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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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.*

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 months and nine months ended 30 September 2020, together with the comparative figures for the corresponding periods in 2019, as follows:

		Three months ended 30 September		**Nine months ended 30 September**	
		2020	2019	**2020**	2019
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Notes	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*3*	**35,804**	119,066	**105,100**	179,488
Cost of sales		**(33,829)**	(104,553)	**(100,741)**	(159,243)
Gross profit		**1,975**	14,513	**4,359**	20,245
Other income	*4*	**1**	68	**2**	15,303
Selling and distribution costs		**(1)**	(41)	**(52)**	(214)
Administrative expenses		**(4,293)**	(3,326)	**(10,846)**	(20,890)
Profit/(loss) from operation		**(2,318)**	11,214	**(6,537)**	14,444
Finance costs		**(607)**	(529)	**(1,740)**	(1,248)
Share of (loss)/profit of an associate		**(322)**	(383)	**(357)**	326
Profit/(loss) before tax		**(3,247)**	10,302	**(8,634)**	13,522
Income tax expense	*5*	**–**	–	**–**	(43)
Profit/(loss) for the period	*6*	**(3,247)**	10,302	**(8,634)**	13,479
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		**291**	(370)	**121**	(947)
Reclassification of exchange reserve to profit or loss on disposal of subsidiaries		**–**	–	**–**	(1,585)
Share of other comprehensive income of associate		**845**	–	**479**	–
		1,136	(370)	**600**	(2,532)
Total comprehensive income/(loss) for the period		**(2,111)**	9,932	**(8,034)**	10,947

	Notes	Three months ended 30 September **2020** *HK$'000* **(unaudited)**	Three months ended 30 September 2019 *HK$'000* (unaudited)	Nine months ended 30 September **2020** *HK$'000* **(unaudited)**	Nine months ended 30 September 2019 *HK$'000* (unaudited)
Profit/(loss) for the period attributable to:					
Owners of the Company		**(3,223)**	10,300	**(8,584)**	12,633
Non-controlling interests		**(24)**	2	**(50)**	846
		(3,247)	10,302	**(8,634)**	13,479
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**(2,166)**	9,989	**(8,027)**	10,180
Non-controlling interests		**55**	(57)	**(7)**	767
		(2,111)	9,932	**(8,034)**	10,947
Earnings/(loss) per share attributable to ordinary equity holders of the Company (cents)					
— basic	*8*	**(0.31)**	1.34	**(0.88)**	1.75
— diluted	*8*	**(0.31)**	1.34	**(0.88)**	1.75

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$'000*	Share premium *HK$'000*	Statutory reserve *HK$'000*	Merger reserve *HK$'000*	Option reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Equity component of convertible bonds *HK$'000*	Financial assets at FVTOCI reserve *HK$'000*	Accumulated losses *HK$'000*	Total reserve *HK$'000*	Non–controlling interests *HK$'000*	Total equity/ (Capital deficiency) *HK$'000*
Balance at 1 January 2019 (audited)	1,111	71,644	766	12,400	36,581	1,672	–	125	(119,811)	3,377	1,151	5,639
Total comprehensive income/(loss) for the period (unaudited)	–	–	–	–	–	(2,453)	–	–	12,633	10,180	767	10,947
Placing of new shares (net of share issue expenses) (unaudited)	120	8,829	–	–	–	–	–	–	–	8,829	–	8,949
Recognition of share-based payments (unaudited)	–	–	–	–	8,919	–	–	–	–	8,919	–	8,919
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 September 2019 (unaudited)	1,231	80,473	766	12,400	1,715	(781)	2,650	125	(63,393)	33,955	1,918	37,104
Balance at 1 January 2020 (audited)	**1,427**	**97,342**	**–**	**–**	**2,049**	**(656)**	**2,650**	**–**	**(64,154)**	**37,231**	**1,945**	**40,603**
Total comprehensive income/(loss) for the period (unaudited)	**–**	**–**	**–**	**–**	**–**	**557**	**–**	**–**	**(8,584)**	**(8,027)**	**(7)**	**(8,034)**
Placing of new shares (net of share issue expenses) (unaudited)	**222**	**13,195**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13,195**	**–**	**13,417**
Recognition of share-based payments (unaudited)	**–**	**–**	**–**	**–**	**1,114**	**–**	**–**	**–**	**–**	**1,114**	**–**	**1,114**
Balance at 30 September 2020 (unaudited)	**1,649**	**110,537**	**–**	**–**	**3,163**	**(99)**	**2,650**	**–**	**(72,738)**	**43,513**	**1,938**	**47,100**

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 on 10 September 2013 under the Company Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its headquarters in the PRC is located at 4th Floor, 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 principal place of its business in Hong Kong is located at Unit 5, 4/F, Energy Plaza No. 92 Granville Road Tsim Sha Tsui East, Kowloon, Hong Kong. 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 AND PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group for the three months and nine months ended 30 September 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 requirements of 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 nine months ended 30 September 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" 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.

Change in accounting policies

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.

* *for identification purpose*

3. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Products transferred at a point in time:				
Sales of manufactured products	**88**	4,528	**3,165**	10,933
Sales on trading of electronic products, accessories and raw materials	**35,716**	114,592	**101,935**	164,574
	35,804	119,120	**105,100**	175,507
Services transferred over time:				
Provision of application software development services	**–**	(54)	**–**	3,981
	35,804	119,066	**105,100**	179,488

4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest income	**1**	–	**2**	2
Gain on disposal of subsidiaries	**–**	–	**–**	12,853
Government grants	**–**	43	**–**	777
Reversal of impairment of inventories	**–**	25	**–**	1,649
Others	**–**	–	**–**	22
	1	68	**2**	15,303

5. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current tax — PRC Enterprise Income Tax ("**EIT**") Provision for the period	**–**	–	**–**	43

No provision for Hong Kong Profits Tax has been made for the nine months ended 30 September 2020 and 2019 as the Group's Hong Kong subsidiaries did not generate any assessable profit for the nine months ended 30 September 2020 and 2019.

No provision for PRC EIT is required for the nine months ended 30 September 2020 as the Group's PRC subsidiaries did not generate any assessable profit for the nine months ended 30 September 2020 (2019: PRC EIT is provided at 25% based on assessable profits of the Group's entities operate in PRC).

6. PROFIT/(LOSS) FOR THE PERIOD

		Three months ended 30 September		Nine months ended 30 September	
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Notes	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Depreciation	*(a)*				
— Owned assets		**105**	103	**312**	423
— Right-of-use assets		**633**	695	**1,981**	2,084
Staff costs (including Directors' emoluments)	*(b)*				
— Salaries, bonus and allowances		**1,973**	1,301	**3,542**	3,815
— Share-based payments		**447**	333	**1,114**	8,919
— Retirement benefits scheme contributions		**150**	44	**198**	132
		2,570	1,678	**4,854**	12,866
Cost of inventories sold		**33,777**	104,545	**100,575**	159,090
Foreign exchange difference, net		**–**	41	**(4)**	276
Operating lease charges in respect of premises	*(c)*	**37**	52	**239**	207
Reversal of allowance for inventories		**–**	(25)	**–**	(1,649)

Notes:

(a) Depreciation of property, plant and equipment of approximately HK$101,000 (2019: HK$102,000) and HK$303,000 (2019: HK$314,000) for the three and nine months ended 30 September 2020 is included in cost of sales.

(b) Staff costs of approximately HK$304,000 (2019: HK$153,000) and HK$586,000 (2019: HK$686,000) for the three and nine months ended 30 September 2020 is included in cost of sales.

(c) Operating lease charges in respect of premises of HK$43,000 (2019: HK$25,000) and approximately HK$129,000 (2019: HK$51,000) for the three and nine months ended 30 September 2020 is included in cost of sales.

7. DIVIDENDS

No dividends was declared or paid during the three months and nine months ended 30 September 2020 (three months and nine months ended 30 September 2019: Nil).

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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 September		**Nine months ended 30 September**	
	2020	2019	**2020**	2019
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit/(loss)				
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share *(HK$'000)*	**(3,223)**	10,300	**(8,584)**	12,633
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**1,030,738,970**	769,107,113	**974,990,649**	720,346,849

Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings/(loss) per share amount presented for the period ended 30 September 2020 and 2019 in respect of dilution as the outstanding share options and convertible bonds had no dilutive effect on the basic earnings/(loss) per share amount presented. For the purpose of calculation of basic and diluted earnings/(loss) per share for the period ended 30 September 2020 and 2019, the share consolidation of the Company being effective on 29 May 2019 was deemed to be effective throughout both periods.

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 nine months ended 30 September 2020 (the "**Reporting Period**") was approximately HK$105.1 million, representing a decrease of approximately 41.5% from approximately HK$179.5 million for the nine months ended 30 September 2019 (the "**Corresponding Period**"). The decrease in revenue was mainly attributable to the decrease in revenue of sales of manufactured products by HK$7.8 million and decrease in revenue of sales on trading of electronic products, accessories and raw materials by HK$62.6 million.

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 decreased by 36.7% to approximately HK$58.5 million as compared to the Corresponding Period. The gross profit margin decreased from approximately 11.3% for the Corresponding Period to approximately 4.2% for the Reporting Period. The gross profit decreased from approximately HK$20.2 million for the Corresponding Period to approximately HK$4.4 million for the Reporting Period. The gross profit margin decreased because the absence of revenue of provision of application software development services in the Reporting Period which had higher profit margin.

The proportion in sales on trading of electronic products increased to approximately 97.0% of the total revenue for the Reporting Period (Corresponding Period: 91.7%). The proportion in sales of manufactured products decreased to approximately 3.0% of the total revenue for the Reporting Period (Corresponding Period: 6.1%). However, due to the outbreak of COVID-19 during the Reporting Period, there was no revenue generated from provision of application software development services (Corresponding Period: 2.2%).

Expenses

Staff costs of the Group for the Reporting Period was approximately HK$4.9 million, representing a decrease of approximately HK$8.0 million as compared with staff costs for the Corresponding Period of approximately HK$12.9 million. Such significant decrease in staff costs was attributed to less share-based payment expenses having been recognised during the Reporting Period.

The administrative expenses of the Group for the Reporting Period were approximately HK$10.8 million, representing a decrease of approximately HK$10.1 million from approximately HK$20.9 million in the Corresponding Period. The significant decrease in administrative expenses was mainly attributed to the decrease in staff costs due to less share-based payment expenses having been recognised during the Reporting Period.

Profit/(Loss) for the Period

The Group incurred a net loss of approximately HK$8.6 million during the Reporting Period, as compared with a net profit of approximately HK$13.5 million for the Corresponding Period. This is mainly due to (i) the absence of gains from disposals of subsidiaries of approximately HK$12.9 million in the Reporting Period; (ii) the absence of other income of a reversal of provision for inventories and government subsidy in an aggregate amount of approximately HK$2.4 million; (iii) the decrease in gross profit of approximately HK$15.8 million; and (iv) the netting off by a decrease in administrative expense due to the decrease in staff cost of approximately HK$8.0 million as compared to the Corresponding Period.

Dividend

The Board does not recommend the payment of dividends for the nine months ended 30 September 2020 (30 September 2019: nil).

Outlook

The management carefully considered the market factors such as impact of COVID-19, impact of US-China relations, market trends, capital expenditures and development cycles when selecting the appropriate product mix to which the Group should focus and devote its resources. The Group will monitor the economic environment and then continue to develop and expand its businesses as and when appropriate.

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.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

MOU for Potential Investment

On 2 December 2019, the Company entered into a non-legally binding memorandum of understanding (the "**MOU**") with 深圳市媒訊投資控股有限公司 (Shenzhen MX Investment Holdings Co., Ltd.*) ("**Shenzhen MX Investment**"). Pursuant to the MOU, subject to entering into a formal agreement, the Company will through its wholly-owned subsidiary incorporated in the PRC invest in the form of capital injection by taking up the equity interests in 深圳市媒訊隴峰科技有限公司 (Shenzhen MX Longfeng Technology Co., Ltd.*) (the "**Target Company**"), representing 51% of the registered capital of the Target Company after the capital injection (the "**Potential Investment**"). The MOU was intended to record the preliminary mutual understanding between the parties to the MOU and to serve as a start for exploration and negotiations before formal agreement being signed and for commencement of due diligence review and was not intended to be legally binding on the relevant parties. The consideration for the Potential Investment will be subject to the result of the due diligence review and feasibility study to be conducted by the Company. Directors considered that the Potential Investment represents an opportunity for the Group to form strategic alliance with Shenzhen MX Investment to enhance its stake in Cable-TV set-top box market in the PRC (the "**Project**") and is in line with the investment objectives and development strategy of the Group. Details are set out in the announcements of the Company dated 2 December 2019 and 2 March 2020. As disclosed in the announcement of the Company dated 2 March 2020, both parties agreed to extend the due diligence period to 1 September 2020 having considered the outbreak of the Novel Coronavirus (COVID-19). As at the date of this announcement, the MOU and its supplemental arrangement were lapsed. Neither party has any obligations nor liabilities towards the other party.

Placing of New Shares under General Mandate

On 20 April 2020, an aggregate of 138,864,000 new shares were issued upon completion of the placing pursuant to the placing agreement entered into by the Company and the placing agent, Aristo Securities Limited, on 27 March 2020 (as supplemented by the supplemental agreement dated 14 April 2020) 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, whole of the net proceeds of approximately HK$13.3 million from the Placing had been used as working capital as intended.

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.

The Group will keep exploring business and investment opportunities from time to time for the sake of business development and/or synergy from such opportunities. Should there is any realized plans, the Group will make announcement as and when appropriate according to applicable rules and regulations.

LITIGATION

As disclosed in the announcement of the Company dated 9 December 2019, a claim in respect of dispute over certain tenancy agreements was made against a former indirect wholly-owned subsidiary of the Company disposed in March 2019, namely Central Pacific Int Technology Ltd.* (中匯洲電子(深圳)有限公司) in respect of outstanding rental and charges and the Company as guarantor for such tenancy agreements by Shenzhen Yucan Industrial Co., Ltd.* (深圳市裕燦實業有限公司) in a city of mainland China. Legal counsel is advising the Company. A court hearing had been held in May 2020 and as at the date of this announcement, the Company is still awaiting the judgement to be given by the court. The Company will publish announcement(s) to update its shareholders of any major progress to the matter as and when appropriate in accordance with the requirements of the GEM Listing Rules.

The Directors are of the view that the abovementioned claim will not have material impact on the business and operation of the Company.

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

As at 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were required (a) to be notified to the Company and the Stock Exchange pursuant Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity and Nature of interest	Number of Shares	Percentage of the Company's issued share capital
Mr. Wu Yong Fu	Beneficial owner	6,756,000 *(Note)*	0.66%
Mr. Chong Yu Keung	Beneficial owner	6,756,000 *(Note)*	0.66%

Note: These represented the interests in underlying shares in respect of share options granted by the Company on 4 June 2019 under the share option scheme adopted by the Company on 20 June 2014.

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had, or was deemed to have, any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 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	316,981,250 (L)	30.75%
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 New Horizon Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
Extra Yield International Limited *(note 3)*	Interest of controlled corporation	Ordinary Shares	55,555,555 (L)	6.23%
Metal Link 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
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 316,981,250 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, 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.

Save as disclosed above, as at 30 September 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.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2020.

EVENTS AFTER THE REPORTING DATE

Up to the date of this announcement, save as disclosed elsewhere in 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 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 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 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 nine months ended 30 September 2020, 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 C.1.2 of the CG Code provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 17 of the GEM Listing Rules. The management of the Company provided quarterly update to the members of the Board and the management keeps providing information and updates to the members of the Board as and when appropriate.

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 nine months ended 30 September 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 took effect 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$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, 18,436,000 Options had lapsed and none of the Options had been exercised and/or cancelled as at the date of this announcement.

As at 30 September 2020, 50,284,000 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.

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	on 1 January 2020	No. of options granted during the Reporting Period	exercised during the Reporting Period	lapsed during the Reporting Period	on 30 September 2020	Vesting period	exercise period of the options [1][2]	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	6,756,000	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	5,840,000	18,386,000	4 June 2019 – 3 June 2020	4 June 2020 – 3 June 2029	0.2412
Other grantees	4 June 2019	24,226,000	Nil	Nil	5,840,000	18,386,000	4 June 2019 – 3 June 2021	4 June 2021 – 3 June 2029	0.2412
Total		61,964,000	Nil	Nil	11,680,000	50,284,000			

(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.

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

Hong Kong, 9 November 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 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*