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Millennium Pacific Group Holdings Limited
匯思太平洋集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8147)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of the companies listed on GEM, 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.

*This announcement, for which the directors (the "**Directors**") of Millennium Pacific Group Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.*

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of Directors (the "**Board**") of the Company is pleased to announce the following consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 together with the comparative figures for the preceding year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
Turnover	*6*	**67,098**	237,226
Cost of sales		**(61,054)**	(210,511)
Gross profit		**6,044**	26,715
Other income	*7*	**1,084**	342
Selling and distribution costs		**(3,321)**	(2,967)
Administrative expenses		**(20,890)**	(23,422)
(Loss)/profit from operation		**(17,083)**	668
Finance costs	*8*	**(424)**	(1,065)
Loss before tax	*9*	**(17,507)**	(397)
Income tax expense	*10*	**(19)**	(1,216)
Loss for the year attributable to the owners of the Company		**(17,526)**	(1,613)
Other comprehensive income for the year, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**548**	8
Total comprehensive income for the year attributable to the owners of the Company		**(16,978)**	(1,605)
Loss per share (cents)			(Restated)
— Basic	*12*	**(0.34)**	(0.04)
— Diluted	*12*	**(0.34)**	(0.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**4,792**	5,612
Intangible assets		**219**	–
		5,011	5,612
Current assets			
Inventories		**22,734**	15,778
Trade receivables	*13*	**5,927**	19,142
Prepayments and deposits		**5,556**	5,918
Current tax assets		**52**	1,642
Bank and cash balances		**32,985**	54,272
		67,254	96,752
Current liabilities			
Trade and bills payables	*14*	**11,682**	20,012
Other payables, deposits received and accrued expenses		**5,895**	8,185
Amount due to a director		**6,275**	–
Bank borrowings and overdrafts		**–**	8,049
Finance lease payables		**158**	147
Current tax liabilities		**–**	580
		24,010	36,973
Net current assets		**43,244**	59,779
Total assets less current liabilities		**48,255**	65,391
Non-current liabilities			
Finance lease payables		**42**	200
NET ASSETS		**48,213**	65,191
Capital and reserves			
Share capital	*15*	**1,046**	1,046
Reserves		**47,167**	64,145
TOTAL EQUITY		**48,213**	65,191

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to the owners of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Statutory reserve** *HK$'000*	**Merger reserve** *HK$'000*	**Foreign currency translation reserve** *HK$'000*	**Option reserve** *HK$'000*	**Retained profits/ (accumulated losses)** *HK$'000*	**Total reserve** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2014	–*	–	396	12,400	418	–	13,472	26,686	26,686
Recognition of share-based payments	–	–	–	–	–	327	–	327	327
Capitalisation issue	700	(700)	–	–	–	–	–	(700)	–
Placing of shares	345	46,230	–	–	–	–	–	46,230	46,575
Share issue expenses	–	(6,867)	–	–	–	–	–	(6,867)	(6,867)
Exercise of share options	1	84	–	–	–	(10)	–	74	75
Total comprehensive income for the year	–	–	–	–	8	–	(1,613)	(1,605)	(1,605)
Appropriations	–	–	370	–	–	–	(370)	–	–
Changes in equity for the year	1,046	38,747	370	–	8	317	(1,983)	37,459	38,505
At 31 December 2014 and 1 January 2015	**1,046**	**38,747**	**766**	**12,400**	**426**	**317**	**11,489**	**64,145**	**65,191**
Total comprehensive income and changes in equity for the year	**–**	**–**	**–**	**–**	**548**	**–**	**(17,526)**	**(16,978)**	**(16,978)**
At 31 December 2015	**1,046**	**38,747**	**766**	**12,400**	**974**	**317**	**(6,037)**	**47,167**	**48,213**

* *Represents amount less than HK$1,000*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempt company with limited liability on 10 September 2013 under the Company Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at B3 YuCan Industrial Park, Lanzhu West Road, Export Processing Zone, Pingshan New District, Shenzhen, the People's Republic of China (the "PRC"). The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 18 July 2014 (the "Listing").

The Company is an investment holding company. The principal activities of its subsidiaries are research, development, manufacturing and trading of electronic devices.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which in collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND REQUIREMENTS

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements. The adoption of the new and revised HKFRSs that are relevant to the Group and effective for its accounting year beginning on 1 January 2015 had no significant effects on the results and financial position of the Group for the current and prior years.

(a) Application of new and revised HKFRSs

The following standards have been adopted by the Group for the first time for its accounting year beginning on 1 January 2015:

Amendment to HKAS 16 and HKAS 38 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment clarifies how the gross carrying amount and the accumulated depreciation/ amortisation are treated where an entity uses the revaluation model. As the Group does not use the revaluation model, there was no effect on its consolidated financial statements.

Amendments to HKAS 19, Defined Benefit Plans: Employee Contributions

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In particular, contributions that are independent of the number of years of service can be recognised as a reduction in the service cost in the period in which the related service is rendered (instead of attributing them to the periods of service). As the Group has no post-employment benefit plans requiring employees or third parties to meet some of the cost of the plan, the amendments had no effect on the Group's consolidated financial statements.

Amendment to HKAS 24 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment clarifies how payments to entities providing key management personnel services are to be disclosed. This amendment had no effect on the Group's consolidated financial statements.

Amendment to HKAS 40 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendment clarifies the application of HKFRS 3 and HKAS 40 in respect of acquisitions of investment property. HKAS 40 assists preparers to distinguish between investment property and owner-occupied property, then HKFRS 3 helps them to determine whether the acquisition of an investment property is a business combination. The amendment had no effect on the Group's consolidated financial statements.

Amendment to HKFRS 3 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendment clarifies that HKFRS 3 excludes from its scope the accounting for the formation of any joint arrangement in the financial statements of the joint arrangement itself. This had no effect on the Group's consolidated financial statements.

Amendment to HKFRS 8 (Annual Improvements to HKFRSs 2010–2012 Cycle)

The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly. These clarifications had no effect on the Group's consolidated financial statements.

Amendment to HKFRS 13 (Annual Improvements to HKFRSs 2011–2013 Cycle)

The amendment clarifies that the portfolio exception in HKFRS 13 — allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis — applies to all contracts (including non-financial) within the scope of HKAS 39/HKFRS 9. This had no effect on the Group's consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its financial performance and financial position.

List of new and revised HKFRSs in issue but not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) Amendments to the GEM Listing Rules

The Company has adopted the amendments to Chapter 18 of the GEM Listing Rules in relation to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current year. The main impact on the financial statements is on the presentation and disclosures of certain information in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which in collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

5. SEGMENT INFORMATION

Operating segment information

The Group engaged in the single type business of research, development, manufacturing and trading of electronic devices. Accordingly, no operating segment information is presented.

Geographical information

Non-current assets are not presented in the geographical information as they are all located in the PRC.

Information about the Group's revenue from external customers is presented based on the geographical location as follows:

	2015	2014
	HK$'000	*HK$'000*
Taiwan	**16,847**	100,695
The Netherlands	**11,270**	–
United Kingdom	**8,919**	31,160
Hong Kong	**9,465**	50,763
Others	**20,597**	54,608
	67,098	237,226

Information about major customers

The Group's customer base included four (2014: two) customers with whom transactions have exceeded 10% of its revenue during the year is set out as below:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**16,847**	94,885
Customer B	**11,270**	–
Customer C	**8,919**	31,160
Customer D	**7,851**	–
	44,887	126,045

6. TURNOVER

Turnover represents the invoiced values of goods sold, after allowances for returns and discounts. An analysis of the Group's turnover for the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Sales of manufactured products	**56,150**	214,654
Sales on trading of electronic products, accessories and raw materials	**10,948**	22,572
	67,098	237,226

7. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Gain on sales of scrap	**68**	281
Government subsidies	**465**	–
Interest income	**13**	11
Others	**538**	50
	1,084	342

8. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans	**133**	165
Interest on bank overdrafts	**161**	561
Interest on import/export loans	**109**	308
Finance lease charges	**21**	31
	424	1,065

9. LOSS BEFORE TAX

The Group's loss before tax is stated after charging/(crediting) the following:

	Note	**2015** ***HK$'000***	2014 *HK$'000*
Amortisation of intangible assets		**20**	–
Depreciation of property, plant and equipment	*(a)*	**1,455**	1,420
Staff costs (including directors' emoluments)	*(b)*		
— Salaries, bonus and allowances		**13,482**	14,528
— Equity-settled share-based payments		**–**	327
— Retirement benefits scheme contributions		**1,029**	1,785
		14,511	16,640
Cost of inventories sold		**61,054**	210,511
Foreign exchange loss		**1,444**	976
Operating lease charges on premises	*(c)*	**3,270**	2,945
Auditors' remuneration		**527**	480
Allowance for inventories		**2,794**	1,710
Reversal of allowance for inventories (included in cost of sales)		**–**	(1,026)

Notes:

(a) Depreciation of property, plant and equipment of approximately HK$433,000 (2014: HK$1,012,000) for the year ended 31 December 2015 is included in cost of sales.

(b) Staff costs of approximately HK$4,325,000 (2014: HK$8,352,000) for the year ended 31 December 2015 is included in cost of sales.

(c) Operating lease charges of approximately HK541,000 (2014: HK$1,706,000) for the year ended 31 December 2015 is included in cost of sales.

10. INCOME TAX EXPENSE

	2015 ***HK$'000***	2014 *HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**–**	488
(Over)/under-provision in prior years	**(2)**	2
	(2)	490
Current tax — PRC Enterprise Income Tax ("EIT")		
Provision for the year	**–**	665
Under-provision in prior years	**21**	61
	21	726
Total tax charge for the year	**19**	1,216

No provision for Hong Kong Profits Tax is required as the Group's Hong Kong subsidiaries have no assessable profit for the year. Hong Kong Profits Tax for the year ended 31 December 2014 was provided at 16.5% based on the assessable profits for that year.

No PRC EIT is required as the Group's PRC subsidiaries did not generate any assessable profit for the year. PRC EIT for the year ended 31 December 2014 was calculated at 15% on the assessable profits for that year.

On 26 December 2014, Central Pacific Int Technology Limited ("CPIT"), a Company's PRC subsidiary, was granted status of High and New Technology Enterprise and entitled to preferential EIT rate of 15% from 1 January 2014 to 31 December 2016 provided CPIT continues engaged in activities which meet the criteria of being a High and New Technology Enterprise pursuant to No. 28 of the EIT Law of the PRC ("EIT Law") and No. 93 of the Regulation on the Implementation of the EIT Law promulgated by the State Council of the PRC.

11. DIVIDEND

No dividend had been paid or declared by the Company during the year (2014: Nil).

12. LOSS PER SHARE

(a) The calculation of basic loss per share is based on the following:

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of calculating basic loss per share	**(17,526)**	(1,613)

	2015	2014
		(Restated)
Number of shares		
Issued ordinary shares at the beginning of year	**5,227,800,000**	3,500,000,000
Effect of placing of shares upon the Listing	**–**	784,520,550
Effect of exercise of share options	**–**	905,205
Weighted average number of ordinary shares for the purpose of calculating basic loss per share *(note (i))*	**5,227,800,000**	4,285,425,755

Note:

(i) For the purpose of calculation of basic loss per share for the years ended 31 December 2015 and 2014, the share subdivisions of the Company being effective on 8 January 2015 (note 15(c)) and 9 October 2015 (note 15(d) respectively ("Share Subdivisions"), were deemed to be effective throughout the period from 1 January 2014 to 31 December 2015. Accordingly, the weighted average number of ordinary shares of the Company in issue during the year ended 31 December 2014 were adjusted to reflect the effect of the Share Subdivisions.

(b) Diluted loss per share

The effects of the Company's potential ordinary shares in respect of the outstanding share options are anti-dilutive for the years ended 31 December 2015 and 2014.

13. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**5,927**	19,142

The Group's trading terms with its major customers is either on credit or to provide the Group with irrecoverable letters of credit issued by reputable banks, with terms within 30 days (2014: 30 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

An ageing analysis of the Group's trade receivables, based on the invoice date at the end of reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
0–30 days	**621**	19,106
31–60 days	**1,382**	35
61–90 days	**153**	1
Over 90 days	**3,771**	–
	5,927	19,142

As of 31 December 2015, trade receivables of approximately HK$5,306,000 (2014: HK$36,000) were past due but not impaired. These trade receivables related to customers for whom there was no recent history of default. The ageing analysis of these trade receivables, based on due date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0–30 days	**1,382**	35
31–60 days	**153**	1
Over 60 days	**3,771**	–
	5,306	36

The carrying amounts of the Group's trade receivables at the end of reporting period are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
HK$	**15**	–
United States dollars ("US$")	**5,912**	19,142
	5,927	19,142

14. TRADE AND BILLS PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**11,682**	16,198
Bills payables	**–**	3,814
	11,682	20,012

An ageing analysis of the Group's trade and bills payables based on invoice date at the end of reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
0–30 days	**2,743**	12,284
31–60 days	**4,332**	2,744
61–90 days	**640**	4,984
Over 90 days	**3,967**	–
	11,682	20,012

The carrying amounts of the Group's trade and bills payables at the end of reporting period are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
HK$	**317**	1,685
Renminbi	**7,198**	3,622
US$	**4,167**	14,705
	11,682	20,012

15. SHARE CAPITAL

	Number of ordinary shares at HK$0.01 per share	at HK$0.001 per share	at HK$0.0002 per share	*HK$'000*
Authorised				
At 1 January 2014	38,000,000	–	–	380
Increase in authorised ordinary shares *(note (a))*	962,000,000	–	–	9,620
As at 31 December 2014 and 1 January 2015	1,000,000,000	–	–	10,000
Effects of shares subdivision *(note (c))*	(1,000,000,000)	10,000,000,000	–	–
Effects of shares subdivision *(note (d))*	–	(10,000,000,000)	50,000,000,000	–
At 31 December 2015	–	–	50,000,000,000	10,000
Issued				
At 1 January 2014	2,000	–	–	–*
Capitalisation issue *(note (a))*	69,998,000	–	–	700
Issue of shares by way of placing *(note (b))*	34,500,000	–	–	345
Exercise of share options	56,000	–	–	1
As at 31 December 2014 and 1 January 2015	104,556,000	–	–	1,046
Effects of shares subdivision *(note (c))*	(104,556,000)	1,045,560,000	–	–
Effects of shares subdivision *(note (d))*	–	(1,045,560,000)	5,227,800,000	–
At 31 December 2015	–	–	5,227,800,000	1,046

* *Represents amount less than HK$1,000*

Notes:

(a) On 20 June 2014, written resolutions of the shareholders of the Company were passed to approve the increase in authorised share capital of the Company from HK$380,000 to HK$10,000,000 by the creation of an additional 962,000,000 shares of HK$0.01 each; and conditional on the share premium account of the Company being credited pursuant to the placing of shares of the Company; the directors of the Company were authorised to capitalise the sum of HK$699,980 standing to the credit of the share premium account of the Company by issuing 69,998,000 shares of HK$0.01 each, credited as fully paid at par.

(b) On 18 July 2014, the Company issued 34,500,000 ordinary shares of HK$0.01 each at a price of HK$1.35 each upon completion of the placing of the Company's shares.

(c) Pursuant to the share subdivision on 8 January 2015, the authorised share capital of the Company of HK$10,000,000 was divided into 10,000,000,000 subdivided shares, of which 1,045,560,000 subdivided shares was issued and fully paid. After the shares subdivision, each of the existing issued and unissued shares of par value of HK$0.01 each in the share capital of the Company was subdivided into 10 subdivided shares of par value of HK$0.001 each.

(d) Pursuant to the share subdivision on 9 October 2015, the authorised share capital of the Company of HK$10,000,000 was divided into 50,000,000,000 subdivided shares, of which 5,227,800,000 subdivided shares was issued and fully paid. After the shares subdivision, each of the existing issued and unissued shares of par value of HK$0.001 each in the share capital of the Company was subdivided into 5 subdivided shares of par value of HK$0.0002 each.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises all components of shareholders' equity.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit from the date of the Listing. As of 31 December 2015, 33% (2014: 33%) of the shares were in public hands.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in the research and development, manufacturing and sale of consumer electronic products, such as fitness bracelet, GPS personal navigation devices, mobile internet devices and digital video recorders. The Group provides one-stop services to our customers by offering design, prototyping/sampling, manufacturing, assembling and packaging of their products. The turnover of the Group for the year ended 31 December 2015 was approximately HK$67.1 million, representing a decrease of approximately 71.7% from approximately HK$237.2 million for the year ended 31 December 2014. The decrease in sales was mainly because (i) the largest customer of the Group (according to the consolidated financial results of the Group for the year ended 31 December 2014) has ceased to place order for GPS personal navigation devices from the Group due to the change of its product line; (ii) the market of the products of the Group such as GPS personal navigation devices and mobile internet devices has reached saturation at such rates faster than the Group has anticipated; and (iii) the sales performance of the Group's new mobile internet device products with new operating system was unsatisfactory. The loss of orders from the largest customer of the Group resulted in significant decrease in turnover of the Group. The Group is actively seeking ways to expand its business through broadening its product category and identifying new customers in order to generate more revenue of the Group as soon as possible.

To broaden our product category and sales channel, in July 2015 the Group launched fitness bracelet, a new product under its existing principal business. Our fitness bracelets are now sold in third-party outlets and a third-party on-platform. The Group may also consider to establish an internet trading platform for the sale of our products and third parties products to enhance our revenue. The following table sets forth the breakdowns of the turnover of the Group for each of the year ended 31 December 2014 and 2015:

	2015	2014
	HK$'000	*HK$'000*
Sales of manufactured products	**56,150**	214,654
Sales on trading of electronic products, accessories and raw materials	**10,948**	22,572
	67,098	237,226

Cost of Sales and Gross Profit

The majority of the Group's cost of sales was raw material costs. The Group's cost of sales dropped in line with the turnover by 71.0% to approximately HK$61.1 million between the years ended 31 December 2014 and 2015. The gross profit margin dropped substantially from approximately 11.3% for the year ended 31 December 2014 to approximately 9.0% for the year ended 31 December 2015. The drop of gross profit margin was mainly because the largest customer of the Group has ceased to place order for GPS personal navigation devices from the Group due to the change of its product line. The loss of such orders from this customer resulted in significant drop in gross profit margin of the Group. The gross profit also dropped from approximately HK$26.7 million for the year ended 31 December 2014 to approximately HK$6.0 million for the year ended 31 December 2015 mainly due to the decline in revenue.

Expenses

Staff costs for the year ended 31 December 2015 was approximately HK$14.5 million (2014: approximately HK$16.6 million), representing a decrease of approximately HK$2.1 million as compared with the last year, which was mainly due to drop in average headcount during the year.

Administrative expenses for the year ended 31 December 2015 was approximately HK$20.9 million (2014: approximately HK$23.4 million), representing an decrease of approximately HK$2.5 million of last year, mainly due to the Listing expenses was incurred for the year ended 31 December 2014.

Taxes

The income tax expense comprised Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") for the year. The income tax expense for the year ended 31 December 2015 was approximately HK$19,000 (2014: HK$1,216,000).

No provision for Hong Kong Profits Tax is required as the Group's Hong Kong subsidiaries have no assessable profit for the year. Hong Kong Profits Tax for the year ended 31 December 2014 was provided at 16.5% based on the assessable profits for that year.

No PRC EIT is required as the Group's PRC subsidiaries did not generate any assessable profit for the year. PRC EIT for the year ended 31 December 2014 was calculated at 15% on the assessable profits for that year.

On 26 December 2014, Central Pacific Int Technology Limited ("CPIT"), a Company's PRC subsidiary, was granted status of High and New Technology Enterprise and entitled to preferential EIT rate of 15% from 1 January 2014 to 31 December 2016 provided CPIT continues engaging in activities which meet the criteria of being a High and New Technology Enterprise pursuant to No. 28 of the EIT Law of the PRC ("EIT Law") and No. 93 of the Regulation on the Implementation of the EIT Law promulgated by the State Council of the PRC.

Loss for the Year

The Group incurred a net loss of approximately HK$17.5 million during the year ended 31 December 2015, as compared with a net loss of approximately HK$1.6 million for the year ended 31 December 2014. The loss was primarily due to the substantial drop in revenue, mainly because (i) the largest customer of the Group has ceased to place order for GPS personal navigation devices from the Group due to the change of its product line; (ii) the market of the products of the Group such as GPS personal navigation devices and mobile internet devices has reached saturation at such rates faster than the Group has anticipated; and (iii) the sales performance of the Group's new mobile internet device products with new operating system was unsatisfactory.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. On 18 July 2014, the Company was listed on the GEM of the Stock Exchange by way of placing and completed the placing of 34,500,000 Shares at placing price of HK$1.35. The actual net proceeds from the issue of new shares of the Company under the placing were approximately HK$30.3 million. The Directors believe that with the new capital from the placing of Shares on the GEM, the Group is in a healthy financial position to expand its core business and to achieve its business objectives. As at 31 December 2015, the Group had various bank borrowings and overdrafts of approximately HK$Nil (31 December 2014: HK$8.0 million). The Group requires cash primarily for working capital needs. As at 31 December 2015, the Group had approximately HK$33.0 million in bank and cash balances (31 December 2014: HK$54.3 million).

On 26 May 2015, the Board considered and approved a resolution in relation to the issue of the debt securities with an aggregate principal amount up to HK$300,000,000. The debt securities may be issued in the form of bonds or convertible bonds at the interest rate of 6% per annum for a term of 1–7 years. However, up to the date of this announcement, no such debt securities were issued.

Gearing Ratio

As at 31 December 2015, all of our bank borrowings and overdrafts have been repaid, therefore the gearing ratio dropped from approximately 12.9% as at 31 December 2014 to approximately 0.4% as at 31 December 2015.

Note: Gearing ratio is calculated as the total debt divided by total equity. For the avoidance of doubt, total debt includes bank borrowing and finance lease obligation.

OPERATION REVIEW

Outlook

In 2015, there was intense competition in the consumer electronic product market. The market of the products of the Group such as GPS personal navigation devices and mobile internet devices has reached saturation at such rates faster than the Group has anticipated. Besides, the largest customer of the Group (according to the consolidated financial results of the Group for the year ended 31 December 2014) has ceased to place order for GPS personal navigation devices from the Group since June 2015 due to the change of its product line. Both led to the drop in revenue of the year ended 31 December 2015.

With the competitive market condition, the Group has sought to expand its product portfolio. In July 2015, the Group launched its health tracking product, Fitness Bracelet, under its existing principal business.

In April 2015 and October 2015, the Group established two new subsidiaries in Hong Kong, namely Millennium Pacific Information Technology Limited and Millennium Pacific Investments Limited. Millennium Pacific Information Technology Limited was established to assist the Group's marketing and e-commerce services. Millennium Pacific Investments Limited was established to assist the Group's investment opportunities.

Looking forward, the Group will remain committed to the development of our principal business. Apart from enhancing the research and development function and expanding its product functionality, the Group is contemplating to develop on its own or seek cooperation with third party companies for involving in data management or development of software including operation system and application software activities. Given the continue decline in revenue, the Group continues to seek new investment opportunities with growth potential. No target has been confirmed and no decision of such has been made by the Board. The Company will make announcement on these matters (if any) in due course.

Business Development

The Group actively makes progress to generate growth and strives for potential and new business opportunities. In 2015, the Group has entered into a number of cooperation agreements with various parties in order to explore business opportunities and expand sales network.

On 28 January 2015, the Company and Sichuan Chanrongyun Investment Limited ("**Sichuan Chanrongyun**") entered into the strategic cooperation agreement pursuant to which Sichuan Chanrongyun shall be engaged to assist the Company in developing the sales network of its subsidiaries. Details of the above are set out in the Company's announcement dated 28 January 2015. The strategic cooperation agreement expired by effluxion of time on 27 July 2015.

On 14 April 2015, the Company and Sichuan Chanrongyun entered into another strategic cooperation agreement pursuant to which Sichuan Chanrongyun shall be engaged to assist the Company in developing the sales network of its subsidiaries. Details of the above are set out in the Company's announcement dated 14 April 2015. The strategic cooperation agreement expired by effluxion of time on 14 October 2015.

On 27 May 2015, the Company and Master Concept International Limited ("**Master Concept**") entered into a strategic cooperation agreement pursuant to which the Company will cooperate with Master Concept for development of software including operation system and application software and integrate them into our electronic consumer products. Details of the above are set out in the Company's announcement dated 27 May 2015. The strategic cooperation agreement expired by effluxion of time on 27 November 2015.

On 26 June 2015, the Company and Shenzhen Creative Products Technology Company Limited ("**SZ Creative Products**") entered into a strategic cooperation agreement pursuant to which the Company will cooperate with SZ Creative Products for the development of sales network. Details of the above are set out in the Company's announcement dated 26 June 2015. The strategic cooperation agreement have terminated on 21 September 2015. Details of the above are set out in the Company's announcement dated 21 September 2015.

On 26 June 2015, the Company and Element of eLiving (Holdings) Limited ("**Element of eLiving**") entered into a strategic cooperation agreement pursuant to which the Company will cooperate with Element of eLiving for promoting the products of the Company. Details of the above are set out in the Company's announcement dated 26 June 2015. The Strategic Cooperation Agreement expired by effluxion of time on 26 September 2015.

On 13 July 2015, the Company and Guangzhou Shi Xi Investment Management Limited ("**GZ Shi Xi**") entered into a strategic cooperation agreement pursuant to which the Company will further negotiate with GZ Shi Xi for the expansion of sales network through internet platform. Details of the above are set out in the Company's announcement dated 13 July 2015. The strategic cooperation agreement expired by effluxion of time on 13 January 2016.

On 20 August 2015, the Company, Chinese Qipao Society Limited and Beijing Hongyanyayun entered into a strategic cooperation agreement pursuant to which Chinese Qipao Society Limited and Beijing Hongyanyayun shall engage the Company for establishing, maintaining and operating an electronic trading platform for members of Chinese Qipao Society Limited and the Company can promote and market its products or conduct the relevant business activities with the members of Chinese Qipao Society Limited. On 18 October 2015, the Company entered into a cooperation agreement with Beijing Hongyanyayun, Chinese Qipao Society Limited and Cqpmall, pursuant to which the Parties agreed that Cqpmall and Beijing Hongyanyayun shall authorize the Company to be their exclusive partner to, inter alia, establish, maintain and operate the internet trading platform. Details of the above are set out in the Company's announcements dated 20 August 2015 and 18 October 2015.

On 10 September 2015, the Company and Sichuan Chanrongyun entered into a strategic cooperation agreement pursuant to which Sichuan Chanrongyun shall be engaged to assist the Company in developing its sales network and expand its customer base. Details of the above are set out in the Company's announcement dated 10 September 2015. The strategic cooperation agreement expired by effluxion of time on 10 March 2016.

Employees and Remuneration Policies

As at 31 December 2015, the Group had a total of 145 employees. The Group's staff costs for the year ended 31 December 2015 amounted to approximately HK$14.5 million (2014: approximately HK$16.6 million). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowances. Other benefits and incentives include training and share option.

In Hong Kong, the Group's employees have participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). In the PRC, the Group's employees have participated in the basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, maternity insurance prescribed by the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), and housing fund prescribed by the Regulations on the Administration of Housing Fund (《住房公積金管理條例》). All PRC based employees have the right to participate in the social insurance and housing provident fund schemes.

Capital expenditure

The Group purchased property, plant and equipment amounting to approximately HK$0.8 million for the year ended 31 December 2015 (2014: approximately HK$0.1 million).

Capital commitments

The Group did not have any significant capital commitments as at 31 December 2015 (2014: Nil).

Foreign Currency Risk

The Company does not have significant exposure on foreign currency risk.

The functional currency of the Group's entities are principally denominated in either HK$ or Renminbi ("**RMB**"). The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than its functional currency such as United States dollars ("**US$**"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 December 2015.

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

On 11 November 2015, Millennium Pacific Investments Limited (a wholly-owned subsidiary of the Company, the "**Purchaser**") and HK New Huang Pu Finance Holdings Limited (the "**Vendor**") entered into the conditional sale and purchase agreement (the "**Agreement**"), pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the sale shareholdings, being 30% shareholdings of the XHP (Hong Kong) Company Limited (the "**Target Company**"), for an aggregate consideration of HK$8.8 million (subject to downward adjustment, if any), which shall be satisfied by the allotment and issue of 3,776,824 new Shares of the Company at HK$2.33 per Share to the Vendor. As the conditions for completion in the Agreement have not been fulfilled or waived in writing by the Company on or before the long stop date (i.e. 28 February 2016), and as the parties have not agreed upon any time extension, the Agreement shall cease and determine whereupon the provisions of the Agreement shall from such date have no further force and effect and no party to the Agreement shall have any liability thereunder (without prejudice to the rights of the parties in respect of any antecedent breaches). Details of the above are set out in the Company's announcements dated 11 November 2015 and 29 February 2016.

Save for the above and those disclosed in the section headed "Business Objectives and Strategies" in the Company's Prospectus dated 27 June 2014 ("**Prospectus**") and save for the corporate reorganisation of the Group in preparation for Listing, there were neither significant investments held as at 31 December 2015 nor material acquisitions and disposals of subsidiaries during the year ended 31 December 2015. There is no plan for material investments or capital assets as at the date of this announcement.

Charges over Assets of the Group

As at 31 December 2015, the Group had no pledged deposits (31 December 2014: HK$Nil). The Group had a motor vehicle acquired under finance lease. As at 31 December 2015, the carrying value of finance leases payables amounted to approximately HK$0.2 million (31 December 2014: HK$0.3 million).

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

The Group has committed to upholding high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial for the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of shareholders of the Group.

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules as its own code effective from 18 July 2014 (the "**Listing Date**") upon the listing of the Company and had complied with the CG Code for the year ended 31 December 2015, except for the following deviation. The Board has continued to monitor and review the corporate governance principles and practices to ensure compliance.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Tang Wai Ting Samson ("**Mr. Tang**") is the Chairman and the chief executive officer of the Company. In view of Mr. Tang is one of the co-founders of the Group and has been operating and managing the Group since 2004, the Board believes that it is in the best interest of the Group to have Mr. Tang taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

CG Code provision A.6.7 requires that Independent Non-Executive Directors and other Non-executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Two Non-Executive Director and four Independent Non-Executive Directors attended Annual General Meeting. The other Directors were obliged to be away for their business matters and for negotiating with potential business partners.

EVENTS AFTER THE REPORTING PERIOD

The Company has been notified by CPIT Investments that there is a dispute between CPIT Investments and the Lender in respect of the Lender's dealing with the Pledged Shares. CPIT Investments has commenced legal proceedings in the High Court of the Republic of Singapore on 12 January 2016 in respect of such dispute. Details of the above are set out in the Company's announcement dated 14 January 2016.

The Company has approved the appointment of Mr. Kor Sing Mung, Michael as non-executive Director and vice-chairman of the Company with effect from 1 March 2016. Details of the above are set out in the Company's announcement dated 22 February 2016.

SCOPE OF WORK OF WORLD LINK CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Company's auditor, World Link CPA Limited ("**World Link**"), to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by World Link in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditor on this preliminary announcement of results.

AUDIT COMMITTEE

The Company has established an audit committee ("**Audit Committee**") with written terms of reference that are in conformity of the requirements of the CG Code which are available on the websites of the Stock Exchange and the Company.

The Audit Committee is currently composed of the 4 Independent Non-executive Directors, namely Ms. Eugenia Yang, Ms. Chan Sze Man, Mr. Lee Wai Hung and Mr. Ng Ka Chung, and chaired by Ms. Eugenia Yang.

The Audit Committee has reviewed the annual results and draft financial statements of the Group for the year ended 31 December 2015 and recommended approval to the Board.

By Order of the Board of
Millennium Pacific Group Holdings Limited
Tang Wai Ting, Samson
Chairman

Hong Kong, 21 March 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Tang Wai Ting, Samson, Ms. Leung Wai Hing, Ella and Mr. Mak Hing Keung, Thomas; the non-executive Directors of the Company are Mr. Kor Sing Mung, Michael, Mr. Tse Yee Hin, Tony and Dr. Li Ying; and the independent non-executive Directors of the Company are Ms. Chan Sze Man, Mr. Lee Wai Hung, Mr. Ng Ka Chung, and Ms. Eugenia Yang.

This announcement will appear on the GEM website (www.hkgem.com) for at least seven days after the date of publication and on the website of the Company (www.cpit.com.hk).

* *For identification purpose only*