETS

As at 30 September 2018, the Group had made a pledge of deposit for HK\$5 million for a credit facility from a licensed bank to facilitate our working capital (31 December 2017: nil).

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintaining a strong and healthy liquidity to ensure that the Group is well-placed to take advantage of future growth opportunities. As at 30 September 2018, all cash on hand was deposited with licensed financial institutions.

CUSTOMER AND SUPPLIER RELATIONSHIPS

The Group's major customers are mostly casino operators in Macau and listed on the Stock Exchange. The Group is committed to building long term and stable business relationships with existing customers through its sales and marketing department and technical service team. The Group also maintains good relationships with its suppliers. The Group has long term relationships with a selected number of suppliers who distribute on an exclusive territorial or a non-exclusive basis.

FOREIGN CURRENCY EXPOSURE

The Group bills its customers mainly in United States dollars ("USD"), HK\$ and MOP. The main exposure to foreign currency fluctuations is through ordering from a major European supplier with invoices denominated in European dollars ("Euro"). For the Period, the Group had a net foreign exchange loss of HK\$251,766. This was attributable to exchange rate fluctuation of USD against Euro during the Period of payables in Euro liabilities.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the Period. (The Corresponding Period: HK\$6,500,000 was declared and paid by APE BVI to its shareholders).

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required (a) to be 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 they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) 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 the Shares

Name of Director/ Chief executive	Capacity/Nature of interest	Number of Shares/ underlying Shares Interested	Approximate percentage of the issued Shares*
Mr. Huie, Allen Tat Yan ("Mr. Huie")	Interest of a controlled corporation and interest held jointly with other persons	725,100,000	72.51%
Mr. Ng Man Ho Herman ("Mr. Ng")	Interest of a controlled corporation and interest held jointly with other persons	725,100,000	72.51%

Note: The Company is owned as to 72.51% by APE HAT Holdings Limited ("APE HAT") which is beneficially owned as to 39.68%, 39.68% and 20.64% by Mr. Huie, the chairman of the Board and an executive Director, Mr. Ng, the chief executive officer of the Company and an executive Director and Mr. Chan Chi Lun ("Mr. Chan"), respectively. Pursuant to a deed of concert parties dated 10 March 2017 (the "Deed of Concert Parties") and entered into by Mr. Huie, Mr. Ng and Mr. Chan, each of them has agreed and confirmed, among other things, that they have been cooperating with each other and acting in concert in relation to the Group (for the purpose of the Code on Takeovers and Mergers of Hong Kong) since 1 January 2015 and will continue to act in the same manner in the Group upon the Listing. By virtue of the SFO, each of Mr. Huie, Mr. Ng and Mr. Chan is deemed to be interested in the Shares held by APE HAT.

* The percentage represents the total number of the Shares and the number of the underlying Shares interested divided by the number of issued Shares of 1,000,000,000 as at 30 September 2018.

DISCLOSURE OF INTERESTS

Long Position in the ordinary shares of Associated Corporation

Name of Director/ Chief executive	Name of associated corporation	Capacity/Nature of interest	Number of shares Held	Approximate percentage of interest
Mr. Huie (Note (2))	APE HAT (Note (1))	Beneficial owner	992	39.68%
Mr. Ng (Note (2))	APE HAT (Note (1))	Beneficial owner	992	39.68%

Notes:

- (1) APE HAT is a direct Shareholder and is an associated corporation of the Company within the meaning of Part XV of the SFO.
- (2) Each of Mr. Huie and Mr. Ng is a director of APE HAT.

Save as disclosed above, as at 30 September 2018, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be 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 they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2018, so far as is known to the Directors, the following entities or persons, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Position in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested or held	Approximate percentage of the issued Shares*
APE HAT (Notes (1) & (2))	Beneficial owner	725,100,000	72.51%
Mr. Chan (Note (3))	Interest of a controlled corporation and interest held jointly with other persons	725,100,000	72.51%

Notes:

- (1) APE HAT is a direct Shareholder.
 - (2) APE HAT is beneficially owned as to 39.68%, 39.68% and 20.64% by Mr. Huie, Mr. Ng and Mr. Chan, respectively.
 - (3) Pursuant to the Deed of Concert Parties, amongst others, Mr. Chan is deemed to be interested in the Shares in which APE HAT is interested by virtue of the SFO.
- * The percentage represents the total number of Shares interested divided by the number of issued Shares of 1,000,000,000 as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined under the GEM Listing Rules) of the Company or their respective close associates (as defined under the GEM Listing Rules) had interests in any business apart from the Group's business which had competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, the Company has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code"). The Company has complied with all applicable code provisions as set out in the CG Code during the Period.

COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

As at 30 September 2018, as notified by the Company's compliance adviser, Southwest Securities (HK) Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement dated 16 March 2017 and entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

IMPORTANT EVENTS AFTER THE PERIOD

The Board is not aware of any material event requiring disclosure, that has taken place subsequent to the Period and up to that of this report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee was established with effect from the Listing Date with written terms of reference in compliance with code provision C.3 of the CG Code and Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review and monitor the financial reporting process, risk management and internal control systems of the Group. The Audit Committee currently comprises all the three INEDs, namely Mr. Choi Kwok Wai, Mr. Ma Chi Seng and Mr. Ho Kevin King Lun. Mr. Choi Kwok Wai is the chairman of the Audit Committee.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Audit Committee has reviewed the unaudited Condensed Consolidated Financial Statements and this quarterly report and is of the view that such Statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Asia Pioneer Entertainment Holdings Limited
HUIE, Allen Tat Yan

Chairman and Executive Director

Hong Kong, 7 November 2018

As at the date of this report, the executive Directors are Mr. HUIE, Allen Tat Yan (Chairman) and Mr. NG Man Ho Herman (Chief Executive Officer); and the INEDs are Mr. CHOI Kwok Wai, Mr. MA Chi Seng and Mr. HO Kevin King Lun.