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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board of directors (the “**Directors**”) of Asia Pioneer Entertainment Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2021 (the “**Period**”). This announcement, containing the full text of the 2021 interim report of the Company (the “**2021 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to the information to accompany the preliminary announcement of interim results. The printed version of the 2021 Interim Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.apemacau.com in due course in the manner as required by the GEM Listing Rules.

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

Hong Kong, 13 August 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.

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 of Asia Pioneer Entertainment Holdings Limited (the "Company", and together with its subsidiaries, the "Group" and the "Directors", respectively) 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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2021 INTERIM RESULTS HIGHLIGHTS (UNAUDITED)

The board of Directors (the “**Board**”) announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2021 (the “**Period**”), together with the unaudited corresponding figures for the six months ended 30 June 2020 (the “**Corresponding Period**”). The Group’s revenue decreased by 74.6% from approximately HK\$11.8 million for the Corresponding Period to approximately HK\$3.0 million for the Period.

During the Period, the Group’s gross profit decreased from approximately HK\$3.3 million for the Corresponding Period to approximately HK\$0.2 million for the Period, representing a decrease of approximately 94.2%. The Group’s gross profit margin also decreased to 6.5% for the Period compared to 28.1% for the Corresponding Period.

The Group’s operating expenses decreased by 9.1% over the Period to approximately HK\$9.5 million (Corresponding Period: approximately HK\$10.5 million). This was primarily due to decreases in operating and staff costs.

The Group’s total comprehensive loss for the Period decreased to approximately HK\$9.4 million (Corresponding Period: approximately HK\$29.0 million), mainly due to the decrease in revenue, offset by the effect of a one-time impairment loss of finance lease receivables of approximately HK\$22.9 million for the Corresponding Period.

The Board has resolved not to declare the payment of an interim dividend for the Period (Corresponding Period: Nil).

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Grant Thornton
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TO THE BOARD OF DIRECTORS OF

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)

INTRODUCTION

We have reviewed the interim financial report of Asia Pioneer Entertainment Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 5 to 27, which comprises the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34.

Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the condensed consolidated statement of profit or loss and other comprehensive income for each of the three-month periods ended 31 March 2021 and 2020 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

13 August 2021

Ng Ka Kong

Practising Certificate No.: P06919

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Revenue from contracts with customers	3	990,314	9,455,467	3,005,972	11,835,848
Cost of sales		(1,211,614)	(6,815,226)	(2,811,852)	(8,512,447)
Gross (loss)/profit		(221,300)	2,640,241	194,120	3,323,401
Other income, gains and losses	4	(8,352)	534,460	(30,089)	1,131,402
Impairment losses under expected credit loss ("ECL") model, net of reversal	5	(5,111)	(22,909,287)	(1,568)	(22,876,548)
Operating expenses		(4,798,993)	(5,101,781)	(9,516,316)	(10,466,332)
Finance costs		(19,647)	(31,589)	(41,186)	(66,192)
Loss before tax		(5,053,403)	(24,867,956)	(9,395,039)	(28,954,269)
Income tax expense	6	-	-	-	-
Loss and total comprehensive expense for the period	7	(5,053,403)	(24,867,956)	(9,395,039)	(28,954,269)
Loss per Share					
Basic and diluted	9	(0.005)	(0.025)	(0.009)	(0.029)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	At 30 June 2021 HK\$ (unaudited)	At 31 December 2020 HK\$ (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property and equipment	10	1,188,323	1,125,261
Right-of-use assets	11	1,770,060	2,224,838
Rental deposits	14	220,692	206,560
		3,179,075	3,556,659
Current assets			
Inventories	13	6,917,650	8,466,899
Finance lease receivables	12	–	–
Trade and other receivables	14	4,790,990	6,462,490
Fixed bank deposit		40,304	40,253
Bank balances and cash		39,695,751	48,207,999
		51,444,695	63,177,641
Current liabilities			
Trade and other payables	15	1,909,505	3,523,115
Contract liabilities	16	–	695,587
Lease liabilities		1,123,408	1,081,463
Income tax payable		4,335,609	4,335,609
		7,368,522	9,635,774
Net current assets		44,076,173	53,541,867
Total assets less current liabilities		47,255,248	57,098,526
Non-current liability			
Lease liabilities		563,370	1,011,609
Net assets		46,691,878	56,086,917
EQUITY			
Share capital	18	10,000,000	10,000,000
Reserves		36,691,878	46,086,917
Total equity		46,691,878	56,086,917

The condensed consolidated financial statements on pages 5 to 27 were approved and authorised for issue by the Board on 13 August 2021 and are signed on its behalf by:

Mr. Huie, Allen Tat Yan
DIRECTOR

Mr. Ng Man Ho Herman
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$ (Note a)	Legal reserve HK\$ (Note b)	(Accumulated losses)/ Retained profits HK\$	Total HK\$
As at 1 January 2021 (audited)	10,000,000	55,098,836	(3,416,148)	504,489	(6,100,260)	56,086,917
Loss and total comprehensive expense for the period	-	-	-	-	(9,395,039)	(9,395,039)
Balance as at 30 June 2021 (unaudited)	10,000,000	55,098,836	(3,416,148)	504,489	(15,495,299)	46,691,878
As at 1 January 2020 (audited)	10,000,000	55,098,836	(3,416,148)	504,489	25,932,189	88,119,366
Loss and total comprehensive expense for the period	-	-	-	-	(28,954,269)	(28,954,269)
Balance as at 30 June 2020 (unaudited)	10,000,000	55,098,836	(3,416,148)	504,489	(3,022,080)	59,165,097

Notes:

- The balance of merger reserve represented the share capital of a subsidiary prior to the group reorganisation as part of initial public offering of the Company (the "**Reorganisation**") and the difference between the nominal value of the shares of the Company (the "**Shares**") issued for the acquisition of that subsidiary and the carrying amount of total equity of that subsidiary on the date of completion of the Reorganisation.
- In accordance with provision of the Macau Commercial Code, the Group's subsidiaries incorporated in the Macau Special Administrative Region ("**Macau SAR**") are required to transfer a minimum of 25% of the profit after taxation each year to the legal reserve until the balance meets 50% of its registered capital. The reserve is not distributable to shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(7,147,651)	3,832,298
INVESTING ACTIVITIES		
Interest received	408	101,386
Placement of fixed bank deposit	(51)	(50)
Withdrawal of pledged bank deposit	–	5,164,202
Purchase of property and equipment	(790,954)	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(790,597)	5,265,538
FINANCING ACTIVITIES		
Repayments of lease liabilities	(574,000)	(589,200)
NET CASH USED IN FINANCING ACTIVITIES	(574,000)	(589,200)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,512,248)	8,508,636
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	48,207,999	43,594,183
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	39,695,751	52,102,819

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 Windward 3, Regatta Office Park, PO Box 1350, 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 have been listed on GEM of the Stock Exchange since 15 November 2017 (the “**Listing**” and the “**Listing Date**”, respectively).

The Company is an investment holding company. The Group is 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**”) and (3) the provision of repair services to casino operators (“**Repair Services**”).

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) and the applicable disclosure requirements of the GEM Listing Rules.

The condensed 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

New and amended IFRSs that are effective for annual period beginning on or after 1 January 2021

In the current interim period, the Group has applied for the first time the following amendments to IFRSs issued by IASB, which are relevant to the Group’s operations and effective for the Group’s condensed consolidated financial statements for the period beginning on 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7,
IFRS 4 and IFRS 16

Interest Rate Benchmark Reform — Phase 2

The application of the amendments to IFRSs in the current period had no material impact on the Group’s performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Issued but not yet effective IFRSs

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 and related amendments ²
Amendments to IFRS 3	Reference to the Conceptual Framework ⁴
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ⁵
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendment to Hong Kong Interpretation 5 (2020) ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to IAS 8	Definition of Accounting Estimates ²
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 ¹

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

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 April 2021

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. These new and amended IFRSs are not expected to have a material impact on the Group's condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Technical Sales and Distribution of Electronic Gaming Equipment HK\$	Consultancy and Technical Services HK\$	Repair Services HK\$	Total HK\$
For the six months ended 30 June 2021 (unaudited)				
Types of goods or services				
Technical Sales and Distribution of Electronic Gaming Equipment				
— Electronic table games	1,391,174	—	—	1,391,174
— Spare parts	524,597	—	—	524,597
	1,915,771	—	—	1,915,771
Consultancy and Technical Services				
— Technical supports	—	408,618	—	408,618
— Consultancy services	—	490,071	—	490,071
	—	898,689	—	898,689
Repair Services	—	—	191,512	191,512
Total	1,915,771	898,689	191,512	3,005,972
Geographical markets				
Macau SAR	1,787,287	898,689	191,512	2,877,488
The Republic of Vietnam ("Vietnam")	56,622	—	—	56,622
Others	71,862	—	—	71,862
Total	1,915,771	898,689	191,512	3,005,972
Timing of revenue recognition				
A point in time	1,915,771	1,200	191,512	2,108,483
Over time	—	897,489	—	897,489
Total	1,915,771	898,689	191,512	3,005,972

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers (Continued)

	Technical Sales and Distribution of Electronic Gaming Equipment HK\$	Consultancy and Technical Services HK\$	Repair Services HK\$	Total HK\$
For the six months ended 30 June 2020 (unaudited)				
Types of goods or services				
Technical Sales and Distribution of Electronic Gaming Equipment				
— Electronic table games	5,177,281	—	—	5,177,281
— Electronic gaming machines	1,997,443	—	—	1,997,443
— Spare parts	2,193,889	—	—	2,193,889
	9,368,613	—	—	9,368,613
Consultancy and Technical Services				
— Technical supports	—	819,316	—	819,316
— Consultancy services	—	696,673	—	696,673
	—	1,515,989	—	1,515,989
Repair Services	—	—	951,246	951,246
Total	9,368,613	1,515,989	951,246	11,835,848
Geographical markets				
Macau SAR	4,040,219	1,515,989	922,430	6,478,638
Vietnam	5,236,043	—	—	5,236,043
Others	92,351	—	28,816	121,167
Total	9,368,613	1,515,989	951,246	11,835,848
Timing of revenue recognition				
A point in time	9,368,613	302,209	922,430	10,593,252
Over time	—	1,213,780	28,816	1,242,596
Total	9,368,613	1,515,989	951,246	11,835,848

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers (Continued)

	Technical Sales and Distribution of Electronic Gaming Equipment HK\$	Consultancy and Technical Services HK\$	Repair Services HK\$	Total HK\$
For the three months ended 30 June 2021 (unaudited)				
Types of goods or services				
Technical Sales and Distribution of Electronic Gaming Equipment				
— Spare parts	325,887	–	–	325,887
Total	325,887	–	–	325,887
Consultancy and Technical Services				
— Technical supports	–	189,239	–	189,239
— Consultancy services	–	336,455	–	336,455
Total	–	525,694	–	525,694
Repair Services	–	–	138,733	138,733
Total	325,887	525,694	138,733	990,314
Geographical markets				
Macau SAR	229,086	525,694	138,733	893,513
Vietnam	24,939	–	–	24,939
Others	71,862	–	–	71,862
Total	325,887	525,694	138,733	990,314
Timing of revenue recognition				
A point in time	325,887	1,200	138,733	465,820
Over time	–	524,494	–	524,494
Total	325,887	525,694	138,733	990,314

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers (Continued)

	Technical Sales and Distribution of Electronic Gaming Equipment HK\$	Consultancy and Technical Services HK\$	Repair Services HK\$	Total HK\$
For the three months ended 30 June 2020 (unaudited)				
Types of goods or services				
Technical Sales and Distribution of Electronic Gaming Equipment				
— Electronic table games	5,177,281	—	—	5,177,281
— Electronic gaming machines	1,997,443	—	—	1,997,443
— Spare parts	1,186,782	—	—	1,186,782
	8,361,506	—	—	8,361,506
Consultancy and Technical Services				
— Technical supports	—	270,194	—	270,194
— Consultancy services	—	365,970	—	365,970
	—	636,164	—	636,164
Repair Services	—	—	457,797	457,797
Total	8,361,506	636,164	457,797	9,455,467
Geographical markets				
Macau SAR	3,091,874	636,164	447,447	4,175,485
Vietnam	5,177,281	—	—	5,177,281
Others	92,351	—	10,350	102,701
Total	8,361,506	636,164	457,797	9,455,467
Timing of revenue recognition				
A point in time	8,361,506	35,146	447,447	8,844,099
Over time	—	601,018	10,350	611,368
Total	8,361,506	636,164	457,797	9,455,467

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. OTHER INCOME, GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Other income				
Interest under effective interest method on finance lease receivables	–	230,289	–	683,850
Government grant (<i>note</i>)	–	194,175	–	194,175
Bank interest income	77	24,524	408	74,524
COVID-19-related rent concessions	800	21,400	800	21,400
Effective interest income on rental deposits	1,804	2,001	3,506	4,002
Others	3,882	18,092	4,644	18,266
	6,563	490,481	9,358	996,217
Other gains and losses				
Net foreign exchange (loss)/gain	(14,915)	43,979	(39,447)	135,185
	(8,352)	534,460	(30,089)	1,131,402

Note: On 27 May 2020, the Macau SAR government enacted Administrative Regulation No.19/2020, among other things and grants a range of Macau Pataca (“MOP”) 15,000 to MOP200,000 (equivalent approximately to HK\$14,563 to HK\$194,175) to eligible Macau business enterprises. The Directors considered reasonably certain and recognised a government grant of HK\$194,175 during the year ended 31 December 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Impairment losses (recognised)/ reversed on:				
— Finance lease receivables	—	(22,854,825)	—	(22,854,825)
— Trade receivables	(5,111)	(54,462)	(1,568)	(21,723)
	(5,111)	(22,909,287)	(1,568)	(22,876,548)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

As at 30 June 2021, no impairment allowance for other financial assets, mainly comprises of rental deposits, other receivables, fixed bank deposit and bank balances, was made since the Directors consider the probability of default is negligible as such amounts are receivable from or placed in banks in Macau SAR and Hong Kong Special Administrative Region ("**Hong Kong SAR**") which have good reputation or are considered the historical experience and forward-looking information and are assessed the risk of default as low.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. INCOME TAX EXPENSE

The Group is subject to Macau SAR Complementary Tax at a rate of 12% on the assessable profits for both periods. No provision for income tax has been made as the Group has no assessable profits for both periods.

The Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands pursuant to the rules and regulations in those jurisdictions.

7. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Directors' remunerations	1,009,860	779,860	1,789,720	1,692,889
Other staff costs				
— Salaries and allowances	2,220,811	2,282,160	4,433,831	4,870,483
— Retirement benefits scheme contributions (<i>note</i>)	10,631	11,155	21,019	22,165
	3,241,302	3,073,175	6,244,570	6,585,537
Lease charges:				
— Short term leases	66,699	89,199	133,398	132,540
— COVID-19-related rent concessions	(800)	(21,400)	(800)	(21,400)
Total lease charges	65,899	67,799	132,598	111,140
Depreciation:				
— Property and equipment	261,040	467,113	727,892	935,575
— Right-of-use assets	291,539	351,608	583,273	703,217
Total depreciation	552,579	818,721	1,311,165	1,638,792
Auditor's remuneration	462,136	771,262	724,272	1,062,524
Research and development costs recognised as an expense (included in operating expenses)	—	78,350	—	78,350
Cost of inventories recognised as an expense, including	203,767	5,757,052	1,369,850	6,421,487
— Write-down of inventories to net realisable value	—	—	370,730	—

Note: At the end of the reporting period, the Group had no forfeited contributions available to reduce its existing contributions to the retirement benefit scheme in future years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8. DIVIDEND

No dividend was paid or proposed for the current interim period, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per Share attributable to the owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)	2021 HK\$ (unaudited)	2020 HK\$ (unaudited)
Loss				
Loss for the purpose of basic loss per Share (loss for the period attributable to the owners of the Company)	(5,053,403)	(24,867,956)	(9,395,039)	(28,954,269)
	'000	'000	'000	'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	1,000,000	1,000,000

Diluted loss per Share for both periods were the same as basic loss per Share as there were no potential ordinary Shares in issue during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. PROPERTY AND EQUIPMENT

	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Carrying values		
Leasehold improvement	–	479,365
Furniture, fixtures and equipment	173,828	220,293
Electrical equipment	594,074	65,519
Computers	388,421	282,084
Motor vehicles	32,000	78,000
	1,188,323	1,125,261

During the current interim period, property and equipment of HK\$790,954 is acquired (2020: nil).

11. RIGHT-OF-USE ASSETS

During the current interim period, a new lease agreement (2020: nil) for car parks with lease term longer than 1 year was entered, with a corresponding addition of right-of-use assets of HK\$128,495 (2020: nil). The carrying amounts of right-of-use assets and lease liabilities are HK\$1,770,060 and HK\$1,686,778 (31 December 2020: HK\$2,224,838 and HK\$2,093,072), respectively.

12. FINANCE LEASE RECEIVABLES

During the year ended 31 December 2018, the Group sold certain electronic gaming equipment in finance leases arrangement. The average terms of finance leases entered into are for 5 years. All interest rates inherent in the leases are fixed on the contract date over the lease terms.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12. FINANCE LEASE RECEIVABLES (Continued)

Due to the outbreak of COVID-19, casino operations of the lessees have been completely suspended since March 2020. Lease payments of finance lease receivables from the lessees are solely dependent on cash flows from their operations. It is uncertain when the operations of relevant casinos could be resumed. On 21 May 2020, the finance lease agreements were terminated in accordance with the terms of the finance lease agreements and the total carrying amount of finance lease receivables on the date of termination approximately HK\$25,908,106 was determined uncollectible. Upon the termination, the Group exercised its right to demand the return of the electronic gaming equipment with the total fair value approximately HK\$3,053,281 recognised as inventories. For details, please refer to the announcements of the Company dated 6 April and 21 May 2020, respectively.

As at 30 June 2021, the gross investment in the leases and allowance for credit losses are HK\$22,988,870 and HK\$22,988,870 (31 December 2020: HK\$22,988,870 and HK\$22,988,870), respectively.

13. INVENTORIES

	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Spare parts	2,834,113	3,422,164
Finished goods	1,527,302	1,527,302
Goods in transit	2,556,235	3,517,433
	6,917,650	8,466,899

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Trade receivables on contracts with customers	565,566	1,016,498
Less: Allowance for credit losses	(39,088)	(37,520)
	526,478	978,978
Other receivables, prepayments and deposits		
— Purchase and trial products deposits to suppliers (note)	3,623,611	4,448,271
— Other prepayments and deposits	467,834	871,783
— Other receivables	173,067	151,858
— Rental deposits	220,692	218,160
	5,011,682	6,669,050
Representing:		
— Current	4,790,990	6,462,490
— Non-current	220,692	206,560
	5,011,682	6,669,050

The Group allows an average credit period of 30 days to its trade customers throughout the current interim period.

Note: As at 30 June 2021, the Group has paid HK\$3,623,611 (31 December 2020: HK\$4,448,271) on purchase and trial products deposits. The Group cooperated with electronic gaming equipment manufacturers to provide trial period for casino operators to test the performance of new products before confirming the purchase. Under exclusive distribution agreement with manufacturers, the Group is required to pay in the range of 30% to 50% of the total purchase price as deposit for securing the purchase or trial of products. Such deposits are expected to be utilised for purchase within one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
0-30 days	482,046	783,090
31-60 days	25,088	19,116
61-90 days	14,130	168,289
91-180 days	–	1,702
Over 180 days	44,301	44,301
	565,566	1,016,498

15. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Trade payables	269,241	1,459,933
Payroll payables and other accrued staff costs	152,360	188,553
Other payables and accrued expenses	953,923	1,340,648
Provision for restoration	533,981	533,981
	1,909,505	3,523,115

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. TRADE AND OTHER PAYABLES (Continued)

The credit period on trade payables is ranging from 30 to 60 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:

	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
0-30 days	138,588	1,081,446
31-60 days	5,175	150,980
61-90 days	112,603	51,062
Over 90 days	12,875	176,445
	269,241	1,459,933

16. CONTRACT LIABILITIES

	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Technical Sales and Distribution of Electronic Gaming Equipment	-	695,587

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. SHARE OPTION SCHEME

The Group's share option scheme (the "**Share Option Scheme**") was conditionally adopted pursuant to a resolution passed on 25 October 2017 for the primary purpose of providing incentives to Directors and eligible employees, and will expire on 24 October 2027. Under the Share Option Scheme, the Board may grant options to eligible employees, including Directors and its subsidiaries, to subscribe for Shares.

The subscription price is set at highest of (a) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (b) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

The aggregate number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, and other schemes offered by the Company, as from the date of adoption of the Share Option Scheme, shall not exceed 10% of the Shares in issue on the Listing Date. The overall limit on the number of Shares which shall be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme, and other schemes offered by the Company, shall not exceed 30% of the issued share capital of the Company from time to time. The total number of Shares issued, and to be issued, upon exercise of options granted in accordance with the Share Option Scheme to the participant in any 12-month period shall not exceed 1% of the issued share capital of the Company.

As at 30 June 2021 and 31 December 2020, no option has been granted pursuant to the Share Option Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

18. SHARE CAPITAL

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

	Number of Shares	Share capital <i>HK\$</i>
Authorised:		
Ordinary Shares of HK\$0.01 each		
As at 1 January 2020 (audited), 31 December 2020 (audited), 1 January 2021 (audited) and 30 June 2021 (unaudited)		
	10,000,000,000	100,000,000
Issued and fully paid:		
Ordinary Shares of HK\$0.01 each		
As at 1 January 2020 (audited), 31 December 2020 (audited), 1 January 2021 (audited) and 30 June 2021 (unaudited)		
	1,000,000,000	10,000,000

19. LEASE COMMITMENT

As lessee

As at 30 June 2021 and 31 December 2020, the lease commitments for short-term leases are as follows:

	As at 30 June 2021 <i>HK\$</i> (unaudited)	As at 31 December 2020 <i>HK\$</i> (audited)
Warehouse		
— Within one year	103,800	210,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

20. CAPITAL COMMITMENT

	As at 30 June 2021 HK\$ (unaudited)	As at 31 December 2020 HK\$ (audited)
Contracted but not provided for		
— Property and equipment	36,214	199,223

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a total solutions provider of electronic gaming equipment (“**EGE**”) for land-based casinos in Macau SAR as well as other regions in Asia. EGE principally includes electronic table games (“**ETG**”) and electronic gaming machines (“**EGM**”). The Group’s business can be divided into: (i) the technical sales and distribution of EGE to land-based casinos; (ii) the provision of repair services to casino operators; and (iii) the provision of consultancy and technical services.

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.

The novel coronavirus disease 2019 (“**COVID-19**”) pandemic which started in January 2020 continues to be ongoing for approximately 18 months now. The pandemic continues to adversely impact the operations of our customers, particularly the land-based casinos in Macau SAR. As a result the Group’s performance for the Period continues to be adversely affected.

During the Period, revenues from the Technical Sales and Distribution of EGE, Consulting and Technical Services and Repair Services, for the Period had decreased by approximately 79.6%, 40.7% and 79.9%, respectively, as compared to those for the Corresponding Period.

During the Period, the Group renamed its inactive subsidiary, APE Sports And Entertainment Limited, to APE Smart Commerce Limited (“**SmartCom**”) as part of its diversification strategy. SmartCom will focus on operating smart vending machines (“**VMS**”) targeting tourists and consumers in Macau SAR and the Greater Bay Area in the People’s Republic of China (the “**PRC**” or “**China**” and the “**GBA**”, respectively) (please refer to “Forward Outlook” in this report for further discussions). The Group believes this diversification into smart VMS operations will help broaden and enhance the Group’s overall business.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business and results of operation are highly dependent on the demand of casinos, particularly at the time of new casino openings and replacement of used EGEs. This demand has been negatively impacted by the COVID-19 crisis which has affected the operations of the Group's major customers, the Macau SAR land-based casinos. The Group's revenue is also highly dependent on the products from its suppliers. Instead of relying on gaming machine agents to supply their products to casino operators in Macau SAR, some manufacturers of EGE may choose to supply EGEs to casino operators in Macau SAR by direct sales. If any of the Group's existing suppliers decides to supply EGEs to casino operators in Macau SAR directly without engaging the Group, the Group's business, financial condition and operations could be materially and adversely affected. In addition, other manufacturers of EGE that wish to enter into the Macau SAR market in the future may choose to make direct sales to casino operators in Macau SAR by obtaining the relevant approval from the Direcção de Inspeção e Coordenação de Jogos (the Gaming Inspection and Coordination Bureau of Macau SAR). The Group will then face increased competition and its business, financial condition and operations may be materially and adversely affected.

COVID-19 — RISKS AND UNCERTAINTIES

The outbreak of COVID-19 pandemic had severe impact on the casino operators' operations in Macau SAR as well as Southeast Asia. As a result, there was a weaker demand for technical sales and distribution of EGEs of the Group. During the Period, some of the orders of the EGE received by the Group were delayed or cancelled.

FORWARD OUTLOOK

The Group continues to be cautiously optimistic that the market for EGEs and casino products will begin to recover in the second half of 2021. This view is based on the assumption that travel bubble corridors will open up between China and Macau SAR, which will continue to allow tourists to travel to Macau SAR without quarantine restrictions.

During the Period, the Group began implementation of its diversification strategy under SmartCom into smart VM operations in Macau SAR. The Group's underlying rationale for diversifying into smart VMs are as follows: 1) The Group has extensive experience maintaining, repairing and operating consumer-related machines; 2) The Group has extensive experience integrating software platforms and machines; 3) As a Macau SAR based company with over 15 years of operating history, the Group has intimate local knowledge and relationships with locations such as hotels, malls, visitor sites throughout Macau SAR; 4) The smart VMs business as part of the growing smart vending market aims to provide convenience to travellers and mobile consumers, it is a fast growing market; 5) Smart VMs has benefitted from advances in cashless payment and new information technologies, and has proven to be highly effective in selling and distributing products to consumers; and 6) Smart VMs can be used to promote and deliver quality Macau-branded products to the numerous tourists that visit Macau SAR on a regular basis.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group has installed three smart VMs in Macau SAR under our SmartCom brand. SmartCom has also signed consignment and purchase agreements with several Macau-branded products for our smart VMs. The Group is now implementing our roll-out strategy. We are hopeful that more of smart VMs can be rolled out to various locations throughout Macau SAR in the second half of 2021.

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by approximately 74.6% from approximately HK\$11.8 million for the Corresponding Period to approximately HK\$3.0 million for the Period. The decrease in revenue was mainly attributable to a 79.6% decrease of income derived from Technical Sales and Distribution of EGE 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	Six months ended		Period-on-
	30 June		period
	2021	2020	change
	HK\$	HK\$	%
Technical Sales and Distribution of EGE	1,915,771	9,368,613	-79.6%
Consultancy and Technical Services	898,689	1,515,989	-40.7%
Repair Services	191,512	951,246	-79.9%
Total	3,005,972	11,835,848	-74.6%

Technical Sales and Distribution of EGE

Revenue from Technical Sales and Distribution of EGE decreased 79.6% to approximately HK\$1.9 million for the Period (Corresponding Period: approximately HK\$9.4 million) mainly due to the impact of COVID-19 on our major customers resulting in delayed or cancelled orders.

Gross profit margin on sale of EGE decreased to (0.2)% over the Period (Corresponding Period: 26.5%). The reason for the decrease in gross profit margin was attributed to the lower overall selling prices and the write down of inventories to net realisable value in the Period compared to those in the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Consultancy and Technical Services

Consultancy and Technical Services revenue decreased by 40.7% between the Period and the Corresponding Period. This was due to the impact of COVID-19 on our suppliers who have reduced demand for the Group's Consultancy and Technical Services.

Repair Services

Repair Services revenue decreased by 79.9% to approximately HK\$0.2 million for the Period (Corresponding Period: HK\$1.0 million). This was due to a slowdown of casino repairs during the Period mainly due to the outbreak of COVID-19.

Gross profit and gross profit margin by revenue streams

The following table sets forth the breakdown of the Group's gross profit margin by types of goods and services for the Period and the Corresponding Period:

For the six months ended 30 June 2021

	Technical sales and distribution of EGE HK\$	Consultancy and technical services HK\$	Repair services HK\$	Total HK\$
Revenue	1,915,771	898,689	191,512	3,005,972
Cost of sales and services	(1,919,079)	(750,885)	(141,888)	(2,811,852)
Gross (loss)/profit	(3,308)	147,804	49,624	194,120
Gross (loss)/profit margin	-0.2%	16.4%	25.9%	6.5%

For the six months ended 30 June 2020

	Technical sales and distribution of EGE HK\$	Consultancy and technical services HK\$	Repair services HK\$	Total HK\$
Revenue	9,368,613	1,515,989	951,246	11,835,848
Cost of sales and services	(6,885,300)	(1,154,540)	(472,607)	(8,512,447)
Gross profit	2,483,313	361,449	478,639	3,323,401
Gross profit margin	26.5%	23.8%	50.3%	28.1%

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gross profit margin decreased from approximately 28.1% for the Corresponding Period to approximately 6.5% for the Period. The decrease in gross profit margin was attributable to (i) a decrease in gross profit margin for Technical Sales and Distribution of EGE due to lower overall selling prices; (ii) a decrease in gross profit for Consultancy and Technical Services; and (iii) a decrease in gross profit for Repair Services.

Other income, gains and losses

The Group incurred net foreign exchange loss of HK\$39,447 for the Period (Corresponding Period: gain of HK\$135,185) due to the fluctuation of European dollar ("EUR") against HK\$, which was unfavourable to our payables position to one of our suppliers in Europe.

Operating expenses

The Group's operating expenses decreased by approximately 9.1% from approximately HK\$10.5 million for the Corresponding Period to approximately HK\$9.5 million for the Period. This decrease was attributable to staff voluntary unpaid leave scheme as well as a review of the Group's ongoing operating expenses.

Impairment on financial assets

The Group recognised an impairment loss of HK\$1,568 for trade receivables for the Period (Corresponding Period: approximately HK\$22.9 million for finance lease receivables and HK\$21,723 for trade receivables).

Loss

The Group recorded net loss attributable to the owners of the Company of approximately HK\$9.4 million for the Period compared to a net loss of approximately HK\$29.0 million for the Corresponding Period. The decrease in loss was mainly attributable to a decrease in revenue to approximately HK\$3.0 million for the Period as compared to approximately HK\$11.8 million for the Corresponding Period, being a 74.6% drop, offset by the effect of a one-time impairment loss of finance lease receivables of approximately HK\$22.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

New Business Objectives

The following table describes the Group's new business objectives which will help the Group expand its revenue base beyond its existing business and provide future growth to the shareholders of the Company.

New Business Objectives	Actual Business Progress
Seeking new business opportunities for the Group to take advantage of its local presence in Macau SAR.	The Group continues to explore opportunities in equipment supply and services to Macau SAR integrated resorts and related land-based casinos which are the core customer base of the Group.
Targeting a further 40 VMs installations throughout Macau SAR before the end of 2021.	SmartCom, the Group's wholly owned subsidiary, has installed 3 VMs during the Period and seeking to enter the Macau SAR consumer retail sector with VMs and e-commerce apps to target 39 million tourist visits (2019) and 700,000 local consumers in Macau SAR.
Seeking to enter the GBA consumer retail sector using SmartCom strategy targeting a combined 70 million consumer population base throughout 9 major cities within GBA.	The Group is in the process of setting up a wholly owned foreign enterprise in PRC and registering trademarks to allow operations of SmartCom business on GBA.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the Period, the Group financed its operations by its internal resources. As at 30 June 2021, the Group had net current assets of approximately HK\$44.1 million compared with those of approximately HK\$53.5 million as at 31 December 2020. As at 30 June 2021 and 31 December 2020, the Group had no bank borrowings, bank overdrafts, nor other bank loans. Gearing ratio (which is calculated by dividing total debt by total equity and then multiplied by 100%) was not applicable to the Group as at 30 June 2021. As at 30 June 2021, the capital structure of the Company comprised issued share capital and reserves. There has been no change in the capital structure of the Company since 31 December 2020. The capital structure refers to the maturity profile of debt and obligation, type of capital instruments used, currency and interest rate structure.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have any other plans for material investment or capital assets as at the date of this report.

SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, the Group did not make any significant investments or material acquisitions and disposal of subsidiaries, associates or joint ventures during the Period.

CONTINGENT LIABILITIES

As at 30 June 2020 and 2021, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had a total of 42 employees (30 June 2020: 42). Employee remuneration package is based on the previous working experience and actual performance of individual employees. Apart from the basic salary, discretionary bonus and allowance will be granted to employees based on their individual performance approved by the executive Directors. For the Period, the Group incurred staff costs, including Directors' remuneration of approximately HK\$6.2 million (Corresponding Period: approximately HK\$6.6 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. The Group provides ongoing on-the-job training to its employees to enhance their performance and improve their technical expertise. Apart from internal training, EGE manufacturers also provide external trainings to the Group's employees, covering topics such as the operation and features of their products.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group had capital commitment of HK\$36,214 (30 June 2020: approximately HK\$1.8 million).

CHARGES ON GROUP'S ASSETS

As at 30 June 2021, the Group had no charges on its assets (31 December 2020: 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 30 June 2021, all cash on hand was deposited with licensed financial institutions in Hong Kong SAR and Macau SAR.

MANAGEMENT DISCUSSION AND ANALYSIS

CUSTOMER RELATIONSHIPS

The Group's major customers are mostly casino operators in Macau SAR which are listed on the Stock Exchange. The Group is committed to building long-term and stable business relationships with existing customers through its 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.

Revenue attributed from customers that accounted for 10% or more of the Group's revenue during the Period is as follows:

	Six months ended 30 June	
	2021 HK\$ Unaudited	2020 HK\$ Unaudited
Customer A	N/A [#]	5,236,043
Customer B	N/A [#]	1,255,171
Customer C	N/A [#]	1,243,762
Customer D	1,629,534	N/A [#]
Customer E	642,466	N/A [#]
Customer F	339,461	1,225,190

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

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 EUR. For the Period, the Group reported a net foreign exchange loss of HK\$39,447 (Corresponding Period: gain of HK\$135,185). This was due to the fluctuation of EUR against HK\$. The Group will closely monitor its foreign exchange exposure and will consider hedging significant currency exposure should the need arise.

DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period (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 30 June 2021, 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 SAR (the "SFO"), which were required to be (a) 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, recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Long Position in 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")	Beneficial owner	733,710,000 <small>Notes 1,2,3,4&5</small>	73.37%
Mr. Ng Man Ho Herman ("Mr. Ng")	Beneficial owner	733,710,000 <small>Notes 1,2,3,4&5</small>	73.37%
Mr. Chan Chi Lun ("Mr. Chan")	Beneficial owner	733,710,000 <small>Notes 1,2,3,4&5</small>	73.37%

Note 1: On 14 January 2020, APE HAT Holdings Limited holding a total of 725,100,000 Shares had made a restructure and transferred 287,719,680, 287,719,680 and 149,660,640 Shares to 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 and the compliance officer of the Company as well as an executive Director, respectively. Pursuant to a deed of concert parties dated 10 March 2017 and signed by Mr. Huie, Mr. Ng and Mr. Chan (the "Deed of Concert"), each of them has agreed and confirmed, among other things, that they have been cooperating with each other and acting in concert in relation to the Group (for the purpose of the Code of Takeovers and Mergers of Hong Kong SAR) 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 725,100,000 Shares, representing 72.51% of the total number of Shares in issue, held by them altogether.

DISCLOSURE OF INTERESTS

Note 2: On 14 September 2020, Mr. Chan acquired 1,920,000 Shares on the market. Pursuant to the Deed of Concert, both Mr. Huie and Mr. Ng also deemed to be interested in such 1,920,000 Shares. By virtue of the SFO, Mr. Huie, Mr. Ng and Mr. Chan are deemed to be interested in 727,020,000 Shares, representing 72.70% of the total number of Shares in issue, held by them altogether. From 19 to 24 November 2020, Mr. Huie acquired 1,690,000 Shares in total on the market. Pursuant to the Deed of Concert, both Mr. Ng and Mr. Chan also deemed to be interested in such 1,690,000 Shares. By virtue of the SFO, Mr. Huie, Mr. Ng and Mr. Chan are deemed to be interested in 728,710,000 Shares, representing 72.87% of the total number of Shares in issue, held by them altogether.

Note 3: On 30 and 31 March 2021, Mr. Huie acquired 900,000 Shares in total on the market. Pursuant to the Deed of Concert, both Mr. Ng and Mr. Chan also deemed to be interested in such 900,000 Shares. By virtue of the SFO, Mr. Huie, Mr. Ng and Mr. Chan are deemed to be interested in 729,610,000 Shares, representing 72.96% of the total number of Shares in issue, held by them altogether.

Note 4: On 1 and 7 April 2021, Mr. Huie acquired 3,100,000 Shares in total on the market. Pursuant to the Deed of Concert, both Mr. Ng and Mr. Chan also deemed to be interested in such 3,100,000 Shares. By virtue of the SFO, Mr. Huie, Mr. Ng and Mr. Chan are deemed to be interested in 732,710,000 Shares, representing 73.27% of the total number of Shares in issue, held by them altogether.

Note 5: On 9 April 2021, Mr. Ng acquired 1,000,000 Shares in total on the market. Pursuant to the Deed of Concert, both Mr. Huie and Mr. Chan also deemed to be interested in such 1,000,000 Shares. By virtue of the SFO, Mr. Huie, Mr. Ng and Mr. Chan are deemed to be interested in 733,710,000 Shares, representing 73.37% of the total number of Shares in issue, held by them altogether.

* 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 30 June 2021.

Save as disclosed above, as at 30 June 2021, 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 (a) 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, recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, 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 30 June 2021, other than the interests which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO in respect of the Directors and the chief executive of the Company, the Company had not been notified by any person or entity, not being a Director or the chief executive of the Company, of having 5% or more of the interests and short positions in the Shares and underlying Shares as required to be recorded in the register 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) or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a 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 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings in the securities (the "**Required Standard of Dealings**") as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had fully complied with the Required Standard of Dealings during the Period.

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

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

SHARE OPTION SCHEME

The Share Option Scheme became effective upon the commencement of dealings of the Shares on the Listing Date. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the participants to the Group by granting options to them as incentives or rewards. The Board considers that the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board may, at its discretion and on such terms as it may think fit, grant an option to any participant, including directors (including executive Directors and the independent non-executive Directors (“**INEDS**”)), executive, employee, consultant, adviser and/or agent of any member of the Group and any other person who has contributed to the success of the Listing, in each case, as determined by the Board.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not exceed 100,000,000 Shares, representing 10% of the Shares in issue upon the Listing. The total number of the Shares issued and to be issued upon exercise of the options granted to each grantee (with the exception of the INEDs, the substantial Shareholders and their respective associates (the “**Relevant Parties**”)) under the Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being unless approval from the Shareholders in general meeting (the “**Shareholders’ Approval**”) is obtained with such grantee and his/her/its associates abstaining from voting. The Relevant Parties are subject to 0.1% of the Shares or a maximum of HK\$5 million in respect of the value of the underlying Shares unless the Shareholders’ Approval is obtained. The exercisable period of an option under the Share Option Scheme will be notified by the Board to each participant, which shall not exceed 10 years from the date upon which the option is deemed to be granted and accepted. The Board will determine the minimum period, which shall be no less than one year, for which an option must be held before it becomes exercisable. HK\$1.00 is payable by a grantee on acceptance of the options. The subscription price for the Shares payable on the exercise of an option shall be a price determined by the Board at its absolute discretion and notified to a participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of option(s), which must be a business day; (ii) the average of the closing prices of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of option(s); or (iii) the nominal value of a Share on the date of grant of option(s). The Share Option Scheme is valid for a period which commenced on the Listing Date and will expire at 5:00 p.m. on the business day preceding the tenth anniversary of such date.

As at the date of this report, the Company has not granted or issued any option. Therefore, no options lapsed or were exercised or cancelled during the Period and there were no outstanding options as at 30 June 2021. Further details regarding the principal terms of the Share Option Scheme were included in the prospectus of the Company dated 31 October 2017 under the section “Appendix IV Statutory and General Information — Share Option Scheme”.

CORPORATE GOVERNANCE AND OTHER INFORMATION

IMPORTANT EVENTS AFTER THE PERIOD

The Board is not aware of any material event requiring disclosure, that has taken place subsequent to 30 June 2021 and up to the date of this report.

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 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 of the Group for the Period and this 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, 13 August 2021

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.