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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)

PROFIT WARNING

This announcement is made by Asia Pioneer Entertainment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Directors**” and the “**Board**”, respectively) wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (the “**Year**”) and the information currently available to the Board, the Group expects to record (i) a loss before tax of approximately HK\$32.0 million for the Year as compared to a loss before tax of approximately HK\$1.7 million for the year ended 31 December 2019 (the “**Previous Year**”); (ii) a decrease in the Group’s revenue by approximately 51% from approximately HK\$82.0 million for the Previous Year to approximately HK\$40.5 million for the Year; and (iii) a decrease in the Group’s gross profit by approximately 63% from approximately HK\$28.6 million for the Previous Year to approximately HK\$10.5 million for the Year.

Based on the information currently available to the Board preceding the publication of this announcement, the Board considered that such loss and decrease in revenue and gross profit were mainly attributable to:

- (i) the one-off accounting impairment of finance lease receivables of approximately HK\$22.9 million as a result of the termination of two finance lease agreements (the “**Finance Leases**”) on 21 May 2020. For details of the termination of the Finance Leases, please refer to the announcements of the Company dated 6 April and 21 May 2020, respectively; and
- (ii) the ongoing outbreak of the novel coronavirus pandemic during the Year which has adversely affected the operations of land-based casinos, leading to a weaker demand for technical sales and distribution of electronic gaming equipment (“**EGE**”) of the Group. It is expected that revenue from technical sales and distribution of EGE, consulting and technical services, and repair services of our Group for the Year would decrease by approximately 51%, 42% and 61%, respectively, as compared to those for the Previous Year.

The Board considered that the one-off impairment loss as a result of the termination of the Finance Leases will not affect the Company’s long-term financial stability. The Company expects to record a positive net operating cash flow of approximately HK\$0.8 million for the Year as compared to a negative net operating cash flow of approximately HK\$2.7 million for the Previous Year. The expected positive operating cash flow for the Year is mainly attributable to a better management of trade receivables. The cash and cash equivalent of the Group is also expected to increase by approximately 11% from approximately HK\$43.6 million as at 31 December 2019 to approximately HK\$48.2 million as at 31 December 2020.

As the Company is still in the course of finalising its consolidated results for the Year, the information contained in this announcement is only based on the Board’s preliminary assessment of the information currently available to Board and the unaudited consolidated management accounts of the Group for the Year, which have not been reviewed or audited by the Company’s independent auditors or the audit committee of the Board. Shareholders and potential investors of the Company are advised to read the Company’s announcement about the Group’s results for the Year, which is expected to be published on or before 25 March 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 12 March 2021

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.