



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**

2020
THIRD
QUARTERLY
REPORT



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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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2020 THIRD QUARTERLY HIGHLIGHTS (UNAUDITED)

1. During the nine months ended 30 September 2020 (the “**Period**”), the Group’s revenue amounted to approximately HK\$39.1 million, representing a decrease of approximately 26.8% from approximately HK\$53.5 million recorded for the nine months ended 30 September 2019 (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**”) decreased from approximately HK\$48.2 million for the Corresponding Period to approximately HK\$36.1 million for the Period, representing a decrease of approximately 24.9%, (ii) consulting and technical services decreased from approximately HK\$3.4 million for the Corresponding Period to approximately HK\$2.0 million for the Period, representing a decrease of approximately 40.7% and (iii) repair services decreased from approximately HK\$2.0 million for the Corresponding Period to approximately HK\$1.0 million for the Period, representing a decrease of approximately 49.0%.
2. The Group recorded a total comprehensive loss of approximately HK\$23.5 million for the Period from approximately HK\$2.7 million for the Corresponding Period, representing a 784.3% increase. The increase in total comprehensive loss was mainly due to an impairment loss of HK\$22.9 million in finance lease receivables.
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 2020

	NOTES	Nine months ended 30 September	
		2020 HK\$ Unaudited	2019 HK\$ Unaudited
Revenue	3	39,139,851	53,488,632
Cost of sales and services		(26,166,699)	(33,752,072)
Gross Profit		12,973,152	19,736,560
Other income, gains and losses	4	1,066,384	1,733,299
Impairment losses under expected credit loss model, net of reversal		(22,861,564)	101,483
Operating expenses		(14,583,291)	(24,103,938)
Finance costs		(94,053)	(124,858)
(Loss) before tax		(23,499,372)	(2,657,454)
Income tax expense	5	–	–
(Loss) and total comprehensive income attributable to the shareholders of the Company for the period	6	(23,499,372)	(2,657,454)
(Loss) per share			
Basic	7	(0.02)	(0.003)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Legal reserve HK\$	Accumulated profits HK\$	Total HK\$
As at 1 January 2020 (Audited)	10,000,000	55,098,836	(3,416,148)	504,489	25,932,189	88,119,366
Loss and total comprehensive income for the period	-	-	-	-	(23,499,372)	(23,499,372)
As at 30 September 2020 (Unaudited)	10,000,000	55,098,836	(3,416,148)	504,489	2,432,817	64,619,994
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 expenses 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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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 SAR**") is located at EM Macau, Estrada Marginal Do Hipódromo N°S 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) the technical sales and distribution of EGE to land-based casinos; (2) the provision of repair services to casino operators; (3) the provision of consultancy and technical services; (4) sales of refurbished EGE; 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 2019. 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in (1) the technical sales and distribution of EGE to land-based casinos; (2) the provision of repair services to casino operators; (3) the provision of consultancy and technical services; (4) sales of refurbished EGE; 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.

Revenue from major products and services

	Nine months ended 30 September	
	2020 HK\$ Unaudited	2019 HK\$ Unaudited
Technical sales and distribution of EGE	36,139,432	43,655,218
Sales of spare parts	–	4,495,735
Consulting and technical services	1,996,668	3,367,757
Repair services	1,003,751	1,969,922
	39,139,851	53,488,632

Geographical information

The Group primarily operates in Macau SAR and 86% of the Group's revenue was derived from customers in Macau SAR during the Period and 14% of revenue was derived from customers outside Macau SAR. For the Corresponding Period, 95% of the revenue was derived from customers in Macau SAR and 5% of the revenue was derived from customers outside Macau SAR.

4. OTHER INCOME, GAINS AND LOSSES

	Nine months ended 30 September	
	2020 HK\$ Unaudited	2019 HK\$ Unaudited
Interest income on finance leases	683,850	1,570,838
Interest income on rental deposits	6,003	5,100
Bank interest income	76,943	174,788
Net foreign exchange gain/(loss)	21,692	(57,160)
Other income	277,896	39,733
	1,066,384	1,733,299

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

5. INCOME TAX EXPENSE

	Nine months ended 30 September	
	2020	2019
	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) FOR THE PERIOD

	Nine months ended 30 September	
	2020	2019
	HK\$	HK\$
	Unaudited	Unaudited
(Loss) for the period has been arrived at after charging:		
Directors’ remuneration	2,472,750	4,478,311
Other staff costs		
— salaries and allowances	6,989,788	7,787,389
— retirement benefits Scheme contributions	32,913	31,398
Total staff costs	9,495,451	12,297,098
Auditor’s remuneration	1,356,738	1,233,496
Depreciation of property and equipment	1,399,183	1,415,915
Depreciation of right-of-use assets	1,054,827	875,202
Cost of inventories recognised as an expense	22,922,691	29,915,999

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

7. (LOSS) PER SHARE

The calculation of the basic (loss) per share for each of the periods ended 30 September 2019 and 2020 is based on the following data:

	Nine months ended 30 September	
	2020 HK\$ Unaudited	2019 HK\$ Unaudited
(Loss)		
(Loss) for the purpose of calculating basic (loss) per share (loss for the period attributable to the shareholders of the Company)	(23,499,372)	(2,657,454)
	2020 '000	2019 '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 electric gaming machines. The Group's business can be segmented into: (1) the technical sales and distribution of EGE to land-based casinos; (2) the provision of repair services to casino operators; (3) the provision of consultancy and technical services; (4) sales of refurbished EGE; and (5) 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 SAR. 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 SAR 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

During the Period, the Group sold a total of 175 seats of EGEs (the Corresponding Period: 202 seats).

The Group remains concerned about the impact of the ongoing outbreak of the novel coronavirus disease 2019 (the "**COVID-19**") on the operations of its land-based operators in Macau SAR and Southeast Asia. The Group still hopes that its business activities can quickly return to pre-COVID-19 levels.

The Group continues to seek business opportunities that can supplement the Group's core EGE business and explore new business opportunities which can exploit its strengths as a Macau SAR based supplier with a strong customer base of integrated resorts and casinos in Macau SAR and across Southeast Asia.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 26.8% from approximately HK\$53.5 million for the Corresponding Period to approximately HK\$39.1 million for the Period. The decrease in revenue was mainly attributed to the decreases of income derived from (i) technical sales and distribution segment of approximately 17.2%; (ii) consulting and technical services segment of approximately 40.7%; and (iii) repair services segment of approximately 49.0% 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 2020	2019	
	HK\$	HK\$	%
Technical sales and distribution of EGE	36,139,432	43,655,218	-17.2%
Sales of spare parts	–	4,495,735	N/A
Consulting and technical services	1,996,668	3,367,757	-40.7%
Repair services	1,003,751	1,969,922	-49.0%
	39,139,851	53,488,632	-26.8%

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 2020

Breakdown by revenue streams	Technical sales and distribution of EGE	Consulting and technical services	Repairs services	Total
	HK\$	HK\$	HK\$	HK\$
Revenue	36,139,432	1,996,668	1,003,751	39,139,851
Cost of sales and services	(23,844,397)	(1,624,606)	(697,696)	(26,166,699)
Gross profit	12,295,035	372,062	306,055	12,973,152
Gross profit margin	34.0%	18.6%	30.5%	33.1%

MANAGEMENT DISCUSSION AND ANALYSIS

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 margin	34.6%	34.6%	57.1%	58.0%	36.9%

Gross profit margins decreased from approximately 36.9% for the Corresponding Period to approximately 33.1% for the Period. The decrease in gross profit margins was mainly due to decreases in gross profit margin in (i) consulting and technical services from approximately 57.1% for the Corresponding Period to 18.6% for the Period. Cost of consulting and technical services increased by approximately 12.6% for the Period as compared with that of the Corresponding Period; and (ii) repairs services from approximately 58.0% for the Corresponding Period to 30.5% for the Period.

Operating Expenses

The Group's operating expenses decreased by approximately 39.5% from approximately HK\$24.1 million for the Corresponding Period to approximately HK\$14.6 million for the Period. This decrease was attributable to a voluntary salary cut from the senior management of the Company (the "Senior Management") and also a review of the Group's operating expenses.

	Nine months ended 30 September		Period-on- period change
	2020 HK\$	2019 HK\$	%
Directors' remuneration	2,472,750	4,478,311	-44.8%
Other staff costs	7,022,701	7,818,787	-10.2%

Directors' remuneration decreased by 44.8% to approximately HK\$2.5 million for the Period from approximately HK\$4.5 million for the Corresponding Period. Other staff costs decreased by approximately 10.2% for the Period as compared with those of the Corresponding Period. Such decreases were due to the voluntary salary reductions undertaken by the Senior Management.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$23.5 million for the Period as compared to that of approximately HK\$2.7 million for the Corresponding Period.

The loss was mainly attributable to an impairment loss of finance lease receivables of approximately HK\$22.9 million and a 26.8% decrease in revenue from the Corresponding Period to the 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 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 2020 amounted to approximately HK\$0.1 million (31 December 2019: approximately HK\$1.19 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 2020, the Group has utilised the Net Proceeds as follows:

	Percentage to total amount	Intended use of Net Proceeds HK\$ million	Amount utilised during the Period HK\$ million	Utilised amount HK\$ million	Unutilised amount HK\$ million	Expected timeline to use the utilised Net Proceeds
Upfront deposits for manufacturers to provide more trial products	41.5%	16.60	0.90	16.60	–	–
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 SAR and Southeast Asia and strengthening in-house capability to provide repair services	17.3%	6.90	–	6.90	–	–
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	0.19	2.60	0.10	Before the end of 2020
General working capital	2.7%	1.10	–	1.10	–	–
	100%	40.00	1.09	39.90	0.10	N/A

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 2020, the Group had net current assets of approximately HK\$60.2 million compared with approximately HK\$62.4 million as at 31 December 2019. As at 30 September 2020 and 31 December 2019, the Group had no bank borrowings, bank overdraft and no other bank loans. Gearing ratio (which is calculated by dividing total debt by total equity and then multiplied by 100%) was not applicable to the Group as at 30 September 2020 and 2019. There has been no change in the capital structure of the Company since 31 December 2019.

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 2020.

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 2020 and 31 December 2019, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group had a total of 41 employees (30 September 2019: 40). For the Period, the Group incurred staff costs, including Directors' remuneration, of approximately HK\$9.5 million (30 September 2019: approximately HK\$12.3 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 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

In February 2018, the Group signed an agreement for the development of an ERP system to be delivered by 31 December 2020. As at 30 September 2020, capital commitment was approximately HK\$1.8 million in hardware and software costs. The payment accrued in the Period amounted to HK\$1.4 million in progress payments.

CHARGES ON GROUP'S ASSETS

As at 30 September 2020, the Group had no charges on its assets (31 December 2019: 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 2020, 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 SAR 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 of gain of HK\$21,692 (the Corresponding Period: Loss of HK\$57,160). 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 2020, 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 ")	Beneficial owner	727,020,000 ^{Notes 1&2}	72.70%
Mr. Ng Man Ho Herman (" Mr. Ng ")	Beneficial owner	727,020,000 ^{Notes 1&2}	72.70%
Mr. Chan Chi Lun (" Mr. Chan ")	Beneficial owner	727,020,000 ^{Notes 1&2}	72.70%

Note 1: On 14 January 2020, APE HAT Holdings Limited holding a total of 725,100,000 Shares had made a restructure and transferred 287,719,680, 287,719,680 and 149,660,640 Shares to 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 and signed by Mr. Huie, Mr. Ng and Mr. Chan (the "**Deed of Concert**"), 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 of Takeovers and Mergers of Hong Kong SAR) since 1 January 2015 and will continue to act in the same manner in the Group upon the Listing. By virtue of the SFO, Mr. Huie, Mr. Ng and Mr. Chan are deemed to be interested in 725,100,000 Shares, representing 72.51% of the total number of Shares in issue, held by them altogether. The percentage represents the total number of the Shares and the underlying Shares, if any, interested divided by the number of issued Shares of 1,000,000,000 as at 30 September 2020.

Note 2: On 14 September 2020, Mr. Chan acquired 1,920,000 Shares on the market. Pursuant to the Deed of Concert, both Mr. Huie and Mr. Ng also deemed to be interested in such 1,920,000 Shares. By virtue of the SFO, Mr. Huie, Mr. Ng and Mr. Chan are deemed to be interested in 727,020,000 Shares, representing 72.70% of the total number of Shares in issue, held by them altogether.

DISCLOSURE OF INTERESTS

Save as disclosed above, as at 30 September 2020, 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.

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

As at 30 September 2020, other than the interests which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO in respect of the Directors and the chief executive of the Company, the Company had not been notified by any person or entity, not being a Director or the chief executive of the Company, of having 5% or more of the interests and short positions in the Shares and underlying Shares as required to be recorded in the register 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.

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.

REVIEW BY THE 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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, 9 November 2020

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.