



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

FIRST
QUARTERLY
REPORT
2019

TRANSACT



TOTAL SOLUTIONS PROVIDER FOR
**ELECTRONIC GAMING
EQUIPMENT IN
MACAU AND ASIA**



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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.

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2019 FIRST QUARTERLY HIGHLIGHTS (UNAUDITED)

1. During the three months ended 31 March 2019 (the “**Period**”), the Group’s revenue amounted to HK\$8.0 million, representing a decrease of approximately 42.8% from HK\$13.9 million recorded for the three months ended 31 March 2018 (the “**Corresponding Period**”). The decrease in revenue was mainly attributed to a decrease of income derived from technical sales and distribution of electronic gaming equipment (the “**EGE**”) of approximately 49.7%, for the Period as compared with that for the Corresponding Period.
2. The Group made a loss and total comprehensive expenses of approximately HK\$1.9 million for the Period as compared to a loss in total comprehensive income of HK\$1.7 million for the Corresponding Period. Please be advised that the unaudited loss and total comprehensive expenses for the Period is a significant change from the quarter ended 31 December 2018 with an audited year end profit and total comprehensive income of HK\$20.7 million.
3. The board of Directors (the “**Board**”) has resolved not to declare the payment of a dividend for the Period (the Corresponding Period: Nil).

UNAUDITED CONDENSED CONSOLIDATED 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 2019

	NOTES	Three months ended 31 March	
		2019 HK\$ Unaudited	2018 HK\$ Unaudited
Revenue	3	7,964,619	13,928,423
Cost of sales and services		(5,099,427)	(11,185,369)
Gross profit		2,865,192	2,743,054
Other income, gains and losses	4	617,830	34,646
Operating expenses		(5,399,453)	(4,526,457)
(Loss) before tax		(1,916,431)	(1,748,757)
Income tax expense	5	-	-
(Loss) and total comprehensive expenses attributable to shareholders of the Company for the period	6	(1,916,431)	(1,748,757)
(Loss) per share	7		
Basic		(0.002)	(0.002)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Legal reserve HK\$	Accumulated profits HK\$	Total HK\$
As at 1 January 2018 (Audited)	10,000,000	55,098,936	(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)
As at 31 March 2018 (Unaudited)	10,000,000	55,098,936	(3,416,148)	504,489	6,531,183	68,718,360
AS at 1 January 2019 (Audited)	10,000,000	55,098,836	(3,416,148)	504,489	28,981,211	91,168,388
Loss and total comprehensive expenses for the period	-	-	-	-	(1,916,431)	(1,916,431)
As at 31 March 2019 (Unaudited)	10,000,000	55,098,836	(3,416,148)	504,489	27,064,780	89,251,957

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

1. GENERAL INFORMATION

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

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 ("**IFRSs**") issued by the International Accounting Standards Board and the disclosure requirements of the GEM Listing Rules. The accounting policies and basis adopted in the preparation of the financial statements for the Period are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 December 2018. The adoption of the new and revised IFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group. The Condensed Consolidated Financial Statements have not been audited but have been reviewed by the 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 ; (4) Sales of refurbished EGMs and (5) Lease Sales of EGE.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major products and services

	Three months ended 31 March	
	2019 HK\$ Unaudited	2018 HK\$ Unaudited
Technical Sales and Distribution of EGE	6,539,281	12,988,629
Consulting and Technical Services	647,642	512,205
Repair Services	777,696	427,589
	7,964,619	13,928,423

Geographical information

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

4. OTHER INCOME, GAINS AND LOSSES

	Three months ended 31 March	
	2019 HK\$ Unaudited	2018 HK\$ Unaudited
Bank interest income	68,820	15,012
Net foreign exchange gain	9,084	18,890
Finance Income	537,490	–
Others	2,436	744
	617,830	34,646

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

5. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
	Unaudited	Unaudited
Current tax:		
Macau SAR Complementary Tax	-	-

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 Period.

6. (LOSS) FOR THE PERIOD

	Three months ended	
	31 March	
	2019	2018
	HK\$	HK\$
	Unaudited	Unaudited
(Loss) for the period has been arrived at after charging:		
Directors' remuneration	849,437	639,437
Other staff costs		
— salaries and allowances	2,504,917	2,145,447
— retirement benefits scheme contributions	10,165	7,864
	2,515,082	2,153,311
Total staff costs	3,364,519	2,792,748
Auditor's remuneration	291,562	291,262
Depreciation of property and equipment	518,223	54,976
Cost of inventories recognised as an expense	3,976,575	10,113,692
Minimum lease payment in respect of rental premises	286,030	455,837

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

7. (LOSS) PER SHARE

The calculation of the basic (loss) per share for each of the periods ended 31 March 2018 and 2019 is based on the following data:

	Three months ended 31 March	
	2019 HK\$ Unaudited	2018 HK\$ Unaudited
(Loss)		
(Loss) for the purpose of calculating basic (loss) per share (loss for the period attributable to the shareholders of the Company)	(1,916,431)	(1,748,757)
	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) per share	1,000,000	1,000,000

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

No diluted loss 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 a dividend for the Period (the Corresponding Period : Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a total solutions provider of EGE for land-based casinos in Macau 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; (iv) sales of refurbished EGMs; and (v) lease sales of EGEs.

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

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

FORWARD OUTLOOK

Management is confident that the Group's loss in the Period can be reversed with new orders in the pipeline for the remainder of 2019. In Technical Sales and Distribution, we are in discussions with several customers in Macau SAR and Southeast Asia, including planned new casinos in Macau SAR. In Consultancy, we are in discussions with several manufacturers for consultancy contracts which will commence in the second quarter of 2019. Management looks forward to the rest of 2019.

In the Period, the Group also initiated research and development of its own games for land-based EGE. The objective is to develop suitable games that may attract Southeast Asia players and customers. We hope to market games under the Group's own intellectual property.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Company decreased by approximately 42.8% from approximately HK\$13.9 million for the Corresponding Period to approximately HK\$8.0 million for the Period. The decrease in revenue was mainly attributed to a decrease of income derived from technical sales and distribution of approximately 49.7% for the Period as compared with that for the Corresponding Period.

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

Revenue from major products and services	Three months ended		Period-on-period change
	31 March		
	2019 HK\$	2018 HK\$	%
Technical Sales and Distribution of EGE	6,539,281	12,988,629	-49.7%
Consulting and Technical Services	647,642	512,205	26.4%
Sales of refurbished EGMs	-	-	-
Lease sales of EGMs	-	-	-
Repair Services	777,696	427,589	81.9%
	7,964,619	13,928,423	-42.8%

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin by Revenue Streams

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

For the three months ended 31 March 2019

Breakdown by revenue streams	Technical sales and distribution of EGE HK\$	Consulting and technical services HK\$	Repairs services HK\$	Sales of refurbished EGMs HK\$	Lease sales of EGMs HK\$	Total HK\$
Revenue	6,539,281	647,642	777,696	-	-	7,964,619
Cost of sales and services	(4,504,894)	(312,459)	(282,074)	-	-	(5,099,427)
Gross profit	2,034,387	335,183	495,622	-	-	2,865,192
Gross profit ratio	31.1%	51.7%	63.7%	-	-	35.9%

For the three months ended 31 March 2018

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

Gross profit margin overall increased from approximately 19.7% for the Corresponding Period to approximately 35.9% for the Period. This increase was because in the first quarter of the Corresponding Period, a large portion of Technical Sales was made to one customer who was able to bargain for a lower sales margins.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Expenses

The Group's operating expenses increased by approximately 19.3% from approximately HK\$4.5 million for the Corresponding Period to approximately HK\$5.4 million for the Period. This increase was mainly due to the increases in Directors' remuneration and other staff costs as well as an increase in other general operating expenses.

	Three months ended 31		Period-on- period change %
	March		
	2019 HK\$	2018 HK\$	
Directors' remuneration	849,437	639,437	32.8%
Other staff costs	2,515,082	2,153,311	16.8%

Directors' remuneration increased by approximately 32.8% to approximately HK\$849,437 for the Period from approximately HK\$639,437 for the Corresponding Period due to the appointment of an additional Director.

Profit and Loss

The Group recorded an unaudited net loss attributable to the shareholders of the Company (the "Shareholders") of approximately HK\$1.9 million for the Period as compared to a net loss of approximately HK\$1.7 million for the Corresponding Period.

This loss was mainly due to a drop in revenue from approximately HK\$13.9 million for the Corresponding Period to approximately HK\$7.9 million for the Period.

USE OF PROCEEDS FROM 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 has been disclosed in the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus. Unutilised Net Proceeds as at 31 March 2019 amounted to approximately HK\$6.34 million (31 December 2018: approximately HK\$7.1 million), and are deposited in a licensed bank in Hong Kong. The Company intends to use the remaining Net Proceeds in the coming years in accordance with the purposes set out in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2019, the Group has utilised the Net Proceeds as follows:

	Percentage to total amount	Intended use of Net Proceeds HK\$ million	Utilised amount HK\$ million	Unutilised amount HK\$ million
Upfront deposits for manufacturers to provide more trial products	41.5%	16.6	13.48	3.12
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	5.3	–
Enhancing market recognition in Macau SAR and Southeast Asia and strengthening in-house capability to provide repair services	17.3%	6.9	4.09	2.81
Relocation of office premises	0.7%	0.30	0.30	–
Purchase of tools and equipment and new Enterprise Resource Planning system	6.8%	2.7	2.29	0.41
General working capital	2.7%	1.10	1.10	–
	100%	40.00	33.66	6.34

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the Period, the Group financed its operations by its internal resources. As at 31 March 2019, the Group had net current assets of approximately HK\$75 million versus approximately HK\$59.6 million as at 31 December 2018. The increase in net current assets was mainly attributed to an increase in inventory of approximately HK\$6.9 million. As at 31 March 2019, the Group had no bank borrowings, no bank overdrafts, nor other banking loans. Gearing ratio (which is calculated by dividing total debt by total equity) was not applicable to the Group as at 31 March 2019. There has been no change in the capital structure of the Company since 31 December 2018. The capital structure refers to the maturity profile of debt and obligation, type of capital instrument used, currency and interest rate structure.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the sections headed “Statement of Business Objectives and Use of Proceeds” and “Use of Proceeds”, respectively in the Prospectus, the Group did not have any other plans for material investment or the capital assets as at 31 March 2019.

SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS

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

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had a total of 42 employees (31 March 2018: 35). For the Period, the Group incurred staff costs, including Directors’ remuneration of approximately HK\$3.3 million (31 March 2018: approximately HK\$2.8 million). 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 and directors of the Group and other selected participants. The Company has not granted any share options under the Scheme since its adoption. As at 31 March 2019, there were no outstanding share options and no share options lapsed or were exercised or cancelled during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 31 March 2019, capital commitment was approximately HK\$1.8 million.

CHARGES ON GROUP'S ASSETS

As at 31 March 2019, the Group had no charges on the Group's 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 March 2019, all cash on hand was deposited with licensed financial institutions.

CUSTOMER AND SUPPLIER RELATIONSHIPS

The Group's major customers are mostly casino operators in Macau 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\$9,084. 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 a dividend for the Period (the Corresponding Period: Nil).

DISCLOSURE OF INTERESTS

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

As at 31 March 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required (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 Directors/ chief executive	Capacity/Nature of interest	Number of Shares/ underlying Shares Interested	Approximate percentage of the issued Shares*
Mr. Huie, Allen Tat Yan ("Mr. Huie")	Interest of a controlled corporation and interest held jointly with other persons	725,100,000	72.51%
Mr. Ng Man Ho Herman ("Mr. Ng")	Interest of a controlled corporation and interest held jointly with other persons	725,100,000	72.51%
Mr. Chan Chi Lun ("Mr. Chan")	Interest of a controlled corporation and interest held jointly with other persons	725,100,000	72.51%

Note: The Company is owned as to 72.51% by APE HAT Holdings Limited ("APE HAT") which is beneficially owned as to 39.68%, 39.68% and 20.64% by Mr. Huie, the chairman of the Board and an executive Director, Mr. Ng, the chief executive officer of the Company and an executive Director and Mr. Chan, the chief financial officer of the Company and an executive Director, respectively. Pursuant to a deed of concert parties dated 10 March 2017 (the "Deed of Concert Parties") and signed by Mr. Huie, Mr. Ng and Mr. Chan, each of them 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 underlying Shares, if any, interested divided by the number of issued Shares of 1,000,000,000 as at 31 March 2019.

DISCLOSURE OF INTERESTS

Long Position in the shares of associated corporation

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

Notes:

- (1) APE HAT is a direct Shareholder and is an associated corporation of the Company within the meaning of Part XV of the SFO.
- (2) Each of Mr. Huie, Mr. Ng and Mr. Chan is a director of APE HAT.
- (3) Pursuant to the Deed of Concert Parties, each of Mr. Huie, Mr. Ng and Mr. Chan is deemed to be interested in the Shares in which APE HAT is interested within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 March 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS

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

As at 31 March 2019, so far as is known to the Directors, the following entity, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Position in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested or held	Approximate percentage of the issued Shares*
APE HAT (Notes (1) & (2))	Beneficial owner	725,100,000	72.51%

Notes:

- (1) APE HAT is a direct Shareholder.
- (2) APE HAT is beneficially owned as to 39.68%, 39.68% and 20.64% by Mr. Huie, Mr. Ng and Mr. Chan, respectively.
- * The percentage represents the number of the Shares interested divided by the number of issued Shares of 1,000,000,000 as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined under the GEM Listing Rules) 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 2019, as notified by the Company's compliance adviser, Southwest Securities (HK) Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement dated 16 March 2017 and entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

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

REVIEW BY AUDIT COMMITTEE

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Hong Kong, 10 May 2019

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