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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)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE (THE “GEM”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

FINANCIAL HIGHLIGHTS

- Asia Pioneer Entertainment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) recorded total revenues of HK\$82.0 million for the year ended 31 December 2019 (the “**Year**” or “**FY2019**”). This is a decline of 25.2% from the year ended 31 December 2018 (“**FY2018**”) which recorded revenues of approximately HK\$109.6 million.
- In line with the decline in revenue, the Group recorded a loss of approximately HK\$3.0 million in FY2019 as compared to a profit of approximately HK\$20.7 million in FY2018.
- Loss per share attributable to the owners of the Company was approximately HK\$0.003 for FY2019 (FY2018 Earnings: approximately HK\$0.021).
- As at 31 December 2019, the Group’s cash and cash equivalents amounted to approximately HK\$43.6 million (31 December 2018: approximately HK\$47.5 million).

The board of directors of the Company (the “**Directors**” and the “**Board**”, respectively) announces the audited consolidated annual results of the Group for FY2019 together with the comparative figures of FY2018. The information should be read in conjunction with the prospectus of the Company dated 31 October 2017 (the “**Prospectus**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>NOTES</i>	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Revenue from contracts with customers	3	81,968,117	109,618,844
Cost of sales		(53,402,933)	(61,684,711)
Gross profit		28,565,184	47,934,133
Other income, gains and losses	4	2,809,439	171,076
Impairment losses under expected credit loss model, net of reversal	5	106,593	(266,790)
Operating expenses		(33,040,908)	(23,654,366)
Finance costs		(162,076)	(74,332)
(Loss) profit before tax		(1,721,768)	24,109,721
Income tax expense	6	(1,327,254)	(3,408,450)
(Loss) profit and total comprehensive (expense) income for the year	7	(3,049,022)	20,701,271
(Loss) earnings per share			
Basic	9	(0.003)	0.021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	<i>NOTES</i>	2019 <i>HK\$</i>	2018 <i>HK\$</i>
NON-CURRENT ASSETS			
Property and equipment		2,902,080	5,104,929
Right-of-use assets		3,601,336	–
Deposit for property and equipment		1,400,000	1,400,000
Finance lease receivables		19,591,746	24,871,684
Rental deposits	<i>10</i>	210,305	180,000
		27,705,467	31,556,613
CURRENT ASSETS			
Inventories		7,310,075	2,337,484
Finance lease receivables		7,083,303	5,522,526
Trade and other receivables	<i>10</i>	21,348,628	28,708,350
Pledged bank deposit		5,127,639	5,000,000
Fixed bank deposit		40,203	40,152
Bank balances and cash		43,594,183	47,507,886
		84,504,031	89,116,398
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	13,416,829	24,114,781
Contract liabilities	<i>12</i>	3,002,869	–
Lease liabilities		1,333,685	–
Income tax payable		4,335,609	5,389,842
		22,088,992	29,504,623
NET CURRENT ASSETS		62,415,039	59,611,775
TOTAL ASSETS LESS CURRENT LIABILITIES		90,120,506	91,168,388
NON-CURRENT LIABILITY			
Lease liabilities		2,001,140	–
NET ASSETS		88,119,366	91,168,388
CAPITAL AND RESERVES			
Share capital	<i>13</i>	10,000,000	10,000,000
Reserves		78,119,366	81,168,388
		88,119,366	91,168,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL

Asia Pioneer Entertainment Holdings Limited (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 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 have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 November 2017.

APE HAT Holdings Limited (“**APE HAT**”), a company incorporated in the British Virgin Islands (the “**BVI**”), is the immediate holding company of the Company, and, in the opinion of the Directors, is also the ultimate holding company of the Company.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in (1) procurement, distribution, assistance in fulfilling the requirement from relevant government authorities and installation of electronic gaming equipment and spare parts and the related after sales services to casino operators (“**Technical Sales and Distribution of Electronic Gaming Equipment**”); (2) the provision of consulting services to manufacturers of electronic gaming equipment including (a) regulatory consultancy; (b) product design and content consultancy; (c) localisation consultancy; and (d) on-site consultancy (“**Consultancy and Technical Services**”); (3) the provision of repair services to casino operators (“**Repair Services**”); (4) procuring and refurbishment of used electronic gaming equipment for resale (“**Sales of Refurbished Electronic Gaming Machines**”); and (5) procuring and lease sales of electronic gaming equipment to oversea markets (“**Lease Sales of Electronic Gaming Equipment**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), while the functional currency of the Company is United States dollars (“**US\$**”) as it is the currency of the primary economic environment in which the group entities operate.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

New and amendments to IFRSs that are mandatory effective for the current year

The Group has applied the following new and amendments to IFRSs issued by International Accounting Standards Board (“IASB”) for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases (“IAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The lessee's incremental borrowing rates applied range from 3.13% to 4.50% per annum.

	At 1 January 2019 <i>HK\$</i>
Operating lease commitments disclosed as at 31 December 2018	4,400,306
Lease liabilities discounted at relevant incremental borrowing rate	4,138,187
Less: Recognition exemption — short-term leases	<u>(23,970)</u>
Lease liabilities as at 1 January 2019	<u><u>4,114,217</u></u>
Analysed as:	
Current	1,124,051
Non-current	<u>2,990,166</u>
	<u><u>4,114,217</u></u>

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	<i>Notes</i>	Right-of-use assets <i>HK\$</i>
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		4,114,217
Amounts included in property and equipment as at 31 December 2018		
— Restoration and reinstatement costs	<i>(a)</i>	415,437
Adjustments on rental deposits at 1 January 2019	<i>(b)</i>	<u>29,059</u>
		<u><u>4,558,713</u></u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

		Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
NON-CURRENT ASSETS				
Property and equipment	<i>(a)</i>	5,104,929	(415,437)	4,689,492
Right-of-use assets		–	4,558,713	4,558,713
Rental deposit	<i>(b)</i>	180,000	(29,059)	150,941
CURRENT LIABILITIES				
Lease liabilities		–	1,124,051	1,124,051
NON-CURRENT LIABILITY				
Lease liabilities		–	2,990,166	2,990,166

Notes: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

- (a) In relation to the leases of the office premises that the Group acts as lessee, the carrying amount of the estimated costs of reinstating the rented office premises previously included in property and equipment amounting to HK\$415,437 as at 1 January 2019 was included as right-of-use assets.
- (b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$29,059 was adjusted to refundable rental deposits paid and right-of-use assets.

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

Effective on 1 January 2019, the Group has applied IFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

At the date of initial application, the Group has assessed that the application of IFRS 16 does not have a material impact on accumulated profits at 1 January 2019.

2.2 Impacts and changes in accounting policies of application of other new and amendments to IFRSs

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by individual group entities in their respective income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

The Group applied this interpretation retrospectively with the cumulative effect of initially applying the interpretation recognised at the date of initial application, 1 January 2019, without restating comparatives.

The Group assessed that the application of IFRIC 23 will not have a material impact on the consolidated statement of financial position at 1 January 2019 as the uncertain tax position in respect of possible non-deductible items had been recognised based on the most likely amount.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts ¹
Amendments to IFRS 3	Definition of a Business ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ⁵
Amendments to IAS 1 and IAS 8	Definition of Material ⁴
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 and IAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all IFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in IFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain IFRSs have been updated to the New Framework, whilst some IFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in (1) Technical Sales and Distribution of Electronic Gaming Equipment; (2) Consultancy and Technical Services; (3) Repair Services; (4) Sales of Refurbished Electronic Gaming Machines and (5) Lease Sales of Electronic Gaming Equipment.

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2019			
	Technical Sales and Distribution of Electronic Gaming Equipment <i>HK\$</i>	Consultancy and Technical Services <i>HK\$</i>	Repair Services <i>HK\$</i>	Total <i>HK\$</i>
Types of goods or service				
Technical Sales and Distribution of Electronic Gaming Equipment				
— Electronic Table Games (“ETGs”)	42,138,715	–	–	42,138,715
— Electronic Gaming Machines (“EGMs”)	25,101,872	–	–	25,101,872
— Spare Parts	7,774,887	–	–	7,774,887
	<u>75,015,474</u>	<u>–</u>	<u>–</u>	<u>75,015,474</u>
Consultancy and Technical Services				
— Technical supports	–	1,863,102	–	1,863,102
— Consultancy services	–	2,400,474	–	2,400,474
	<u>–</u>	<u>4,263,576</u>	<u>–</u>	<u>4,263,576</u>
Repair Services	–	–	2,689,067	2,689,067
Total	<u><u>75,015,474</u></u>	<u><u>4,263,576</u></u>	<u><u>2,689,067</u></u>	<u><u>81,968,117</u></u>
Geographical markets				
Macau SAR	66,026,804	4,263,576	2,612,400	72,902,780
Vietnam	8,367,652	–	–	8,367,652
Others	621,018	–	76,667	697,685
Total	<u><u>75,015,474</u></u>	<u><u>4,263,576</u></u>	<u><u>2,689,067</u></u>	<u><u>81,968,117</u></u>
Timing of revenue recognition				
A point in time	75,015,474	445,207	2,612,400	78,149,748
Over time	–	3,818,369	76,667	3,818,369
Total	<u><u>75,015,474</u></u>	<u><u>4,263,576</u></u>	<u><u>2,689,067</u></u>	<u><u>81,968,117</u></u>

For the year ended 31 December 2018

	Technical Sales and Distribution of Electronic Gaming Equipment <i>HK\$</i>	Consultancy and Technical Services <i>HK\$</i>	Repair Services <i>HK\$</i>	Sales of Refurbished Electronic Gaming Machines <i>HK\$</i>	Lease Sales of Electronic Gaming Equipment <i>HK\$</i>	Total <i>HK\$</i>
Types of goods or service						
Technical Sales and Distribution of Electronic Gaming Equipment						
— ETGs	31,467,700	—	—	—	—	31,467,700
— EGMs	30,458,049	—	—	—	—	30,458,049
— Spare Parts	3,708,367	—	—	—	—	3,708,367
	<u>65,634,116</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>65,634,116</u>
Consultancy and Technical Services						
— Technical supports	—	7,717,468	—	—	—	7,717,468
— Consultancy services	—	800,000	—	—	—	800,000
	<u>—</u>	<u>8,517,468</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,517,468</u>
Repair Services	<u>—</u>	<u>—</u>	<u>2,489,916</u>	<u>—</u>	<u>—</u>	<u>2,489,916</u>
Sales of Refurbished Electronic Gaming Machines	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,507,231</u>	<u>—</u>	<u>2,507,231</u>
Lease Sales of Electronic Gaming Equipment	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>30,470,113</u>	<u>30,470,113</u>
Total	<u><u>65,634,116</u></u>	<u><u>8,517,468</u></u>	<u><u>2,489,916</u></u>	<u><u>2,507,231</u></u>	<u><u>30,470,113</u></u>	<u><u>109,618,844</u></u>
Geographical markets						
Macau SAR	64,671,338	8,517,468	2,484,825	2,507,231	—	78,180,862
Cambodia	—	—	—	—	20,275,226	20,275,226
Philippines	14,273	—	—	—	10,194,887	10,209,160
Others	948,505	—	5,091	—	—	953,596
Total	<u><u>65,634,116</u></u>	<u><u>8,517,468</u></u>	<u><u>2,489,916</u></u>	<u><u>2,507,231</u></u>	<u><u>30,470,113</u></u>	<u><u>109,618,844</u></u>
Timing of revenue recognition						
A point in time	65,634,116	5,931,456	2,489,916	2,507,231	30,470,113	107,032,832
Over time	<u>—</u>	<u>2,586,012</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,586,012</u>
Total	<u><u>65,634,116</u></u>	<u><u>8,517,468</u></u>	<u><u>2,489,916</u></u>	<u><u>2,507,231</u></u>	<u><u>30,470,113</u></u>	<u><u>109,618,844</u></u>

(ii) Performance obligations for contracts with customers

Technical Sales and Distribution of Electronic Gaming Equipment

The Group enters into contracts with customers (casino operators) for Technical Sales and Distribution of Electronic Gaming Equipment include the performance obligation (as a whole) including:

- (a) Procurement and delivery of electronic gaming equipment;
- (b) Assist in obtaining the local regulatory approval of the electronic gaming equipment, if needed; and
- (c) On-site installation of the electronic gaming equipment at the casino.

The directors of the Company considered the performance obligation as a whole is not distinct performance obligation and therefore, the revenue on Technical Sales and Distribution of Electronic Gaming Equipment is recognised when the control of the electronic gaming equipment is fully transferred to the customer; i.e. when the electronic gaming equipment approved by the local regulatory are delivered and installed.

Under the Group's standard contract terms, the customers do not have a right to exchange nor return the electronic gaming machines. Instead, the Group provides a sales-related warranty for technical supports on those electronic gaming equipment ranging from three months to one year since the invoice date. Such warranty associated with electronic gaming machines cannot be purchased separately and they serve as an assurance.

Income from Consultancy and Technical Services

Income from Consultancy and Technical Services is recognised over the contract period in accordance with the terms and substances of the contracts if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For the income from Consultancy and Technical Services, which does not satisfy any criteria to be recognised over time, the consultancy and technical service revenue is recognised upon the milestone completion in accordance with the terms and substances of the contracts.

Income from Repair Services

The Group enters into contracts with customers (casino operators) for repairing electronic gaming equipment. This service is a distinct and stand-alone contract separate from those contracts with customers for Technical Sales and Distribution of Electronic Gaming Equipment.

The directors of the Company considered that the control of the repaired electronic gaming equipment is transferred to the customer when the customer acknowledges the condition of repaired electronic gaming equipment upon delivery. The income of the repair services is recognised and payment of the transaction price is effective at the point when the repaired electronic gaming equipment is acknowledged by the customer. The normal credit term is 30 days since the invoice date.

Sales of Refurbished Electronic Gaming Machines

The Group enters into contracts with customers (non-casino operators) for Sales of Refurbished Electronic Gaming Machines. This service is a distinct and stand-alone contract separate from those contracts with customers for Technical Sales and Distribution of Electronic Gaming Equipment.

The directors of the Company considered that the control of the refurbished electronic gaming machines is transferred to the customer when the customer acknowledges and accepts the condition of the refurbished electronic gaming machines. Hence, the revenue and the payment is effective at the point when the customer acknowledges the refurbished electronic gaming machines and duly signs the contracts. The normal credit terms are 30 days.

Lease Sales of Electronic Gaming Equipment including repair and maintenance services over the lease period

The Group enters into contracts with oversea customers for offer an option of either buying or leasing the assets. The Group is responsible for repair and maintenance of such electronic gaming equipment during the lease period and such repairing service is a distinct performance obligation of the lease sales contract with the customers.

As the repair and maintenance service is a separate non-lease component, the Group allocates the consideration for such service in the contracts. The income from the repair and maintenance service is recognised over time throughout the lease term.

With respect of the Lease Sales of Electronic Gaming Equipment, the directors of the Company considered that the control of the lease sales of electronic gaming equipment is transferred to the customer when the customer acknowledges and accepts the condition of the electronic gaming equipment. Hence, the revenue is effective at the point when the electronic gaming equipment are delivered and acknowledged by customers.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognising revenue are as follows:

	Technical Sales and Distribution of Electronic Gaming Equipment <i>HK\$</i>	Consultancy and Technical Services <i>HK\$</i>	Repair Services <i>HK\$</i>
Within one year	23,588,913	2,103,543	373,906
More than one year but not more than two years	–	–	74,068
More than two years	–	–	145,497
	<u>23,588,913</u>	<u>2,103,543</u>	<u>593,471</u>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and the expected timing of recognising revenue are as follows:

	Technical Sales and Distribution of Electronic Gaming Equipment <i>HK\$</i>	Consultancy and Technical Services <i>HK\$</i>	Repair Services <i>HK\$</i>
Within one year	32,494,953	254,153	79,117
More than one year but not more than two years	–	–	73,903
More than two years	–	–	218,275
	<u>32,494,953</u>	<u>254,153</u>	<u>371,295</u>

Information about major customers

Revenue from customers individually contributing over 10% of the total sales of the Group of the corresponding years are as follows:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Customer A	25,370,646	28,890,114
Customer B	10,496,956	N/A [#]
Customer C	10,118,958	16,941,102
Customer D	9,998,552	N/A [#]
Customer E	N/A[#]	20,275,226
	<u>N/A[#]</u>	<u>20,275,226</u>

[#] The corresponding revenue did not contribute over 10% of the Group's revenue.

Geographical information

The Group primarily operates in Macau SAR and substantially all of the non-current assets (excluding finance lease receivables) of the Group are located in Macau SAR. Accordingly, no geographical information on non-current asset has been presented.

4. OTHER INCOME, GAINS AND LOSSES

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Other income		
Interest under effective interest method on finance lease receivables	1,880,378	76,832
Compensation income	877,783	–
Bank interest income	229,007	156,752
Effective interest income on rental deposits	7,108	–
Others	76,913	225,651
	<u>3,071,189</u>	<u>459,235</u>
Other gains and losses		
Loss on disposal of property and equipment	–	(7,134)
Net foreign exchange loss	(261,750)	(281,025)
	<u>(261,750)</u>	<u>(288,159)</u>
	<u>2,809,439</u>	<u>171,076</u>

5. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Impairment losses (reversed) recognised on:		
— Finance lease receivables	(18,689)	152,734
— Trade receivables	(87,904)	114,056
	<u>(106,593)</u>	<u>266,790</u>

6. INCOME TAX EXPENSE

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Current tax:		
Macau SAR Complementary Tax	<u>1,327,254</u>	<u>3,408,450</u>

The Group is subject to Macau SAR Complementary Tax at a rate of 12% on the assessable income exceeding Macau Pataca (“MOP”) MOP600,000 (equivalent to approximately HK\$583,000) for both years.

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulation in those jurisdictions.

The income tax expense for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
(Loss) profit before tax	<u>(1,721,768)</u>	<u>24,109,721</u>
(Tax credit) tax charge at the income tax rate of 12%	(206,612)	2,893,167
Tax effect of income that is not taxable for tax purpose	(69,903)	(69,903)
Tax effect of expenses not deductible for tax purpose	<u>1,603,769</u>	<u>585,186</u>
Income tax expense for the year	<u>1,327,254</u>	<u>3,408,450</u>

7. (LOSS) PROFIT FOR THE YEAR

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
(Loss) profit for the year has been arrived at after charging:		
Other staff costs		
— salaries and allowances	11,473,640	10,814,747
— retirement benefits scheme contributions	<u>42,291</u>	<u>31,495</u>
	<u>11,515,931</u>	<u>10,846,242</u>
Auditor's remuneration	1,554,500	1,480,000
Depreciation of property and equipment	1,885,839	1,444,170
Depreciation of right-of-use assets	<u>1,206,853</u>	<u>—</u>
Total depreciation	<u>3,092,692</u>	<u>1,444,170</u>
Research and development costs recognised as an expense (included in operating expenses)	4,825,056	—
Cost of inventories recognised as expenses	<u>47,679,839</u>	<u>55,365,348</u>

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: nil).

9. (LOSS) EARNINGS PER SHARE

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

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
(Loss) earnings		
(Loss) earnings for the purpose of basic earnings per share		
((loss) profit for the year attributable to owners of the Company)	<u>(3,049,022)</u>	<u>20,701,271</u>
	2019 <i>'000</i>	2018 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>1,000,000</u>	<u>1,000,000</u>

No diluted (loss) earnings per share for both 2019 and 2018 were presented as there were no potential ordinary shares in issue during both years.

10. TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Trade receivables on contracts with customers	11,764,374	12,116,601
Less: allowance for credit losses	<u>(26,152)</u>	<u>(114,056)</u>
	<u>11,738,222</u>	<u>12,002,545</u>
Other receivables, prepayments and deposits		
— Purchase and trial products deposits to suppliers	8,089,607	15,869,840
— Other prepayments and deposits	618,639	597,411
— Other receivables	902,160	238,554
— Rental deposits	<u>210,305</u>	<u>180,000</u>
Total	<u><u>21,558,933</u></u>	<u><u>28,888,350</u></u>

The following is an aging analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
0 – 30 days	955,598	1,881,658
31 – 60 days	2,551,968	5,291,931
61 – 90 days	2,902,101	1,164,482
91 – 180 days	5,262,061	2,682,688
Over 180 days	<u>92,646</u>	<u>1,095,842</u>
	<u><u>11,764,374</u></u>	<u><u>12,116,601</u></u>

11. TRADE AND OTHER PAYABLES

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Trade payables	8,240,763	18,336,158
Payroll payables and other accrued staff costs	1,519,494	2,103,854
Other payables and accrued expenses	3,122,591	3,140,788
Provision for restoration	533,981	533,981
	<u>13,416,829</u>	<u>24,114,781</u>
Total	<u>13,416,829</u>	<u>24,114,781</u>

The credit period on trade payables ranges from 30 to 90 days. The aging analysis of the Group's trade payables below is presented based on the invoice date (or date of cost incurred, if earlier) at the end of the reporting period:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
0–30 days	1,261,947	2,080,546
31–60 days	4,137,704	9,631,848
61–90 days	770,853	6,356,108
Over 90 days	2,070,259	267,656
	<u>8,240,763</u>	<u>18,336,158</u>

12. CONTRACT LIABILITIES

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Technical Sales and Distribution of Electronic Gaming Equipment	2,796,267	–
Consultancy and Technical Services	206,602	–
	<u>3,002,869</u>	<u>–</u>

As at 1 January 2018, no contract liability is recognised.

Contract liabilities represent the non-refundable deposits received from customers for future gaming machines and equipment, and consultancy services to be provided by the Group. These goods or services are expected to be recognised as revenue to the customers within one year.

13. SHARE CAPITAL

The movements in the Company's authorised and issued ordinary share capital are as follows:

	Par value <i>HK\$</i>	Number of shares	Share capital <i>HK\$</i>
Ordinary shares			
Authorised:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	0.01	<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	0.01	<u>1,000,000,000</u>	<u>10,000,000</u>

14. CAPITAL COMMITMENT

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the consolidated financial statements	<u>1,800,000</u>	<u>1,800,000</u>

15. EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to the reporting period, the Group entered into an operating lease agreement with an independent third party for leasing of electronic gaming equipment in the Philippines with a term of 24 months. The total amount of lease payments under this agreement to be received by the Group shall not be more than approximately US\$1,538,000 (equivalent to approximately HK\$12,415,000). Further details of this transaction are set out in the Group's announcement on 3 February 2020.
- (b) Due to an outbreak of novel coronavirus ("COVID-19"), the Macau SAR Government temporarily suspended all casino operations for two weeks in February 2020. In the opinion of the directors, the duration and intensity of this global health emergency is uncertain, including the effect that the travel restrictions imposed on tourists may affect the business of casino operators. Given the dynamic nature of these circumstances, the related impact on the Group's consolidated results of operations, cash flows and financial condition cannot be estimated at the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a total solutions provider of electronic gaming equipment (“**EGE**”) for land based casinos in The Macau Special Administrative Region (“**Macau SAR**”) as well as other regions in Asia. EGE principally includes electronic table games and electronic gaming machines (“**EGMs**” or “**Slot Machines**”). The Group’s business can be divided into: (i) technical sales and distribution of EGE to land based casinos; (ii) the repair of EGE and sales of EGE plus spare parts; (iii) consultancy to suppliers or manufacturers of EGE products and to land based casinos; (iv) sales of refurbished EGE; and (v) the lease sales and operating lease of EGE.

The business of the Group is conducted through its wholly-owned subsidiary, namely Asia Pioneer Entertainment Limited (“**APE Macau**”). APE Macau is the operating company of the Group, which operates the core businesses of the Group out of Macau SAR. For the Year, APE Macau represented all of the revenue of the Group.

The Group’s total revenue during the Year was HK\$82.0 million, making a decrease of 25.2% over that of HK\$109.6 million for FY2018. For the Year, the Group incurred a net loss after tax of HK\$3.0 million, turning from a net profit after tax of HK\$20.7 million for FY2018.

On a divisional basis, the Group made revenues from the technical sales and distribution of EGE of HK\$75.0 million for the Year, an increase of 14.3% from HK\$65.6 million in FY2018. From consultancy and technical services, the Group made revenues of HK\$4.3 million for the Year, a decrease of 49.9% from HK\$8.5 million for FY2018. From sales of refurbished EGMs, the Group did not record any revenues for the Year (FY2018: HK\$2.5 million). From the division of lease sales of EGE, the Group did not record any revenues during the Year whereas the Group recorded revenues of HK\$30.5 million from two lease sales made in The Kingdom of Cambodia (“**Cambodia**”) and The Republic of Philippines (the “**Philippines**”) in FY2018.

From a gross profit standpoint, the overall gross profit and gross margin of the Group for the Year were HK\$28.6 million and 34.8%, respectively, whereas the overall gross profit and gross margin in FY2018 was HK\$47.9 million with a gross margin of 43.7%. On a divisional basis, technical sales and distribution of EGEs made a gross profit of HK\$24.8 million, representing a gross margin of approximately 33.0% and the corresponding gross profit and gross margin of that division was HK\$18.9 million and 28.8%, respectively in FY2018.

The repair of EGEs had a gross profit of HK\$1.5 million for the Year, representing a gross margin of 57.2%, whereas the corresponding gross margin for that division was 62.3% in FY2018.

The consulting and technical services division generated a gross profit of HK\$2.3 million for the Year, representing a gross margin of 53.2%, whereas the corresponding gross profit for that division was HK\$6.9 million in FY2018. For the sale of refurbished EGMs, no sales revenues were recorded during the Year whereas a gross profit of HK\$2.2 million and a gross margin of 88.2% for that division were recorded in FY2018. For the lease sales of EGE division, no sales revenues were recorded during the Year whereas a gross profit of HK\$18.3 million and a gross margin of 60.1% for that division were recorded in FY2018.

Industry Review

According to government statistics, the overall Macau SAR gaming market as measured by gross gaming revenue contracted by 3.4% to MOP292.46 billion (US\$36.5 billion)¹ from MOP302 billion (US\$37.75 billion) in FY2018 on a year-on-year basis. Revenue from Slot Machines increased by 0.6% to MOP15,138 million in FY2019 from MOP15,048 million in FY2018². The number of Slot Machines increased by 5.9% from 16,059 in FY2018 to 17,009 in FY2019. This slight increase was due to the evolving trend of Macau SAR casinos using more automation on the gaming floor. The overall gaming equipment market in Macau SAR remained flat in FY2019 as there were no new casino openings in 2019 in Macau SAR.

¹ source: <https://www.ggrasia.com/macau-casino-ggr-falls-3-4pct-in-full-year-2019-govt/>

² DICJ statistics <http://www.dicj.gov.mo/web/en/information/DadosEstat/2019/content.html#n1>

Prospects

In February 2020, the onset of the novel coronavirus disease 2019 made the Macau SAR government to take countermeasures to enforce temporary closure of all casinos for two weeks. As Macau SAR casinos reopened in February 2020, the ongoing travel restrictions of China tourists into Macau SAR will have a significant negative impact on casino gaming revenue in 2020. As the Group's customer base is mainly casinos in Macau SAR, such impact on the Group could result in a slowdown of sales revenues derived from Macau SAR as our customers, the Macau SAR casinos, may cut capital expenditures on EGE.

Looking ahead, management of the Group (the “**Management**”) believes that the Group's growth prospects for 2020 will focus more on the Southeast Asian market which is growing quicker than Macau SAR market. In the Philippines, the Group is in discussions with a customer on providing operating leases of EGE to the casino. In The Republic of Vietnam (“**Vietnam**”), the Group is in discussion with a planned new casino to provide pre-opening consulting and technical services. The Management believes that the Group's consulting division should benefit from the number of new casinos opening in Southeast Asia in general.

In Macau SAR, there are three planned casino openings in the rest of 2020 or early 2021, namely Grand Lisboa Palace, Lisboaeta and the Londoner, which can bring new revenue opportunities to the Group. As the mass market division of gaming continues to grow faster than the VIP division, casinos continue to purchase EGE to serve this mass customer division on the gaming floor. The Management is confident to gain EGE sales from these three venues as the casino operators are already existing customers of the Group.

For the year ahead, the Group will continue to expand the two divisions of our existing businesses: consulting services division and the leasing division, particularly operating leases, as stated in the Prospectus. In the consulting division, the Group will extend into pre-opening consultancy advisory services of new casinos. In the leasing business, the Group plans to expand into operating leases in the Philippines. In Macau SAR, the Group is also exploring operating leases to Macau operators to complement our existing sales and distribution business.

Financial Results

Key Financial Data	For the year ended 31 December 2019 HK\$	For the year ended 31 December 2018 HK\$	For the year ended 31 December 2017 HK\$	For the year ended 31 December 2016 HK\$	For the year ended 31 December 2015 HK\$
Results of operation					
Revenue	81,968,117	109,618,844	86,063,958	52,576,234	48,178,780
Gross profit	28,565,184	47,934,133	34,830,381	23,228,347	19,539,994
(Loss)/profit before tax	(1,721,768)	24,109,721	7,122,981	11,458,702	14,453,280
(Loss)/profit and total comprehensive (expense) income for the year	(3,049,022)	20,701,271	4,492,286	9,562,281	12,758,698
Financial position					
Total assets	112,209,498	120,673,011	92,578,013	27,985,396	31,174,498
Total liabilities	24,090,132	29,504,623	22,110,896	14,055,748	14,311,985
Total equity	88,119,366	91,168,388	70,467,117	13,929,648	16,862,513

Revenue

For FY2019, the Group's revenue decreased by 25.2% to approximately HK\$82.0 million from approximately HK\$109.6 million in FY2018. Gross profit decreased by 40.4% to approximately HK\$28.6 million in FY2019 from approximately HK\$47.9 million in FY2018.

Group's Overall Performance

The sharp fall in revenue and gross profit performance were principally attributed to: (i) no recording of revenues from lease sales of EGE division for the Year; and (ii) no recording of revenue from sales of refurbished EGMs during the Year.

Operating Expenses

The Group's operating expenses increased by 39.7% to approximately HK\$33.0 million in FY2019 from approximately HK\$23.6 million in FY2018, principally attributable to the increases in (i) depreciation expenses from right-to-use assets; and (ii) Director's salaries and bonuses for the Year.

Net (Loss)/profit

Net loss after tax was approximately HK\$3.0 million in FY2019 as compared to a net profit after tax of approximately HK\$20.7 million in FY2018 mainly due to: (i) no revenues derived from lease sales of EGE and refurbished equipment sales during the Year; and (ii) a 39.7% increase in operating expenses.

Use of Proceeds from the Listing

The net proceeds from the listing of the ordinary shares of the Company (the “Shares”) in issue on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and “GEM”, respectively) since 15 November 2017 (the “Listing Date”) received by the Company (the “Net Proceeds”) after deducting underwriting fees and the estimated expenses were approximately HK\$40.0 million. The intended use of the Net Proceeds are disclosed in the section “Statement of Business Objectives and Use of Proceeds” in the Prospectus. Unutilised Net Proceeds as at 31 December 2019 amounted to approximately HK\$1.19 million and were deposited with licensed banks in The Hong Kong Special Administrative Region (“Hong Kong SAR”) and Macau SAR. The Company intends to use the remaining Net Proceeds in the coming years in accordance with the purposes set out in the Prospectus.

The Group utilised the Net Proceeds as follows:

	Percentage to total amount	Net proceeds HK\$ million	Amount utilised during the Year HK\$ million	Amount utilised as at 31 December 2019 HK\$ million	Amount unutilised as at 31 December 2019 HK\$ million
Upfront deposits for manufacturers to provide more trial products	41.5%	16.60	2.22	15.7	0.90
Procuring EGMs for lease to casino operators in Macau SAR and Asia	17.8%	7.10	–	7.10	–
Procuring and refurbishment of used EGMs 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	3.52	6.90	–
Relocation of office premises	0.7%	0.30	–	0.30	–
Purchase of tools and equipment and new enterprise resource planning system	6.8%	2.70	0.17	2.41	0.29
General working capital	2.7%	1.10	–	1.10	–
	<u>100%</u>	<u>40.00</u>	<u>5.91</u>	<u>38.81</u>	<u>1.19</u>

Comparison of Business Objectives with Actual Business Progress

Business Objectives as set out in the Prospectus

Actual Business Progress

- | | |
|---------------------------------------|---|
| — Sales expansion into Southeast Asia | — We generated new sales from Vietnam and Cambodia |
| — Refurbishment business | — We signed agreement as a distributor agent with Aristocrat, a major manufacturer of EGMs. The agreement covers refurbished machines for certain emerging markets. |
| — Expansion of leasing business | — We have expanded our leasing business in the Philippines and are exploring actively leasing opportunities in Macau SAR. |

Liquidity, Financial Resources, Gearing Ratio and Capital Structure

During FY2019, the Group financed its operations by its internal resources. As at 31 December 2019, the Group had net current assets of approximately HK\$62.4 million versus those of approximately HK\$59.6 million as at 31 December 2018.

As at 31 December 2019, the Group had no bank borrowings though the Company had one revolving credit facility with The Bank of East Asia, Limited with a limit of HK\$10 million which was not drawn down. The gearing ratio (which is calculated by dividing total debts by total equity) was not applicable to the Group as at 31 December 2019. The Shares in issue were listed on GEM on the Listing Date by way of a placing and a public offer totalling 250,000,000 new Shares at a price of HK\$0.28 each. There has been no change in the capital structure of the Company since the Listing Date.

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

Future Plans for Material Investments or Capital Assets

The Group plans to expand its leasing business in the Philippines and expects to make capital investment of US\$1.2 million in the first quarter of 2020. Details were disclosed in the Company's announcement dated 3 February 2020.

Save as disclosed above and 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 capital assets as at 31 December 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 FY2019.

Major Events After the End of the Year

The Group made a discloseable transaction (as defined in the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”)) on 3 February 2020 regarding the expansion of its leasing business in the Philippines and expected to make capital investment of US\$1.2 million.

APE HAT Holdings Limited had made a restructure on 14 January 2020 and transferred 725,100,000 Shares to Mr. Huie, Allen Tat Yan (“**Mr. Huie**”), the chairman of the Board and an executive Director, Mr. Ng Man Ho Herman (“**Mr. Ng**”), the chief executive officer of the Company and an executive Director and Mr. Chan Chi Lun (“**Mr. Chan**”), the chief financial officer and compliance officer of the Company and an executive Director. Mr. Huie, Mr. Ng and Mr. Chan presently hold approximately 28.77%, 28.77% and 14.97%, respectively of the total number of Shares in issue. Each of Mr. Huie, Mr. Ng and Mr. Chan is deemed to be interested in 725,100,000 Shares, representing 72.51% of the total number of Shares in issue, held by them altogether.

Contingent Liabilities

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

Employees and Remuneration Policy

As at 31 December 2019, the Group had a total of 40 employees (31 December 2018: 39). For FY2019, the Group incurred staff costs, including Directors’ remuneration of approximately HK\$18.3 million (2018: approximately HK\$15.1 million). The Company does not have any pension scheme for the Directors.

The Company has adopted a share option scheme (the “**Scheme**”) on 25 October 2017 for the purpose of recognising and acknowledging the contribution of employees. The Company did not grant any share options under the Scheme in FY2019.

Capital Commitments

As at 31 December 2019, capital commitment was approximately HK\$1.8 million in respect of the acquisition of property and equipment.

Charges on Group Assets

As at 31 December 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 maintain a strong and healthy liquidity to ensure that the Group is well-placed to take advantage of future growth opportunities. As at 31 December 2019, all cash on hand were deposited with licensed financial institutions in Hong Kong SAR and Macau SAR.

Customer and Supplier Relationship

The Group's major customers are mostly Macau SAR casino operators listed on the Stock Exchange as well as customers with an established business relationship with the Group. The Group is committed to building long term and stable business relationships with existing customers through our sales and marketing department and technical service team.

The Group 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 invoices its customers mainly in US\$, 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 FY2019, the Group's net foreign exchange loss was HK\$261,750, a decrease from HK\$281,025 for FY2018. This was attributable to the fluctuation of exchange rate of US\$ against Euro, which affected negatively our payables in Euro liabilities.

Dividends

The Board has resolved not to recommend any dividend for the Year (2018:Nil).

Purchase, sale or redemption of the Company's Listed Securities

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

Compliance with Corporate Governance Code

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

Securities transactions by Directors

The Company has adopted the required standard of dealings in the securities as contained in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**") as the code of conduct for dealing in the securities of the Company by the Directors. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings during the Year.

Annual General Meeting

The 2020 annual general meeting of the Company (the “**2020 AGM**”) is scheduled to be held on Tuesday, 12 May 2020. A circular containing the details of the 2020 AGM and the notice of the 2020 AGM and the accompanying form of proxy will soon be dispatched to the shareholders of the Company (the “**Shareholders**”) in the manner as required by the GEM Listing Rules.

Closure of Register of Members

For determining the Shareholders’ entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Thursday, 7 May 2020 to Tuesday, 12 May 2020, both days inclusive, during which period no transfer of the Shares will be registered. Non-registered Shareholders must lodge properly completed and stamped transfer documents accompanied by the relevant share certificates with the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 6 May 2020.

Review by Audit Committee

The audit committee of the Board (the “**Audit Committee**”) was established with effect from the Listing Date with written terms of reference in compliance with code provisions C.3.3 and C.3.7 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. Choi**”), Mr. Ma Chi Seng and Mr. Ho Kevin King Lun. Mr. Choi is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Year and is of the view that such statements 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.

Publication of results announcement

This results announcement is published on the respective websites of the Company (www.apemacau.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for FY2019 containing all the information required by the GEM Listing Rules will be dispatched to the Shareholders and available on the respective websites of the Company and the Stock Exchange in due course in the manner as required by the GEM Listing Rules.

By Order of the Board
Asia Pioneer Entertainment Holdings Limited
Huie, Allen Tat Yan
Chairman and Executive Director

Hong Kong, 25 March 2020

As at the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.apemacau.com.

In case of any inconsistency between the English and Chinese versions, the English text of this announcement shall prevail over the Chinese text.