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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 2024**

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 2024 (the “**Period**”). This announcement, containing the full text of the 2024 interim report of the Company (the “**2024 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 2024 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, 22 August 2024

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 Stock Exchange website at www.hkexnews.hk 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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2024 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 2024 (the “**Period**”), together with the unaudited corresponding figures for the six months ended 30 June 2023 (the “**Corresponding Period**”). The Group’s revenue increased by 159.6% from approximately HK\$7.7 million for the Corresponding Period to approximately HK\$19.9 million for the Period.

During the Period, the Group’s gross profit increased from approximately HK\$0.3 million for the Corresponding Period to gross profit of approximately HK\$9.4 million for the Period. The Group’s gross profit margin also increased to gross profit margin of 47.3% for the Period compared to gross profit margin of 3.9% for the Corresponding Period.

The Group’s operating expenses increased by 43.3% over the Period to approximately HK\$10.3 million (Corresponding Period: approximately HK\$7.2 million). This was primarily due to the increases in operating and staff costs.

The Group’s loss and total comprehensive expense for the Period decreased to approximately HK\$0.6 million (Corresponding Period: approximately HK\$7.1 million), mainly due to the increase in revenue.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$ (unaudited)	2023 HK\$ (unaudited)
Revenue	3	19,918,050	7,673,841
Cost of sales and services		(10,487,018)	(7,373,324)
Gross profit		9,431,032	300,517
Other income, gains and losses	4	300,344	103,525
Write-down of inventories to net realisable value, net		(7,731)	(300,065)
Reversal of impairment losses under expected credit loss ("ECL") model, net	5	6,949	306
Operating expenses		(10,328,850)	(7,207,338)
Finance costs		(129,734)	(28,049)
Loss before income tax		(727,990)	(7,131,104)
Income tax credit	6	89,061	–
Loss and total comprehensive expense for the period	7	(638,929)	(7,131,104)
		HK cents	HK cents
Loss per share			
Basic and diluted	9	(0.06)	(0.71)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property and equipment	10	1,493,408	1,777,917
Right-of-use assets	11	3,976,350	4,718,534
Deposit for property and equipment		224,040	224,040
Rental deposits	13	354,846	411,540
		6,048,644	7,132,031
Current assets			
Inventories	12	3,905,555	3,569,553
Trade and other receivables	13	5,166,250	13,046,799
Fixed bank deposit		40,483	40,409
Bank balances and cash		13,841,466	12,243,846
		22,953,754	28,900,607
Current liabilities			
Trade and other payables	14	2,768,086	7,307,912
Contract liabilities	15	3,627,668	4,681,188
Lease liabilities		1,901,763	1,878,114
Income tax payable		2,354,218	2,354,218
		10,651,735	16,221,432
Net current assets		12,302,019	12,679,175
Total assets less current liabilities		18,350,663	19,811,206
Non-current liabilities			
Lease liabilities		2,176,964	2,909,517
Deferred tax liabilities		477,163	566,224
		2,654,127	3,475,741
Net assets		15,696,536	16,335,465
EQUITY			
Share capital	17	10,000,000	10,000,000
Reserves		5,696,536	6,335,465
Total equity		15,696,536	16,335,465

The condensed consolidated interim financial statements on pages 3 to 25 were approved and authorised for issue by the board of directors of the Company on 22 August 2024 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 2024

	Share capital HK\$	Share premium* HK\$	Merger reserve* HK\$	Legal reserve* HK\$	Accumulated losses* HK\$	Total HK\$
As at 1 January 2024 (audited)	10,000,000	55,098,836	(3,416,148)	504,489	(45,851,712)	16,335,465
Loss and total comprehensive expense for the period	–	–	–	–	(638,929)	(638,929)
Balance as at 30 June 2024 (unaudited)	10,000,000	55,098,836	(3,416,148)	504,489	(46,490,641)	15,696,536
As at 1 January 2023 (audited)	10,000,000	55,098,836	(3,416,148)	504,489	(43,918,383)	18,268,794
Loss and total comprehensive expense for the period	–	–	–	–	(7,131,104)	(7,131,104)
Balance as at 30 June 2023 (unaudited)	10,000,000	55,098,836	(3,416,148)	504,489	(51,049,487)	11,137,690

* The reserves accounts comprise the Group's reserves of HK\$5,696,536 as at 30 June 2024 (31 December 2023: HK\$6,335,465) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$ (unaudited)	2023 HK\$ (unaudited)
Net cash from/(used in) operating activities	2,800,976	(3,534,443)
Investing activities		
Interest received	19,142	21,844
Placement of fixed bank deposit	(74)	(24)
Purchase of property and equipment	(88,679)	(8,571)
Net cash (used in)/from investing activities	(69,611)	13,249
Financing activity		
Repayments of lease liabilities	(1,133,745)	(402,187)
Net cash used in financing activity	(1,133,745)	(402,187)
Net increase/(decrease) in cash and cash equivalents	1,597,620	(3,923,381)
Cash and cash equivalents at the beginning of the period	12,243,846	12,844,980
Cash and cash equivalents at the end of the period	13,841,466	8,921,599

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 the Macau Special Administrative Region (“**Macau SAR**”) is located at EM Macau, Estrada Marginal do Hipódromo N°S 56-66, Industrial Lee Cheung F10. The issued shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 November 2017 (the “**Listing Date**” and the “**Listing**”, respectively).

As at 30 June 2024, Mr. Huie, Allen Tat Yan, Mr. Ng Man Ho Herman and Mr. Chan Chi Lun collectively are the substantial shareholders of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in:

- (a) the electronic gaming equipment business (the “**EGE Business**”) in the Macau SAR as well as other regions in Asia, which can be divided into three divisions:
 - (i) 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**”);
 - (ii) the provision of consultancy services to manufacturers of electronic gaming equipment including (a) regulatory consultancy; (b) product design and content consultancy; (c) localisation consultancy; (d) on-site consultancy; and (e) technical services to both manufacturers and casino operators (“**Consultancy and Technical Services**”); and
 - (iii) the provision of repair services to casino operators (“**Repair Services**”).
- (b) the smart vending machines (“**Smart VM**”) business (the “**Smart VM Business**”) in the Macau SAR and the People’s Republic of China (the “**PRC**”), which can be divided into three divisions:
 - (i) sales of own goods and consignment sale of various Macau-sourced products to consumers and travellers through Smart VM (“**Product Sales through Smart VM**”);
 - (ii) leasing of Smart VM (“**Leasing of Smart VM**”); and

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION *(Continued)*

(b) *(Continued)*

(iii) franchising coffee VM under the KATFFEE brand to franchisees (“**Franchise**”).

The condensed consolidated interim 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange. The condensed consolidated interim financial statements do not include all of the information required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023.

The condensed consolidated interim 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 interim 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 interim financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Amended IFRSs that are effective for annual period beginning on 1 January 2024

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following amended IFRSs which are effective as of 1 January 2024.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to IFRIC Interpretation 5
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amended IFRSs that are effective for annual period beginning on 1 January 2024

(Continued)

The adoption of these amended IFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Issued but not yet effective IFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 18	Presentation and Disclosure in Financial Statements ⁴
IFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to IFRS accounting standards	Annual Improvements — Volume 11 ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IAS 21	Lack of Exchangeability ²

¹ No mandatory effective yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

The directors of the Company 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 consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

3.1 Revenue

The Group's principal activities are disclosed in note 1 of the condensed consolidated interim financial statements. Revenue of the Group is the revenue from these activities.

Disaggregation of revenue from contracts with customers and other sources

The Group derives revenue from the transfer of goods and services over time and at a point in time, details of the Group's primary geographical markets and timing of revenue recognition during the six months ended 30 June 2024 and 2023 were as follows:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

3.1 Revenue (Continued)

Disaggregation of revenue from contracts with customers and other sources (Continued)

	EGE Business			Smart VM Business			Total HK\$ (unaudited)
	Technical Sales and Distribution of Electronic Gaming Equipment HK\$ (unaudited)	Consultancy and Technical Services HK\$ (unaudited)	Repair Services HK\$ (unaudited)	Product Sales through Smart VM HK\$ (unaudited)	Leasing of Smart VM HK\$ (unaudited)	Franchise HK\$ (unaudited)	
For the six months ended 30 June 2024							
Revenue from contracts with customers within the scope of IFRS 15							
Technical Sales and Distribution of Electronic Gaming Equipment							
— Electronic table games	12,331,962	-	-	-	-	-	12,331,962
— Spare parts	1,478,646	-	-	-	-	-	1,478,646
Total	13,810,608	-	-	-	-	-	13,810,608
Consultancy and Technical Services							
— Technical supports	-	1,438,368	-	-	-	-	1,438,368
— Consultancy services	-	154,765	-	-	-	-	154,765
— Upgrade EGE supports services	-	2,996,085	-	-	-	-	2,996,085
Total	-	4,589,218	-	-	-	-	4,589,218
Repair Services							
-	-	-	451,924	-	-	-	451,924
Product Sales through Smart VM							
— Sale of own goods	-	-	-	974,322	-	-	974,322
— Consignment sale	-	-	-	4,333	-	-	4,333
Total	-	-	-	978,655	-	-	978,655
Franchise							
— Sale of own goods	-	-	-	-	-	9,170	9,170
— Franchise license	-	-	-	-	-	11,650	11,650
Total	-	-	-	-	-	20,820	20,820
Total	13,810,608	4,589,218	451,924	978,655	-	20,820	19,851,225
Revenue from other sources not within the scope of IFRS 15							
Leasing of Smart VM							
-	-	-	-	-	66,825	-	66,825
Total	13,810,608	4,589,218	451,924	978,655	66,825	20,820	19,918,050
Revenue from contracts with customers within the scope of IFRS 15							
Geographical markets							
Macau SAR	13,365,409	4,589,218	451,924	978,655	-	20,820	19,406,026
Malaysia	234,149	-	-	-	-	-	234,149
Taiwan	190,013	-	-	-	-	-	190,013
Others	21,037	-	-	-	-	-	21,037
Total	13,810,608	4,589,218	451,924	978,655	-	20,820	19,851,225
Timing of revenue recognition							
At a point in time							
-	13,810,608	3,094,185	451,924	978,655	-	20,820	18,356,192
Over time							
-	-	1,495,033	-	-	-	-	1,495,033
Total	13,810,608	4,589,218	451,924	978,655	-	20,820	19,851,225
Revenue from other sources not within the scope of IFRS 15							
Geographical markets							
Macau SAR	-	-	-	-	66,825	-	66,825
Leasing of Smart VM							
-	-	-	-	-	66,825	-	66,825

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

3.1 Revenue (Continued)

Disaggregation of revenue from contracts with customers and other sources (Continued)

	EGE Business			Smart VM Business		Total HK\$ (unaudited)
	Technical Sales and Distribution of Electronic Gaming Equipment HK\$ (unaudited)	Consultancy and Technical Services HK\$ (unaudited)	Repair Services HK\$ (unaudited)	Product Sales through Smart VM HK\$ (unaudited)	Leasing of Smart VM HK\$ (unaudited)	
For the six months ended 30 June 2023						
Revenue from contracts with customers within the scope of IFRS 15						
Technical Sales and Distribution of Electronic Gaming Equipment						
— Spare parts	4,770,742	—	—	—	—	4,770,742
Consultancy and Technical Services						
— Technical supports	—	474,144	—	—	—	474,144
— Consultancy services	—	669,662	—	—	—	669,662
	—	1,143,806	—	—	—	1,143,806
Repair Services						
	—	—	617,546	—	—	617,546
Product Sales through Smart VM						
— Sale of own goods	—	—	—	1,116,388	—	1,116,388
— Consignment sale	—	—	—	10,990	—	10,990
	—	—	—	1,127,378	—	1,127,378
	4,770,742	1,143,806	617,546	1,127,378	—	7,659,472
Revenue from other sources not within the scope of IFRS 15						
Leasing of Smart VM	—	—	—	—	14,369	14,369
Total	4,770,742	1,143,806	617,546	1,127,378	14,369	7,673,841
Revenue from contracts with customers within the scope of IFRS 15						
Geographical markets						
Macau SAR	1,929,222	1,143,806	617,546	1,126,009	—	4,816,583
Taiwan	2,606,589	—	—	—	—	2,606,589
Philippines	75,497	—	—	—	—	75,497
South Korea	84,445	—	—	—	—	84,445
The PRC	74,989	—	—	1,369	—	76,358
Total	4,770,742	1,143,806	617,546	1,127,378	—	7,659,472
Timing of revenue recognition						
At a point in time	4,770,742	24,000	617,546	1,127,378	—	6,539,666
Over time	—	1,119,806	—	—	—	1,119,806
Total	4,770,742	1,143,806	617,546	1,127,378	—	7,659,472
Revenue from other sources not within the scope of IFRS 15						
Geographical markets						
Macau SAR	—	—	—	—	14,369	14,369
Leasing of Smart VM	—	—	—	—	14,369	14,369

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

3.2 Segment information

Information regarding the Group's reportable segments is set out below:

	EGE Business HK\$ (unaudited)	Smart VM Business HK\$ (unaudited)	Total HK\$ (unaudited)
For the six months ended 30 June 2024			
Reportable segment revenue			
— From external customers	18,851,750	1,066,300	19,918,050
Reportable segment results (Note)	1,909,419	(637,598)	1,271,821
Unallocated corporate income			18,700
Unallocated corporate expenses			(2,018,511)
Loss before income tax			(727,990)
Income tax credit			89,061
Loss for the period			(638,929)

	EGE Business HK\$ (unaudited)	Smart VM Business HK\$ (unaudited)	Total HK\$ (unaudited)
For the six months ended 30 June 2023			
Reportable segment revenue			
— From external customers	6,532,094	1,141,747	7,673,841
Reportable segment results (Note)	(4,967,542)	(617,077)	(5,584,619)
Unallocated corporate income			21,419
Unallocated corporate expenses			(1,567,904)
Loss before income tax			(7,131,104)
Income tax credit			—
Loss for the period			(7,131,104)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

3.2 Segment information (Continued)

Note:

	EGE Business HK\$ (unaudited)	Smart VM Business HK\$ (unaudited)	Unallocated HK\$ (unaudited)	Total HK\$ (unaudited)
For the six months ended 30 June 2024				
Amounts included in the measure of segment results				
— Bank interest income	438	4	18,700	19,142
— Net foreign exchange gains/(losses)	173,679	(4)	—	173,675
— Depreciation of property and equipment	(12,751)	(300,573)	—	(313,324)
— Depreciation of right-of-use assets	(743,708)	(293,583)	—	(1,037,291)
— Reversal of impairment losses on trade receivables under ECL model, net	6,949	—	—	6,949
— Loss on disposal of property, plant and equipment	(43,769)	(16,095)	—	(59,864)
— Finance costs	(114,972)	(14,762)	—	(129,734)
— Write-down of inventories to net realisable value	—	(7,731)	—	(7,731)
Other segment item				
Additions to non-current assets	212,951	170,836	—	383,787
As at 30 June 2024				
Segment assets	21,469,923	3,012,272	4,520,203	29,002,398
Segment liabilities	(11,896,810)	(1,108,988)	(300,064)	(13,305,862)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

3.2 Segment information (Continued)

Note: (Continued)

	EGE Business HK\$ (unaudited)	Smart VM Business HK\$ (unaudited)	Unallocated HK\$ (unaudited)	Total HK\$ (unaudited)
For the six months ended 30 June 2023				
Amounts included in the measure of segment results				
— Bank interest income	414	10	21,420	21,844
— Net foreign exchange gains/(losses)	15,564	(1,256)	—	14,308
— Depreciation of property and equipment	(12,352)	(293,464)	—	(305,816)
— Depreciation of right-of-use assets	—	(280,656)	—	(280,656)
— Reversal of impairment losses on trade receivables under ECL model, net	306	—	—	306
— Effective interest income on rental deposits	293	—	—	293
— Finance costs	(3,526)	(24,523)	—	(28,049)
— Write-down of inventories to net realisable value	(292,252)	(7,813)	—	(300,065)
Other segment item				
Additions to non-current assets	8,571	420,263	—	428,834
As at 31 December 2023				
Segment assets	27,871,784	3,486,761	4,674,093	36,032,638
Segment liabilities	18,211,159	1,267,118	218,896	19,697,173

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended	
	30 June	
	2024	2023
	HK\$	HK\$
	(unaudited)	(unaudited)
Other income		
Bank interest income	19,142	21,844
COVID-19-related rent concessions	–	54,883
Effective interest income on rental deposits	–	293
Gain on lease modification upon termination of lease	–	1,685
Freight income from delivery	75,770	–
Others	31,757	10,512
	126,669	89,217
Other gains and losses		
Net foreign exchange gains	173,675	14,308
	300,344	103,525

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. REVERSAL OF IMPAIRMENT LOSSES UNDER ECL MODEL, NET

	Six months ended 30 June	
	2024 HK\$ (unaudited)	2023 HK\$ (unaudited)
Reversal of impairment losses on trade receivables under ECL model, net	6,949	306

6. INCOME TAX CREDIT

The Group is subject to Macau SAR Complementary Tax at a rate of 12% on the assessable profits for both periods. No provision for Macau SAR Complementary Tax has been made as the Group did not generate assessable profit arising in Macau SAR 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.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for Enterprise Income Tax has been made as the Group did not generate assessable profit arising in the PRC for both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2024 HK\$ (unaudited)	2023 HK\$ (unaudited)
Directors' remunerations	2,005,857	1,181,288
Other staff costs		
— Salaries and allowances	5,131,869	3,696,408
— Retirement benefits scheme contributions (<i>note</i>)	20,971	18,136
	7,158,697	4,895,832
Lease charges:		
— Short term leases	132,885	722,880
— COVID-19-related rent concessions	—	(54,883)
Total lease charges	132,885	667,997
Depreciation:		
— Property and equipment	313,324	305,816
— Right-of-use assets	1,037,291	280,656
Total depreciation	1,350,615	586,472
Auditor's remuneration	407,767	500,767
Cost of inventories recognised as expenses	8,349,864	4,525,542
Cost of service provided	774,722	—
Loss on disposal of property, plant and equipment	59,864	—
Gain on lease modification upon termination of lease	—	(1,685)

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.

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 (2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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:

	Six months ended 30 June	
	2024 HK\$ (unaudited)	2023 HK\$ (unaudited)
Loss		
Loss for the purpose of basic loss per share (loss for the period attributable to the owners of the Company)	(638,929)	(7,131,104)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	1,000,000,000	1,000,000,000
	HK cents	HK cents
Basic loss per share	(0.06)	(0.71)

Diluted loss per share for both periods were the same as basic loss per share as there were no potential ordinary shares in existence during both periods.

10. PROPERTY AND EQUIPMENT

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
	Carrying values	
Computers	123,621	99,050
Motor vehicles	84,000	100,800
Vending machines	1,285,787	1,578,067
	1,493,408	1,777,917

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10. PROPERTY AND EQUIPMENT (Continued)

During the current interim period, property and equipment of HK\$88,679 is acquired (2023: HK\$90,935).

11. RIGHT-OF-USE ASSETS

	Carrying amount		Depreciation
	As at 30 June 2024 HK\$ (unaudited)	As at 1 January 2024 HK\$ (audited)	For the six months ended 30 June 2024 HK\$ (unaudited)
Premises for vending machines	566,370	689,118	293,583
Office premises	2,944,132	3,532,958	588,826
Warehouses	353,335	478,041	124,706
Car parks	112,513	18,417	30,176
	3,976,350	4,718,534	1,037,291

	Carrying amount		Depreciation
	As at 30 June 2023 HK\$ (unaudited)	As at 1 January 2023 HK\$ (audited)	For the six months ended 30 June 2023 HK\$ (unaudited)
Premises for vending machines	843,582	790,290	280,656
Office premises	–	–	–
Warehouses	–	–	–
Car parks	–	–	–
	843,582	790,290	280,656

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. RIGHT-OF-USE ASSETS (Continued)

As at 30 June 2024, the Group entered into 13 (31 December 2023: 14) lease agreements for use of leased premises for vending machines and office premises and warehouses and carparks with remaining lease term of 0.17 to 2.5 years (31 December 2023: 0.33 to 3 years), with a corresponding addition of right-of-use assets of HK\$295,107 (31 December 2023: HK\$5,652,503). The carrying amounts of right-of-use assets and lease liabilities are HK\$3,976,350 and HK\$4,078,727 (31 December 2023: HK\$4,718,534 and HK\$4,787,631), respectively.

The Group makes fixed payments during the contract periods. One of the lease agreement (31 December 2023: one lease agreement) contains an option for further extending the lease period for additional one year by giving a three-month notice to landlord before the end of the lease. The Group considered the option would be exercised at the lease commencement date.

12. INVENTORIES

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Spare parts	2,429,053	2,042,061
Finished goods	1,118,705	1,118,706
Merchandise	357,797	408,786
	3,905,555	3,569,553

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Trade receivables	743,132	7,703,896
Less: Allowance for ECL	(70,557)	(77,506)
	672,575	7,626,390
Amounts transferred from finance lease receivables upon derecognition	22,988,870	22,988,870
Less: Allowance for ECL	(22,988,870)	(22,988,870)
	-	-
Other receivables, prepayments and deposits		
— Purchase and trial products deposits to suppliers	3,450,487	3,530,359
— Prepayment for upgrade EGE supports services	184,167	427,666
— Prepayment for staff costs	-	552,319
— Prepayment for insurance	66,131	195,775
— Prepayment for annual listing fee	78,150	156,300
— Other prepayments and deposits	342,256	258,002
— Other receivables	207,238	167,690
— Rental deposits	520,092	543,838
	4,848,521	5,831,949
	5,521,096	13,458,339
Representing:		
— Current	5,166,250	13,046,799
— Non-current	354,846	411,540
	5,521,096	13,458,339

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. 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 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
0–30 days	486,995	5,526,939
31–60 days	158,369	1,708,526
61–90 days	27,709	378,503
91–180 days	–	19,869
Over 180 days	70,059	70,059
	743,132	7,703,896

14. TRADE AND OTHER PAYABLES

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Trade payables	767,691	3,573,607
Payroll payables and other accrued staff costs	197,610	355,329
Other payables and accrued expenses	1,210,552	2,749,029
Provision for restoration	533,981	533,981
Leasing and franchise deposits received	58,252	95,966
	2,768,086	7,307,912

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. TRADE AND OTHER PAYABLES (Continued)

The credit period on trade payables ranges 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 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
0–30 days	723,018	2,596,095
31–60 days	37,347	622,368
61–90 days	–	40,479
Over 90 days	7,326	314,665
	767,691	3,573,607

15. CONTRACT LIABILITIES

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Technical Sales and Distribution of Electronic Gaming Equipment	2,208,690	626,879
Consultancy and Technical services	1,418,978	4,054,309
	3,627,668	4,681,188

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. 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 as detailed in the annual financial statements of the Group for the year ended 31 December 2023.

During the six months ended 30 June 2024 and as at 30 June 2024, no option has been granted pursuant to the Share Option Scheme (2023: Nil).

17. SHARE CAPITAL

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

	Number of shares	Share capital HK\$
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	10,000,000,000	100,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	1,000,000,000	10,000,000

18. LEASE COMMITMENTS

As lessee

As at 30 June 2024 and 31 December 2023, the lease commitments for short-term leases of the Group in respect of premises leased for vending machines, car parks and an office premises are as follows:

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Within one year	87,869	97,192

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. LEASE COMMITMENTS (Continued)

As lessor

As at 30 June 2024 and 31 December 2023, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of vending machines as follows:

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Within one year	35,922	122,485
After one year but within two years	21,359	56,952
	57,281	179,437

19. CAPITAL COMMITMENTS

	As at 30 June 2024 HK\$ (unaudited)	As at 31 December 2023 HK\$ (audited)
Contracted but not provided for:		
— Property and equipment	53,348	53,348

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated interim financial statements approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has two principal lines of business: 1) the Electronic Gaming Equipment (“**EGE**”) and casino supplemental products (“**EGE and Supplemental Products**”) Business; and 2) the Smart Vending Machines (“**Smart VM**”) Business.

EGE and Supplemental Products Business:

The Group has been a supplier of EGEs in the Macau Special Administrative Region (“**Macau SAR**”) since 2005 where it is a licensed supplier of EGEs to all six of Macau’s casino concessionaires. The Group also supplies EGEs to land-based casinos in the Asian region. The main EGEs supplied by the Group include electronic table games (“**ETGs**”) such as electronic baccarat table games and electronic gaming machines (“**EGMs**”) such as electronic slot machines. The Group represents many brands of EGEs and provides many services on the EGEs. Overall, the Group’s EGE operations can be divided into: (1) the technical sales and distribution of EGE to casinos; (2) the provision of repair services to casino operators; and (3) the provision of consultancy and technical services. In addition to EGEs, the group also supplies other supplemental products and equipments that are used by casinos in their operations such as printers, ticketing machines, etc.

During the Period, revenues from the Technical Sales and Distribution of EGEs increased by approximately 189.5% from HK\$4.8 million in the Corresponding Period to HK\$13.8 million in the Period. Revenues from the Consultancy and Technical Services increased by approximately 301.2% year over year (“**YOY**”) but Repair Services decreased by approximately 26.8% YOY.

The overall market for Macau casino equipments industry showed growth in the first half of 2024. According to industry statistics, in the first six months of this year, casino operators’ yield per slot machine in the Macau SAR market was 26.8% higher than the same period in 2019, (the immediate trading year before the COVID-19 pandemic¹). Moreover, slot-machine gross gaming revenue (“**GGR**”) in Macau SAR reached Macau Pataca (“**MOP**”) 6.43 billion (nearly US\$799.36 million) in the first six months of 2024, accounting for 5.7% of the aggregate MOP113.75 billion in Macau SAR’s total GGR recorded in the same Period.

As of December 2023, the total number of slot machines stands at 12,000 and management expects the trend for this number to grow back to pre-pandemic levels in the next few years (figure 1).

1. https://www.ggrasia.com/macau-1h-yield-per-slot-machine-27pct-higher-than-1h-2019/?utm_source=divr.it&utm_medium=twitter

MANAGEMENT DISCUSSION AND ANALYSIS

Number of slot machines in casinos in Macau from 2013 to 2023

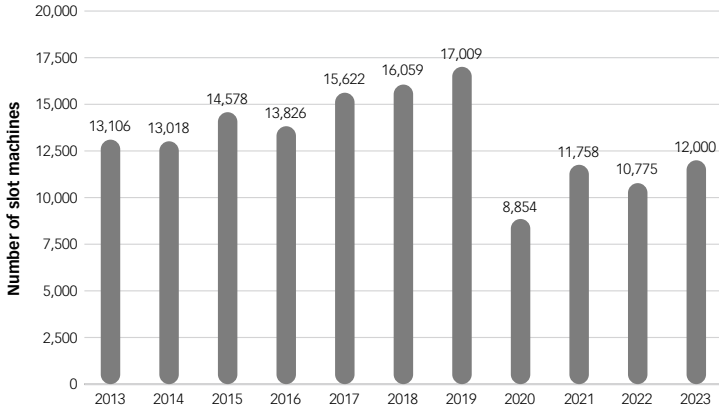


figure 1

The Group's principal products for the EGE and Supplemental Products Business came from its existing long-term suppliers, namely Spintec d.o.o. ("**Spintec**") from Slovenia, Jumbo Technologies Co., LTD. ("**Jumbo Technologies**") from Taiwan, and Konami Australia Pty LTD ("**Konami**") from Australia. The following is a brief discussion of the suppliers and their products in the Group's EGE Business:

Spintec

In the first half of 2024, Spintec unveiled its new Charisma series of electronic Roulettes with a new design and updated topper (figure 2). These new products will be available to the Macau SAR market in the second half of 2024 after certification and regulatory approval. Casino customers in Macau SAR have expressed strong interest in this updated product from Spintec.



figure 2

MANAGEMENT DISCUSSION AND ANALYSIS

Jumbo Technologies

Also in the first half of 2024, Jumbo Technologies updated its “Long Yi Fa” progressive jackpot slots (figure 3). The product is expected to get certification in the second half of 2024, and will be marketed to Macau SAR casino customers in the second half of 2024 and 2025.



figure 3

Konami

Key products from Konami that the Group distributes include Dimension series 75c and 49 cabinets (figure 4), which are able to run different Konami slot game titles. These products have been proven popular in casinos in Australia and the rest of Asia. The Group plans to promote these Konami products with Macau SAR casinos customers in the second half of 2024 and 2025.



figure 4

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to ETGs and EGMs, which are our core EGE products, the Group strategically decided to expand its product portfolio to include supplemental products that can be used by casinos in their gaming operations. For example, the Group signed an agreement in 2023 to distribute Moniko paper tickets used for TITO (Ticket in Ticket Out) in Macau SAR & South Korea casino markets. These paper tickets are consumables used by casinos in their gaming operations.

Going further, during the Period, the Group signed an exclusive distribution agreement with IDX Systems of Hong Kong (“**IDX**”). IDX designs and manufactures electronic trend boards primarily used by (figure 5) baccarat tables to facilitate betting. The market for IDX electronic trend boards can be rewarding. With over 6,000 baccarat tables in Macau SAR, the Group will work diligently to pitch this IDX product to our Macau SAR casino customers in the second half of 2024 and 2025.



figure 5

MANAGEMENT DISCUSSION AND ANALYSIS

Smart VM Business:

The Group began its Smart VM Business in the Macau SAR in the second half of 2021. The aim of our Smart VM Business is targeted at travellers and retail consumers coming to Macau SAR. At its core, the Group is an operator of vending machines selling various Macau-sourced products to travellers and retail consumers to Macau SAR. The Group operates and markets its Smart VMs under its own registered brands and logos in both the Macau SAR and the PRC. In the Macau SAR, the Group's drinks and snacks VMs are marketed under the KatKatMall logo, and its coffee VMs are marketed under the Katffee logo. The Group also operates and markets customised VMs with well-known product partners, for example, it operates a Choi Heung Yuen ("CHY") VMs specifically for CHY products in the Macau SAR. Overall, the Group's Smart VM Business can be divided into: (1) sales of products through the Group's own Smart VMs operations; (2) leasing of Smart VM to outside vendors; and (3) franchising of Smart VMs to franchisees.

As of 30 June 2024, the Group under its own operations has installed 36 VMs and 20 coffee VMs of various types in the Macau SAR. In addition to operating our own Smart VMs, the Group has leased out VMs to various vendors with famous Macau Brands, such as CHY, Wong Chi Kei, Gold Seasons, MinM Plaza, 1819 Coffee, Vegetarian Farm, Chi Fung and King Power. Overall, our Smart VM Business generated a revenue of approximately HK\$1.1 million, and a gross profit of approximately HK\$0.2 million for the Period.

FORWARD OUTLOOK

The Group's goal for the second half of 2024 is to get back to full year profitability. We are optimistic that this target can be achieved as the macro trend for the Macau casino industry remain positive. The Group is also actively marketing its EGEs to casinos in the Philippines and Malaysia and is optimistic that this will lead to increased orders in the second half of 2024.

In the longer term, the Group is looking to strategically expand our product portfolio to include supplemental products that are used by casinos in their gaming-related or marketing-related operations. We believe such products play favorably to the Group's comparative advantages.

With over 19 years of gaming experience, and extensive casino and regulatory relationships, the Group believes it can profitably leverage off our experience to expand our portfolio of products.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The total revenue of the Group increased by approximately 159.6% from approximately HK\$7.7 million for the Corresponding Period to approximately HK\$19.9 million for the Period. The increase in revenue was mainly attributable to a 189.5% increase of income derived from Technical Sales and Distribution of EGE and a 301.2% increase of income derived from Consultancy and Technical Services 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 30 June		Period-on- period change
	2024	2023	
	HK\$	HK\$	%
Technical Sales and Distribution of EGE	13,810,608	4,770,742	189.5%
Consultancy and Technical Services	4,589,218	1,143,806	301.2%
Repair Services	451,924	617,546	(26.8)%
Product Sales through Smart VM	978,655	1,127,378	(13.2)%
Leasing of Smart VM	66,825	14,369	365.1%
Franchise	20,820	–	–
Total	19,918,050	7,673,841	159.6%

MANAGEMENT DISCUSSION AND ANALYSIS

Technical Sales and Distribution of EGE

Revenue from Technical Sales and Distribution of EGE increased by 189.5% to approximately HK\$13.8 million for the Period (Corresponding Period: approximately HK\$4.8 million).

Gross profit margin on sale of EGE increased to 46.6% over the Period (Corresponding Period: gross profit margin of 5.3%). The reason for the increase in gross profit margin was attributed to the higher overall selling revenue and the cost control.

Consultancy and Technical Services

Revenue from Consultancy and Technical Services increased by 301.2% to approximately HK\$4.6 million for the Period (Corresponding Period: approximately HK\$1.1 million).

Gross profit margin on Consultancy and Technical Services increased to 61.9% over the Period (Corresponding Period: gross loss margin of 7.3%). The reason for the increase in gross profit margin was attributed to increase in upgrade EGE supports services.

Repair Services

Repair Services revenue decreased by 26.8% to approximately HK\$0.5 million for the Period (Corresponding Period: approximately HK\$0.6 million).

Product Sales through Smart VM

Product Sales through Smart VM revenue decreased by 13.2% to approximately HK\$1.0 million for the Period (Corresponding Period: approximately HK\$1.1 million).

Leasing of Smart VM

Leasing of Smart VM revenue increased by 365.1% to approximately HK\$66,825 for the Period (Corresponding Period: approximately HK\$14,369).

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit/(loss) and gross profit/(loss) margin by revenue streams

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

For the six months ended 30 June 2024

	Technical Sales and Distribution of EGE HK\$	Consultancy and Technical Services HK\$	Repair Services HK\$	Product Sales through Smart VM HK\$	Leasing of Smart VM HK\$	Franchise HK\$	Total HK\$
Revenue	13,810,608	4,589,218	451,924	978,655	66,825	20,820	19,918,050
Cost of sales and services	(7,377,559)	(1,749,398)	(469,803)	(884,839)	-	(5,419)	(10,487,018)
Gross profit/(loss)	6,433,049	2,839,820	(17,879)	93,816	66,825	15,401	9,431,032
Gross profit/(loss) margin	46.6%	61.9%	(4%)	9.6%	100%	74%	47.3%

For the six months ended 30 June 2023

	Technical Sales and Distribution of EGE HK\$	Consultancy and Technical Services HK\$	Repair Services HK\$	Product Sales through Smart VM HK\$	Leasing of Smart VM HK\$	Total HK\$
Revenue	4,770,742	1,143,806	617,546	1,127,378	14,369	7,673,841
Cost of sales and services	(4,517,798)	(1,227,120)	(612,051)	(1,016,355)	-	(7,373,324)
Gross profit/(loss)	252,944	(83,314)	5,495	111,023	14,369	300,517
Gross profit/(loss) margin	5.3%	(7.3%)	0.9%	9.8%	-	3.9%

The Group's gross profit margin increased from approximately 3.9% for the Corresponding Period to gross profit margin of approximately 47.3% for the Period. The increase in gross profit margin were mainly attributable to (i) an increase in gross profit margin for Technical Sales and Distribution of EGE; and (ii) Consultancy and Technical Services due to higher overall selling revenue and increase in upgrade EGE supports services, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income, gains and losses

The Group incurred net foreign exchange gain of HK\$173,675 for the Period (Corresponding Period: HK\$14,308) due to the fluctuation 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 43.3% from approximately HK\$7.2 million for the Corresponding Period to approximately HK\$10.3 million for the Period. This increase was attributable to increase in staff costs and depreciation expenses.

Impairment losses on financial assets

The Group recognised a reversal of impairment losses under ECL model on trade receivables of HK\$6,949 for the Period (Corresponding Period: impairment losses of HK\$306).

Loss

The Group recorded net loss attributable to the owners of the Company of approximately HK\$638,929 for the Period compared to a net loss of approximately HK\$7.1 million for the Corresponding Period. The decrease in loss was mainly attributable to an increase in revenue to approximately HK\$19.9 million for the Period as compared to approximately HK\$7.7 million for the Corresponding Period, being a 159.6% rise.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the Period, the Group financed its operations by its internal resources. As at 30 June 2024, the Group had net current assets of approximately HK\$12.3 million compared with those of approximately HK\$12.7 million as at 31 December 2023. As at 30 June 2024 and 31 December 2023, 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 2024. As at 30 June 2024, 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 2023. 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 2024 and 31 December 2023, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 38 employees (30 June 2023: 36). 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\$7.2 million (Corresponding Period: approximately HK\$4.9 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 2024, the Group had capital commitment of HK\$53,348 (31 December 2023: HK\$53,348).

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP'S ASSETS

As at 30 June 2024, the Group had no charges on its assets (31 December 2023: 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 2024, all cash on hand was deposited with licensed financial institutions in the Hong Kong Special Administrative Region ("Hong Kong SAR"), Macau SAR and the PRC.

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	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Customer A	8,712,690	2,604,755
Customer B	6,821,716	1,199,371
Customer C	N/A[#]	1,028,372

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

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY EXPOSURE

The Group invoices its customers mainly in EUR, HK\$, MOP and Chinese Yuan. The main exposure to foreign currency fluctuations comes from supplies in EUR. For the Period, the Group's net foreign exchange gain was HK\$173,675, an increase from HK\$14,308 for the Corresponding Period. This was attributable to the fluctuation of exchange rate of US\$ against EUR, which affected our payables in EUR liabilities.

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 2024, 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 of the Company (the "Shares")

Name of Directors/ Chief executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of the issued Shares*
Mr. Huie, Allen Tat Yan ("Mr. Huie")	Beneficial owner	295,759,680 ^{Notes 2}	29.57%
Mr. Ng Man Ho Herman ("Mr. Ng")	Beneficial owner	289,939,680 ^{Notes 3}	28.99%
Mr. Chan Chi Lun ("Mr. Chan")	Beneficial owner	153,490,640 ^{Notes 1}	15.34%

Note 1: On 12, 15 and 19 January 2024, Mr. Chan acquired 1,290,000 Shares in total on the market.

Note 2: On 19 April 2024, Mr. Huie acquired 1,000,000 Shares in total on the market.

Note 3: On 19 April 2024, Mr. Ng acquired 660,000 Shares in total on the market.

* 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 2024.

DISCLOSURE OF INTERESTS

Save as disclosed above, as at 30 June 2024, 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 2024, 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 adopted and has complied with all the mandatory disclosure requirements and applicable code provisions as set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the GEM Listing Rules.

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 (including sale of treasury shares, if any).

As at 30 June 2024, the Company did not hold any treasury shares.

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.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 (excluding treasury shares, if any) 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 (excluding treasury shares, if any) 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 2024. As at 1 January 2024 and 30 June 2024, the total number of shares available for issue under the Share Option Scheme was 100,000,000 shares, which represent approximately 10% of the Company's issued share capital. 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".

IMPORTANT EVENTS AFTER THE PERIOD

The Board is not aware of any material event requiring disclosure, that has taken place subsequent to 30 June 2024 and up to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 D.3.3 and D.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.

CESSATION OF PUBLISHING QUARTERLY FINANCIAL RESULTS AND QUARTERLY REPORTS

Taking into consideration the GEM Listing Rules reforms effective from 1 January 2024, where the Stock Exchange has removed the mandatory quarterly financial reporting requirement. The Company concurs with the view of the Stock Exchange that this will reduce the compliance costs of the Company. Furthermore, the annual and interim report requirements, together with other ongoing disclosure obligations will continue to allow Shareholders to be sufficiently informed of the Group’s financial position and future prospects.

In consideration of the above, with effect from 1 January 2024, the Company ceased to publish its quarterly financial results and quarterly reports. The Company will continue to publish its annual and interim financial results and reports in compliance with the GEM Listing Rules.

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

Hong Kong, 22 August 2024

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.