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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)

2018 FIRST QUARTERLY RESULTS ANNOUNCEMENT

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Asia Pioneer Entertainment Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited consolidated financial results of the Group for the three months ended 31 March 2018. This announcement, containing the full text of the 2018 first quarterly report of the Company (the “**2018 First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to be disclosed in the preliminary announcement of first quarterly results. The printed version of the 2018 First Quarterly Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 10 May 2018

As at the date of this announcement, the executive Directors are Mr. HUIE, Allen Tat Yan (Chairman) and Mr. NG Man Ho Herman (Chief Executive Officer); and the independent non-executive Directors 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 Company Announcements” page of the GEM website (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 (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.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE” AND “GEM”, RESPECTIVELY)

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “**Directors**”) of Asia Pioneer Entertainment Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) 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.

2018 FIRST QUARTER HIGHLIGHTS (UNAUDITED)

1. During the three months ended 31 March 2018 (the “**Period**”), the Group’s revenue amounted to HK\$13.9 million, representing a decrease of approximately 22.7% from HK\$18.0 million recorded for the three months ended 31 March 2017 (the “**Corresponding Period**”). The sharp decrease in revenue was mainly attributed to the decreases of income derived from Consulting and Technical Services and Repair Services of approximately 71.2% and 47.6% respectively for the Period as compared with those for the Corresponding Period.
2. The Group turned from a profit and total comprehensive income of approximately HK\$0.5 million for the Corresponding Period to a loss of approximately HK\$1.7 million for the Period. Such adverse change was mainly attributable to (i) the decrease in revenue derived from the Group’s sales of electronic gaming equipment (“**EGE**”) and its consulting and technical services, (ii) the increase in the Group’s operating expenses and (iii) the decrease in the Group’s gross profit margin.
3. The board of Directors (the “**Board**”) has resolved not to declare the payment of an interim dividend for the Period (the Corresponding Period: HK\$6.5 million was declared and paid by Asia Pioneer Entertainment, Ltd. to its shareholders).

UNAUDITED CONDENSED CONSOLIDATED FIRST 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 three months ended 31 March 2018

	NOTES	Three months ended 31 March	
		2018 HK\$ Unaudited	2017 HK\$ Unaudited
Revenue	3	13,928,423	18,028,045
Cost of sales and services		(11,185,369)	(10,389,756)
Gross profit		2,743,054	7,638,289
Other income, gains and losses	4	34,646	123,212
Operating expenses		(4,526,457)	(2,281,962)
Listing expenses		–	(4,323,746)
(Loss) Profit before tax		(1,748,757)	1,155,793
Income tax expense	5	–	(650,237)
(Loss) Profit and total comprehensive income attributable to shareholders of the Company for the period	6	<u>(1,748,757)</u>	<u>505,556</u>
(Loss) Earnings per share Basic	7	<u>(0.002)</u>	<u>0.001</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Legal reserve HK\$	Accumulated profits HK\$	Total HK\$
At 1 January 2017 (Audited)	–	–	3,137,505	504,489	10,287,654	13,929,648
Profit and total comprehensive income for the period	–	–	–	–	505,556	505,556
Share swap upon reorganisation	25	6,553,628	(6,553,653)	–	–	–
Dividends (<i>note 8</i>)	–	–	–	–	(6,500,000)	(6,500,000)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,500,000)</u>	<u>(6,500,000)</u>
At 31 March 2017 (Unaudited)	<u>25</u>	<u>6,553,628</u>	<u>(3,416,148)</u>	<u>504,489</u>	<u>4,293,210</u>	<u>7,935,204</u>
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	–	–	–	–	(1,748,757)	(1,748,757)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,748,757)</u>	<u>(1,748,757)</u>
At 31 March 2018 (Unaudited)	<u>10,000,000</u>	<u>55,098,836</u>	<u>(3,416,148)</u>	<u>504,489</u>	<u>6,531,183</u>	<u>68,718,360</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2018

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 22 February 2017. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in the Macau Special Administrative Region ("Macau 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 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 and (4) sales of refurbished electronic gaming machines ("EGMs").

2. BASIS OF PREPARATION

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

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in (1) Technical Sales and Distribution of EGE; (2) Consulting and Technical Services; (3) Repair Services and (4) sales of refurbished EGMs.

For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies set out in note 2. 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

	Three months ended	
	31 March	
	2018	2017
	HK\$	HK\$
	Unaudited	Unaudited
Technical Sales and Distribution of EGE	12,988,629	15,434,494
Consulting and Technical Services	512,205	1,777,826
Repair Services	427,589	815,725
	<u>13,928,423</u>	<u>18,028,045</u>

Geographical information

The Group primarily operates in Macau SAR. All of the revenue for the three months ended 31 March 2017 and 2018 are derived in Macau SAR.

4. OTHER INCOME, GAINS AND LOSSES

	Three months ended	
	31 March	
	2018	2017
	HK\$	HK\$
	Unaudited	Unaudited
Bank interest income	15,012	526
Net foreign exchange gain (loss)	18,890	(169,652)
Service handling income	–	286,274
Others	744	6,064
	<u>34,646</u>	<u>123,212</u>

5. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2018	2017
	HK\$	HK\$
	Unaudited	Unaudited
Current tax:		
Macau SAR Complementary Tax	–	650,237

No tax has been provided for the Period as the Group has suffered a loss. 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 the three months ended 31 March 2017.

6. (LOSS) PROFIT FOR THE PERIOD

	Three months ended	
	31 March	
	2018	2017
	HK\$	HK\$
	Unaudited	Unaudited
(Loss) Profit for the period has been arrived at after charging:		
Directors’ remuneration	639,437	167,403
Other staff costs		
— salaries and allowances	2,145,447	1,430,728
— retirement benefits scheme contributions	7,864	6,932
	<u>2,153,311</u>	<u>1,437,660</u>
Total staff costs	<u>2,792,748</u>	<u>1,605,063</u>
Auditor’s remuneration	291,262	291,262
Depreciation of property and equipment	54,976	57,238
Cost of inventories recognised as an expense	10,113,692	9,043,824
Minimum lease payment in respect of rental premises	455,837	144,279

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share for each of the periods ended 31 March 2017 and 2018 is based on the following data:

	Three months ended 31 March	
	2018	2017
	HK\$	HK\$
	Unaudited	Unaudited
(Loss) Earnings		
(Loss) Earnings for the purpose of calculating basic (loss) earnings per share (profit for the period attributable to the shareholders of the Company)	<u>(1,748,757)</u>	<u>505,556</u>
	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	<u>1,000,000</u>	<u>750,000</u>

For the three months ended 31 March 2017, the number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation of the Group and the capitalisation issue of the shares of the Company had been effective on 1 January 2017.

No diluted loss/earnings per share for the period 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 an interim dividend for the Period. During the three months ended 31 March 2017, an interim dividend of HK\$6,500,000 on aggregate was declared and paid by Asia Pioneer Entertainment, Ltd. to its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is a total solutions provider of EGE for land based casinos in Macau SAR 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 EGEs to land based casinos; (ii) the repair and sale of EGEs plus spare parts; (iii) consultancy to suppliers or manufacturers of EGE products to the casino gaming supplier market; and (iv) sales of refurbished EGMs.

The Group's business is conducted through its wholly-owned subsidiaries, including Asia Pioneer Entertainment Limited (“**APE Macau**”). APE Macau is the operating company of the Group which operates the core businesses in Macau 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 EGEs in Macau SAR whilst at the same time continuing to extend its business into Southeast Asia markets. The Company was successfully listed on GEM on 15 November 2017. The net proceeds raised from the Listing has 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

Management is confident that the Group's loss in the first quarter of 2018 can be reversed with new orders in the pipeline for the remainder of 2018. In Technical Sales and Distribution, we are in discussions with several customers in Macau SAR and Southeast Asia. In Consultancy, we are in discussions with manufacturers for consultancy contracts which will commence in the second quarter of 2018.

In early May 2018, the Company's headquarters and principal place of business in Macau SAR have moved to a new 18,000 sq.ft. premises comprising integrated office/workshop and warehouse, which allows our different team members to work more efficiently and enhances the overall work environment. The management of the Company looks forward to the rest of 2018.

Financial Review

Revenue

The revenue of the Company decreased by approximately 22.7% from approximately HK\$18.0 million for the Corresponding Period to approximately HK\$13.9 million for the Period. The sharp decrease in revenue was mainly attributed to the decreases of income derived from Consulting and Technical Services and Repair Services of approximately 71.2% and 47.6% respectively 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 three months ended 31 March 2018 and 2017:

Revenue from major products and services	2018 Three months ended 31 March <i>HK\$</i>	2017 <i>HK\$</i>	Period-on- period change %
Technical Sales and Distribution of EGE	12,988,629	15,434,494	-15.8%
Consulting and Technical Services	512,205	1,777,826	-71.2%
Repair Services	427,589	815,725	-47.6%
	<u>13,928,423</u>	<u>18,028,045</u>	<u>-22.7%</u>

Gross Profit and Gross Profit Margin by Revenue Streams

The following table sets forth the breakdown of the Group's gross profit margins by income segmentation for the three months ended 31 March 2018 and 2017.

For the three months ended 31 March 2018

Breakdown by revenue streams	Technical sales and distribution of EGE <i>HK\$</i>	Consulting and technical services <i>HK\$</i>	Repairs services <i>HK\$</i>	Total <i>HK\$</i>
Revenue	12,988,629	512,205	427,589	13,928,423
Cost of sales and services	<u>(10,684,900)</u>	<u>(313,467)</u>	<u>(187,002)</u>	<u>(11,185,369)</u>
Gross profit	2,303,729	198,738	240,587	2,743,054
Gross profit ratio	17.7%	38.8%	56.3%	19.7%

For the three months ended 31 March 2017

Breakdown by revenue streams	Technical sales and distribution of EGE HK\$	Consulting and technical services HK\$	Repairs services HK\$	Total HK\$
Revenue	15,434,494	1,777,826	815,725	18,028,045
Cost of sales and services	<u>(9,380,328)</u>	<u>(312,536)</u>	<u>(696,892)</u>	<u>(10,389,756)</u>
Gross profit	6,054,166	1,465,290	118,833	7,638,289
Gross profit ratio	39.2%	82.4%	14.6%	42.4%

Gross profit margin was sharply reduced from approximately 42.4% for the Corresponding Period to approximately 19.7% for the Period. This decrease in gross profit margin was because a large portion of Technical Sales during the Period was made to one customer who was able to bargain for the lower sales margins as well as to pass along related freight and transport charges to the Company.

Operating Expenses

The Group's operating expenses increased by approximately 98.4% from approximately HK\$2.3 million for the Corresponding Period to approximately HK\$4.5 million for the Period. This increase was mainly due to the increases in Directors' remuneration and other staff costs as well as the increase in other general operating expenses.

	Three months ended		Period-on-
	31 March	2017	period change
	2018	2017	%
	HK\$	HK\$	
Directors' remuneration	639,437	167,403	282.0%
Other staff costs	2,153,311	1,437,660	49.8%

Directors' remuneration increased by approximately 282.0% to approximately HK\$639,437 for the Period from approximately HK\$167,403 for the Corresponding Period due to the appointment of two executive Directors and three independent non-executive Directors (the "INEDs") before the Listing. Other staff costs increased by approximately 49.8% for the Period as compared to the Corresponding Period due to the increase in salaries for senior management together with an increase in staff headcount.

Profit and Loss

The Group recorded an unaudited loss and other comprehensive income attributable to shareholders of the Company (the "Shareholders") of approximately HK\$1.7 million for the Period and recorded an unaudited profit and other comprehensive income attributable to Shareholders without deduction of the non-recurring Listing expenses of approximately HK\$4.8 million for the Corresponding Period.

This turn from profit to loss was mainly due to a sharp drop in overall gross profit margin of approximately 42.4% for the Corresponding Period to approximately 19.7% for the Period, as well as a 22.7% drop in total revenue for the comparable periods.

Use of Proceeds from Listing

The net proceeds from the Listing (the “**Net Proceeds**”) received by the Company after deducting 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 31 March 2018 amounted to approximately HK\$35.5 million (31 December 2017: approximately HK\$37.4 million), and are deposited in a licensed bank in Hong Kong. The Company intends to use the remaining Net Proceeds in the coming years in accordance with the purposes set out in the Prospectus.

As at 31 March 2018, the Group has utilised the Net Proceeds as follows:

	Percentage to total amount	Intended use of Net Proceeds	Utilised amount	Unutilised amount
		<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Upfront deposits for manufacturers to provide more trial products	41.5%	16.6	0.4	16.2
Procuring EGE for lease to casino operators in Macau SAR	17.8%	7.1	–	7.1
Procuring and refurbishment of used EGE for resales	13.2%	5.3	2.3	3.0
Enhancing market recognition in Macau SAR and Southeast Asia and strengthening in-house capability to provide repair services	17.3%	6.9	–	6.9
Relocation of office premises	0.7%	0.3	–	0.3
Purchase of tools and equipment and new Enterprise Resource Planning system	6.8%	2.7	1.2	1.5
General working capital	2.7%	1.1	0.6	0.5
	<u>100%</u>	<u>40.0</u>	<u>4.5</u>	<u>35.5</u>

Liquidity, Financial Resources, Gearing Ratio and Capital Structure

During the Period, the Group financed its operations by its internal resources. As at 31 March 2018, the Group had net current assets of approximately HK\$64.2 million versus approximately HK\$7.2 million as at 31 March 2017. The increase in net current assets was mainly attributed to the public offer and placing in November 2017, which raised net cash of approximately HK\$40.0 million. As at 31 March 2018, the Group had no bank borrowings, bank overdrafts, bank loans nor other banking facility. Gearing ratio (which is calculated by dividing total debt by total equity) was not applicable to the Group as at 31 March 2018. There has been no change in the capital structure of the Company since 31 December 2017. The capital structure refers to the maturity profile of debt and obligation, type of capital instrument used, currency and interest rate structure.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the sections headed “Statement of Business Objectives and Use of Proceeds” and “Use of Proceeds”, respectively in the Prospectus, the Group did not have any other plans for material investment or the capital assets as at 31 March 2018.

Significant Investments or Material Acquisitions and Disposals

The Group did not make any significant investment or material acquisition and disposal during the Period.

Contingent Liabilities

As at 31 March 2017 and 2018, the Group did not have any material contingent liabilities.

Employees and Remuneration Policy

As at 31 March 2018, the Group had a total of 35 employees (31 March 2017: 31). For the Period, the Group incurred staff costs, including Directors’ remuneration of approximately HK\$2.8 million (31 March 2017: approximately HK\$1.6 million). The Company has adopted a share option scheme on 25 October 2017 for the purpose of recognising and acknowledging the contribution of employees and directors of the Group and other selected participants.

Capital Commitments

During the fourth quarter of 2017, the Group signed a lease agreement as tenant for a new premises in Macau SAR with 18,000 sq.ft. for integrated office with workshop and warehouse. As at 31 March 2018, capital commitment was approximately HK\$4.1 million in renovation and furnishings. The monthly rental was approximately HK\$90,000.

Charges on Group's Assets

As at 31 March 2018, the Group had no charges on the Group's assets (31 March 2017: 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 March 2018, all cash on hand was deposited with licensed financial institutions.

Customer and Supplier Relationships

The Group's major customers are mostly casino operators in Macau SAR listed on the Stock Exchange. 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 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 was able to have a net foreign exchange gain of HK\$18,890. This was attributable to management's vigilance on the exchange rate fluctuation of USD against Euro by reducing the period of payables in Euro liabilities.

Dividend

The Board has resolved not to declare the payment of an interim dividend for the Period. During the three months ended 31 March 2017, an interim dividend of HK\$6,500,000 on aggregate was declared and paid by Asia Pioneer Entertainment, Ltd. to its shareholders.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 31 March 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long Position in the Shares of the Company (the "Shares")

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

Note: The Company is owned as to 72.51% by APE HAT Holdings Limited ("APE HAT") which is beneficially owned as to 39.68%, 39.68% and 20.64% by Mr. Huie, the chairman of the Board and an executive Director, Mr. Ng, the chief executive officer of the Company and an executive Director and Mr. Chan Chi Lun ("Mr. Chan"), respectively. Pursuant to a deed of concert parties dated 10 March 2017 (the "Deed of Concert Parties"), each of Mr. Huie, Mr. Ng and Mr. Chan has agreed and confirmed, among other things, that they have been parties acting in concert in relation to the Group 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 the Shares held by APE HAT.

* The percentage represents the total number of the Shares and the number of underlying Shares interested divided by the number of issued Shares as at 31 March 2018 (i.e. 1,000,000,000 Shares).

Long Position in the Shares of Associated Corporation

Name of Director/ chief executive	Name of associated corporation	Capacity/Nature of interest	Number of shares Held	Approximate percentage of interest
Mr. Huie <i>(Notes (2) and (3))</i>	APE HAT <i>(Notes)</i>	Beneficial owner	992	39.68%
Mr. Ng <i>(Notes (2) and (3))</i>	APE HAT <i>(Notes)</i>	Beneficial owner	992	39.68%

Notes:

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

Save as disclosed above, as at 31 March 2018, none of the Directors nor the chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at 31 March 2018, so far as is known to the Directors, the following persons or entities, 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 under Section 336 of the SFO:

Long Position in the Shares

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

Notes:

- (1) APE HAT is the direct Shareholder of the Company.
 - (2) APE HAT is beneficially owned as to 39.68%, 39.68% and 20.64% by Mr. Huie, Mr. Ng and Mr. Chan, respectively.
 - (3) Pursuant to the Deed of Concert Parties, Mr. Chan is deemed to be interested in the Shares in which APE HAT is interested by virtue of the SFO.
- * The percentage represents the total number of Shares interested divided by the number of issued Shares as at 31 March 2018 (i.e. 1,000,000,000 Shares).

Save as disclosed above, as at 31 March 2018, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Controlling Shareholders' Interests in Competing Business

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

Compliance with Corporate Governance Code

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

Compliance Adviser's Interest in the Company

As at 31 March 2018, as notified by the Company's compliance adviser, Southwest Securities (HK) Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement dated 16 March 2017 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Review by Audit Committee

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

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

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

Hong Kong, 10 May 2018