



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

THIRD
QUARTERLY
REPORT
2019

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*This report, for which the directors of Asia Pioneer Entertainment Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" and the "**Directors**", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. 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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2019 THIRD QUARTERLY HIGHLIGHTS (UNAUDITED)

1. During the nine months ended 30 September 2019 (the “**Period**”), the Group’s revenue amounted to HK\$53.5 million, representing an increase of approximately 31.4% from HK\$40.7 million recorded for the nine months ended 30 September 2018 (the “**Corresponding Period**”). The increase in revenue was mainly attributed to an increase of income derived from (i) technical sales and distribution of electronic gaming equipment (“**EGE**”) of approximately HK\$43.7 million during the Period from HK\$32.1 million over the Corresponding Period, representing an increase of 35.8% for the Period as compared with that for the Corresponding Period and; (ii) sales of spare parts of approximately HK\$4.5 million during the Period from HK\$2.4 million over the Corresponding Period, representing an increase of 85% for the Period as compared with that for the Corresponding Period.
2. The Group recorded a total comprehensive loss of approximately HK\$2.7 million for the Period from approximately HK\$1.6 million for the Corresponding Period, representing a 62.5% increase. Such increase in total comprehensive loss was mainly attributable to an increase in operating expenses to approximately HK\$24.1 million for the Period from approximately HK\$15.8 million for the Corresponding Period, representing an increase of 52.7%
3. The board of Directors (the “**Board**”) has resolved not to declare the payment of a dividend for the Period (the Corresponding Period: Nil).

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 2019

	NOTES	Nine months ended 30 September	
		2019 HK\$ Unaudited	2018 HK\$ Unaudited
Revenue	3	53,488,632	40,721,332
Cost of sales and services		(33,752,072)	(26,407,668)
Gross Profit		19,736,560	14,313,664
Other income, gains and losses	4	1,733,299	(149,785)
Impairment losses under expected credit loss model, net of reversal		101,483	–
Operating expenses		(24,103,938)	(15,789,414)
Finance costs		(124,858)	–
(Loss) before tax		(2,657,454)	(1,625,535)
Income tax expense	5	–	–
(Loss) and total comprehensive income attributable to the shareholders of the Company for the period	6	(2,657,454)	(1,625,535)
(Loss) per share			
Basic	7	(0.003)	(0.002)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Legal reserve HK\$	Accumulated profits HK\$	Total HK\$
As at 1 January 2019 (Audited)	10,000,000	55,098,836	(3,416,148)	504,489	28,981,211	91,168,388
Loss and total comprehensive income for the period	-	-	-	-	(2,657,454)	(2,657,454)
As at 30 September 2019 (Unaudited)	10,000,000	55,098,836	(3,416,148)	504,489	26,323,757	88,510,934
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 2019

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 NoS 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 Date**" and the "**Listing**", respectively).

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; (4) sales of Spare parts; and (5) lease sales of EGE.

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 Condensed Consolidated Financial Statements are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2018. 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 Board'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.

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 spare parts and (5) lease sales of EGE.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major products and services

	Nine months ended 30 September	
	2019 HK\$ Unaudited	2018 HK\$ Unaudited
Technical sales and distribution of EGE	43,655,218	32,149,821
Sales of spare parts	4,495,735	2,430,300
Consulting and technical services	3,367,757	4,518,488
Repair services	1,969,922	1,622,723
	53,488,632	40,721,332

Geographical information

The Group primarily operates in Macau and 95% of the Group's revenue was derived from customers in Macau during the Period and 5% of revenue was derived from customers outside Macau. For the Corresponding Period, all the revenues were derived from customers within Macau.

4. OTHER INCOME, GAINS AND LOSSES

	Nine months ended 30 September	
	2019 HK\$ Unaudited	2018 HK\$ Unaudited
Interest income on finance leases	1,570,838	–
Interest income on rental deposits	5,100	–
Bank interest income	174,788	83,050
Net foreign exchange loss	(57,160)	(251,766)
Other income	39,733	18,931
	1,733,299	(149,785)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2019

5. INCOME TAX EXPENSE

	Nine months ended 30 September	
	2019	2018
	HK\$	HK\$
	Unaudited	Unaudited
Current tax:		
Macau Complementary Tax	-	-

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). No tax has been provided for the Period as the Group has suffered a loss (the Corresponding period: Nil).

6. (LOSS) PROFIT FOR THE PERIOD

	Nine months ended 30 September	
	2019	2018
	HK\$	HK\$
	Unaudited	Unaudited
(Loss) for the period has been arrived at after charging:		
Directors' remuneration	4,478,311	1,918,311
Other staff costs		
— salaries and allowances	7,787,389	7,641,274
— retirement benefits Scheme contributions	31,398	23,010
Total staff costs	12,297,098	9,582,595
Auditor's remuneration	1,233,496	1,216,886
Depreciation of property and equipment	1,415,915	853,621
Depreciation of right-of-use assets	875,202	-
Cost of inventories recognised as an expense	29,915,999	22,951,038

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2019

7. (LOSS) PER SHARE

The calculation of the basic (loss) per share for each of the periods ended 30 September 2018 and 2019 is based on the following data:

	Nine months ended 30 September	
	2019	2018
	HK\$	HK\$
	Unaudited	Unaudited
(Loss)		
(Loss) for the purpose of calculating basic (loss) per share (loss for the period attributable to the shareholders of the Company)	(2,657,454)	(1,625,535)
	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) per share	1,000,000	1,000,000

No diluted loss 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 (the Corresponding Period: Nil).

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) technical sales and distribution of EGE to land based casinos; (ii) provision of consulting service to suppliers or manufacturers of EGE and technical services to manufacturers; (iii) provision of repair services and sale of EGE plus spare parts; (iv) sales of refurbished EGMS; and (v) lease sales of EGE.

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 the Listing Date. The net proceeds raised from the Listing (the "**Net Proceeds**") 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 during the Period has been within the expectations of our management (the "**Management**") with a robust third quarter performance in sales from Macau customers.

During the Period, the Group sold a total of 202 seats of EGEs (the Corresponding Period: 197 seats). This was within Management's expectation as new products from our suppliers had been launched into the Macau market.

For the fourth quarter of 2019 (the "**Q4**"), within our technical sales and distribution segment, we are expecting new direct purchase orders of around 80 seats. Also, in Q4, we expect to secure a new sale of the Transact's food safety system to a Macau based customer. Management is optimistic that the Group's revenues and gross margins will further improve in Q4.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately 31.4% from approximately HK\$40.7 million for the Corresponding Period to approximately HK\$53.5 million for the Period. The increase in revenue was mainly attributed to an increase of income derived from (i) technical sales and distribution segment of approximately 35.8% and (ii) sales of spare parts of approximately 85% for the Period as compared with that 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 30 September		Period-on- period change
	2019	2018	
	HK\$	HK\$	%
Technical sales and distribution of EGE	43,655,218	32,149,821	35.8%
Sales of spare parts	4,495,735	2,430,300	85.0%
Consulting and technical services	3,367,757	4,518,488	-25.5%
Repair services	1,969,922	1,622,723	21.4%
	53,488,632	40,721,332	31.4%

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin by Revenue Streams

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

For the nine months ended 30 September 2019

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	43,655,218	4,495,735	3,367,757	1,969,922	53,488,632
Cost of sales and services	(28,539,585)	(2,941,317)	(1,443,438)	(827,732)	(33,752,072)
Gross profit	15,115,633	1,554,418	1,924,319	1,142,190	19,736,560
Gross profit ratio	34.6%	34.6%	57.1%	58.0%	36.9%

For the nine months ended 30 September 2018

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	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	27.7%	41.0%	76.8%	59.0%	35.2%

Gross profit margins increased from approximately 35.2% for the Corresponding Period to approximately 36.9% for the Period. The increase in gross profit margins was due to an increase in gross profit margin in technical sales and distribution segment which generated approximately 81.6% of the Group's revenue, despite the decreases in gross profit margin in all other segments during the Period versus the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Expenses

The Group's operating expenses increased by approximately 52.7% from approximately HK\$15.8 million for the Corresponding Period to approximately HK\$24.1 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		Period-on- period change
	2019	2018	
	HK\$	HK\$	%
Directors' remuneration	4,478,311	1,918,311	133.5%
Other staff costs	7,818,787	7,664,284	2.0%

Directors' remuneration increased by 133% to approximately HK\$4.5 million for the Period from approximately HK\$1.9 million for the Corresponding Period. Other staff costs increased by approximately 2.01% for the Period as compared with those of the Corresponding Period due to an increase in salaries for staff together with an increase in staff headcount.

Profit and Loss

The Group recorded an unaudited loss and other comprehensive income attributable to the shareholders of the Company (the "**Shareholders**") of approximately HK\$2.6 million for the Period. After deduction of the non-recurring Listing expenses, there was an unaudited loss and other comprehensive income attributable to the Shareholders of approximately HK\$1.6 million for the Corresponding Period.

The increase in loss was mainly attributable to an increase in operating expenses of 52.7% for the Period versus the Corresponding Period.

USE OF PROCEEDS FROM LISTING

The Net Proceeds received by the Company after deducting the underwriting fees and other Listing expenses were approximately HK\$40.0 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 2019 amounted to approximately HK\$2.66 million (31 December 2018: approximately HK\$7.10 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.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2019, 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%	16.6	15.70	0.90
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	5.30	–
Enhancing market recognition in Macau and Southeast Asia and strengthening in-house capability to provide repair services	17.3%	6.90	5.46	1.44
Relocation of premises	0.7%	0.30	0.30	–
Purchase of tools and equipment and new Enterprise Resource Planning (the “ERP”) system	6.8%	2.70	2.38	0.32
General working capital	2.7%	1.10	1.10	–
	100%	40.00	37.34	2.66

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 2019, the Group had net current assets of approximately HK\$61.8 million compared with approximately HK\$59.6 million as at 31 December 2018. As at 30 September 2019, the Group had one banking credit facility for HK\$10 million to facilitate trade finance. Gearing ratio (which is calculated by dividing total debt by total equity) was not applicable to the Group as at 30 September 2019 and 2018. There has been no change in the capital structure of the Company since 31 December 2018.

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 2019.

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 2019 and 31 December 2018, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group had a total of 40 employees (30 September 2018: 36). For the Period, the Group incurred staff costs, including Directors' remuneration, of approximately HK\$12.3 million (30 September 2018: approximately HK\$9.6 million). The Company adopted a share option scheme (the "**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. The Company has not granted any share options under the Scheme since its adoption and up to the date of this report. Therefore, no share options lapsed or were exercised or cancelled during the Period and there were no outstanding share options as at 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

During the fourth quarter of 2018, 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 2019, capital commitment was approximately HK\$1.8 million in the ERP system, of which HK\$1.4 million had been paid.

CHARGES ON GROUP'S ASSETS

As at 30 September 2019, the Group had no charges on its assets (31 December 2018: 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 2019, 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\$57,160 (the Corresponding Period: 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: Nil).

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 2019, 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 to be (a) 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, recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares

Name of Directors/ 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%
Mr. Chan Chi Lun ("Mr. Chan")	Interest of a controlled corporation and interest held jointly with other persons	725,100,000	72.51%

DISCLOSURE OF INTERESTS

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, the chief financial officer of the Company and an executive Director, 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 he has been cooperating with each of them 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, if any, interested divided by the number of issued Shares of 1,000,000,000 as at 30 September 2019.

Long position in the ordinary shares of associated corporation

Name of Directors/ Chief executive	Name of associated corporation	Capacity/Nature of interest	Number of shares Held	Approximate percentage of interest
Mr. Huie <i>(Notes (2) and (3))</i>	APE HAT <i>(Note (1))</i>	Beneficial owner	992	39.68%
Mr. Ng <i>(Notes (2) and (3))</i>	APE HAT <i>(Note (1))</i>	Beneficial owner	992	39.68%
Mr. Chan <i>(Notes (2) and (3))</i>	APE HAT <i>(Note (1))</i>	Beneficial owner	516	20.64%

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, Mr. Ng and Mr. Chan is a director of APE HAT.
- (3) Pursuant to the Deed of Concert Parties, each of Mr. Huie, Mr. Ng and Mr. Chan is deemed to be interested in the Shares in which APE HAT is interested within the meaning of Part XV of the SFO.

Save as disclosed above, as at 30 September 2019, 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 to be (a) 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, recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, 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 2019, so far as is known to the Directors, the following entity, 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%

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.
- * The percentage represents the total number of the Shares interested divided by the number of issued Shares of 1,000,000,000 as at 30 September 2019.

Save as disclosed above, as at 30 September 2019, 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) 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 2019, as notified by the Company's compliance adviser, Southwest Securities (HK) Capital Limited ("**Southwest**"), except for the compliance adviser agreement dated 16 March 2017 and entered into between the Company and Southwest regarding the receipt of fees by Southwest acting in such capacity, neither Southwest nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), 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 the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 independent non-executive Directors (the “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.

The Audit Committee has reviewed the unaudited Condensed Consolidated Financial Statements and this 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, 6 November 2019

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