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)

SUPPLEMENTAL ANNOUNCEMENT TO THE FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcements made by Millennium Pacific Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated (i) 25 March 2020 relating to the unaudited results of the Company for the year ended 31 December 2019 ("**Unaudited Results Announcement**"); (ii) 29 April 2020 relating to the final results for the year ended 31 December 2019 ("**Final Results Announcement**"); and (iii) the clarification announcement dated 11 May 2020 relating to the Final Results Announcement ("**Clarification Announcement**" together with the Unaudited Results Announcement and Final Results Announcement, the "**Announcements**"). Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

It was mentioned in the Clarification Announcement that the carrying value of the Company's investment in associates in the amount of approximately HK$40,814,000 as stated in the Final Results Announcement was revised to approximately HK$30,379,000 (the "**Revision**"). The Company would like to provide further details as to the nature and the reason for the Revision.

The Revision is a result of the change in the basis of measurement of the cost of investment in relation to the acquisition of a further 35% interest in Celestial Rainbow Limited ("**Celestial Rainbow**") in 2019 (the "**Further Acquisition**"). Details of the Further Acquisition were set out in the announcement dated 24 May 2019 and circular dated 25 September 2019.

The Revision is illustrated as below:

	HK$'000
Original cost of investment (122,767,857 shares at HK$0.224 each)	27,500
Adjusted cost of investment (122,767,857 shares at HK$0.139 each)	17,065
Difference	10,435

Given the consideration of the Further Acquisition was settled by shares of the Company, the cost of investment shall be determined in accordance with the requirements set out in "*Hong Kong Financial Reporting Standard 2 — Share-based Payment*" ("**HKFRS 2**") and "*Hong Kong Financial Reporting Standard 13 — Fair Value Measurement*". HKFRS 2 requires the Company to measure the goods or services received and the corresponding increase in equity, directly, at the fair value of the goods or service received. It is a rebuttable presumption that the fair value of the goods and services can be estimated reliably. In recognising the cost of investment of the Further Acquisition with reference to the consideration set out in the sale and purchase agreement in relation to the Further Acquisition which was HK$27,500,000 to be settled by the issue and allotment of 122,767,857 shares of the Company at HK$0.224 per share, the Company has taken into account the following factors:

(a) The preliminary appraised value of 35% of the equity interest of Shenzhen Ampeg Technology Company Limited ("**Shenzhen Ampeg**"), a wholly-owned subsidiary of Celestial Rainbow, as at 31 March 2019, as conducted by an independent valuer using market approach was RMB28.7 million.

(b) The profit and total comprehensive income and net asset value of Celestial Rainbow for the year ended and as at 31 December 2019 were approximately HK$7,852,000 and HK$45,474,000, respectively. Both amounts were in line with the expectation of the Company.

(c) The fair value of Shenzhen Ampeg as at 31 December 2019 using the market approach attributable to the Company's interest in Celestial Rainbow was higher than the original carrying amount recognised in the books of the Company.

(d) Nothing has come to the attention of the directors of the Company that suggests the carrying value of investment in associates had been impaired or materially misstated.

The carrying value of investment in associates of approximately HK$40,814,000 as disclosed in the Final Results Announcement has also taken into account the Company's share of post-acquisition profit of associates at year-end.

Subsequent to the publication of the Final Results Announcement, the auditors clarified certain terms of the sale and purchase agreement in relation to the Further Acquisition with the Company's legal advisers, in particular, the terms setting out the price per consideration share. The Company was eventually advised by the auditors that, since the consideration of the Further Acquisition was settled by shares of the Company, the cost of investment should be benchmarked to the market price of shares of the Company as at the completion date of the Further Acquisition, i.e. 14 November 2019, at HK$0.139 per share. The Company's auditors were of the view that the market price of shares provided a more reliable measurement of the cost of investment of the Further Acquisition under the Hong Kong Financial Reporting Standards and an audit adjustment was proposed to the Board to reflect the change in basis of measurement. The Audit Committee has discussed with the auditors of the Company about the proposed adjustment and accepted the proposed audit adjustment. As a result, the carry value of investment in associates was revised to approximately HK$30,379,000 as stated in the Clarification Announcement.

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

Hong Kong, 12 June 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 remain on the "Latest Listed Company Information" page of the GEM website (www.hkgem.com) for at least seven days from the date of its posting and on the Company's website (www.mpgroup.hk).