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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

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.*

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 months ended 31 March 2020 (the "**Reporting Period**"), together with the comparative figures for the three months ended 31 March 2019 (the "**Corresponding Period**"), as follows:

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

For the three months ended 31 March 2020

		Three months ended 31 March	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**25,338**	21,513
Cost of sales		**(24,593)**	(17,826)
Gross profit		**745**	3,687
Other income	*4*	**1**	640
Selling and distribution costs		**(38)**	(126)
Administrative expenses		**(4,082)**	(5,487)
Loss from operation		**(3,374)**	(1,286)
Finance costs		**(556)**	(209)
Share of results of associates		**(434)**	195
Loss before tax		**(4,364)**	(1,300)
Income tax expense	*5*	**–**	(44)
Loss for the period	*6*	**(4,364)**	(1,344)
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		**(214)**	490
Total comprehensive loss for the period		**(4,578)**	(854)

	Notes	Three months ended 31 March **2020** ***HK$'000*** **(unaudited)**	 2019 *HK$'000* (unaudited)
Profit/(loss) for the period attributable to:			
— Owners of the Company		**(4,348)**	(1,985)
— Non-controlling interests		**(16)**	641
		(4,364)	(1,344)
Total comprehensive income/(loss) for the period attributable to:			
— Owners of the Company		**(4,521)**	(1,523)
— Non-controlling interests		**(57)**	669
		(4,578)	(854)
			(restated)
Loss per share (HK cents)			
— Basic	*8*	**(0.49)**	(0.29)
— Diluted	*8*	**(0.49)**	(0.29)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Attributable to the owners of the Company											
	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*	Financial assets at FVTOCI reserve *HK$'000*	Equity component of convertible bonds *HK$'000*	Accumulated losses *HK$'000*	Total reserve *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
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
Impact of adoption of HKFRS 16 (net of tax) (audited)	–	–	–	–	–	–	–	–	(39)	(39)	–	(39)
Balance at 1 January 2019, as restated (audited)	1,111	71,644	766	12,400	36,581	1,672	125	–	(119,811)	3,377	1,151	5,639
Recognition of share-based payments (unaudited)	–	–	–	–	1,800	–	–	–	–	1,800	–	1,800
Issue of convertible bonds (unaudited)	–	–	–	–	–	–	–	2,650	–	2,650	–	2,650
Total comprehensive income/(loss) for the period (unaudited)	–	–	–	–	–	462	–	–	(1,985)	(1,523)	669	(854)
Balance at 31 March 2019 (unaudited)	1,111	71,644	766	12,400	38,381	2,134	125	2,650	(121,796)	6,304	1,820	9,235
Balance at 1 January 2020 (audited)	**1,427**	**97,342**	**–**	**–**	**2,049**	**(656)**	**–**	**2,650**	**(64,154)**	**37,231**	**1,945**	**40,603**
Recognition of share-based payments (unaudited)	**–**	**–**	**–**	**–**	**333**	**–**	**–**	**–**	**–**	**333**	**–**	**333**
Total comprehensive loss for the period (unaudited)	**–**	**–**	**–**	**–**	**–**	**(173)**	**–**	**–**	**(4,348)**	**(4,521)**	**(57)**	**(4,578)**
Balance at 31 March 2020 (unaudited)	**1,427**	**97,342**	**–**	**–**	**2,382**	**(829)**	**–**	**2,650**	**(68,502)**	**33,043**	**1,888**	**36,358**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL 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, Guangdong Province, 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 Company is an investment holding company. The principal activities of its subsidiaries are research and development, manufacture, sale of electronic devices and provision of application software development services.

2. BASIS OF PRESENTATION AND PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2020 have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

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.

The unaudited condensed consolidated results of the Group for the three months ended 31 March 2020 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 2019 (the "**2019 Consolidated Financial Statements**"). Except as described in paragraph headed "Change in accounting policies and disclosures" 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 2019 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 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The adoption of these new and amended HKFRSs had no significant effects on the results and financial position of the Group for the current and prior periods.

3. REVENUE

The Group derives revenue from the transfer of goods and services at a point in time and over time respectively in the following major product line:

	Three months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Products transferred at a point in time:		
Sales of manufactured products	**2,187**	5,386
Sales on trading of electronic products, accessories and raw materials	**23,151**	12,626
	25,338	18,012
Services transferred over time:		
Provision of application software development services	**–**	3,501
	25,338	21,513

4. OTHER INCOME

	Three months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**1**	1
Reversal of impairment of inventories	**–**	639
	1	640

5. INCOME TAX EXPENSE

	Three months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax — PRC Enterprise Income Tax ("**EIT**")		
Provision for the period	**–**	44

No provision for Hong Kong Profits Tax has been made for the three months ended 31 March 2020 and 2019 as the Group's Hong Kong subsidiaries did not generate any assessable profit for the three months ended 31 March 2020 and 2019.

No provision for PRC EIT is required for the three months ended 31 March 2020 as the Group's PRC subsidiaries did not generate any assessable profit for the three months ended 31 March 2020 (2019: PRC EIT is provided at 25% based on assessable profits of the Group's subsidiaries operate in PRC).

6. LOSS FOR THE PERIOD

	Notes	Three months ended 31 March 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited)
Depreciation			
— Owned assets	*(a)*	**116**	344
— Right-of-use assets		**692**	695
Staff costs (including Directors' emoluments)	*(b)*		
— Salaries, bonus and allowances		**1,095**	1,364
— Share-based payments		**333**	1,800
— Retirement benefits scheme contributions		**16**	36
		1,444	3,200
Cost of inventories sold		**24,356**	17,073
Foreign exchange differences, net		**1**	3
Operating lease charges on premises	*(c)*	**106**	71
Auditor's remuneration		**10**	16
Reversal of allowance for inventories		**–**	(638)

Notes:

(a) Depreciation of property, plant and equipment of approximately HK$113,000 (2019: HK$341,000) for the three months ended 31 March 2020 is included in cost of sales.

(b) Staff costs of approximately HK$74,000 (2019: HK$304,000) for the three months ended 31 March 2020 is included in cost of sales.

(c) Operating lease charges on premises of approximately HK$43,000 (2019: HK$26,000) for the three months ended 31 March 2020 is included in cost of sales.

7. DIVIDENDS

No dividends was declared or paid during the three months ended 31 March 2020 (2019: Nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	Three months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of calculating basic and diluted loss per share	**(4,348)**	(1,985)

	Three months ended 31 March	
	2020	2019
	(unaudited)	(unaudited, restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**891,874,970**	694,323,113

Diluted loss per share

No adjustment has been made to the basic loss per share amount presented for the period ended 31 March 2020 in respect of dilution as the outstanding share options and convertible bonds had no dilutive effect on the basic loss per share amount presented.

For the purpose of calculation of basic and diluted loss per share for the periods ended 31 March 2020 and 2019, the share consolidation of the Company being effective on 29 May 2019 was deemed to be effective throughout both periods. Accordingly, the weighted average number of ordinary shares of the Company in issue during the three months ended 31 March 2019 were adjusted to reflect the share consolidation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Group recorded total revenue of approximately HK$25.3 million for the Reporting Period, representing an increase of approximately HK$3.8 million or approximately 17.7% as compared to the revenue for the Corresponding Period of approximately HK$21.5 million. The increase in revenue was mainly attributable to the Group's sales on trading of electronic products, accessories and raw materials. However, due to the outbreak of COVID-19 during the Reporting Period, there was no revenue of provision of application software development services was recorded.

FINANCIAL REVIEW

Cost of Sales and Gross Profit

The cost of sales was mainly generated by merchandises and raw materials. The Group's cost of sales increased by approximately 38.2% from approximately HK$17.8 million for the Corresponding Period to approximately HK$24.6 million for the Reporting Period. The gross profit for the Reporting Period decreased by approximately 80.0% to approximately HK$0.7 million whilst the gross profit margin decreased from approximately 17.1% in the Corresponding Period to approximately 2.9% in the Reporting Period, which was mainly due to the absence of revenue of provision of application software which had high gross profit margin of approximately 95% in Corresponding Period and drop in selling price under the pressure of the economic downturn.

Expenses

Staff costs of the Group for the Reporting Period was approximately HK$1.4 million, representing a decrease of approximately HK$1.8 million as compared with staff costs for the Corresponding Period of approximately HK$3.2 million. Such significant decrease in staff costs was attributed to the decrease of share-based payment expenses of approximately HK$1.5 million during the Reporting Period.

The administrative expenses of the Group for the Reporting Period amounted to approximately HK$4.1 million, representing a decrease of approximately HK$1.4 million from approximately HK$5.5 million in the Corresponding Period. The decrease in administrative expenses was mainly attributable to the decrease in share-based payment expenses of approximately HK$1.5 million during the Reporting Period.

Loss for the Period

The net loss of the Group was approximately HK$4.4 million during the Reporting Period as compared to a net loss of approximately HK$1.3 million for the Corresponding Period. The increase in loss was due to the decrease in gross profit of the Group resulted from absence of revenue from provision of application software development services.

The Board does not recommend the payment of dividends for the three months ended 31 March 2020 (31 March 2019: nil).

Outlook

The outbreak of COVID-19 during the Reporting Period affected the operation and results of the Group for the the Reporting Period. In the forthcoming future, the Group will pay attention to the development of this disease, evaluate its impact on the financial position and operating results of the Group and apply appropriate measures accordingly.

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 March 2020, 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 option *(note 2)*	6,756,000 (L)	0.76%
Chong Yu Keung	Beneficial owner	share option *(note 2)*	6,756,000 (L)	0.76%

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" below.

Save as disclosed above, as at 31 March 2020, 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) 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 31 March 2020, 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	301,981,250 (L)	33.86%
CITIC Group Corporation *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
CITIC Polaris Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
CITIC Glory Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
CITIC Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
CITIC Corporation Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
China CITIC Bank Corporation Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
Citic Investment (HK) Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
Fortune Class Investments Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%

Name	Capacity and nature of interest	Class of Shares	Number of shares *(note 1)*	Percentage of the Company's issued share capital
Metal Link Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
CITIC International Financial Holdings Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
CITIC International Assets Management Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
CITIC Merchant Co., Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
Radiant Assets Management Limited *(note 3)*	Beneficial owner	Ordinary Shares	55,555,555 (L)	6.23%

Notes:

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

2. The 301,981,250 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, Fortune Class Investments Limited ("**Fortune Class**") and Metal Link Limited respectively. Fortune Class is owned as to 100% by Citic Investment (HK) 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.

Save as disclosed above, as at 31 March 2020, 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.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Events after the Reporting Date

As announced by the Company on 27 March 2020, 14 April 2020 and 20 April 2020, a placing was completed on 20 April 2020 that an aggregate of 138,864,000 placing shares of the Company (the "**Placing**"), representing approximately 13.47% of the total number of issued Shares immediately after the completion of the Placing, had been successfully placed through the placing agent to not less than six placees at the placing price of HK$0.10 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 20 June 2019. The gross proceeds and net proceeds from the placing were approximately HK$13.9 million and HK$13.3 million, respectively which was intended to be used for providing additional general working capital of the Group. Details are set out in the announcements of the Company dated 27 March 2020, 14 April 2020 and 20 April 2020. As at the date of this announcement, the net proceeds of approximately HK$6.6 million from the Placing had been used as working capital as intended.

Save as disclosed herein, up to the date of this announcement, the Group had no significant subsequent events after the Reporting Period which needs to be disclosed.

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.

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

The Group has 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' transactions in securities of the Company with effect from 18 July 2014 upon listing on GEM of the Stock Exchange. Having made specific enquiry with the Directors of the Company, each Director confirmed that he/she had complied with the required standard of dealings and there was no event of non-compliance during the Reporting Period.

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 three months ended 31 March 2020, the Company had complied with the applicable Code Provisions and mandatory disclosure requirement as set out in the CG Code.

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 three months ended 31 March 2020 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.

Share Option Scheme

The share option scheme (the "**Share Option Scheme**") adopted by the Company on 20 June 2014 is a share incentive scheme and is established to recognize and acknowledge the contributions that eligible participants (as defined therein, including employees) 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 whereby 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 became effective on 29 May 2019 (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.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% (or other percentage as stipulated in the GEM Listing Rules) of the Shares in issue from time to time. Subject to the aforesaid limit, the number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Option Scheme and any other share option schemes of the Company is 68,722,500 Shares, representing 10% of the issued Shares as at 21 June 2018, being the date of approval of the existing scheme limit by the Shareholders (the "**Refreshment**"), and as adjusted following the Share Consolidation became effective on 29 May 2019. Since the Refreshment, 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$0.2412 per share (the "**New Options**") entitling the grantees to subscribe for 68,720,000 shares of the Company. Details are set out in the announcement of the Company dated 4 June 2019. The closing price of the Shares, immediately before the grant date was HK$ HK$0.131 per Share. The average closing price of the Shares for the five business days immediately preceding the grant date was HK$0.2412 per Share. Out of the 68,720,000 newly grant Options, 12,596,000 Options had lapsed and none of the Options had been exercised and/or cancelled as at 31 March 2020.

As at 31 March 2020, 56,124,000 effective share options were outstanding.

The maximum entitlement of each participant under the Share Option Scheme is 1% of the issued Shares of the Company unless such grant has been duly approved by resolution of the shareholders of the Company in general meeting.

The exercise period of any option granted under the Share Option Scheme must not be more than 10 years commencing on the date of grant.

The acceptance amount for the option is determined by the Board from time to time.

The exercise price determined by the Board shall be at least the higher of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant.

Subject to earlier termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period to be determined and notified by the Board to the grantee during which the option may be exercised and in any event shall not be more than 10 years commencing on the date on which the offer in relation to such option is deemed to have been accepted in accordance with the terms of the Share Option Scheme and expiring on the last day of the ten-year-period. The remaining life of the Share Option Scheme was up to 19 June 2024.

Movements of the share options, which were granted under the Share Option Scheme, during the Reporting Period are set out below:

name of grantee	date of grant of the options	on 1 January 2020	granted during the Reporting Period	exercised during the Reporting Period	No. of options expired/lapsed/ cancelled during the Reporting Period	on 31 March 2020	Vesting period[(1)(2)]	exercise period of the options	exercise price of the options per share (HKD)
Mr. Wu Yong Fu	4 June 2019	6,756,000	Nil	Nil	Nil	6,756,000	N/A	4 June 2019 – 3 June 2029	0.2412
Mr. Chong Yu Keung	4 June 2019	6,750,000	Nil	Nil	Nil	6,756,000	N/A	4 June 2019 – 3 June 2029	0.2412
Other grantees	4 June 2019	24,226,000	Nil	Nil	2,920,000	21,306,000	4 June 2019 – 3 June 2020	4 June 2020 – 3 June 2029	0.2412
Other grantees	4 June 2019	24,226,000	Nil	Nil	2,920,000	21,306,000	4 June 2019 – 3 June 2021	4 June 2021 – 3 June 2029	0.2412
Total		61,964,000	Nil	Nil	5,840,000	56,124,000			

Notes:

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

(2) 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.

Each of Mr. Wu Yong Fu and Mr. Chong Yu Keung, being Directors of the Company, was granted 6,756,000 share options by the Company on 4 June 2019. Further details of the grant of share options are set out in the Company's announcement dated 4 June 2019.

The Company operates the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The grant or cancellation of the share option (if any) under the Share Option Scheme shall be disclosed as and when appropriate according to the GEM Listing Rules.

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

Hong Kong, 13 May 2020

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will 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).