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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*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 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.*

UNAUDITED 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 three and six months ended 30 June 2019 together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

		Three months ended 30 June		**Six months ended 30 June**	
		2019	2018	**2019**	2018
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Notes	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*4*	**38,909**	14,808	**60,422**	22,019
Cost of sales		**(36,864)**	(13,342)	**(54,690)**	(19,949)
Gross profit		**2,045**	1,466	**5,732**	2,070
Other income and gains	*5*	**14,595**	491	**15,235**	607
Selling and distribution costs		**(47)**	(45)	**(173)**	(199)
Administrative expenses		**(12,077)**	(9,675)	**(17,564)**	(18,577)
Profit/(loss) from operation		**4,516**	(7,763)	**3,230**	(16,099)
Finance costs		**(510)**	(83)	**(719)**	(198)
Share of result of an associate		**514**	–	**709**	–
Profit/(loss) before tax		**4,520**	(7,846)	**3,220**	(16,297)
Income tax credit/(expense)	*6*	**1**	–	**(43)**	–
Profit/(loss) for the period	*7*	**4,521**	(7,846)	**3,177**	(16,297)
Other comprehensive income/(loss) for the period net of tax:					
Item that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**(1,067)**	814	**(577)**	364
Reclassification of exchange reserve to profit or loss on disposal of subsidiaries		**(1,585)**	–	**(1,585)**	–
Other comprehensive income/(loss) for the period		**(2,652)**	814	**(2,162)**	364
Total comprehensive income/(loss) for the period		**1,869**	(7,032)	**1,015**	(15,933)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019	2018	**2019**	2018
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit/(loss) for the period attributable to:					
— Owners of the Company		**4,318**	(7,926)	**2,333**	(16,541)
— Non-controlling interests		**203**	80	**844**	244
		4,521	(7,846)	**3,177**	(16,297)
Total comprehensive income/(loss) for the period attributable to:					
— Owners of the Company		**1,714**	(7,098)	**191**	(16,168)
— Non-controlling interests		**155**	66	**824**	235
		1,869	(7,032)	**1,015**	(15,933)
			(restated)		(restated)
Earnings/(Loss) per share (cents)					
— Basic	*9*	**0.62**	(1.15)	**0.34**	(2.41)
— Diluted	*9*	**0.62**	(1.15)	**0.34**	(2.41)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2019 HK$'000 (unaudited)	31 December 2018 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**1,134**	1,350
Right-of-use assets		**2,168**	–
Financial assets at FVTOCI		**8,688**	8,688
Investment in an associate		**2,054**	1,362
Investment in a joint venture		**51**	–
		14,095	11,400
Current assets			
Inventories		**853**	366
Trade receivables	*11*	**41,762**	23,518
Prepayments and deposits		**10,840**	10,778
Current tax assets		**26**	–
Bank and cash balances		**10,683**	2,025
		64,164	36,687
Current liabilities			
Trade payables	*12*	**22,336**	17,596
Other payables, deposits received and accrued expenses		**8,878**	9,029
Convertible bonds		**17,916**	–
Lease liabilities		**2,232**	–
Amount due to a director		**58**	15,019
Current tax liabilities		**–**	765
		51,420	42,409
Net current assets/(liabilities)		**12,744**	(5,722)
NET ASSETS		**26,839**	5,678
Capital and reserves			
Share capital	*13*	**1,231**	1,111
Reserves		**23,633**	3,416
		24,864	4,527
Non-controlling interest		**1,975**	1,151
TOTAL EQUITY		**26,839**	5,678

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserve	Merger reserve	Option reserve	Foreign currency translation reserve	Equity component of convertible bonds	Financial assets at FVTOCI reserve	Accumulated losses	Total reserve	Non-controlling interests	Total equity/ (Capital deficiency)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2018 (audited)	1,100	62,627	766	12,400	15,565	785	–	–	(83,479)	8,664	37	9,801
Total comprehensive loss for the period (unaudited)	–	–	–	–	–	373	–	–	(16,541)	(16,168)	235	(15,933)
Balance at 30 June 2018 (unaudited)	1,100	62,627	766	12,400	26,073	1,158	–	–	(100,020)	3,004	272	4,376
Balance at 1 January 2019 (audited)	**1,111**	**71,644**	**766**	**12,400**	**36,581**	**1,672**	**–**	**125**	**(119,772)**	**3,416**	**1,151**	**5,678**
Effect of adoption of HKFRS 16 (net of tax) (unaudited)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(39)**	**(39)**	**–**	**(39)**
Balance at 1 January 2019 (unaudited)	**1,111**	**71,644**	**766**	**12,400**	**36,581**	**1,672**	**–**	**125**	**(119,811)**	**3,377**	**1,151**	**5,639**
Profit for the period (unaudited)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,333**	**2,333**	**844**	**3,177**
Other comprehensive income/(loss) for the period:												
Exchange difference on translating foreign operation (unaudited)	**–**	**–**	**–**	**–**	**–**	**(557)**	**–**	**–**	**–**	**(557)**	**(20)**	**(577)**
Reclassification adjustment on disposal of subsidiaries (unaudited)	**–**	**–**	**–**	**–**	**–**	**(1,585)**	**–**	**–**	**–**	**(1,585)**	**–**	**(1,585)**
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**(2,142)**	**–**	**–**	**2,333**	**191**	**824**	**1,015**
Placing of new shares (net of share issue expenses) (unaudited)	**120**	**8,829**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,829**	**–**	**8,949**
Recognition of share-based payments (unaudited)	**–**	**–**	**–**	**–**	**8,586**	**–**	**–**	**–**	**–**	**8,586**	**–**	**8,586**
Transfer of share option reserve upon the cancellation of share options (unaudited)	**–**	**–**	**–**	**–**	**(43,785)**	**–**	**–**	**–**	**43,785**	**–**	**–**	**–**
Issue of convertible bonds (unaudited)	**–**	**–**	**–**	**–**	**–**	**–**	**2,650**	**–**	**–**	**2,650**	**–**	**2,650**
Balance at 30 June 2019 (unaudited)	**1,231**	**80,473**	**766**	**12,400**	**1,382**	**(470)**	**2,650**	**125**	**(73,693)**	**23,633**	**1,975**	**26,839**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash used in operating activities	**(20,304)**	(19,502)
Net cash used in investing activities	**–**	(3,432)
Net cash from financing activities	**28,949**	4,723
Net decrease in cash and cash equivalents	**8,645**	(18,211)
Effect of foreign exchange rate changes	**13**	185
Cash and cash equivalents at beginning of the period	**2,025**	21,298
Cash and cash equivalents at end of the period	**10,683**	3,272
Analysis of cash and cash equivalents		
Bank and cash balances	**10,683**	3,272

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 under the Company Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 10 September 2013. 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 4/F., Building C, 101 Kongwei Guangchang, No. 52, Gongye Nang Road, Xinhe Community, Fuhai Street, Baoan District, Shenzhen, the People's Republic of China (the "**PRC**"). The Company's shares are listed on 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 and sale of electronic devices and provision of application software development services.

2. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements of the Group are presented in Hong Kong dollars, which is the functional currency of the Company.

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2019 do not include all the information and disclosures required in the annual financial statements of the Group and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018 (the "**2018 Consolidated Financial Statements**"). Except as described in paragraph headed "Change in accounting policies" below, the accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated results are consistent with those used in the 2018 Consolidated Financial Statements.

Changes in accounting policies and disclosures

The following new and amended standards and interpretations are mandatory for the first time for financial year beginning 1 January 2019:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except as described below for HKFRS 16, the adoption of above new and revised standards had no significant financial effect on the unaudited condensed consolidated first quarterly financial information.

HKFRS 16

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single lessee accounting model.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("leases of low-value assets").

The transition effects arising from the adoption of HKFRS 16 are presented below.

The following tables analyse the impact, net of tax, of transition to HKFRS 16 on the statement of financial position of the Group.

	At 1 January 2019 *HK$'000*
Right-of-use assets	
Closing balance under HKAS 17 at 31 December 2018	–
— Recognition of right-of-use assets under HKFRS 16	**3,557**
Opening balance under HKFRS 16 at 1 January 2019	**3,557**
Lease liabilities	
Closing balance under HKAS 17 at 31 December 2018	–
— Recognition of lease liabilities under HKFRS 16	**3,596**
Opening balance under HKFRS 16 at 1 January 2019	**3,596**
Accumulated losses	
Closing balance under HKAS 17 at 31 December 2018	**119,772**
— Recognition of right-of-use assets under HKFRS 16	**(3,557)**
— Recognition of lease liabilities under HKFRS 16	**3,596**
Opening balance under HKFRS 16 at 1 January 2019	**119,811**

Statement of Financial Position	At 31 December 2018 *HK$'000*	Remeasurement *HK$'000*	**At 1 January 2019** ***HK$'000***
ASSETS			
Property, plant and equipment	1,350	–	**1,350**
Right-of-use	–	3,557	**3,557**
Financial assets at FVOCI	8,688	–	**8,688**
Investment in an associate	1,362	–	**1,362**
Inventories	366	–	**366**
Trade receivables	23,518	–	**23,518**
Prepayments and deposits	10,778	–	**10,778**
Bank and cash balances	2,025	–	**2,025**
TOTAL ASSETS	48,087	3,557	**51,644**
LIABILITIES			
Trade payables	17,596	–	**17,596**
Other payables, deposits received and accrued expenses	9,029	–	**9,029**
Lease liabilities	–	3,596	**3,596**
Amount due to a director	15,019	–	**15,019**
Current tax liabilities	765	–	**765**
TOTAL LIABILITIES	42,409	3,596	**46,005**
EQUITY			
Share capital	1,111	–	**1,111**
Reserves	3,416	(39)	**3,377**
Non-controlling interest	1,151	–	**1,151**
TOTAL EQUITY	5,678	(39)	**5,639**

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land and buildings. Before the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal to the lease assets and liabilities recognised under HKAS 17). The requirements of HKFRS 16 were applied to these leases from 1 January 2019.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equals to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term lease recognition exemption to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of approximately HK$3,557,000 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of approximately HK$3,596,000 were recognised.
- The net effect of these adjustments had been adjusted to accumulated losses in the amount of approximately HK$39,000.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	HK'000
Operating lease commitments as at 31 December 2018	3,600
Weighted average incremental borrowing rate as at 1 January 2019	4%
Discounted opening lease commitments as at 1 January 2019	3,113
Add:	
Payments in optional extension periods not recognised as at 31 December 2018	866
Less:	
Discounted value for short-term lease/leases of low-value assets not recognised	(383)
Lease liabilities as at 1 January 2019	3,596

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of HKFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification (i.e. a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset).

Short-term leases and leases of low-value assets

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

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms of two to three years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

Amounts recognised in the statement of financial position and profit or loss

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Buildings Right of use assets *HK$'000*	**Lease liabilities** *HK$'000*
As at 1 January 2019	3,557	3,596
Depreciation expense	(1,389)	–
Interest expense	–	52
Payments	–	(1,416)
As at 30 June 2019	2,168	2,232

3. SEGMENT INFORMATION

Operating segment information

The Group is engaged in the (i) research, development, manufacturing and trading of electronic devices and (ii) provision of software application development services. However, as the segment of provision of software application development services do not meet the quantitative thresholds for determining reportable segments, information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

Non-current assets of the Group is presented based on the following geographical location:

	As at 30 June 2019 ***HK$'000***	As at 31 December 2018 *HK$'000*
Hong Kong	**2,179**	11
PRC	**1,123**	1,339
	3,302	1,350

4. REVENUE

Revenue 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	
	2019	2018	**2019**	2018
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Products transferred at a point in time:				
Sales of manufactured products	**1,019**	10,859	**6,405**	13,813
Sales on trading of electronic products, accessories and raw materials	**37,356**	3,398	**49,982**	6,651
	38,375	14,257	**56,387**	20,464
Services transferred over time:				
Provision of application software development services	**534**	551	**4,035**	1,555
	38,909	14,808	**60,422**	22,019

5. OTHER INCOME AND GAINS

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest income	**1**	5	**2**	6
Gain on disposal of subsidiaries	**12,853**	–	**12,853**	–
Government grants	**734**	–	**734**	–
Reversal of impairment of inventories	**985**	–	**1,624**	–
Others	**22**	486	**22**	601
	14,595	491	**15,235**	607

6. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax — PRC Enterprise Income Tax ("**EIT**")				
(Provision)/credit for the period	**1**	–	**(43)**	–

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2019 and 2018 as the Group's Hong Kong subsidiaries did not generate any assessable profit for the six months ended 30 June 2019 and 2018.

PRC EIT is provided at 25% based on assessable profits of the Group's entities operate in PRC. No provision for PRC EIT is required for the six months ended 30 June 2018 as the Group's PRC subsidiaries did not generate any assessable profit for the six months ended 30 June 2018.

7. PROFIT/(LOSS) FOR THE PERIOD

	Notes	Three months ended 30 June 2019 HK$'000 (unaudited)	Three months ended 30 June 2018 HK$'000 (unaudited)	Six months ended 30 June 2019 HK$'000 (unaudited)	Six months ended 30 June 2018 HK$'000 (unaudited)
Depreciation	*(a)*				
— Owned assets		**(24)**	295	**320**	443
— Right-of-use assets		**694**	–	**1,389**	–
Staff costs (including Directors' emoluments)	*(b)*				
— Salaries, bonus and allowances		**1,150**	1,376	**2,514**	2,452
— Share-based payments		**6,786**	5,254	**8,586**	10,508
— Retirement benefits scheme contributions		**52**	94	**88**	120
		7,988	6,724	**11,188**	13,080
Cost of inventories sold		**37,472**	13,342	**54,545**	19,949
Foreign exchange loss/(gain), net		**232**	(512)	**235**	417
Operating lease charges in respect of premises	*(c)*	**84**	2,237	**155**	3,665
Auditor's remuneration		**30**	31	**80**	36
Allowance for other receivables		**–**	–	**–**	551
Reversal of allowance for inventories		**(986)**	–	**(1,624)**	(2,140)

Notes:

(a) Depreciation of property, plant and equipment of reversal of approximately HK$129,000 (2018: HK$5,000) and HK$212,000 (2018: HK$34,000) for the three and six months ended 30 June 2019 respectively is included in cost of sales.

(b) Staff costs of approximately HK$229,000 (2018: HK$191,000) and HK$533,000 (2018: HK$244,000) for the three and six months ended 30 June 2019 respectively is included in cost of sales.

(c) Operating lease charges in respect of premises of Nil (2018: HK$1,000) and approximately HK$26,000 (2018: HK$18,000) for the three and six months ended 30 June 2019 respectively is included in cost of sales.

8. DIVIDEND

No dividend was declared or paid during the three and six months ended 30 June 2019 (three and six months ended 30 June 2018: Nil).

9. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit/(loss)				
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share *(HK$'000)*	**4,318**	(7,926)	**2,333**	(16,541)
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**694,323,113**	687,225,000	**695,562,627**	687,225,000

Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2019 in respect of dilution as the outstanding share options and convertible bonds had no dilutive effect on the basic earnings per share amount presented. (three and six months ended 30 June 2018: the effect of all potential ordinary shares of the Company in respect of share options are anti-dilutive).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, no addition of property, plant and equipment (six months ended 30 June 2018: addition of HK$3,358,000).

11. TRADE RECEIVABLES

	As at 30 June 2019	As at 31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**41,762**	26,839
Allowance for doubtful debts	**–**	(3,321)
	41,762	23,518

The Group's trading terms with its major customers is either on credit or to provide the Group with irrevocable letters of credit issued by reputable banks, with terms within 60 to 90 days. Overdue balances are reviewed regularly by the Directors.

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

	As at 30 June 2019 ***HK$'000*** **(unaudited)**	As at 31 December 2018 *HK$'000* (audited)
0 to 30 days	**14,813**	18,883
31 to 60 days	**5,305**	651
61 to 90 days	**7,157**	–
Over 90 days	**14,487**	3,984
	41,762	23,518

12. TRADE PAYABLES

	As at 30 June 2019 ***HK$'000*** **(unaudited)**	As at 31 December 2018 *HK$'000* (audited)
Trade payables	**22,336**	17,596

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

	As at 30 June 2019 ***HK$'000*** **(unaudited)**	As at 31 December 2018 *HK$'000* (audited)
0 to 30 days	**5,597**	–
31 to 60 days	**5,439**	15,455
61 to 90 days	**6,757**	–
Over 90 days	**4,543**	2,141
	22,336	17,596

13. SHARE CAPITAL

	Number of ordinary shares	
	Number of shares	*HK$'000*
Authorised		
As at 31 December 2018 (audited), 1 January 2019	50,000,000,000	10,000
Less: Share Consolidation (effective on 29 May 2019) *(Note 1)*	(43,750,000,000)	–
As at 30 June 2019 (unaudited)	6,250,000,000	10,000
Issued		
As at 31 December 2018 (audited), 1 January 2019	5,554,584,906	1,111
Less: Share Consolidation (effective on 29 May 2019) *(Note 1)*	(4,860,261,793)	–
Add: Placing of new shares *(Note 2)*	74,784,000	120
As at 30 June 2019 (unaudited)	769,107,113	1,231

Note 1: Consolidation of every eight (8) existing issued and unissued ordinary shares of par value of HK$0.0002 each in the share capital of the Company into one (1) consolidated share of par value of HK$0.0016 each pursuant to the share consolidation (as detailed in the circular dated 25 April 2019 of the Company) which took effect on 29 May 2019 (the "**Share Consolidation**").

Note 2: On 28 June 2019, an aggregate of 74,784,000 new shares were issued upon completion of the placing pursuant to the placing agreement entered into by the Company and the placing agent, ChaoShang Securities Limited, on 17 June 2019 at the placing price of HK$0.124 per placing share. The new shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 21 June 2018. Details are set out in the announcements of the Company dated 18 June 2019 and 28 June 2019.

14. SHARE OPTION SCHEMES

On 20 June 2014, written resolution of the shareholders of the Company was passed to conditionally approve and adopt two share option schemes namely, Pre-IPO Share Option Scheme ("**Pre-IPO Share Option Scheme**") and Share Option Scheme ("**Share Option Scheme**") to recognise and motivate the contributions that eligible participants have made or may make to the Group. The Pre-IPO Share Option Scheme was valid and effective for a period commencing from 20 June 2014 to the date immediately prior to the Listing of the Company (i.e. 17 July 2014), after which no further option to be granted, 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 Share Option Scheme adopted by the Company on 20 June 2014 will remain in force for a period of ten years from its effective date to 19 June 2024.

Particulars of the Pre-IPO Share Option Scheme and Share Option Scheme of the Company are set out in Appendix IV to the Company's prospectus dated 27 June 2014.

Pursuant to the resolution of the shareholders of the Company passed on 20 June 2014, it was resolved to grant 2,000,000 share options to an employee under the Pre-IPO Share Option Scheme, to subscribe for shares of the Company at an exercise price of HK$1.35 per option. The share options granted under the Pre-IPO Share Option Scheme are exercisable for a period from the date immediately prior to the Listing of the Company to 19 June 2016. During the year ended 31 December 2016, 97,200,000 share options, being the adjusted outstanding share options of the 2,000,000 shares options granted under the Pre-IPO Share Option Scheme following two share subdivisions of the Company on 8 January 2015 and 9 October 2015 respectively, were lapsed following its expiry on 19 June 2016.

Pursuant to the resolution of the board of directors passed on 19 December 2017, it was resolved to grant an aggregate of 500,000,000 share options to three directors and seven employees under the Share Option Scheme, to subscribe for shares of the Company at an exercise price of HK$0.1632 per option ("**Old Options**"). Details of Old Options are set out below:

Grantee	**Date of grant**	**No. of share options**	**Vesting period**	**Exercise period**	**Exercise price per share option** *HK$*
Director	19 December 2017 (A)	162,000,000	N/A	19 December 2017 to 18 December 2027	0.1632
Employees	19 December 2017 (B)	169,000,000	19 December 2017 to 19 December 2018	20 December 2018 to 19 December 2027	0.1632
Employees	19 December 2017 (C)	169,000,000	19 December 2017 to 19 December 2019	20 December 2019 to 19 December 2027	0.1632
		500,000,000			

On 4 June 2019, it was resolved by the Company to cancel the 62,500,000 outstanding Old Options and subject to the irrevocably and unconditionally agreement of each of grantees to the cancellation of their respective Old Options and to grant 68,720,000 new share options with exercise price of HK$0.2412 per share (the "**New Options**") entitling the grantees to subscribe for 68,720,000 shares of the Company. Details are set out in the announcement of the Company dated 4 June 2019.

Grantee	**Date of grant**	**No. of share options**	**Vesting period**	**Exercise period**	**Exercise price per share option** *HK$*
Director	4 June 2019 (A)	20,268,000	N/A	4 June 2019 to 3 June 2029	0.2412
Employees	4 June 2019 (B)	24,226,000	4 June 2019 to 4 June 2020	4 June 2020 to 3 June 2029	0.2412
Employees	4 June 2019 (C)	24,226,000	4 June 2019 to 4 June 2021	4 June 2021 to 3 June 2029	0.2412
		68,720,000			

Details of share options outstanding and their related weighted average exercise price as follows:

	Six months ended 30 June 2019		Six months ended 30 June 2018	
	Number of options	**Weighted average exercise price** *HK$*	Number of options	Weighted average exercise price *HK$*
Outstanding at the beginning of the period	**500,000,000**	**0.1632**	500,000,000	0.1632
Adjustment for share consolidation	**(437,500,000)**	**N/A**	(437,500,000)	N/A
Granted during the period	**68,720,000**	**0.2412**	–	–
Exercised during the period	**–**	**–**	–	–
Cancelled during the period	**(62,500,000)**	**1.3056**	–	–
Outstanding at the end of the period	**68,720,000**	**0.2412**	62,500,000	1.3056
Exercisable at the end of the period	**20,268,000**	**0.2412**	20,250,000	1.3056

15. CONTINGENT LIABILITIES

At 30 June 2019, 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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Salaries and allowances	**405**	445	**700**	949
Retirement benefits scheme contributions	**–**	2	**–**	3
	405	447	**700**	952

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in research and development, manufacture and sales of electronic devices, including fitness bracelets, GPS personal navigation devices, mobile internet devices and TV set-top boxes and provision of application software development services. The Group provides one-stop services to its customers by offering design, prototyping/sampling manufacturing, assembling and packaging of its products.

Revenue of the Group for the six months ended 30 June 2019 (the "**Reporting Period**" was approximately HK$60.4 million, representing an increase of approximately 174.4% from approximately HK$22.0 million for the six months ended 30 June 2018 (the "**Corresponding Period**"). The significant increase in revenue was mainly attributable to material increase in revenue of sales on trading of electronic products, accessories and raw materials, generating revenue of approximately HK$50.0 million for the Reporting Period compared to approximately HK$6.7million for the Corresponding Period.

Outlook

The management carefully considered the market factors such as market trends, capital expenditures and development cycles when selecting the appropriate product mix to which the Group should focus and devote its resources. To diversify its income streams and counter balance the market trends, the Group will continue to further develop and expand its manufacturing business and the business of application software development.

It is the Group's corporate mission to continue to explore ways to improve its financial performance and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other business as long as it is in the interest of the Company and the shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing business portfolio and evaluates possible investment opportunities available to the Company from time to time. Subject to the result of such review and the then market and economy situation, the Company may make suitable investment decisions which may involve the disposal of the whole or part of its existing business portfolio and/or change of the asset allocation of its business and investment portfolio and/or expanding its business portfolio with a view of realizing and/or optimizing the expected return and minimizing the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects. In these regards, the Company will publish announcement as and when appropriate according to applicable rules and regulations.

Financial Review

Cost of Sales and Gross Profit

The majority of the Group's cost of sales was costs of merchandises and raw materials. The Group's cost of sales during the Reporting Period increased by 274.1% to approximately HK$54.7 million compared to the Corresponding Period which was driven by the increase in revenue. The gross profit margin for the Reporting Period was approximately 9.5% while that for the Corresponding Period was approximately 9.4%.

The proportion in sales on trading of electronic products increased to approximately 82.7% of the total revenue for the Reporting Period (Corresponding Period: 30.2%). The proportion in sales of manufactured products decreased to approximately 10.6% of the total revenue for the Reporting Period (Corresponding Period: 62.7%). The proportion in revenue from provision of application software development services decreased to approximately 6.7% of the total revenue for the Reporting Period (Corresponding Period: 7.1%).

Expenses

Staff costs of the Group for the Reporting Period was approximately HK$11.2 million, representing a decrease of approximately HK$1.9 million as compared with staff costs for the Corresponding Period of approximately HK$13.1 million. Such decrease in staff costs was attributed to the recognition of share-based payment expenses decreased during the Reporting Period.

The administrative expenses of the Group for the six months ended 30 June 2019 was approximately HK$17.6 million (six months ended 30 June 2018: approximately HK$18.6 million), representing a decrease of approximately HK$1.0 million as compared with that of last year, which was mainly due to the decrease in operating lease charges on premises in respect of offices.

Profit for the Period

The Group incurred a net profit of approximately HK$3.2 million during the six months ended 30 June 2019, as compared with a net loss of approximately HK$16.3 million for the six months ended 30 June 2018. This is mainly because of (i) gains on disposals of subsidiaries; (ii) reversal of allowance for inventories, (iii) recognition of government subsidies; and (iv) decrease in administrative expenses due to the decrease in staff cost as compared to the same period last year.

The Board does not recommend the payment of dividends for the six months ended 30 June 2019.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has funded its liquidity and capital requirements primarily through operating cash flows, bank borrowings and funds from the listing of the Company's shares on GEM of the Stock Exchange. The Group requires cash primarily for working capital needs. As at 30 June 2019, the Group had bank and cash balances of approximately HK$10.7 million (31 December 2018: approximately HK$2.0 million). The Board kept monitoring the cash level of the Group and would consider different ways of financing in order to ensure the sufficiency of cash.

Issuance of Convertible Bonds

Pursuant to a subscription agreement dated 5 March 2019, the Company issued convertible bonds in an aggregate principal amount of HK$20,000,000 with 4% interest per annum and two-year lifespan (the "**Convertible Bonds**") to Radiant Assets Management Limited on 15 March 2019 under the general mandate granted to the Directors by way of an ordinary resolution of the shareholders passed at the annual general meeting of the Company held on 21 June 2018. Assuming full conversion of the Convertible Bonds at the initial conversion price of HK$0.045, the Convertible Bonds will be convertible into 444,444,444 conversion shares. As a result of the Share Consolidation (as defined below) of the Company becoming effective on 29 May 2019, the conversion price of the Convertible Bonds has been adjusted from HK$0.045 per old share to HK$0.36 per consolidated share and the number of the conversion shares to be issued upon conversion of the Convertible Bonds has been adjusted from 444,444,444 old shares to 55,555,555 consolidated shares. Details are disclosed in the announcements of the Company dated 5 March 2019, 15 March 2019 and 28 May 2019. As at 30 June 2019, approximately HK$10 million of the net proceeds from the subscription was used for the repayment of the outstanding liabilities of the Group and approximately HK$10 million was used for general corporate purposes, including salary payments, rental payments, utilities and other operating expenses as intended. As at 30 June 2019, none of conversion shares were issued.

Share Consolidation and Change of Board Lot Size

Consolidation of every eight (8) existing issued and unissued ordinary shares of par value of HK$0.0002 each in the share capital of the Company into one (1) consolidated share of par value of HK$0.0016 each pursuant to the share consolidation of the Company took effect on 29 May 2019 (the "**Share Consolidation**"). The board lot size for trading on the Stock Exchange has been changed from 4,000 old shares to 8,000 consolidated shares upon the Share Consolidation becoming effective on 29 May 2019. Details are set out in the announcement dated 9 April 2019, the circular dated 25 April 2019 and the poll results announcement of the extraordinary general meeting dated 28 May 2019 of the Company.

Placing of New Shares under General Mandate

On 28 June 2019, an aggregate of 74,784,000 new shares were issued upon completion of the placing pursuant to the placing agreement entered into by the Company and the placing agent, ChaoShang Securities Limited, on 17 June 2019 at the placing price of HK$0.124 per placing share. The new shares were issued under the general mandate granted to the Directors of the Company at the annual general meeting of the Company held on 21 June 2018. Details are set out in the announcements of the Company dated 18 June 2019 and 28 June 2019. As at 30 June 2019, such net proceeds remained unused.

In order to strengthen the Group's capital base and liquidity in the foreseeable future, the Group is trying to take various measures, including but not limited to issuance of bonds, obtaining additional financial assistance from shareholders or Directors, negotiating new banking facilities and carrying out further cost controls.

Capital Expenditure

During the six months ended 30 June 2019, the Group did not acquire property, plant and equipment (six months ended 30 June 2018: HK$3,358,000)

Capital Commitments

The Group did not have any significant capital commitments as at 30 June 2019 (as at 31 December 2018: Nil).

Debt to Equity Ratio

As at 30 June 2019 and at 31 December 2018, all of our bank borrowings and overdrafts had been repaid, therefore debt to equity ratio was not applicable to the Group.

Note: Debt to equity ratio is calculated as the total interest-bearing debts divided by total equity.

Foreign Currency Risk

The functional currency of the Group's entities are principally denominated in either Hong Kong dollars ("**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 closely monitor its foreign currency exposure 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 Reporting Period.

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

On 15 January 2019, the Company and Suzhou Hua Su Ya Wharton Medical Technology Company Limited* (蘇州華蘇亞沃頓醫療科技股份有限公司) ("**Hua Su Ya Wharton**") entered into a letter of intent for strategic cooperation in relation to the acquisition of shares and other cooperation of Hua Su Ya Wharton. Hua Su Ya Wharton is a listed company on National Equities Exchange and Quotation with stock code: 834423 in the PRC ("**Strategic Cooperation 1**"). Details of the Strategic Cooperation 1 are set out in the Company's announcement dated 15 January 2019.

On 15 January 2019, the Company and Ms. Li Dongying (酈冬英女士) ("**Ms. Li**") entered into a letter of intent for strategic cooperation in relation to the acquisition of shares of Hong Kong Waldorf International Limited (香港華沃國際有限公司) ("**Waldorf International**") ("**Strategic Cooperation 2**"). It is also mentioned that Ms. Li has the right to appoint designated personnel as a general manager of Waldorf International. Waldorf International is a company incorporated in Hong Kong which is wholly-owned by Ms. Li and is engaged in trading overseas medical equipment. Ms. Li is also the controlling shareholder of Hua Su Ya Wharton. Details of the Strategic Cooperation 2 are set out in the Company's announcement dated 16 January 2019.

On 10 April 2019, the Company sent notices of termination to each of Hua Su Ya Wharton and Ms. Li, notifying each of Hua Su Ya Wharton and Ms. Li the termination of the Strategic Cooperation 1 and the Strategic Cooperation 2, respectively, due to the failure by the parties to reach any agreement in relation to the strategic cooperation. Upon termination of the letters of intent, neither party has any obligations nor liabilities towards the other party under the letters of intent. Details are set out in the announcement of the Company dated 10 April 2019.

On 25 March 2019, Millennium Pacific International Group Limited, a direct wholly-owned subsidiary of the Company, as vendor entered into a sales and purchase agreement with an independent third party as purchaser for the sale of 100% equity interest of Central Pacific International Group Limited ("**Central Pacific**") held by the Company indirectly to the purchaser at a cash consideration of HK$1 million (the "**2019 Disposal**"). Upon completion of the 2019 Disposal which was in the first half of 2019, Central Pacific together with its subsidiaries were excluded from the Group. As none of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the 2019 Disposal exceeds 5%, the 2019 Disposal does not constitute a discloseable transaction of the Company and is exempted from notification and announcement requirements under the GEM Listing Rules.

On 24 May 2019, Mr. Ma Xingjin as the vendor and Millennium Pacific International Group Limited, a wholly-owned subsidiary of the Company as the purchaser, entered into the sale and purchase agreement, pursuant to which the vendor has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase further 35% of the entire issued share capital of Celestial Rainbow Limited ("**Celestial Rainbow**"), which held 100% of Sky Dynasty Investments Limited and 100% of Shenzhen Ampeg Technology Company Limited, at the consideration of HK$27,500,000 (subject to adjustment), which shall be satisfied by way of the allotment and issue of the consideration shares of 122,767,857 with nominal value of HK$0.0016 each by the Company under the specific mandate to be sought at an extraordinary general meeting of the Company to be held (the "**Acquisition**"). Details of the Acquisition are set out in the announcement of the Company dated 24 May 2019. As at the date of this announcement, the Acquisition is yet to be completed. Should the Acquisition is completed after approving by shareholders at an extraordinary general meeting of the Company, the Group will be interested in 46% of Celestial Rainbow.

Charges over Assets of the Group

As at 30 June 2019, there is no charges over assets of the Group. (31 December 2018: Nil).

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

Employees and Remuneration Policies

As at 30 June 2019, the Group had a total of 52 employees. The Group's staff costs for the six months ended 30 June 2019 amounted to approximately HK$11.2 million (six months ended 30 June 2018: HK$13.1 million). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of qualification, responsibility, experience and performance of the individual and the performance of the Group. 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 options.

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 Scheme

The Share Option Scheme adopted by the Company on 20 June 2014 is a share incentive scheme and is established to recognise and acknowledge the contributions that eligible participants (as defined in the Share Option Scheme) have made or may make to the Group.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from the adoption date (i.e. 20 June 2014) pursuant to the terms of the Share Option Scheme.

On 19 December 2017, the Company granted share options to certain eligible participants to subscribe for a total of 500,000,000 ordinary shares of HK$0.0002 each (the "**Old Shares**") in the issued share capital of the Company (the "**Old Options**"). The Old Options were outstanding and not yet exercised. As a result of the Share Consolidation, the exercise price of the Old Options had been adjusted from HK$0.1632 per Old Share to HK$1.3056 per consolidated share and the number of shares of the Company to be issued upon exercise of the outstanding Old Options had been adjusted from 500,000,000 Old Shares to 62,500,000 consolidated shares.

On 4 June 2019, it was resolved by the Company to cancel the 62,500,000 outstanding Old Options and subject to the irrevocably and unconditionally agreement of each of grantees to the cancellation of their respective Old Options, to grant 68,720,000 new share options with exercise price of HK$0.2412 per share (the "**New Options**") entitling the grantees to subscribe for 68,720,000 shares of the Company. Details are set out in the announcement of the Company dated 4 June 2019.

As at 30 June 2019, 68,720,000 effective share options were outstanding. The aggregate fair value of the outstanding options amounted to approximately HK$3 million.

The following table discloses movements in the Company's outstanding options under the Share Option Scheme during the Reporting Period.

name of grantee	date of grant of the options during the Reporting Period	on 1 January 2019[1]	granted during the Reporting Period	exercised during the Reporting Period	No. of options expired/lapsed/ cancelled during the Reporting Period	on 30 June 2019	exercise period of the options [2][3]	exercise price of the options per share (HKD)
Mr. Wu Yong Fu	4 June 2019	Nil	6,756,000	Nil	Nil	6,756,000	4 June 2019 – 3 June 2029	0.2412
Mr. Chong Yu Keung	4 June 2019	6,750,000	6,756,000	Nil	6,750,000	6,756,000	4 June 2019 – 3 June 2029	0.2412
Mr. Liu Liang (resigned as director of the Company on 28 June 2019)	4 June 2019	6,750,000	6,756,000	Nil	6,750,000	6,756,000	4 June 2019 – 3 June 2029	0.2412
Mr. Wu Jin Sheng (resigned as director of the Company on 3 June 2019)	N/A	6,750,000	Nil	Nil	6,750,000	Nil	N/A	N/A
Other grantees	4 June 2019	42,250,000	48,452,000	Nil	42,250,000	48,452,000	4 June 2020 – 3 June 2029	0.2412
Total		62,500,000	68,720,000	Nil	62,500,000	68,720,000		

Notes:

(1) As a result of the Share Consolidation, the exercise price of the Old Options had been adjusted from HK$0.1632 per Old Share to HK$1.3056 per consolidated share and the number of shares to be issued upon exercise of the outstanding Old Options granted under the Share Option Scheme had been adjusted from 500,000,000 Old Shares to 62,500,000 consolidated shares. Details of the said adjustments are set out in the announcement of poll results of the extraordinary general meeting of the Company dated 28 May 2019.

(2) The New Options granted to the directors will be vested immediately upon their acceptance of such New Options.

(3) The New Options granted to the employees have a vesting period of 2 years, i.e. one-half of the New Options shall be vested on the first (1st) anniversary (round down to the nearest New Option) and the remaining one-half of the New Options shall be vested on the second (2nd) anniversary of the date of grant respectively.

CORPORATE GOVERNANCE PRACTICES

The Company endeavours to maintain high standards of corporate governance for enhancement of shareholders' value and to provide transparency, accountability and independence. The Company's corporate governance practices are based on the principles and the code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules. The Company adopted the Code Provisions as set out in the CG Code since the listing of the Company on 18 July 2014. During the six months ended 30 June 2019, the Company had complied with the applicable Code Provisions and mandatory disclosure requirement as set out in the CG Code, except for the following deviations in respect of which remedial steps for compliance had been taken or considered reasons are given below.

Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to conflicting business schedules, Mr. Wang Li and Mr. Zhou Chuang Qiang, executive Directors, were unable to attend the annual general meeting of the Company held on 20 June 2019.

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 2019, the interests and short positions of the Directors and chief executives 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 shares of the Company

Name	**Capacity and nature of interest**	**Class of Shares**	**Number of shares** *(note 1)*	**Percentage of the Company's issued share capital**
Wu Yong Fu	Beneficial owner	share options *(note 2)*	6,756,000 (L)	0.88%
Chong Yu Keung	Beneficial owner	share options *(note 2)*	6,756,000 (L)	0.88%

Notes:

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

2. These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in section headed "Share Option Scheme" above.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executives 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 2019, 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**	**Class of Shares**	**Number of shares** *(note 1)*	**Percentage of the Company's issued share capital**
Martford Limited *(note 2)*	Beneficial owner	Ordinary shares	376,389,250 (L)	48.94%
Ma Xingjin *(note 4)*	Beneficial owner	Ordinary shares	982,151,763	15.00%
CITIC Group Corporation *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
CITIC Polaris Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
CITIC Glory Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
CITIC Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
CITIC Corporation Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
China CITIC Bank Corporation Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
CITIC New Horizon Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%

Name	Capacity and nature of interest	Class of Shares	Number of shares *(note 1)*	Percentage of the Company's issued share capital
Extra Yield International Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
Metal Link Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
CITIC International Financial Holdings Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
CITIC International Assets Management Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
CITIC Merchant Co., Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555	7.22%
Radiant Assets Management Limited *(note 3)*	Beneficial owner	Ordinary Shares	55,555,555	7.22%

Notes:

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

2. The 376,389,250 shares were held by Martford Limited which is wholly and beneficially owned by Mr. Wang Lianghai.

3. The entire issued share capital of Radiant Assets Management Limited is owned by CITIC Merchant Co., Limited, which is in turn owned as to 51% by CITIC International Assets Management Limited ("**CITIC Asset Management**"). CITIC Asset Management is owned as to 46% by CITIC International Financial Holdings Limited ("**CITIC Financial Holdings**"), which is in turn wholly owned by China CITIC Bank Corporation ("**China CITIC Bank**"). China CITIC Bank is owned as to 65.37%, 0.02% and 0.58% by CITIC Corporation Limited, Extra Yield International Limited ("**Extra Yield**") and Metal Link Limited respectively. Extra Yield is owned as to 100% by CITIC New Horizon Limited, which is wholly owned by CITIC Corporation Limited ("**CITIC Corporation**"). CITIC Corporation is wholly owned by CITIC Limited which owns 100% of CITIC Corporation and 100% of Metal Link Limited. CITIC Limited is owned as to 25.60% and 32.53% by CITIC Glory Limited and CITIC Polaris Limited respectively. CITIC Glory Limited and CITIC Polaris Limited are wholly owned by CITIC Group Corporation.

4. The 982,151,763 shares represents the ordinary shares with nominal value of HK$0.0002 each before the Share Consolidation. Subsequent to the Share Consolidation, Mr. Ma Xingjin's deemed interest became 122,768,970 shares with nominal value of HK$0.0016 each which represented 15.96% of the issued shares of the Company as at 30 June 2019.

Save as disclosed above, as at 30 June 2019, 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.

CHANGE OF DIRECTORS

On 25 March 2019, Mr. Tang Wai Ting, Samson ("**Mr. Tang**") resigned as an executive Director of the Company due to his personal affairs. He also ceased to be the chairman of the Board and the compliance officer of the Company (the "**Compliance Officer**"). On the same date, Mr. Wu Jin Sheng was re-designated from the vice chairman to the chairman of the Board and Mr. Liu Liang was appointed as the Compliance Officer.

On 16 April 2019, Mr. Wu Yong Fu was appointed as an executive Director.

On 3 June 2019, Mr. Wu Jin Shen resigned as the chairman of the Board, a non-executive Director and the chairman of the nomination committee of the Company due to his decision to devote more time to his other commitments and engagements. On the same date, Mr. Zheng Wan Zhang was appointed as the chairman of the nomination committee of the Company

On 4 June 2019, Mr. Zhou Chuang Qiang was appointed as an executive Director.

On 28 June 2019, Mr. Liu Liang resigned as an executive Director, the Compliance Officer, a member of the remuneration committee, a member of the compliance committee, the authorized representative of the Company and the process agent of the Company due to his decision to devote more time to his other commitments and engagements. Following Mr. Liu's resignation, Mr. Zhou Chuang Qiang has been appointed as the Compliance Officer, a member of the remuneration committee, a member of the compliance committee, the authorised representative and the process agent of the Company.

Details in relation to the above changes of directors were disclosed in the announcements of the Company dated 25 March 2019, 16 April 2019, 3 June 2019, 4 June 2019 and 28 June 2019.

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 2019.

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 business of the Group during the Reporting Period.

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 three independent non-executive Directors, namely Mr. Huang Jian (committee chairman), Mr. Zheng Wan Zhang and Mr. Wong Tik Tung.

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2019 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.

By order of the Board
Millennium Pacific Group Holdings Limited
Zhou Chuang Qiang
Director

Hong Kong, 9 August 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wu Yong Fu, Mr. Zhou Chuang Qiang and Mr. Wang Li; one non-executive Director, namely Mr. Chong Yu Keung; and three independent non-executive Directors, namely Mr. Huang Jian, Mr. Zheng Wan Zhang and Mr. Wong Tik Tung.

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.mpgroup.hk).

* *For identification purpose only*