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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)

DISCLOSEABLE TRANSACTION OPERATING LEASE AGREEMENT

OPERATING LEASE AGREEMENT

On 31 January 2020, APE Macau, a wholly-owned subsidiary of the Company, entered into the Operating Lease Agreement with Glimex, pursuant to which, among other things, APE Macau agreed to lease the Leased Equipment to Glimex, for use at Jpark Island Resort in the Philippines, for a term of 24 months.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable Percentage Ratio in respect of the Operating Lease Agreement is more than 5% but less than 25%, the transactions contemplated thereunder constitute discloseable transaction of the Company and are subject to reporting and announcement requirement but exempt from the shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

OPERATING LEASE AGREEMENT

The principal terms of the Operating Lease Agreement are summarised as follows:

Date:	31 January 2020
Parties:	Lessor: APE Macau
	Lessee: Glimex

Subject matter:	APE Macau agreed to lease the Leased Equipment to Glimex to be placed at Jpark Island Resort in the Philippines and Glimex agreed to take the Leased Equipment on lease for use at Jpark Island Resort in the Philippines, subject to the terms and conditions of the Operating Lease Agreement.
Lease term:	24 months from the Commencement Date of each Leased Equipment. APE Macau shall have an option to renew the Operating Lease Agreement subject to the same terms and conditions as contained in the Operating Lease Agreement upon giving prior written notice to Glimex before the expiration of the lease period.
Lease payment:	Pursuant to the Operating Lease Agreement, Glimex agreed to pay APE Macau a lease rent of 22.5% of the Net Performance of each Leased Equipment. Glimex shall pay the lease rent to APE Macau on a quarterly basis. The maximum amount of lease rent to be received by APE Macau for the lease term for all Leased Equipment (excluding any renewal thereof) under the Operating Lease Agreement shall not exceed US\$ 1,538,461 (equivalent to approximately HK\$12,000,000).
Ownership of the Leased Equipment:	APE Macau is the owner of the Leased Equipment at all times. Glimex has no rights to the Leased Equipment other than as a lessee.

The value of the Leased Equipment is around US\$1.25 million. The terms of the Operating Lease Agreement, including the percentage of the Net Performance of the Leased Equipment to be received by APE Macau as lease rent and the maximum amount of lease rent, were determined after arm's length negotiations between APE Macau and Glimex, with reference to the value of the Leased Equipment, the performance of the equipment leased to Glimex pursuant to the finance lease agreement dated 11 December 2018 entered into between APE Macau and Glimex and market statistics issued by PAGCOR including but not limited to the number of machines, turnover rate and winning rate.

INFORMATION OF THE PARTIES

The Group

The Group is a total solutions provider of EGEs for land based casinos in Macau as well as other regions in Asia. EGE principally includes electronic table games and electronic gaming machines. The Group's business can be segmented into: (i) technical sales and distribution of EGEs to land based casinos; (ii) the repair of EGEs and sale of spare parts;

(iii) consultancy to suppliers or manufacturers of EGE products to the casino gaming supplier market; (iv) sales of refurbished electronic gaming machines; and (v) the lease sales of EGEs.

The business of the Group is conducted through APE Macau, its wholly-owned subsidiary. APE Macau is the operating company of the Group, which operates the core businesses of the Group out of Macau.

Glimex

Glimex is a company duly organised and existing under and by virtue of the laws of the Philippines and is principally engaged in the business of distribution of products in the power, energy and gaming sectors. Glimex has entered into an agreement with the Operator to supply gaming machines to the Operator. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, (i) Glimex is ultimately owned by Gilbert N. Gacrama; and (ii) each of Glimex and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE OPERATING LEASE AGREEMENT

As disclosed in the Prospectus, the Group will capture further business opportunities by leasing EGEs to its customers in Macau. Given the demand for leasing of EGEs in the Philippines, the Company decided to commence the operating leasing business in the Philippines. It may further expand the operating leasing business in Macau and other South East Asian countries in the future. The Operating Lease Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms subject to arm's length negotiation, which will be beneficial for the Company to generate revenue and profit to the Group and is consistent with the Company's business strategy and the use of proceeds plan as disclosed in the Prospectus. The Directors believe that the terms of the Operating Lease Agreement and the transactions contemplated thereunder are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

Implications under the GEM Listing Rules

As the highest applicable Percentage Ratio in respect of the Operating Lease Agreement is more than 5% but less than 25%, the transactions contemplated thereunder constitute discloseable transaction of the Company and are subject to reporting and announcement requirement but exempt from the shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“APE Macau”	Asia Pioneer Entertainment Limited, a company incorporated in Macau with limited liability
“Commencement Date”	in respect of each Leased Equipment, the date on which such Leased Equipment commences operation, being the date as set out in a certificate of lease to be delivered by Glimex to APE Macau pursuant to the terms of the Operating Lease Agreement
“Company”	Asia Pioneer Entertainment Holdings Limited (亞洲先鋒娛樂控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8400)
“Director(s)”	the director(s) of the Company
“EGE(s)”	electronic gaming equipment
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Glimex”	GLIMEX INC., a corporation duly organised and existing under and by virtue of the laws of the Philippines
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s)
“Leased Equipment”	certain EGEs for use at Palace Casino at Jpark Island Resort in the Philippines
“Macau”	the Macau Special Administrative Region of the People’s Republic of China

“Monthly Machines Collection Report”	the monthly machines collection report in respect of, among others, the Leased Equipment to be prepared by the Operator and submitted by the Operator to PAGCOR from time to time
“Net Performance”	the monthly gross income of each Leased Equipment as set out in the Monthly Machines Collection Report, being the Total Cash In less the Total Cash Out
“Operating Lease Agreement”	the operating lease agreement entered into between APE Macau and Glimex dated 31 January 2020 in relation to the operating leasing arrangement over the Leased Equipment
“Operator”	the VIP tour operator concession owner of Palace Casino at Jpark Island Resort, the Philippines
“PARCOR”	the Philippine Amusement and Gaming Corporation
“Percentage Ratio(s)”	the percentage ratio(s) to be applied for determining the classification of notifiable transactions as set out in Rule 19.07 of the GEM Listing Rules
“Prospectus”	the prospectus of the Company dated 31 October 2017
“Shareholder(s)”	shareholder(s) of the Company
“Share(s)”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Cash In”	the aggregate amount of cash received from customers for each Leased Equipment
“Total Cash Out”	the aggregate amount of cash paid to the customers by each Leased Equipment
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

For illustration purpose only, US\$ is converted into HK\$ at an exchange rate of US\$1 = HK\$7.8 in this announcement.

For and on behalf of
Asia Pioneer Entertainment Holdings Limited
HUIE, Allen Tat Yan
Chairman and Executive Director

Hong Kong, 3 February 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 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 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.