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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 2019**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE (THE “GEM”)**

**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.**

*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 2019. This announcement, containing the full text of the 2019 interim report of the Company (the “**2019 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) in relation to the information to accompany preliminary announcement of interim results. The printed version of the 2019 Interim Report containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company (the “**Shareholders**”) and available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.apemacau.com](http://www.apemacau.com) in due course in the manner as required by the GEM Listing Rules.*

## 2019 INTERIM 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 2019 (the “**Period**”), together with the unaudited corresponding figures for the six months ended 30 June 2018 (the “**Corresponding Period**”). The Group’s revenue decreased by 2.7% from approximately HK\$22.5 million for the Corresponding Period to approximately HK\$21.9 million for the Period.

During the Period, the Group’s gross profit increased from approximately HK\$5.7 million for the Corresponding Period to approximately HK\$8.2 million for the Period, representing an increase of approximately 43.2%. Gross Margins from total sales of products and services also increased to 37.7% for the Period compared to 25.6% for the Corresponding Period.

The Group’s operating expenses increased by 50% over the Period to HK\$15.1 million (Corresponding Period: HK\$10.1 million). This was primarily due to the increases in staffing costs and associated costs of game development expenses.

The Group’s total comprehensive loss for the Period increased by 9% to approximately HK\$5.5 million (the “**Net Loss**”) (Corresponding Period: Net Loss of approximately HK\$5 million). The Net Loss was mainly due to the 50% increase in the Group’s operating expenses.

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

## UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The Board (the “**Board**”) of Directors (the “**Directors**”) of Asia Pioneer Entertainment Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months and three months ended 30 June 2019, together with the comparative unaudited figures of the Corresponding Periods in 2018. The interim results of the Group have been reviewed by the audit committee of the Company (the “**Audit Committee**”), comprising three independent non-executive Directors (the “**INEDs**”) and reviewed by Messrs. Deloitte Touche Tohmatsu, the independent auditor of the Company, in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Three months ended 30 June		Six months ended 30 June	
		2019	2018	2019	2018
	NOTES	HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue of goods and services	3	<b>13,965,903</b>	8,613,402	<b>21,930,522</b>	22,541,825
Cost of sales and services		<b>(8,569,981)</b>	(5,587,515)	<b>(13,669,411)</b>	(16,772,884)
Gross profit		<b>5,395,922</b>	3,025,887	<b>8,261,111</b>	5,768,941
Other income, gains and losses	4	<b>766,721</b>	(183,378)	<b>1,386,251</b>	(148,732)
Impairment losses under expected credit loss model, net of reversal	5	<b>98,760</b>	–	<b>91,758</b>	(574,334)
Operating expenses		<b>(9,771,544)</b>	(6,109,413)	<b>(15,127,016)</b>	(10,061,536)
Finance costs		<b>(41,632)</b>	–	<b>(85,998)</b>	–
Loss before tax		<b>(3,551,773)</b>	(3,266,904)	<b>(5,473,894)</b>	(5,015,661)
Income tax expense	6	<b>–</b>	–	<b>–</b>	–
Loss and total comprehensive expense for the period	7	<b>(3,551,773)</b>	(3,266,904)	<b>(5,473,894)</b>	(5,015,661)
Loss per share					
Basic	9	<b>(0.004)</b>	(0.003)	<b>(0.005)</b>	(0.005)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 June 2019*

	<i>NOTES</i>	At 30 June 2019 <i>HK\$</i> (unaudited)	At 31 December 2018 <i>HK\$</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	<i>10</i>	<b>3,816,362</b>	5,104,929
Right-of-use assets	<i>11</i>	<b>3,975,244</b>	–
Deposit for property and equipment		<b>1,400,000</b>	1,400,000
Finance lease receivables	<i>12</i>	<b>22,114,415</b>	24,871,684
Rental deposits		<b>165,937</b>	180,000
		<b>31,471,958</b>	31,556,613
<b>CURRENT ASSETS</b>			
Inventories	<i>13</i>	<b>7,280,632</b>	2,337,484
Finance lease receivables	<i>12</i>	<b>7,239,079</b>	5,522,526
Trade and other receivables	<i>14</i>	<b>27,141,249</b>	28,708,350
Pledged bank deposit		<b>5,053,761</b>	5,000,000
Fixed bank deposit		<b>40,203</b>	40,152
Bank balances and cash		<b>34,390,942</b>	47,507,886
		<b>81,145,866</b>	89,116,398
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>15</i>	<b>12,064,867</b>	24,114,781
Contract liabilities	<i>16</i>	<b>5,841,806</b>	–
Lease liabilities		<b>1,010,304</b>	–
Tax payable		<b>5,389,842</b>	5,389,842
		<b>24,306,819</b>	29,504,623
<b>NET CURRENT ASSETS</b>		<b>56,839,047</b>	59,611,775
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>88,311,005</b>	91,168,388

		At 30 June 2019 <i>HK\$</i> (unaudited)	At 31 December 2018 <i>HK\$</i> (audited)
NON-CURRENT LIABILITIES			
Lease liabilities		<u>2,616,511</u>	<u>–</u>
NET ASSETS		<u><b>85,694,494</b></u>	<u>91,168,388</u>
CAPITAL AND RESERVES			
Share capital	17	<b>10,000,000</b>	10,000,000
Reserves		<u><b>75,694,494</b></u>	<u>81,168,388</u>
		<u><b>85,694,494</b></u>	<u>91,168,388</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$ (Note b)	Legal reserve HK\$ (Note a)	Accumulated profits HK\$	Total HK\$
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 expense for the period	—	—	—	—	(5,473,894)	(5,473,894)
<b>At 30 June 2019 (unaudited)</b>	<b><u>10,000,000</u></b>	<b><u>55,098,836</u></b>	<b><u>(3,416,148)</u></b>	<b><u>504,489</u></b>	<b><u>23,507,317</u></b>	<b><u>85,694,494</u></b>
At 1 January 2018 (audited)	10,000,000	55,098,836	(3,416,148)	504,489	8,279,940	70,467,117
Loss and total comprehensive expense for the period	—	—	—	—	(5,015,661)	(5,015,661)
At 30 June 2018 (unaudited)	<u>10,000,000</u>	<u>55,098,836</u>	<u>(3,416,148)</u>	<u>504,489</u>	<u>3,264,279</u>	<u>65,451,456</u>

Notes:

- In accordance with provision of the Macau Commercial Code, the subsidiary incorporated in Macau Special Administrative Region (“**Macau SAR**”) is 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.
- The balance of merger reserve represented the share capital of a subsidiary prior to the reorganisation and the difference between the nominal value of the shares of the Company issued for the acquisition of that subsidiary and the carrying amount of total equity of that subsidiary at the date of completion of the reorganisation.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK\$	HK\$
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<u>(12,614,249)</u>	<u>(571,654)</u>
INVESTING ACTIVITIES		
Interest received	143,169	36,432
Placement of fixed bank deposit	(51)	(75)
Purchase of property and equipment	(72,413)	(3,674,308)
Deposit for property and equipment	<u>–</u>	<u>(1,150,000)</u>
NET CASH FROM (USED IN) INVESTING ACTIVITIES	<u>70,705</u>	<u>(4,787,951)</u>
FINANCING ACTIVITIES		
Repayments of lease liabilities	(487,402)	–
Interest paid	(85,998)	–
Issue costs paid	<u>–</u>	<u>(201,952)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(573,400)</u>	<u>(201,952)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(13,116,944)</u>	<u>(5,561,557)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>47,507,886</u>	<u>66,751,020</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and cash	<u><u>34,390,942</u></u>	<u><u>61,189,463</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM 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.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

### Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* (“IAS 17”) and the related interpretations.

#### 2.1.1. Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

##### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *As a lessee*

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease components on the basis of their relative stand-alone prices.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the date of initial application of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

## Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* (“**IFRS 9**”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

## Lease liabilities

At the date of initial application of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

## Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

## Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes requirements* to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

### *As a lessor*

#### Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies IFRS 15 *Revenue from Contracts with Customers* (“**IFRS 15**”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

## **2.1.2 Transition and summary of effects arising from initial application of IFRS 16**

### *Definition of a lease*

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

### *As a lessee*

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised lease liabilities of HK\$4,114,217 and right-of-use assets of HK\$4,558,713 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The lessee's incremental borrowing rate applied is 4.5% per annum.

	<b>At 1 January 2019 HK\$</b>
Operating lease commitments disclosed as at 31 December 2018	<u>4,400,306</u>
Lease liabilities discounted at relevant incremental borrowing rates	4,138,187
Less: Recognition exemption — short-term leases	<u>(23,970)</u>
Lease liabilities as at 1 January 2019	<u>4,114,217</u>
Analysed as	
Current	902,689
Non-current	<u>3,211,528</u>
	<u><u>4,114,217</u></u>

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	<b>Right-of-use assets HK\$</b>
	<i>Notes</i>
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	4,114,217
Amounts included in property and equipment under IAS 17	
— Restoration and reinstatement costs	<i>(a)</i> 415,437
Adjustments on rental deposits at 1 January 2019	<i>(b)</i> <u>29,059</u>
	<u>4,558,713</u>
By class:	
Office premise	4,406,061
Car parks	<u>152,652</u>
	<u><u>4,558,713</u></u>

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

		<b>Carrying amounts previously reported at 31 December 2018</b>	<b>Adjustments</b>	<b>Carrying amounts under IFRS 16 at 1 January 2019</b>
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>NON-CURRENT ASSETS</b>				
Property and equipment	<i>(a)</i>	5,104,929	(415,437)	4,689,492
Right-of-use assets		–	4,558,713	4,558,713
Rental deposit	<i>(b)</i>	180,000	(29,059)	150,941
<b>CURRENT LIABILITIES</b>				
Lease liabilities		–	902,689	902,689
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities		–	3,211,528	3,211,528

*Note:* For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1 January 2019 as disclosed above.

- (a) In relation to the leases of the office premise that the Group acts as lessee, the carrying amount of the estimated costs of reinstating the rented office premise previously included in property and equipment amounting to HK\$415,437 as at 1 January 2019 was included as right-of-use assets.
- (b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$29,059 was adjusted to refundable rental deposits paid and right-of-use assets.

*As a lessor*

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

- (c) Effective on 1 January 2019, the Group has applied IFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

At the date of initial application, the Group has assessed that the application of IFRS 16 does not have a material impact on accumulated profits at 1 January 2019.

## **2.2 Significant changes in significant judgements and key sources of estimation uncertainty**

### *Incremental borrowing rate*

In determination on incremental borrowing rate, the Group applies judgement to determine the applicable rate to calculate the present value of lease payments. The incremental borrowing rate of the Group applied will significantly affects the amount of lease liabilities and right-of-use assets recognised.

## **3. REVENUE AND SEGMENT INFORMATION**

The Group is engaged in (1) Technical Sales and Distribution of Electronic Gaming Equipment; (2) Consultancy and Technical Services; (3) Repair Services; (4) Sales of Refurbished Electronic Gaming Machines and (5) Lease Sales of Electronic Gaming Equipment.

For the purpose of resources allocation and performance assessment, the chief operating decision maker (“**CODM**”), who are the executive directors, reviews the overall results and financial position of the Group as a whole prepared. Accordingly, the Group has only one single operating and reportable segment and no further discrete financial information nor analysis of this single segment is presented.

## Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2019 (unaudited)			
	Technical Sales and Distribution of Electronic Gaming Equipment <i>HK\$</i>	Consulting and Technical Services <i>HK\$</i>	Repair Services <i>HK\$</i>	Total <i>HK\$</i>
<b>Types of goods or service</b>				
Technical Sales and Distribution of Electronic Gaming Equipment				
— Electronic Table Games (“ETGs”)	14,404,552	–	–	14,404,552
— Electronic Gaming Machines (“EGMs”)	3,008,132	–	–	3,008,132
— Spare Parts	1,601,430	–	–	1,601,430
	<u>19,014,114</u>	<u>–</u>	<u>–</u>	<u>19,014,114</u>
Consulting and Technical Services				
— Technical supports	–	1,043,576	–	1,043,576
— Consultancy services	–	652,335	–	652,335
	<u>–</u>	<u>1,695,911</u>	<u>–</u>	<u>1,695,911</u>
Repair Services	<u>–</u>	<u>–</u>	1,220,497	1,220,497
<b>Total</b>	<u><u>19,014,114</u></u>	<u><u>1,695,911</u></u>	<u><u>1,220,497</u></u>	<u><u>21,930,522</u></u>
<b>Geographical markets</b>				
Macau SAR	16,894,984	1,695,911	1,179,106	19,770,001
Vietnam	1,856,089	–	–	1,856,089
Korea	149,101	–	–	149,101
Singapore	67,015	–	–	67,015
Rest of the world	46,925	–	41,391	88,316
<b>Total</b>	<u><u>19,014,114</u></u>	<u><u>1,695,911</u></u>	<u><u>1,220,497</u></u>	<u><u>21,930,522</u></u>
<b>Timing of revenue recognition</b>				
A point in time	19,014,114	289,789	1,220,497	20,524,400
Over time	–	1,406,122	–	1,406,122
<b>Total</b>	<u><u>19,014,114</u></u>	<u><u>1,695,911</u></u>	<u><u>1,220,497</u></u>	<u><u>21,930,522</u></u>

	For the six months ended 30 June 2018 (unaudited)			
	Technical Sales and Distribution of Electronic Gaming Equipment <i>HK\$</i>	Consulting and Technical Services <i>HK\$</i>	Repair Services <i>HK\$</i>	Total <i>HK\$</i>

### Types of goods or service

#### Technical Sales and Distribution of Electronic Gaming Equipment

— ETGs	12,074,166	—	—	12,074,166
— EGMs	7,529,756	—	—	7,529,756
— Spare Parts	844,410	—	—	844,410
	<u>20,448,332</u>	<u>—</u>	<u>—</u>	<u>20,448,332</u>

#### Consulting and Technical Services

— Technical supports	—	894,994	—	894,994
— Consultancy services	—	200,000	—	200,000
	<u>—</u>	<u>1,094,994</u>	<u>—</u>	<u>1,094,994</u>

#### Repair Services

	<u>—</u>	<u>—</u>	<u>998,499</u>	<u>998,499</u>
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<b>Total</b>	<u><u>20,448,332</u></u>	<u><u>1,094,994</u></u>	<u><u>998,499</u></u>	<u><u>22,541,825</u></u>
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### Geographical markets

Macau SAR	20,309,864	1,094,994	998,499	22,403,357
Singapore	90,797	—	—	90,797
Hong Kong Special Administration Region ("Hong Kong SAR")	47,671	—	—	47,671
	<u>20,448,332</u>	<u>1,094,994</u>	<u>998,499</u>	<u>22,541,825</u>

<b>Total</b>	<u><u>20,448,332</u></u>	<u><u>1,094,994</u></u>	<u><u>998,499</u></u>	<u><u>22,541,825</u></u>
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### Timing of revenue recognition

A point in time	20,448,332	—	998,499	21,446,831
Over time	—	1,094,994	—	1,094,994
	<u>20,448,332</u>	<u>1,094,994</u>	<u>998,499</u>	<u>22,541,825</u>

<b>Total</b>	<u><u>20,448,332</u></u>	<u><u>1,094,994</u></u>	<u><u>998,499</u></u>	<u><u>22,541,825</u></u>
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	For the three months ended 30 June 2019 (unaudited)			
	Technical Sales and Distribution of Electronic Gaming Equipment <i>HK\$</i>	Consulting and Technical Services <i>HK\$</i>	Repair Services <i>HK\$</i>	Total <i>HK\$</i>
<b>Types of goods or service</b>				
Technical Sales and Distribution of Electronic Gaming Equipment				
— ETGs	8,846,088	—	—	8,846,088
— EGMs	3,008,131	—	—	3,008,131
— Spare Parts	620,614	—	—	620,614
	<u>12,474,833</u>	<u>—</u>	<u>—</u>	<u>12,474,833</u>
Consulting and Technical Services				
— Technical supports	—	525,260	—	525,260
— Consultancy services	—	523,009	—	523,009
	<u>—</u>	<u>1,048,269</u>	<u>—</u>	<u>1,048,269</u>
Repair Services	<u>—</u>	<u>—</u>	<u>442,801</u>	<u>442,801</u>
<b>Total</b>	<b><u>12,474,833</u></b>	<b><u>1,048,269</u></b>	<b><u>442,801</u></b>	<b><u>13,965,903</u></b>
<b>Geographical markets</b>				
Macau SAR	11,467,263	1,048,269	424,426	12,939,958
Vietnam	744,529	—	—	744,529
Korea	149,101	—	—	149,101
Singapore	67,015	—	—	67,015
Rest of the world	46,925	—	18,375	65,300
	<u>12,474,833</u>	<u>1,048,269</u>	<u>442,801</u>	<u>13,965,903</u>
<b>Total</b>	<b><u>12,474,833</u></b>	<b><u>1,048,269</u></b>	<b><u>442,801</u></b>	<b><u>13,965,903</u></b>
<b>Timing of revenue recognition</b>				
A point in time	12,474,833	232,633	442,801	13,150,267
Over time	—	815,636	—	815,636
	<u>12,474,833</u>	<u>1,048,269</u>	<u>442,801</u>	<u>13,965,903</u>
<b>Total</b>	<b><u>12,474,833</u></b>	<b><u>1,048,269</u></b>	<b><u>442,801</u></b>	<b><u>13,965,903</u></b>

	For the three months ended 30 June 2018 (unaudited)			
	Technical Sales and Distribution of Electronic Gaming Equipment <i>HK\$</i>	Consulting and Technical Services <i>HK\$</i>	Repair Services <i>HK\$</i>	Total <i>HK\$</i>
<b>Types of goods or service</b>				
Technical Sales and Distribution of Electronic Gaming Equipment				
— ETGs	4,322,946	—	—	4,322,946
— EGMs	2,403,543	—	—	2,403,543
— Spare Parts	733,214	—	—	733,214
	<u>7,459,703</u>	<u>—</u>	<u>—</u>	<u>7,459,703</u>
Consulting and Technical Services				
— Technical supports	—	382,789	—	382,789
— Consultancy services	—	200,000	—	200,000
	<u>—</u>	<u>582,789</u>	<u>—</u>	<u>582,789</u>
Repair Services	<u>—</u>	<u>—</u>	<u>570,910</u>	<u>570,910</u>
<b>Total</b>	<u><u>7,459,703</u></u>	<u><u>582,789</u></u>	<u><u>570,910</u></u>	<u><u>8,613,402</u></u>
<b>Geographical markets</b>				
Macau SAR	7,321,235	582,789	570,910	8,474,934
Singapore	90,797	—	—	90,797
Hong Kong SAR	47,671	—	—	47,671
	<u>7,459,703</u>	<u>582,789</u>	<u>570,910</u>	<u>8,613,402</u>
<b>Total</b>	<u><u>7,459,703</u></u>	<u><u>582,789</u></u>	<u><u>570,910</u></u>	<u><u>8,613,402</u></u>
<b>Timing of revenue recognition</b>				
A point in time	7,459,703	—	570,910	8,030,613
Over time	—	582,789	—	582,789
	<u>7,459,703</u>	<u>582,789</u>	<u>570,910</u>	<u>8,613,402</u>
<b>Total</b>	<u><u>7,459,703</u></u>	<u><u>582,789</u></u>	<u><u>570,910</u></u>	<u><u>8,613,402</u></u>

#### 4. OTHER INCOME, GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Other income				
Interest income on finance leases	520,135	–	1,057,627	–
Interest income on rental deposits	1,698	–	3,396	–
Bank interest income	52,691	21,420	121,511	36,432
Others	28,481	24,446	30,917	25,190
	<u>603,005</u>	<u>45,866</u>	<u>1,213,451</u>	<u>61,622</u>
Other gains and losses				
Net foreign exchange gain (loss)	163,716	(229,244)	172,800	(210,354)
	<u>766,721</u>	<u>(183,378)</u>	<u>1,386,251</u>	<u>(148,732)</u>

#### 5. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)	2019 HK\$ (unaudited)	2018 HK\$ (unaudited)
Impairment loss (recognised) reversed in respect of				
— finance lease receivables	(19,380)	–	(19,380)	–
— trade receivables	118,140	–	111,138	(574,334)
	<u>98,760</u>	<u>–</u>	<u>91,758</u>	<u>(574,334)</u>

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 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

During the six months ended 30 June 2019, the Group provided the impairment allowance of HK\$19,380 for finance lease receivables and had a net reversal of the impairment allowance of HK\$111,138 for trade receivables.

During the three months ended 30 June 2019, the Group provided the impairment allowance of HK\$19,380 for finance lease receivables and had a net reversal of the impairment allowance of HK\$118,140 for trade receivables.

As at 30 June 2019, no impairment allowance for other receivables representing bank interest receivables, pledged bank deposit, 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 and Hong Kong having good reputation and are considered to have low credit risk.

## 6. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax:				
Macau SAR Complementary Tax	—	—	—	—

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 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 regulation in those jurisdictions.

## 7. LOSS FOR THE PERIOD

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:				
Directors' remuneration	<b>849,437</b>	639,437	<b>1,628,874</b>	1,278,874
Other staff costs				
— salaries and allowances	<b>2,608,664</b>	2,675,758	<b>5,183,581</b>	4,821,205
— retirement benefits scheme contributions	<b>10,748</b>	7,806	<b>20,913</b>	15,670
	<b>3,468,849</b>	3,323,001	<b>6,833,368</b>	6,115,749
Depreciation of property and equipment	<b>471,775</b>	328,260	<b>945,543</b>	385,498
Depreciation of right-of-use assets	<b>291,734</b>	—	<b>583,469</b>	—
Cost of inventories recognised as an expense	<b>7,222,265</b>	4,598,623	<b>11,198,840</b>	14,712,315

## 8. DIVIDEND

No dividend was paid, declared nor proposed during the interim period (2018: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## 9. LOSS PER SHARE

The calculation of the basic loss per share for each of the periods ended 30 June 2019 and 2018 is based on the following data:

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Loss</b>				
Loss for the purpose of basic loss per share (Loss for the period attributable to the owners of the Company)	<u>(3,551,773)</u>	<u>(3,266,904)</u>	<u>(5,473,894)</u>	<u>(5,015,661)</u>
	'000	'000	'000	'000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

No diluted earnings per share for the period was presented as there were no potential ordinary shares in issue during both periods.

## 10. PROPERTY AND EQUIPMENT

	At	At
	30 June	31 December
	2019	2018
	HK\$	HK\$
	(unaudited)	(audited)
<b>Carrying values</b>		
Leasehold improvements	2,617,247	3,745,311
Furniture, fixtures and equipment	348,439	388,781
Electrical equipment	108,655	110,691
Computers	517,621	586,946
Motor vehicles	224,400	273,200
Total	<u>3,816,362</u>	<u>5,104,929</u>

During the period, the Group incurred HK\$72,413 (2018: HK\$5,937,043) on acquisition of property and equipment to expand and upgrade its facilities.

On the date of initial application of IFRS 16, the carrying amount of estimated cost of reinstating the rented office premise previously included in property and equipment amounting to HK\$415,437 as at 1 January 2019 was included as right-of-use assets.

## 11. RIGHT-OF-USE ASSETS

The Group has entered into certain lease agreements for the use of office premise and car parks ranging from 3 to 5 years. On the date of initial application, the Group recognised the right-of-use assets of HK\$4,558,713 and the lease liabilities of HK\$4,114,217.

## 12. FINANCE LEASE RECEIVABLES

During the year ended 31 December 2018, the Group sold certain electronic gaming equipment in finance leases arrangement. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	At 30 June 2019 HK\$ (unaudited)		At 31 December 2018 HK\$ (audited)	
Analysed as:				
Current	7,239,079		5,522,526	
Non-current	22,114,415		24,871,684	
	<u>29,353,494</u>		<u>30,394,210</u>	
	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	At 30 June 2019 HK\$ (unaudited)	At 31 December 2018 HK\$ (audited)	At 30 June 2019 HK\$ (unaudited)	At 31 December 2018 HK\$ (audited)
Finance lease receivables comprise:				
Within one year	9,135,440	7,576,218	7,297,539	5,550,277
In more than one year but not more than two years	7,296,358	7,316,348	5,864,003	5,676,941
In more than two years but not more than five years	17,991,019	21,609,214	16,364,066	19,319,726
	<u>34,422,817</u>	36,501,780	29,525,608	30,546,944
Less: unearned finance income allowance for credit losses	(4,897,209) (172,114)	(5,954,836) (152,734)	– (172,114)	– (152,734)
Present value of minimum lease payment receivables	<u>29,353,494</u>	<u>30,394,210</u>	<u>29,353,494</u>	<u>30,394,210</u>

Effective interest rates of the above finance leases range from 6.00% to 8.00% per annum.

Prior to entering sales under finance lease arrangement, the Group assesses the potential customers' credit quality. Sales under finance lease arrangement are required to an encumbrance on the leased assets to guarantee the repayment of the lease receivables. Depending on the customers' financial ability, the Group may also request third party undertakes and guarantees the finance lease receivables plus additional interest or penalty if the lessee defaults in payment of any sum under the lease agreement.

At 30 June 2019 and 31 December 2018, one of the leases is guaranteed by a third party entity.

### 13. INVENTORIES

	At 30 June 2019 HK\$ (unaudited)	At 31 December 2018 HK\$ (audited)
Spare parts	3,967,237	2,329,688
Finished goods	3,309,278	7,796
Goods in transit	4,117	–
	<u>7,280,632</u>	<u>2,337,484</u>

### 14. TRADE AND OTHER RECEIVABLES

	At 30 June 2019 HK\$ (unaudited)	At 31 December 2018 HK\$ (audited)
Trade receivables on goods and services	5,915,608	12,116,601
Less: allowance for credit losses	<u>(2,918)</u>	<u>(114,056)</u>
	5,912,690	12,002,545
Other receivables, prepayments and deposits		
— Purchase and trial products deposits ( <i>note</i> )	20,754,539	15,869,840
— Prepayment and deposits	328,661	597,411
— Other receivables	<u>145,359</u>	<u>238,554</u>
	<u>27,141,249</u>	<u>28,708,350</u>

The Group allows an average credit period of 30 days to its trade customers.

*Note:* As at 30 June 2019, the Group has paid HK\$20,754,539 (31 December 2018: HK\$15,869,840) 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.

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

	At 30 June 2019 <i>HK\$</i> (unaudited)	At 31 December 2018 <i>HK\$</i> (audited)
0–30 days	2,156,198	1,881,658
31–60 days	3,409,012	5,291,931
61–90 days	49,350	1,164,482
91–180 days	184,730	2,682,688
Over 180 days	116,318	1,095,842
	<u>5,915,608</u>	<u>12,116,601</u>

As at 30 June 2019, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK\$3,747,093 (31 December 2018: HK\$10,234,941) which are past due as at the reporting period. Out of the past due balances approximately HK\$255,048 (31 December 2018: HK\$2,362,120) has been past due over 90 days or more and is not considered as in default as there has not been a significant change in credit quality and amounts are still considered as recoverable based on historical experience.

#### 15. TRADE AND OTHER PAYABLES

	At 30 June 2019 <i>HK\$</i> (unaudited)	At 31 December 2018 <i>HK\$</i> (audited)
Trade payables	8,083,196	18,336,158
Payroll payables and other accrued staff costs	25,029	2,103,854
Other payables and accrued expenses	3,956,642	3,674,769
	<u>12,064,867</u>	<u>24,114,781</u>

The credit period on trade payables is ranging from 30 to 150 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:

	At 30 June 2019 <i>HK\$</i> (unaudited)	At 31 December 2018 <i>HK\$</i> (audited)
0 — 30 days	1,620,021	2,080,546
31 — 90 days	1,135,829	15,987,956
Over 90 days	5,327,346	267,656
	<u>8,083,196</u>	<u>18,336,158</u>



## 16. CONTRACT LIABILITIES

	At 30 June 2019 HK\$ (unaudited)	At 31 December 2018 HK\$ (audited)
Technical Sales and Distribution of Electronic Gaming Equipment	4,363,877	–
Consulting and Technical Services	1,477,929	–
	<u>5,841,806</u>	<u>–</u>

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

## 17. SHARE CAPITAL

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

	Par value	Number of shares	Share capital HK\$
<b>Ordinary shares</b>			
<b>Authorised:</b>			
At 1 January 2018 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	0.01	<u>10,000,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid:</b>			
At 1 January 2018 (audited), 31 December 2018 (audited) and 30 June 2019 (unaudited)	0.01	<u>1,000,000,000</u>	<u>10,000,000</u>

## 18. SHARE OPTION SCHEME

The Group's 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 scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The subscription price is set at highest of (a) the official closing price of the Company's shares as stated in daily quotation sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 Company's 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 Company's 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. 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 2019 and 31 December 2018, no option has been granted pursuant to the share option scheme.

## 19. UNDRAWN BORROWING FACILITY

As at the end of the reporting period, the Group has the following undrawn borrowing facility:

	At <b>30 June</b> <b>2019</b> <i>HK\$</i> (unaudited)	At 31 December 2018 <i>HK\$</i> (audited)
Floating rate — expiring within one year	<u><b>10,000,000</b></u>	<u>10,000,000</u>

## 20. CAPITAL COMMITMENT

	At <b>30 June</b> <b>2019</b> <i>HK\$</i> (unaudited)	At 31 December 2018 <i>HK\$</i> (audited)
Capital expenditure in respect of property and equipment contracted for but not provided in the condensed consolidated financial statements	<u><b>1,800,000</b></u>	<u>1,800,000</u>

## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### **Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis**

The directors of the Company 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.

## 22. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the condensed consolidated statement of financial position and other details disclosed elsewhere in the condensed consolidated financial statements, the Group also entered into the following significant transactions with related parties during the reporting period:

Name of related company	Nature of transaction	Three months ended		Six months ended	
		30 June		30 June	
		2019	2018	2019	2018
		HK\$	HK\$	HK\$	HK\$
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Tai Pong Fat Construction and Investment Company Limited (“ <b>Tai Pong Fat</b> ”) (Note a)	Rental expense	–	27,379	–	54,757
Kuawai Technology Limited (“ <b>Kuawai</b> ”) (Note b)	Purchase of spare parts	–	38,000	–	38,000

Notes:

- (a) Tai Pong Fat is partly owned by Mr. Ng, Man Ho Herman (“**Mr. Ng**”), an executive director of the Company who has significant influence over Tai Pong Fat.
- (b) Kuawai is an entity owned by two relatives of a key management member of a subsidiary, Asia Pioneer Entertainment Limited.

## **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 ETGs and EGMs. The Group’s business can be segmented into: (i) the technical sales and distribution of EGE to land based casinos; (ii) the provision of repair services to casino operators; (iii) the provision of consulting and technical services; (iv) sale of refurbished EGEs; and (v) lease sales of EGEs.

The Group’s business is conducted through its wholly-owned subsidiaries, including 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 the revenues of the Group.

The Group’s strategic objectives are to further strengthen its distribution of EGE in Macau SAR and to extend its business into Southeast Asian markets. The Group is also looking into research and development of new games for land-base EGMs and EGEs for the Asian markets. The objective is to develop suitable games that may attract Asian players and customers.

### **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 EGE. A significant portion of the Group’s revenue was generated by technical sales and distribution of EGE. Thus, the Group’s revenue is also highly dependent on the supplies from its suppliers. Instead of relying on gaming machine agents to supply their products to casino operators in Macau SAR, some manufacturers of EGE choose to supply EGE to casino operators in Macau SAR by direct sales. If any of the Group’s existing suppliers decides to supply EGE to casino operators in Macau SAR directly without engaging us, the Group’s business, financial condition and results of 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 Inspeccção 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 results of operations may be materially and adversely affected.

The Group has recorded 2 financial lease sales in its 2018 financial year of an aggregate amount of HK\$30.4 million. The Group has a receivables risk from these leases. As the lessees are foreign based customers, there are overseas counter-party risks and any legal recovery of outstanding debts on the financial leases is not guaranteed.

## FORWARD OUTLOOK

Looking forward, the planned opening of a new casino in Cotai, Macau SAR in the second half of 2019 may be delayed to 2020, which may impact our sales in the second half of 2019. In Southeast Asia, demand for new EGE in the second half of 2019 looks positive. Management of the Company (the “**Management**”) will be focusing more sales and marketing efforts in the markets of Philippines, Vietnam and Cambodia to increase sales. Management is also actively pursuing opportunities in leasing of EGE in both Macau SAR as well as Southeast Asia.

## FINANCIAL REVIEW

### Revenue

The total revenue of the Group decreased by approximately 2.7% from approximately HK\$22.5 million for the Corresponding Period to approximately HK\$21.9 million for the Period. The small decrease in revenue was mainly attributed to a 7% 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 Corresponding Period:

Revenue from major products and services	Six months ended 30 June		Period-on-period change %
	2019 HK\$	2018 HK\$	
Technical sales and distribution of EGE	<b>19,014,114</b>	20,448,332	-7%
Consulting and technical services	<b>1,695,911</b>	1,094,994	+55%
Repair services	<b>1,220,497</b>	998,499	+22%
TOTAL	<b><u>21,930,522</u></b>	<b><u>22,541,825</u></b>	-2.7%

## Technical sales and distribution of EGE

During the Period, the Group had launched 14 trials of products with casino customers, of which 1 passed, 7 were extended and 6 are further ongoing. During the Period, 6 direct sales resulted in income of HK\$12.9 million. In terms of seats sold, the Group sold a total number of 76 seats during the Period compared with 127 seats during the Corresponding period, a decrease of 40% in seats sold.

Sales by seats	Six months ended 30 June		Period on Period change %
	2019	2018	
ETG(s)	64	75	-15%
EGM(s)	12	52	-77%
Total	<u>76</u>	<u>127</u>	-40%

Gross margin on sale of EGE increased to 36.2% over the Period (Corresponding Period: 23%). The reason for the increase in gross margin was attributed to the higher overall selling prices in the Period compared to those in the Corresponding Period.

## Consultancy and technical services

Consultancy and technical services revenue increased by 55% between the Period and the Corresponding Period. This increase was attributed to the entering into a new consultancy agreement with an existing customer for development of new EGT game. The Group had a total of 4 consultancy contracts during the Corresponding Period and the Group had 5 ongoing consultancy contracts in the Period. Looking forward, Management expects to secure new consulting agreement with a new customer to assist in the development of Macau SAR market entry for EGMs.

## Repair services

Repair revenue increased by 22.2% to approximately HK\$1.2 million for the Period (Corresponding Period: HK\$998,499). This was due to casino customers outsourcing more of their repair business to the Company during the Period. The gross margins for repairs improved were 55.3% for the Period, decreasing slightly over the Corresponding Period (Corresponding Period: 58.8%). Looking forward, Management expects to sign new repair contracts with customers, resulting in increasing repairs business for the Group.

## Gross Profit and Gross Profit Margin by Revenue Streams

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

### For the six months ended 30 June 2019

	Technical sales and Distribution of EGE <i>HK\$</i>	Consulting and technical services <i>HK\$</i>	Repair services <i>HK\$</i>	Total <i>HK\$</i>
Revenue	19,014,114	1,695,911	1,220,497	21,930,522
Cost of sales and services	<u>(12,124,091)</u>	<u>(1,000,284)</u>	<u>(545,036)</u>	<u>(13,669,411)</u>
Gross profit	6,890,023	695,627	675,461	8,261,111
Gross profit ratio	36.2%	41%	55.3%	37.7%

### For the six months ended 30 June 2018

	Technical sales and Distribution of EGE <i>HK\$</i>	Consulting and technical services <i>HK\$</i>	Repair services <i>HK\$</i>	Total <i>HK\$</i>
Revenue	20,448,332	1,094,994	998,499	22,541,825
Cost of sales and services	<u>(15,730,519)</u>	<u>(631,127)</u>	<u>(411,238)</u>	<u>(16,772,884)</u>
Gross profit	4,717,813	463,867	587,261	5,768,941
Gross profit ratio	23.1%	42.4%	58.8%	25.6%

For the Period, the Group's gross profit margin increased from approximately 25.6% for the Corresponding Period to approximately 37.7% for the Period. The increase in gross margin is attributed to (i) the improved gross margin for technical sales and distribution of EGE due to higher overall selling prices, and (ii) the increase in gross profit in consulting and technical services segment.

## Other Income, Gains and Losses

The Group incurred foreign exchange gain of HK\$172,800 for the Period (Corresponding Period: loss HK\$210,354) due to the depreciation of European dollar ("EUR") against HK\$, which was favourable to our payables position to one of our suppliers in Europe.

## Operating Expenses

The Group's operating expenses increased by approximately 50% from approximately HK\$10.6 million for the Corresponding Period to approximately HK\$15.1 million for the Period. This increase was mainly due to a HK\$3.2 million charge on new game development expenses.

## Impairment on Financial Assets

The Group implemented new accounting policies which incorporate new assessment for financial assets subject to ECL. Under this policy, the Group recognised an impairment for financial lease receivables of HK\$19,380 and had a net reversal of the impairment allowance of HK\$111,138 for trade receivables over the Period.

## Profit and Loss

The Group recorded net loss attributable the Shareholders of approximately HK\$5.5 million for the Period compared to a net loss of approximately HK\$5.0 million for the Corresponding Period.

The loss was mainly attributable to a 50% increase in operating expenses over the Period from the Corresponding Period.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following table is a comparison between the Group's business objectives as set out in the prospectus of the Company dated 31 October 2017 (the "**Prospectus**") and the Group's actual business progress during the Period.

### Business objectives

### Actual business progress

Securing more trial products and increasing sales

The Company continues to secure more trials from customers and is hopeful that trial products will lead to increase in sales

Capturing future opportunities in the gaming market by leasing EGE to casino operators

The Company has commenced leasing of EGEs to operators in Philippines and Cambodia. Management is currently in discussion with Macau SAR casino operators but as of this stage, no commercial terms have yet been reached

Capitalising on the potential demand in Southeast Asia for refurbished EGE

The Company continues to seek for new opportunities to purchase used machines for refurbished sales in Southeast Asia.

Improving the Group's operating efficiency through new Enterprise Resource Planning (the "**ERP**") system and purchasing of tools and equipment

The Company is developing an ERP system through outsourcing to IT consultants to enhance workflow processes. The Company has purchased new equipment to improve repair business



## USE OF PROCEEDS FROM LISTING

The net proceeds from the Listing received by the Company after deducting underwriting fees and other Listing expenses (the “**Net Proceeds**”) were approximately HK\$40.0 million. The intended uses of the Net Proceeds are disclosed in the section headed “Statement of Business Objectives and Use of Proceeds” in the Prospectus. Unutilised Net Proceeds as at 30 June 2019 amounted to approximately HK\$4.10 million, and are deposited in a licensed bank in Hong Kong SAR. The Company intends to use the remaining Net Proceeds in the coming years in accordance with the purposes set out in the Prospectus.

As at 30 June 2019, the Group has utilised the Net Proceeds as follows:

	<b>Percentage to total amount</b>	<b>Intended use of Net Proceeds <i>HK\$ million</i></b>	<b>Utilised amount <i>HK\$ million</i></b>	<b>Unutilised amount <i>HK\$ million</i></b>
Upfront deposits for manufacturers to provide more trial products	41.5%	16.60	14.86	1.74
Procuring EGE for lease to casino operators in Macau	17.8%	7.10	7.10	–
Procuring and refurbishment of used EGE for resales	13.2%	5.30	5.30	–
Enhancing market recognition in Macau and Southeast Asia and strengthening in-house capability to provide repair services	17.3%	6.90	4.90	2.00
Relocation of premises	0.7%	0.30	0.30	–
Purchase of tools and equipment and new ERP system	6.8%	2.70	2.34	0.36
General working capital	2.7%	1.10	1.10	–
	<u>100%</u>	<u>40.00</u>	<u>35.90</u>	<u>4.10</u>

## LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the Period, the Group financed its operations by the Net Proceeds and its internal resources. As at 30 June 2019, the Group had net current assets of approximately HK\$57.0 million compared with approximately HK\$60 million as at 31 December 2018. As at 30 June 2019, the Group had no bank borrowings, bank overdrafts, nor other bank loans. The Group has a bank facility with Bank of East Asia (Hong Kong) for HK\$10 million which as of 30 June 2019 has not been utilised. Gearing ratio (which is calculated by dividing total debt by total equity) was not applicable to the Group as at 30 June 2019. As at 30 June 2019, 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 2018. The capital structure refers to the maturity profile of debt and obligation, type of capital instruments 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” in the Prospectus, the Group did not have other plans for material investment or capital assets as at 30 June 2019.

## **SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS**

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 2018 and 2019, the Group did not have any material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2019, the Group had a total of 42 employees (30 June 2018: 32). 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\$7.0 million (Corresponding period: approximately HK\$4.7 million). The Company has adopted the 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**

In February 2018, the Group signed an agreement for the development of an ERP system to be delivered by 31 December 2018. As at 30 June 2018, capital commitment was approximately HK\$1.8 million in hardware and software costs. The payment accrued in the Period amounted to HK\$1.4 million in progress payments.

## **CHARGES ON GROUP’S ASSETS**

As at 30 June 2019, the Group had no charges on its 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 30 June 2019, all cash on hand was deposited with licensed financial institutions in Hong Kong SAR and Macau SAR.

## CUSTOMER RELATIONSHIPS

The Group's major customers are mostly casino operators in Macau SAR and 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	
	2019	2018
	HK\$	HK\$
	Unaudited	Unaudited
Customer A	6,678,479	2,261,711
Customer B	4,948,217	3,964,081
Customer C	3,189,375	N/A <sup>#</sup>
Customer D	3,157,517	2,564,148

<sup>#</sup> The corresponding revenue did not contribute over 10% of the Group's revenue.

## FOREIGN CURRENCY EXPOSURE

The Group bills its customers mainly in US\$, HK\$ and Macau Pataca. 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 gain of HK\$172,800 (Corresponding Period: Loss of HK\$210,354). This was attributable to a slight weakening of the EUR against US\$, which impacted favorably on our EUR payables to our major European supplier. 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 was declared and paid by Asia Pioneer Entertainment, Ltd. to its shareholders).

## DISCLOSURE OF INTERESTS

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

As at 30 June 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

Name of Directors/ Chief executive	Capacity/Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of the Company's 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	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 entered into by Mr. Huie, Mr. Ng and Mr. Chan, each of them has agreed and confirmed, among other things, that they have been cooperating with each other and acting in concert (for the purpose of the Code on Takeovers and Mergers of Hong Kong) 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 30 June 2019.

## Long Position in the Ordinary 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 <i>(Notes (2) and (3))</i>	APE HAT <i>(Note(1))</i>	Beneficial owner	992	39.68%
Mr. Ng <i>(Notes (2) and (3))</i>	APE HAT <i>(Note(1))</i>	Beneficial owner	992	39.68%
Mr. Chan <i>(Notes (2) and (3))</i>	APE HAT <i>(Note(1))</i>	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 30 June 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.

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

As at 30 June 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**

<b>Name of Shareholders</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares interested or held</b>	<b>Approximate percentage of the Company's issued Shares*</b>
APE HAT ( <i>Notes (1) &amp; (2)</i> )	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 total number of Shares interested divided by the number of issued Shares of 1,000,000,000 as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, so far as is known by or otherwise notified to the Directors, no other entity (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) 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 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.

## **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.

## **COMPLIANCE ADVISER’S INTEREST IN THE COMPANY**

As at 30 June 2019, as notified by the Company’s compliance adviser, Southwest Securities (HK) Capital Limited (“**Southwest**”), except for the compliance adviser agreement dated 16 March 2017 and entered into between the Company and Southwest regarding the receipt of fees by Southwest acting in such capacity, neither Southwest nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rules 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 any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

## **INTERNAL CONTROL REVIEW**

The Group engaged on 15 May 2019, Corporate Governance Professionals Limited (“**CGPL**”) (formerly known as Baker Tilly Hong Kong Risk Assurance Limited) to perform certain review procedures on the Group’s key procedures, systems and controls primarily to assist the Board and Management to evaluate the effectiveness of the system of internal controls as set up and maintained by Management in accordance with the CG Code.

During the period from 3 to 6 June 2019, CGPL performed fieldwork of the internal control review of the key system control procedures (the “**Review**”) relating to the areas of “Corporate Governance Practice” and “Operating Expenses and Payments Cycle” of the Group. The testing period was from 1 January 2019 to 30 June 2019. With respect to the internal control review performed over such areas, the results of our internal control review and testing did not discover any main issues. The Review has recommended to improve the Company’s policies and procedures to which Management will recommend to the Board for implementation.

## SHARE OPTION SCHEME

The Share Option Scheme became effective upon the commencement of dealings of the Shares on the Stock Exchange on 15 November 2017 (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.

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, non-executive Directors and the 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 15 November 2017 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 announcement, 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 2019. Further details regarding the principal terms of the Share Option Scheme were included in the Prospectus under the section “Appendix IV Statutory and General Information — Share Option Scheme”.



## **IMPORTANT EVENTS AFTER THE PERIOD**

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

## **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 and this announcement and is of the view that such Statements and announcement 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 2019

*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 INEDs 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](http://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](http://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.*