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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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.*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Board of Directors (the "**Board**") of Millennium Pacific Group Holdings Limited (the "**Company**") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months and three months ended 30 June 2016 together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

		Three months ended 30 June		**Six months ended 30 June**	
		2016	2015	**2016**	2015
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Note	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Turnover	*4*	**13,392**	10,747	**22,437**	40,741
Cost of sales		**(11,773)**	(9,798)	**(19,977)**	(37,265)
Gross profit		**1,619**	949	**2,460**	3,476
Other income	*5*	**166**	174	**295**	237
Selling and distribution costs		**(468)**	(433)	**(1,502)**	(940)
Administrative expenses		**(12,467)**	(3,451)	**(18,570)**	(7,034)
Loss from operation		**(11,150)**	(2,761)	**(17,317)**	(4,261)
Finance costs		**(3)**	(172)	**(7)**	(343)
Loss before tax		**(11,153)**	(2,933)	**(17,324)**	(4,604)
Income tax credit/(expense)	*6*	**–**	23	**(17)**	(209)
Loss for the period	*7*	**(11,153)**	(2,910)	**(17,341)**	(4,813)
Other comprehensive income for the period, net of tax:					
Item that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**202**	(49)	**461**	(26)
Total comprehensive income for the period attributable to the owners of the Company		**(10,951)**	(2,959)	**(16,880)**	(4,839)
			(Restated)		(Restated)
Loss earnings per share (cents)					
— basic	*9*	**(0.21)**	(0.056)	**(0.33)**	(0.092)
— diluted	*9*	**(0.21)**	(0.056)	**(0.33)**	(0.092)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2016** **HK$'000** **(unaudited)**	31 December 2015 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**5,176**	4,792
Intangible assets		**645**	219
		5,821	5,011
Current assets			
Inventories		**13,830**	22,734
Trade receivables	*11*	**4,949**	5,927
Prepayments and deposits		**24,984**	5,556
Current tax assets		**44**	52
Bank and cash balances		**21,299**	32,985
		65,106	67,254
Current liabilities			
Trade payables	*12*	**7,296**	11,682
Other payables, deposits received and accrued expenses		**26,074**	5,895
Amount due to a director		**6,102**	6,275
Finance lease payables		**122**	158
		39,594	24,010
Net current assets		**25,512**	43,244
Total assets less current liabilities		**31,333**	48,255
Non-current liabilities			
Finance lease payables		**–**	42
NET ASSETS		**31,333**	48,213
Capital and reserves			
Share capital	*13*	**1,046**	1,046
Reserves		**30,287**	47,167
TOTAL EQUITY		**31,333**	48,213

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$'000*	Share premium *HK$'000*	Statutory reserve *HK$'000*	Merger reserve *HK$'000*	Option reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Retained profits *HK$'000*	Total reserve *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2015 (audited)	1,046	38,747	766	12,400	317	426	11,489	64,145	65,191
Total comprehensive income for the period (unaudited)	–	–	–	–	–	(26)	(4,813)	(4,839)	(4,839)
Balance at 30 June 2015 (unaudited)	1,046	38,747	766	12,400	317	400	6,676	59,306	60,352
Balance at 1 January 2016 (audited)	**1,046**	**38,747**	**766**	**12,400**	**317**	**974**	**(6,037)**	**47,167**	**48,213**
Release upon lapse of share option (unaudited)	**–**	**–**	**–**	**–**	**(317)**	**–**	**317**	**–**	**–**
Total comprehensive income for the period (unaudited)	**–**	**–**	**–**	**–**	**–**	**461**	**(17,341)**	**(16,880)**	**(16,880)**
Balance at 30 June 2016 (unaudited)	**1,046**	**38,747**	**766**	**12,400**	**–**	**1,435**	**(23,061)**	**30,287**	**31,333**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash used in operating activities	**(9,082)**	(12,832)
Net cash used in investing activities	**(1,789)**	(185)
Net cash used in financing activities	**(251)**	(2,552)
Net decrease in cash and cash equivalent	**(11,122)**	(15,569)
Effect of foreign exchange rate changes	**(564)**	1
Cash and cash equivalents at beginning of period	**32,985**	50,013
Cash and cash equivalents at end of period	**21,299**	34,445
Analysis of cash and cash equivalents consist of		
Bank and cash balances	**21,299**	39,005
Bank overdrafts	**–**	(4,560)
	21,299	34,445

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE 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 the Company's subsidiaries are research and development, manufacture, sale of electronic devices and provision of e-commerce services.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standards 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated results 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. These unaudited condensed financial statements should be read in conjunction with the 2015 annual financial statements. The accounting policies and methods of computation used in the preparation of the condensed consolidated results are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2015 as set out in the 2015 annual report of the Company.

In the current period, the Group has adopted all the new and revised HKFRSs, which collective term includes all application Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 January 2016. The adoption of these new and revised HKFRSs had no significant effects on the results of the Group for the current and prior periods.

The Group has not yet applied the new and revised HKFRSs that have been issued but not yet effective. The Group is in the process of assessing, where applicable, the potential impact of these 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 to the Group's results of operation.

These unaudited condensed consolidated results are presented in Hong Kong dollars ("**HK$**"), which is the functional currency of the Company.

These condensed consolidated results have not been audited but have been reviewed by the audit committee of the Company.

3. SEGMENT INFORMATION

Operating segment information

The Group is engaged in the single type business of research, development, manufacture, sales of electronic devices and provision of e-commence services. 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.

4. TURNOVER

Turnover represents the invoiced values of goods sold, after allowances for returns and discounts during the reporting periods.

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Sales of manufactured products	**11,527**	8,481	**19,523**	35,364
Sales on trading of electronic products, accessories and raw materials	**1,865**	2,266	**2,914**	5,377
	13,392	10,747	**22,437**	40,741

5. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest income	**6**	4	**7**	5
Net foreign exchange gains	**–**	21	**–**	21
Others	**160**	149	**288**	211
	166	174	**295**	237

6. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax — Hong Kong Profits Tax				
Provision for the period	**–**	–	**17**	187
Over-provision in prior period	**–**	(45)	**–**	–
	–	(45)	**17**	187
Current tax — PRC Enterprise Income Tax ("**EIT**")				
Provision for the period	**–**	22	**–**	22
	–	(23)	**17**	209

No provision for Hong Kong Profits Tax is required as the Group's Hong Kong's subsidiaries have no assessable profit for the three and six months ended 30 June 2016. Hong Kong Profits Tax was provided at 16.5% based on the assessable profits of the Group's entities operate in Hong Kong for the three and six months ended 30 June 2015.

No provision for PRC Enterprise Income Tax is required as the Group's PRC subsidiaries did not generate any assessable profit for the three and six months ended 30 June 2016. PRC Enterprise Income Tax for the three and six months ended 30 June 2015 was calculated at 15% on the assessable profits for that periods.

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.

7. LOSS FOR THE PERIOD

	Notes	Three months ended 30 June 2016 HK$'000 (unaudited)	Three months ended 30 June 2015 HK$'000 (unaudited)	Six months ended 30 June 2016 HK$'000 (unaudited)	Six months ended 30 June 2015 HK$'000 (unaudited)
Depreciation of property, plant and equipment	*(a)*	**437**	359	**827**	717
Staff costs (including Directors' emoluments)	*(b)*				
— Salaries, bonus and allowances		**4,576**	3,097	**8,358**	6,229
— Retirement benefits scheme contributions		**453**	496	**830**	993
		5,029	3,593	**9,188**	7,222
Cost of inventories sold		**11,773**	9,798	**19,977**	37,265
Foreign exchange loss		**302**	–	**974**	–
Operating lease charges on premises	*(c)*	**994**	426	**1,716**	1,114
Auditor's remuneration		**175**	160	**300**	273
Allowance for inventories		**5,716**	–	**5,716**	–

Notes:

(a) Depreciation of property, plant and equipment of approximately HK$169,000 (2015: HK$44,000) and HK$280,000 (2015: HK$282,000) for the three and six months ended 30 June 2016 is included in cost of sales.

(b) Staff costs of approximately HK$656,000 (2015: HK$600,000) and HK$1,145,000 (2015: HK$2,329,000) for the three and six months ended 30 June 2016 is included in cost of sales.

(c) Operating lease charges on premises of approximately HK$223,000 (2015:HK$91,000) and HK$378,000 (2015: HK$476,000) for the three and six months ended 30 June 2016 is included in cost of sales.

8. DIVIDEND

No dividend was declared or paid during the three and six months ended 30 June 2016 (2015: Nil).

9. LOSS PER SHARE

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

(a) Basis loss per share

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Loss				
Loss for the purpose of calculating basic and diluted loss per share	**(11,153)**	(2,910)	**(17,341)**	(4,813)

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
		(Restated)		(Restated)
Number of shares				
Issued and weighted average number of ordinary shares for the purpose of basic loss per share	**5,227,800,000**	5,227,800,000	**5,227,800,000**	5,227,800,000

Note: For the three and six months ended 30 June 2015, the weighted average number of shares for the purpose of calculating the basic loss per share has been adjusted to reflect the effects of share subdivisions of the Company on 9 October 2015.

(b) Diluted loss per share

The effect of the Company's outstanding share options for the three and six months ended 30 June 2016 and 2015 did not give rise to any dilution to loss per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment of approximately HK$1,300,000 (2015: HK$190,000).

11. TRADE RECEIVABLES

	As at 30 June 2016	As at 31 December 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**4,949**	5,927

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. Overdue balances are reviewed regularly by the Directors.

An ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	As at 30 June 2016 *HK$'000* **(unaudited)**	As at 31 December 2015 *HK$'000* (audited)
0 to 30 days	**361**	621
31 to 60 days	**265**	1,382
61 to 90 days	**517**	153
Over 90 days	**3,806**	3,771
	4,949	5,927

12. TRADE PAYABLES

	As at 30 June 2016 *HK$'000* **(unaudited)**	As at 31 December 2015 *HK$'000* (audited)
Trade payables	**7,296**	11,682

An ageing analysis of trade and bills payables based on invoice date as at the reporting dates are as follows:

	As at 30 June 2016 *HK$'000* **(unaudited)**	As at 31 December 2015 *HK$'000* (audited)
0 to 30 days	**424**	2,743
31 to 60 days	**680**	4,332
Over 60 days	**6,192**	4,607
	7,296	11,682

13. SHARE CAPITAL

	Number of ordinary shares			Nominal value of shares issued
	at HK$0.01 per share	at HK$0.001 per share	at HK$0.0002 per share	*HK$'000*
Authorised				
As at 1 January 2015 (audited)	1,000,000,000	–	–	10,000
Effects of shares subdivision *(note (a))*	(1,000,000,000)	10,000,000,000	–	–
Effects of shares subdivision *(note (b))*	–	(10,000,000,000)	50,000,000,000	–
As at 31 December 2015 (audited), 1 January 2016 and 30 June 2016 (unaudited)	–	–	50,000,000,000	10,000
Issued				
As at 1 January 2015 (audited)	104,556,000	–	–	1,046
Effects of shares subdivision *(note (a))*	(104,556,000)	1,045,560,000	–	–
Effects of shares subdivision *(note (b))*	–	(1,045,560,000)	5,227,800,000	–
As at 31 December 2015 (audited), 1 January 2016 and 30 June 2016 (unaudited)	–	–	5,227,800,000	1,046

Notes:

(a) 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.

(b) Pursuant to the share subdivision on 9 October 2015, the authorized 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.

14. SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option scheme on 20 June 2014 which was valid and effective for a period commencing from 20 June 2014 on which the Pre-IPO Share Option Scheme is conditionally adopted until 9:00 a.m. on the day immediately prior to the Listing Date (i.e. 17 July 2014), after which no further options will be issued, but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme. The principal terms of the Pre-IPO Share Option Scheme are summarised in the paragraph headed "Statutory and General Information — Pre-IPO Share Option Scheme" in Appendix IV to the prospectus of the Company dated 27 June 2014 ("**Prospectus**").

The Company has adopted the Share Option Scheme on 20 June 2014 which will remain in force for a period of 10 years from the effective date of the Scheme and will expire on 19 July 2024. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Statutory and General Information — Share Option Scheme" in Appendix IV to the Prospectus.

Details of the share options outstanding as at 30 June 2016 under the Pre-IPO Share Option Scheme are set out below:

	2016	
	Number of options	**Weighted average exercise price**
		HK$
Outstanding at 1 January 2016	97,200,000	0.027
Lapsed during the period	97,200,000	0.027
Outstanding and exercisable at the end of the period	–	–

For the six months ended 30 June 2016, 97,200,000 share options granted under the Pre-IPO Share Option Scheme were lapsed. Except for the lapsed share options as mentioned above, during the six months ended 30 June 2016, none of share options were granted, exercised and cancelled. There was no share option granted under the Pre-IPO Share Option Scheme remain outstanding as at 30 June 2016 (2015: 97,200,000 (restated)).

15. CONTINGENT LIABILITIES

At 30 June 2016, the Group did not have any contingent liabilities.

16. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with its related parties during the reporting periods.

Key management compensation

Key management mainly represents the Company's Directors. Remuneration for key management personnel of the Group is as follows:

	Three months ended 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Salaries and allowances	**621**	523	**1,192**	943
Retirement benefits scheme contributions	**12**	13	**24**	19
	633	536	**1,216**	962

17. EVENTS AFTER THE REPORTING PERIOD

On 16 October 2015, the Group entered into the cooperation agreement with Beijing Hongyanyayun Cultural Industry Limited ("**Beijing Hongyanyayun**"), Chinese Qipao Society Limited and Cqpmall Limited ("**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 to enhance our revenue. The Company shall be entitled to receive a service fee from Beijing Hongyanyayun and Cqpmall which is 20% of the transaction amount for each transaction. In July 2016, the Group launched the internet trading platform. Details of the above are set out in the Company's announcement dated 16 October 2015.

On 14 July 2016, the Company received a petition dated 11 July 2016 (the "**Petition**") filed by Zhi, Charles (the "**Petitioner**") in the Court of First Instance of the High Court of Hong Kong against the (i) Company; (ii) Kor Sing Mung Michael ("**Mr. Kor**"), a non-executive director and vice chairman of the Company and the sole ultimate beneficial owner of Seize Minute Limited ("**Seize Minute**"); (iii) Tang Wai Ting Samson ("**Mr. Tang**"), an executive director and chairman of the Company and a shareholder of 99% shareholding interest of CPIT Investment Limited ("**CPIT**"); (iv) Chan Kai Hei, spouse of Mr. Tang and a shareholder of 1% shareholding interest of CPIT ("**Mrs. Tang**"); (v) Yang Wu ("**Mr. Yang**"), a substantial shareholder of the Company according to the Disclosure of Interest information shown on the website of the Stock Exchange; (vi) Mak Jone, a shareholder of the Company; (vii) Seize Minute, a substantial shareholder of the Company; (viii) CPIT, a substantial shareholder of the Company according to the Disclosure of Interest information shown on the website of the Stock Exchange; (ix) Leung Wai Hing Ella, an executive director of the Company; and (x) Mak Hing Keung Thomas, an executive director of the Company. The Company is currently seeking legal advice in respect of the Petition with a view to defend the Petition against the Company. As of the approval date on these unaudited condensed financial statements, the legal proceedings of the Petition is under progress and not yet concluded. Details of the above are set out in the Company's announcement dated 14 July 2016.

On 27 July 2016, the Company received a writ of summons ("**Writ**") filed by Kim, Sungho as the plaintiff ("**Plaintiff**") against (i) CPIT; (ii) Mr. Tang; (iii) Mrs. Tang; (iv) Mr. Kor; (v) Mr. Yang; and (vi) the Company as the defendants under an action number HCA 1935/2016 ("**Legal Proceeding**") in the High Court of Hong Kong (the "**Court**"). As of the approval date on these unaudited condensed financial statements, the Legal Proceedings is under progress and not yet concluded. Details of the above are set out in the Company's announcement dated 27 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in the research and development, manufacture 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 six months ended 30 June 2016 was approximately HK$22.4 million, representing a decrease of approximately 44.9% from approximately HK$40.7 million for the six months ended 30 June 2015. The decrease in sales was mainly because of the fact that the largest customer of the Group (according to the consolidated financial results of the Group for the year ended 31 December 2015) has ceased to place order for GPS personal navigation devices from the Group since June 2015 due to the change of its product line. The loss of orders from such customer resulted in significant decrease in turnover of the Group for the six months ended 30 June 2016. The Group is actively seeking ways to expand its business with its existing customers and identifying new customers in order to recover the revenue of the Group as soon as possible.

To broaden our product category and sales channel, in July 2016, the Group launched the internet trading platform, namely "**CQP Mall**", which is an online sales and advertisement platform. The Company believes customers of CQP Mall shall have different experience on life style sharing and online shopping by using CQP Mall and we will leverage the Big Data of the platform and Business Intelligence Technology to drive more revenue and profits from online sales and advertisement.

The following table sets forth the breakdowns of the turnover of the Group for each of the six months ended 30 June 2015 and 2016:

	For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Sales of manufactured products	**19,523**	35,364
Sales on trading of electronic products, accessories and raw materials	**2,914**	5,377
	22,437	40,741

Outlook

In the first half year of 2016, 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 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 Group for the six months ended 30 June 2016.

Looking forward, the Group will remain committed to the development of our principal business. Apart from enhancing the research and development function and expand its product functionality, the Group is contemplating to develop the internet trading platform as an ecommerce hub for products of foreign and domestic high-end brands offering quality foreign goods. The major income source of the platform is the service fees generating from sales of products. In the future, the CQP Mall will also adopt innovative technology in order to enhance members' experience on lifestyle sharing and shopping and make use of big data of the platform and business intelligence technology to boost the sales, advertising revenue and profits.

Litigation

On 21 April 2016, the Company received a writ of summons ("**Writ**") filed by Zhi, Charles as the plaintiff ("**Plaintiff**") against (i) the Company (ii) Mr. Kor Sing Mung Michael (a non-executive director and vice-chairman of the Company) ("**Mr. Kor**") (iii) Mr. Tang Wai Ting Samson (an executive director and chairman of the Company) ("**Mr. Tang**") and (iv) World Link CPA Limited (the auditors of the Company) ("**Auditors**") as the defendants under action number HCA 977/2016 ("**Legal Proceeding**") in the High Court of Hong Kong ("**Court**"). As of the approval date on these unaudited condensed financial statements, the Legal Proceedings is under progress and not yet concluded. Details of the above are set out in the Company's announcement dated 9 June 2016. The Company wishes to update that the strike out summons will be heard on 7 September 2016.

On 14 July 2016, the Company received a petition dated 11 July 2016 (the "**Petition**") filed by Zhi, Charles (the "**Petitioner**") under an action number HCCW 221/2016 in the Court of First Instance of the High Court of Hong Kong against the (i) Company; (ii) Kor Sing Mung Michael ("**Mr. Kor**"), a non-executive director and vice chairman of the Company and the sole ultimate beneficial owner of Seize Minute Limited ("**Seize Minute**"); (iii) Tang Wai Ting Samson ("**Mr. Tang**"), an executive director and chairman of the Company and a shareholder of 99% shareholding interest of CPIT Investment Limited ("**CPIT**"); (iv) Chan Kai Hei, spouse of Mr. Tang and a shareholder of 1% shareholding interest of CPIT ("**Mrs. Tang**"); (v) Yang Wu ("**Mr. Yang**"), a substantial shareholder of the Company according to the Disclosure of Interest information shown on the website of the Stock Exchange; (vi) Mak Jone, a shareholder of the Company; (vii) Seize Minute, a substantial shareholder of the Company; (viii) CPIT, a substantial shareholder of the Company according to the Disclosure of Interest information shown on the website of the Stock Exchange; (ix) Leung Wai Hing Ella, an executive director of the Company; and (x) Mak Hing Keung Thomas, an executive director of the Company. The Company is currently seeking legal advice in respect of the Petition with a view to defend the Petition against the Company. As of the approval date on these unaudited condensed financial statements, the legal proceedings of the Petition is under progress and not yet concluded. Details of the above are set out in the Company's announcement dated 14 July 2016. The Company wishes to update that the strike out the winding up petition to be heard on 29 September 2016.

On 27 July 2016, the Company received a writ of summons ("**Writ**") filed by Kim, Sungho as the plaintiff ("**Plaintiff**") against (i) CPIT; (ii) Mr. Tang; (iii) Mrs. Tang; (iv) Mr. Kor; (v) Mr. Yang; and (vi) the Company as the defendants under an action number HCA 1935/2016 ("**Legal Proceeding**") in the High Court of Hong Kong (the "**Court**"). As of the approval date on these unaudited condensed financial statements, the Legal Proceedings is under progress and not yet concluded. Details of the above are set out in the Company's announcement dated 27 July 2016.

FINANCIAL REVIEW

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 by 46.4% to approximately HK$20.0 million between the six months ended 30 June 2015 and 2016. The gross profit margin increased from approximately 8.5% for the six months ended 30 June 2015 to approximately 11.0% for the six months ended 30 June 2016, the increase in gross profit margin was mainly due to stringent cost control measure implemented during the six months ended 30 June 2016. The gross profit dropped from approximately HK$3.5 million for the six months ended 30 June 2015 to approximately HK$2.5 million for the six months ended 30 June 2016. The decrease in gross profit was in line with decrease of turnover of the Group mainly due to 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.

Expenses

Staff costs for the six months ended 30 June 2016 was approximately HK$9.2 million (six months ended 30 June 2015: approximately HK$7.2 million), representing an increase of approximately HK$2.0 million as compared with the last corresponding period, which was mainly due to the increase in average head count in Hong Kong for promoting CQP Mall during the period.

Administrative expenses for the six months ended 30 June 2016 was approximately HK$18.6 million (six months ended 30 June 2015: approximately HK$7.0 million), representing an increase of approximately HK$11.6 million as compared with the last corresponding period, mainly due to the increase in operating lease charges on premises in respect of offices in Hong Kong and PRC, the allowance for inventories, staff costs and foreign exchange loss. A significant amount of allowance for inventories of approximately HK$5.7 million (six months ended 30 June 2015: nil) has been made during the six months ended 30 June 2016 as resulted by the drop in market needs of its consumer electronic products.

Loss for the Period

The Group incurred a net loss of approximately HK$17.3 million during the six months ended 30 June 2016, as compared with a net loss of approximately HK$4.8 million for the six months ended 30 June 2015. The loss incurred was mainly due to (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; and (ii) a significant amount of allowance for inventories has been made during the six months ended 30 June 2016 as resulted by the drop in market needs of its consumer electronic products. The loss of such orders from such customer would result in significant decrease in turnover of the Group for the six months ended 30 June 2016.

The Board does not recommend the payment of dividends for the six months ended 30 June 2016.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows. The Group did not have any bank borrowings and overdrafts as at 30 June 2016 (as at 31 December 2015: Nil). The Group requires cash primarily for working capital needs. As at 30 June 2016, the Group had approximately HK$21.3 million in bank and cash balances (31 December 2015: HK$33.0 million).

Capital Expenditure

The Group purchased property, plant and equipment amounting to approximately HK$1.3 million for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately HK$0.19 million).

Capital Commitments

The Group did not have any significant capital commitments as at 30 June 2016 (as at 31 December 2015: Nil).

Gearing Ratio

Due to the net loss generated during the six months ended 30 June 2016, the Group's equity dropped from approximately HK$48.2 million as at 31 December 2015 to approximately HK$31.3 million as at 30 June 2016. As at 31 December 2015, all of our bank borrowings and overdrafts have been repaid, therefore the gearing ratio dropped from approximately 0.41% for the year ended 31 December 2015 to approximately 0.39% for the six months ended 30 June 2016.

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

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 the functional currency of respective Group entities such as United Stated 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 management considers the foreign currency risk exposure is limited as long as the HK$ remains pegged against the US$.

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 six months ended 30 June 2016.

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

There were neither significant investments held as at 30 June 2016 nor material acquisitions and disposals of subsidiaries during the six months ended 30 June 2016. There is no plan for material investments or capital assets as at the date of this announcement.

Charges over Assets of the Group

The Group had a motor vehicle acquired under finance leases. As at 30 June 2016 the carrying value of finance leases payables amounted to approximately HK$0.1 million (31 December 2015: HK$0.2 million).

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

Employees and Remuneration Policies

As at 30 June 2016, the Group had a total of 128 employees. The Group's staff costs for the six months ended 30 June 2016 amounted to approximately HK$9.2 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 has 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 has 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.

Share Option Schemes

The Company adopted the Pre-IPO Share Option scheme on 20 June 2014 which was valid and effective for a period commencing from 20 June 2014 on which the Pre-IPO Share Option Scheme is conditionally adopted until 9:00 a.m. on the day immediately prior to the Listing Date (i.e. 17 July 2014), after which no further options will be issued, but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme. The principal terms of the Pre-IPO Share Option Scheme are summarised in the paragraph headed "Statutory and General Information — Pre-IPO Share Option Scheme" in Appendix IV to the prospectus of the Company dated 27 June 2014.

The Company has adopted the Share Option Scheme on 20 June 2014 which will remain in force for a period of 10 years from the effective date of the Scheme and will expire on 19 July 2024. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Statutory and General Information — Share Option Scheme" in Appendix IV to the Prospectus.

Details of the share options outstanding as at 30 June 2016 under the Pre-IPO Share Option Scheme are set out below:

	2016	
	Number of options	**Weighted average exercise price**
		HK$
Outstanding at 1 January 2016	97,200,000	0.027
Lapsed during the period	97,200,000	0.027
Outstanding and exercisable at the end of the period	–	–

For the six months ended 30 June 2016, 97,200,000 share options granted under Pre-IPO Share Option Scheme were lapsed. Except for the lapsed share options as mentioned above, during the six months ended 30 June 2016, none of share options were granted, exercised and cancelled. There was no share option granted under the Pre-IPO Share Option Scheme remain outstanding as at 30 June 2016.

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as set out in the Prospectus for the period from 21 June 2014, being the latest practicable date as defined in the Prospectus ("**LPD**"), to 30 June 2016 (the "**Review Period**") with the Group's actual business progress up to 30 June 2016 is set out as follows:

Business Objective for the Review Period	**Actual Business Progress up to 30 June 2016**
Expanding the production capacity and scale	
— determine the specification of additional surface mount technology (the "**SMT**") production facilities — acquire and install additional SMT production facilities — expand the Group's operation with the additional SMT production facilities	The Group is reviewing the needs and timeframe for acquiring additional SMT production facilities, and is in the process of determining the specification of and identifying suitable SMT production facilities
Strengthening the research and development capabilities	
— formulate an research and development improvement plan and set out the detailed steps, measures and scope of engineering improvement programme	The Group has formulated a research and development improvement plan which sets out the detailed steps, measures and scope of engineering improvement programme
— recruit six employees with engineering expertise in the PRC	The Group has employed six engineers in the PRC
— acquire equipment to enhance the operating system for both GPS personal navigation devices and mobile internet devices — acquire equipment to enhance the audio/visual effect of mobile internet devices — acquire equipment to raise the energy consumption efficiency of the products	The Group has acquired equipment to enhance the operating system
— provide support to the Group's existing research and development function	The Group has cooperated with third party for support our existing research and development

Business Objective for the Review Period	Actual Business Progress up to 30 June 2016
Improving the information technology system	
— acquire a new Enterprise Resource Planning ("**ERP**") system	The Group is reviewing the timeframe for acquiring a new ERP system. During the period, the Group has upgraded the existing ERP system on a small scale
— recruit six personnel with expertise in information technology for the operation and maintenance of the new ERP system	The Group has employed six programmer
— integrate the ERP system into the Group's operation	The Group has integrated existing ERP system into the Group's operation
— acquire computers and servers to support the new ERP system and to upgrade the new ERP system	The Group has acquired the equipments to support the ERP system and upgraded the existing ERP system on a small scale

The principal risks and uncertainties in implementation of the Group's business strategies are (i) the expansion of the production facilities, in particular our SMT production facilities, may not be as successful as we have planned or such expansion may result in over-capacity and, adverse impact to our net profit margin, and may affect our financial conditions and the demand for our products and our revenue and profit may not increase proportionally to our increased capacity; and (ii) failure to implement our expansion plans successfully. As disclosed in our Prospectus, our Group planned to acquire two SMT production lines. To avoid over-capacity, our Group would acquire the second additional SMT production line during the six months ending 30 June 2016 when the utilisation rate accumulates and reaches 80%. Should the utilisation rate of our production facilities fall unexpectedly, it is also one of our Group's contingency plans to generate extra revenue through the provision of other services to customers.

Use of Proceeds from the Listing

The actual net proceeds from the issue of new shares of the Company under the placing as set out in the Prospectus were approximately HK$30.3 million, which was different from the estimated net proceeds of approximately HK$34.8 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, and approximately HK$12.4 million, HK$8.0 million, HK$3.3 million, HK$3.6 million and HK$3.0 million were adjusted for (i) repayment of bank borrowings; (ii) expanding the production capacity and scale through the acquisition of additional SMT production facilities; (iii) strengthening and expanding the research and development team; (iv) improving the information technology system; and (v) working capital respectively. During the Review Period, the Group has applied the net proceeds as follows:

	Notes	Adjusted use of proceeds in the same manner and proportion as stated in Prospectus *HK$ million*	Actual usage *HK$ million*
Repayment of bank borrowings		12.4	12.4
Expanding the production capacity and scale through the acquisition of additional SMT production facilities		8	–
Strengthening and expanding the research and development team		3.3	1.9
Improving the information technology system		3.6	1.7
Working capital		3	3
		30.3	19.0

The unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong.

CORPORATE GOVERNANCE PRACTICES

The Company endeavours to maintain high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. Except for the deviation from code provision A.2.1, the Company has complied with the required code provisions set out in the Code on Corporate Governance Practices (the "**Code**") contained in Appendix 15 of the GEM Listing Rules for the six months ended 30 June 2016.

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 is the Chairman and the chief executive officer of the Company. In view of Mr. Tang is one of the cofounders 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.

Compliance with the Required Standard of Dealings in Securities Transactions by Directors

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company effective from 18 July 2014 upon the Listing. Upon the Group's specific enquiry, each Director confirmed that, he had fully complied with the required standard of dealings and there was no event of non-compliance since its effective date up to the date of this announcement.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2016, the interest and short position of the Directors and 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 ("**SFO**")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules were as follows:

Long positions
Ordinary share of the Company

Name	Capacity and nature of interest	Number of shares *(note 1)*	Percentage of the Company's issued share capital
Mr. Tang Wai Ting Samson ("**Mr. Tang**") *(note 2)*	Interest of controlled corporation	1,288,900,000 (L)	24.65%
Mr. Kor Sing Mung Michael *(note 3)*	Interest of controlled corporation	1,205,000,000 (L)	23.0%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.

2. As CPIT Investments Limited is beneficially owned as to 99% by Mr. Tang and 1% by Ms. Chan Kai Hei ("**Mrs. Tang**"), the spouse of Mr. Tang, Mr. Tang is deemed to be interested in the Shares held by CPIT Investments Limited under the SFO. Mrs. Tang, being the spouse of Mr. Tang, is deemed to be interested in all the Shares that Mr. Tang is interested in. Accordingly, each of Mr. Tang and Mrs. Tang is deemed to be interested in the Shares held by CPIT Investments Limited under the SFO.

   The Company has been informed by its controlling shareholder, CPIT Investments that it has entered into an agreement (the "**SPA**") with Mr. Yang Wu on 17 August 2015, pursuant to which CPIT Investments agreed to sell (the "**Sale**"), subject to the terms and conditions of the agreement, 1,000,000,000 shares of HK$0.0002 each in the share capital of the Company (representing approximately 19.13% of the existing issued share capital of the Company) in consideration of Mr. Yang Wu transferring its shareholding interests in a company incorporated in Hong Kong.

   Upon completion of the Sale, CPIT Investments and Mr. Yang Wu will own 1,288,900,000 shares (representing approximately 24.65% of the existing issued share capital of the Company) and 1,000,000,000 shares (representing approximately 19.13% of the existing issued share capital of the Company) of the Company respectively and accordingly, CPIT Investments will cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company and Mr. Yang Wu will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company. However, the Company has been informed by CPIT Investments that certain conditions precedent of the SPA have not yet been fulfilled and the transactions in respect of the Sale have not yet been completed as of 30 June 2016.

3. Seize Minute Limited is beneficially owned as to 100% by MK Investments Limited. MK Investments Limited is wholly-owned by Mr. Kor Sing Mung Michael, Accordingly, Mr. Kor Sing Mung Michael, and MK Investments Limited are deemed to be interested in the Shares held by Seize Minute Limited under the SFO.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2016, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions
Ordinary shares of the Company

Name	**Capacity and nature of interest**	**Number of shares** *(note 1)*	**Percentage of the Company's issued share capital**
Ms. Chan Kai Hei ("**Mrs. Tang**") *(note 2)*	Interest of spouse	1,288,900,000 (L)	24.65%
CPIT Investments Limited *(note 2) (note 5)*	Beneficial owner	1,288,900,000 (L)	24.65%
MK Investments Limited *(note 3)*	Interest of controlled corporation	1,205,000,000 (L)	23.0%
Seize Minute Limited *(note 3)*	Beneficial owner	1,205,000,000 (L)	23.0%
Yang Wu *(note 4)*	Beneficial owner	1,000,000,000 (L)	19.13%
Mak Jone	Beneficial owner	326,560,000 (L)	6.25%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.

2. As CPIT Investments Limited is beneficially owned as to 99% by Mr. Tang and 1% by Mrs. Tang, the spouse of Mr. Tang, Mr. Tang is deemed to be interested in the Shares held by CPIT Investments Limited under the SFO. Mrs. Tang, being the spouse of Mr. Tang, is deemed to be interested in all the Shares that Mr. Tang is interested in. Accordingly, each of Mr. Tang and Mrs. Tang is deemed to be interested in the Shares held by CPIT Investments Limited under the SFO.

3. Seize Minute Limited is beneficially owned as to 100% by MK Investments Limited. MK Investments Limited is wholly-owned by Mr. Kor Sing Mung Michael, Accordingly, Mr. Kor Sing Mung Michael, and MK Investments Limited are deemed to be interested in the Shares held by Seize Minute Limited under the SFO.

4. The Company has been informed by its controlling shareholder, CPIT Investments that it has entered into an agreement (the "**SPA**") with Mr. Yang Wu on 17 August 2015, pursuant to which CPIT Investments agreed to sell (the "**Sale**"), subject to the terms and conditions of the agreement, 1,000,000,000 shares of HK$0.0002 each in the share capital of the Company (representing approximately 19.13% of the existing issued share capital of the Company) in consideration of Mr. Yang Wu transferring its shareholding interests in a company incorporated in Hong Kong.

   Upon completion of the Sale, CPIT Investments and Mr. Yang Wu will own 1,288,900,000 shares (representing approximately 24.65% of the existing issued share capital of the Company) and 1,000,000,000 shares (representing approximately 19.13% of the existing issued share capital of the Company) of the Company respectively and accordingly, CPIT Investments will cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company and Mr. Yang Wu will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company. However, the Company has been informed by CPIT Investments that certain conditions precedent of the SPA have not yet been fulfilled and the transactions in respect of the Sale have not yet been completed as of 30 June 2016.

5. The Company has been informed by CPIT Investments, an aggregate of 25,000,000 shares of the Company (the "**Pledged Shares**") held by CPIT Investments have been pledged on 24 November 2015 in favour of an independent third party (the "**Lender**") as a security for a loan amount of HK$31,250,000 provided by the Lender to CPIT Investments. As of 24 November 2015 and 30 June 2016, the Pledged Shares represent approximately 0.48% of the issued share capital of the Company for both days.

   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.

Save as disclosed above, as at 30 June 2016, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASES, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises four independent non-executive Directors, namely Ms. Eugenia Yang (Chairlady of the audit committee), Ms. Chan Sze Man, Mr. Lee Wai Hung and Mr. Ng Ka Chung.

The unaudited condensed financial information of the Company for the six months ended 30 June 2016 has been reviewed by the audit committee. The audit committee is of the opinion that such financial information complies with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosure have been made.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 30 June 2016, except for the compliance adviser agreement entered into between the Company and Ample Capital Limited dated 9 April 2014, neither Ample Capital Limited or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in relation to the Group.

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

Hong Kong, 12 August 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 remain on the "Latest Company Announcement" page of the GEM website at www.hkgem.com for at least 7 days from the date of this posting and on the website of the Company at www.cpit.com.hk.