

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the content of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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 2023**

#### **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 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 2023 together with the unaudited comparative figures for the corresponding periods in 2022 as follows:

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

For the three and six months ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	22,886	4,479	23,059	63,952
Cost of sales		(21,775)	(4,442)	(21,941)	(61,840)
<b>Gross profit</b>		<b>1,111</b>	37	<b>1,118</b>	2,112
Other income		4	1	6	2
Administrative expenses		(1,905)	(2,240)	(3,703)	(4,771)
<b>Loss from operation</b>		<b>(790)</b>	(2,202)	<b>(2,579)</b>	(2,657)
Finance costs		(562)	(499)	(1,087)	(1,001)
Share of results of associates, net		(2,087)	(47)	(3,329)	(2,865)
<b>Loss before tax</b>		<b>(3,439)</b>	(2,748)	<b>(6,995)</b>	(6,523)
Income tax expense	5	–	–	–	–
<b>Loss for the period</b>		<b>(3,439)</b>	(2,748)	<b>(6,995)</b>	(6,523)
<b>Other comprehensive (loss)/ income for the period net of tax:</b>					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		537	80	420	78
Share of other comprehensive loss of associate		(643)	(1,053)	(457)	(901)
Other comprehensive loss for the period		(106)	(973)	(37)	(823)
<b>Total comprehensive loss for the period</b>		<b>(3,545)</b>	(3,721)	<b>(7,032)</b>	(7,346)

		<b>Three months ended</b>		<b>Six months ended</b>	
		<b>30 June</b>		<b>30 June</b>	
		<b>2023</b>	2022	<b>2023</b>	2022
		<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<i>Notes</i>		<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
<b>Loss for the period</b>					
<b>attributable to:</b>					
	— Owners of the Company	<b>(3,432)</b>	(2,471)	<b>(6,955)</b>	(6,137)
	— Non-controlling interests	<b>(7)</b>	(277)	<b>(40)</b>	(386)
		<u><b>(3,439)</b></u>	<u>(2,748)</u>	<u><b>(6,995)</b></u>	<u>(6,523)</u>
<b>Total comprehensive (loss)/</b>					
<b>income for the period</b>					
<b>attributable to:</b>					
	— Owners of the Company	<b>(3,633)</b>	(3,386)	<b>(7,065)</b>	(6,912)
	— Non-controlling interests	<b>88</b>	(335)	<b>33</b>	(434)
		<u><b>(3,545)</b></u>	<u>(3,721)</u>	<u><b>(7,032)</b></u>	<u>(7,346)</u>
			(restated)		(restated)
<b>Loss per Share (cents)</b>					
	— Basic	<u><b>(3.33)</b></u>	<u>(2.40)</u>	<u><b>(6.75)</b></u>	<u>(5.95)</u>
	— Diluted	<u><b>(3.33)</b></u>	<u>(2.40)</u>	<u><b>(6.75)</b></u>	<u>(5.95)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>30 June 2023 HK\$'000 (unaudited)</b>	31 December 2022 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	3	56
Right-of-use assets		–	–
Investments in associates		10,119	13,906
Investment in a joint venture		–	–
		<u>10,122</u>	<u>13,962</u>
<b>Current assets</b>			
Trade receivables	9	36,722	21,841
Other receivables, prepayments and deposits		1,143	1,263
Bank and cash balances		1,244	1,655
		<u>39,109</u>	<u>24,759</u>
<b>Current liabilities</b>			
Trade payables	10	9,297	551
Other payables, deposits received and accrued expenses	11	14,817	13,532
Amount due to an associate		906	906
Lease liabilities		1,267	1,515
Convertible bonds	12	21,600	20,577
		<u>47,887</u>	<u>37,081</u>
<b>Net current liabilities</b>		<u>(8,778)</u>	<u>(12,322)</u>
<b>Total assets less current liabilities</b>		<u>1,344</u>	<u>1,640</u>

		<b>30 June 2023</b>	31 December 2022
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Notes</i>	<b>(unaudited)</b>	(audited)
<b>Non-current liabilities</b>			
Convertible bonds	12	<b>5,496</b>	–
Lease liabilities		<u>–</u>	<u>561</u>
		<b>5,496</b>	561
<b>NET (LIABILITIES)/ASSETS</b>		<b><u>(4,152)</u></b>	<b><u>1,079</u></b>
<b>Capital and reserves</b>			
Share capital	13	<b>1,649</b>	1,649
Reserves		<u>(5,298)</u>	<u>(34)</u>
		<b>(3,649)</b>	1,615
Non-controlling interests		<u>(503)</u>	<u>(536)</u>
<b>TOTAL (DEFICIENCY)/EQUITY</b>		<b><u>(4,152)</u></b>	<b><u>1,079</u></b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to the owners of the Company								
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Foreign currency translation reserve <i>HKS'000</i>	Option reserve <i>HKS'000</i>	Equity component of convertible bonds <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Total reserve <i>HKS'000</i>	Non-controlling interests <i>HKS'000</i>	Total equity/ (deficiency) <i>HKS'000</i>
<b>Balance at 1 January 2022 (audited)</b>	1,649	110,537	1,633	1,390	2,212	(96,660)	19,112	2,575	23,336
Recognition of share-based payments (unaudited)	-	-	-	308	-	-	308	-	308
Total comprehensive loss for the period (unaudited)	-	-	(775)	-	-	(6,137)	(6,912)	(434)	(7,346)
<b>Balance at 30 June 2022 (unaudited)</b>	<u>1,649</u>	<u>110,537</u>	<u>858</u>	<u>1,698</u>	<u>2,212</u>	<u>(102,797)</u>	<u>12,508</u>	<u>2,141</u>	<u>16,298</u>
<b>Balance at 1 January 2023 (audited)</b>	1,649	110,537	(160)	2,526	2,212	(115,149)	(34)	(536)	1,079
Recognition of share-based payments (unaudited)	-	-	-	768	-	-	768	-	768
Issue of convertible bonds	-	-	-	-	1,033	-	1,033	-	1,033
Total comprehensive loss for the period (unaudited)	-	-	(110)	-	-	(6,955)	(7,065)	33	(7,032)
<b>Balance at 30 June 2023 (unaudited)</b>	<u>1,649</u>	<u>110,537</u>	<u>(270)</u>	<u>3,294</u>	<u>3,245</u>	<u>(122,104)</u>	<u>(5,298)</u>	<u>(503)</u>	<u>(4,152)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

*For the six months ended 30 June 2023*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Net cash (used in)/from operating activities	<b>(6,194)</b>	3,562
Net cash from/(used in) investing activities	<b>7</b>	(192)
Net cash from/(used in) financing activities	<b>5,783</b>	(1,325)
Net (decrease)/increase in cash and cash equivalents	<b>(404)</b>	2,045
Effect of foreign exchange rate changes	<b>(7)</b>	(12)
Cash and cash equivalents at beginning of the period	<b>1,655</b>	2,608
Cash and cash equivalents at end of the period	<b>1,244</b>	4,641
Analysis of cash and cash equivalents:		
Bank and cash balances	<b>1,244</b>	4,641

# 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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at A709-A22, 7/F., Block A, Jiangsu Building, 6013 Yitian Road, Fuxin Community, Lianhua Street, Futian District, Shenzhen, Guangdong Province, 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 shares of the Company (the "Shares") are listed on GEM of 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 and online information and digital marketing 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 2023 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 2022 (the "2022 Consolidated Financial Statements"). The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated results are consistent with those used in the 2022 Consolidated Financial Statements, except for those new and revised HKFRSs and interpretation issued by the HKICPA that are adopted for the first time in the unaudited condensed consolidated financial statements for the six months ended 30 June 2023. The adoption of these new and revised HKFRSs had no significant effects on the results and financial position of the Group for the current and prior periods.



### **Going concern assumption**

As at 30 June 2023, the Group had net current liabilities and net liabilities of approximately HK\$8,778,000 and HK\$4,152,000 respectively. In view of these circumstances, the Directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group.

The validity of the Group to operate as a going concern is dependent upon the outcomes of the Group to (i) attain profitable and positive cash flows from operations by exploiting business development and implementing effective cost control measures; and (ii) reach an agreement with the holder of the Company's outstanding convertible bonds issued in 2021 (the "CB2021 Holder") to extend the repayment term. The Company had obtained written consent from the CB2021 Holder that the CB2021 Holder committed not to request for the repayments of the outstanding principal and interest before 30 September 2024.

After taking into account the above measures, the directors of the Company consider that the Group will be able to realise its assets and discharge its liabilities and commitments in the normal course of business. Therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

### **3. SEGMENT INFORMATION**

#### **Operating segment information**

The Group is principally engaged in a single type business of research, development, manufacturing and trading of electronic devices, while the revenue from provision of online information and digital marketing services contributed less than 1% to the Group's consolidated revenue. Information reported to the board of directors, being the chief operating decision maker, for the purposes of resources allocation and assessment focuses on revenue analysis by products. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosure, major customers and geographical information are presented.

## Geographical information

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

	<b>As at 30 June 2023 HK\$'000 (unaudited)</b>	<b>As at 31 December 2022 HK\$'000 (audited)</b>
Hong Kong	–	–
PRC	<u>3</u>	<u>56</u>
	<u><b>3</b></u>	<u><b>56</b></u>

Non-current assets include property, plant and equipment and right-of-use assets.

Information about the Group's revenue from external customers is presented based on the geographical location as follows:

	<b>Six months ended 30 June 2023 HK\$'000 (unaudited)</b>	<b>2022 HK\$'000 (unaudited)</b>
Hong Kong	<b>23,059</b>	46,045
PRC	<u>–</u>	<u>17,907</u>
	<u><b>23,059</b></u>	<u><b>63,952</b></u>

## Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

	<b>Six months ended 30 June 2023 HK\$'000 (unaudited)</b>	<b>2022 HK\$'000 (unaudited)</b>
Customer A	<b>16,936</b>	–
Customer B	<b>6,023</b>	20,343
Customer C	–	15,992
Customer D	<u>–</u>	<u>6,708</u>

#### 4. REVENUE

Disaggregation of revenue from contracts with customers by major products or service line for the period is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Products transferred at a point in time:</i>				
Sales of manufactured products	–	4,479	–	17,907
Sales on trading of electronic products, accessories and raw materials	<u>22,886</u>	<u>–</u>	<u>23,059</u>	<u>46,045</u>
	<u>22,886</u>	<u>4,479</u>	<u>23,059</u>	<u>63,952</u>

#### 5. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax:				
Provision for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2023 and 2022 as the Group's Hong Kong subsidiaries did not generate any assessable profit for the six months ended 30 June 2023 and 2022.

No provision for the PRC Enterprise Income Tax is required for the six months ended 30 June 2023 and 2022 as the Group's PRC subsidiaries did not generate any assessable profit for the six months ended 30 June 2023 and 2022.

#### 6. DIVIDEND

No dividend was declared or paid during the six months ended 30 June 2023 and 2022, respectively.

## 7. LOSS PER SHARE

### (a) Basic loss per Share

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Loss</b>				
Loss for the purpose of calculating basic and diluted loss per Share (HK\$'000)	<u>(3,432)</u>	<u>(2,471)</u>	<u>(6,955)</u>	<u>(6,137)</u>
		(restated)		(restated)
<b>Number of Shares</b>				
Weighted average number of ordinary Shares for the purpose of calculating basic loss per Share (Note)	<u>103,073,897</u>	<u>103,073,897</u>	<u>103,073,897</u>	<u>103,073,897</u>

Note: The weighted average number of ordinary Shares was adjusted by the Share consolidation of every ten (10) issued and unissued ordinary shares of HK\$0.0016 each in the share capital of the Company into one (1) consolidated share of HK\$0.016 each effective on 30 June 2023 (the “Share Consolidation 2023”).

### (b) Diluted loss per Share

The effects of the potential ordinary Shares in respect of the outstanding share options and convertible bonds of the Company are anti-dilutive for the period ended 30 June 2023 and 2022.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group did not record spending on additions to property, plant and equipment. During the six months ended 30 June 2022, the Group spent approximately HK\$194,000 on additions to property, plant and equipment.

## 9. TRADE RECEIVABLES

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

	As at <b>30 June</b> <b>2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2022 <i>HK\$'000</i> <b>(audited)</b>
0 to 30 days	13,091	–
31 to 60 days	5,403	–
61 to 90 days	4,392	–
Over 90 days	13,836	21,841
	<u>36,722</u>	<u>21,841</u>

## 10. TRADE PAYABLES

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

	As at <b>30 June</b> <b>2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 December 2022 <i>HK\$'000</i> <b>(audited)</b>
0 to 30 days	6,759	–
31 to 60 days	2,011	–
61 to 90 days	–	–
Over 90 days	527	551
	<u>9,297</u>	<u>551</u>

## 11. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

Included in other payables, deposits received and accrued expenses as at 30 June 2023 are the amounts due to a director of a subsidiary of approximately HK\$2,643,000 (31 December 2022: HK\$2,331,000) which is unsecured, interest free and repayable on demand.

## 12. CONVERTIBLE BONDS

### 2021 Convertible bonds (“2021 CB”)

The convertible bonds were issued on 2 July 2021. The bonds are convertible into ordinary shares of the Company at any time after the period of twelve months commencing from the issue date and till the fifth business day prior to the maturity date. The bonds are convertible to an aggregated of 16,666,666 ordinary shares of the Company at HK\$1.2 per share (upon adjustment by Share Consolidation 2023). The maturity date is on the second anniversary of the issue date.

If the bonds are not converted, they shall be redeemed at par with interest of 4% per annum.

The net proceeds received from the issue of the 2021 CB have been split between the liability element and an equity component, as follows:

	<b>2021CB</b> <i>HK\$'000</i>
Nominal value of convertible bonds issued	20,000
Equity component	<u>(2,212)</u>
Liability component at date of issue	<u><u>17,788</u></u>

### 2023 Convertible bonds (“2023 CB”)

The convertible bonds were issued on 14 June 2023. The bonds are convertible into ordinary shares of the Company at any time commencing from the issue date and till the fifth business day prior to the maturity date. The bonds are convertible to an aggregated of 20,312,500 ordinary shares of the Company at HK\$0.32 per share (upon adjustment by Share Consolidation 2023). The maturity date is on the second anniversary of the issue date.

If the bonds are not converted, they shall be redeemed at par with interest of 4% per annum.

The net proceeds received from the issue of the 2023 CB have been split between the liability element and an equity component, as follows:

	<b>2023CB</b> <i>HK\$'000</i>
Nominal value of convertible bonds issued	6,500
Equity component	<u>(1,033)</u>
Liability component at date of issue	<u><u>5,467</u></u>

Movements of the liability component during the reporting period are as follows:

	<b>2021CB</b> <i>HK\$'000</i>	<b>2023CB</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2022	18,673	–	18,673
Interest charged	<u>1,904</u>	<u>–</u>	<u>1,904</u>
At 31 December 2022 and 1 January 2023	<b>20,577</b>	–	<b>20,577</b>
At issuance of the instrument	–	<b>5,467</b>	<b>5,467</b>
Interest charged	<u>1,023</u>	<u>29</u>	<u>1,052</u>
At 30 June 2023	<u><b>21,600</b></u> <i>Note (i)</i>	<u><b>5,496</b></u> <i>Note (ii)</i>	<u><b>27,096</b></u>

The interest charged for the six months ended 30 June 2023 is calculated by applying an effective interest rate of 10.20% to 13.32% (six months ended 30 June 2022: 10.20%) to the liability component for the 24 months period since the bonds were issued.

*Notes:*

- (i) current portion
- (ii) non-current portion

### 13. SHARE CAPITAL

	<b>Ordinary shares</b>	
	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised</b>		
As at 31 December 2022 (audited), 1 January 2023 (ordinary shares of HK\$0.0016 per share)	6,250,000,000	10,000
Share Consolidation 2023	<u>(5,625,000,000)</u>	<u>–</u>
<b>As at 30 June 2023 (unaudited)</b> <b>(ordinary shares of HK\$0.016 per share)</b>	<u><b>625,000,000</b></u>	<u><b>10,000</b></u>
<b>Issued</b>		
As at 31 December 2022 (audited), 1 January 2023 (ordinary shares of HK\$0.0016 per share)	1,030,738,970	1,649
Share Consolidation 2023	<u>(927,665,073)</u>	<u>–</u>
<b>As at 30 June 2023 (unaudited)</b> <b>(ordinary shares of HK\$0.016 per share)</b>	<u><b>103,073,897</b></u>	<u><b>1,649</b></u>

#### 14. CONTINGENT LIABILITIES

Saved for disclosed, as at 30 June 2023 and 31 December 2022, the Group did not have any other contingent liabilities.

#### 15. CAPITAL COMMITMENTS

Saved for disclosed, as at 30 June 2023 and 31 December 2022, the Group did not have any other capital commitments.

#### 16. RELATED PARTY TRANSACTIONS

Saved as disclosed, 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:

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Fees, salaries and allowances	356	470
Share-based payment expenses	–	216
	<u>356</u>	<u>686</u>



## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group engaged in the research and development, manufacture and sale of consumer electronic products. It also explored the business of online information and digital marketing services. We provide one-stop services to our customers by offering design, prototyping/sampling, manufacturing, assembling, packaging and marketing of their products.

### **BUSINESS ENVIRONMENT**

During the six months ended 30 June 2023, overall business sentiment continued to improve as post-pandemic life gradually returned to normal. Having significantly raised its benchmark interest rate by 425 basis points in 2022, the US Federal Reserve took a less aggressive approach in its contractionary policy and raised only 100 basis points in the first half of 2023. Economic growth has been surprisingly resilient despite the rate hikes and there are signs that the rising inflation is finally under control. On the other hand, there was still no end in sight to escalating geopolitical rivalries and raising fragmentation. Intensified tensions between China and the US and the resulting sanctions and bans on area such as those related to semiconductor chips continued to be introduced by the US government against China. We also witnessed labour shortages. This undoubtedly created headaches to our operation in mainland China.

### **BUSINESS REVIEW**

The businesses of the Group and its associated companies in mainland China were inevitably largely constrained by the above-mentioned macro-environment. Yet, our trading business in Hong Kong, which is the primary stream of revenue, picked up growth momentum in the second quarter of 2023 thanks to the improvement in overall business sentiment. Accordingly, the drop in our revenue slowed down in the second quarter of 2023. Total revenue of the Group decreased by HK\$40.9 million from HK\$64.0 million in the first half of 2022 to HK\$23.1 million in the same period of 2023.

The gross profit margin of the Group increased from 3.3% in the first half of 2022 to 4.8% in the same period of 2023 as the rising price pressure was relaxed. Nevertheless, our gross profit decreased by HK\$1.0 million due to the aforesaid drop in revenue.

## **FINANCIAL REVIEW**

Staff costs represented one of the major components of the Group's administrative expenses, which mainly consisted of directors' emoluments, salaries, retirement benefit scheme contribution, share-based expense and other benefits. Staff costs increased slightly by HK\$0.1 million from HK\$2.6 million in the first half of 2022 to HK\$2.7 million in the same period of 2023. The increase was mainly contributed by the grant of new share options in June 2022, resulting in additional recognition of notional share-based payment expenses of HK\$0.5 million in the first half of 2023. Excluding the effect of share options, the staff costs dropped by HK\$0.4 million under tightened control and downsize in operation scale.

Depreciation of right-of-use assets was HK\$0.8 million in the first half of 2022 whereas the Group did not recorded any amount in 2023, as full impairment was provided in 2022 for the factory under right-of-use assets due to the uncertainties in operation and disruptions.

Our total administrative expenses decreased by HK\$1.1 million from HK\$4.8 million in the first half of 2022 to HK\$3.7 million in the same period of 2023. Excluding the effect of increase in staff costs and drop in depreciation of right-of-use assets, the administrative expenses still recorded a decrease of HK\$0.4 million as the Group continued to strive to strengthen its controls on operating costs, resulting in further general savings.

Finance costs represented imputed interest on lease liabilities and convertible bonds and remained fairly stable at around HK\$1.0 million.

### **Operation of Associates**

Our associate, Celestial Rainbow Group, which has been equity accounted for, mainly engaged in manufacturing of electronic products in mainland China, such as fitness bracelets, targeting overseas market. Its operation was vulnerable to the prevailing environment. Accordingly, the associate continued to contribute negatively to our bottom line. We shared its loss of HK\$3.3 million in the first half of 2023 whereas we shared its loss of HK\$2.8 million in the same period of 2022.

### **Loss Attributable to Owners of the Company**

The Group recorded a loss attributable to owners of the Company of HK\$6.9 million in the first half of 2023, representing an increase of HK\$0.8 million from HK\$6.1 million in the same period of 2022. The increase was mainly due to the combined effect of (i) the drop of gross profit of HK\$1.0 million; (ii) the increase in share of the associate's loss of HK\$0.5 million; (iii) the decrease in share of losses by non-controlling interests of HK\$0.3 million; partially offset by the drop in administrative expenses of HK\$1.1 million.

## **BUSINESS DEVELOPMENT AND OUTLOOK**

We believe that businesses will eventually be resumed as we entered post-pandemic era. The Group maintains a cautious stance and makes tactical adjustments where appropriate such that we are ready to capture new opportunities and adjust our priorities and resources.

### **Disposal and Acquisition**

During the period under review, we disposed our 51% interests (the “**Disposal**”) in our investment in the joint venture, Millennium Pacific Electronics Limited, to an independent third party at the consideration of HK\$5,100. The joint venture recorded no revenue in 2021 and 2022 and was inactive prior to the Disposal. The net book value of the investment is zero and we recognised a gain of the Disposal of HK\$5,100.

On the other hand, in June 2023, the Board has approved the acquisition of 51% interests (the “**Acquisition**”) in Guangzhou Huawei Electric Appliance Technology Co. Ltd 廣州華唯電器科技有限公司 (“**GZ Huawei**”) from an independent third party at the consideration of RMB1. GZ Huawei is a PRC company with registered capital of RMB2 million and paid-up capital of zero. It engages in the research and development, production, sales and provision of services in relation to professional touch and commercial display equipment. Upon completion of the Acquisition, GZ Huawei will be an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, the Acquisition is not yet completed.

As all the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules of the Stock Exchange) in respect of each of the Acquisition and the Disposal are less than 5%, they do not constitute any notifiable transactions under Chapter 19 of the GEM Listing Rules and are exempt from the requirements under Chapter 19 of the GEM Listing Rules.

The Disposal and the Acquisition enable the Group to optimize its resources and broaden our sources of revenue, within acceptable risk level and capital requirement.

### **Convertible Bonds and Share Consolidation**

Pursuant to the subscription agreement dated 17 June 2021, 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 “**2021 Convertible Bonds**”) to Mr. Wu Xiongbin on 2 July 2021 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 26 June 2020. Assuming full conversion of the 2021 Convertible Bonds at the initial conversion price of HK\$0.12, the 2021 Convertible Bonds will be convertible into 166,666,666 conversion shares.

Pursuant to the subscription agreement dated 22 May 2023, the Company issued convertible bonds in an aggregate principal amount of HK\$6,500,000 with 4% interest per annum and two-year lifespan (the “**2023 Convertible Bonds**”) to Viva Gain Investments Limited on 14 June 2023 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 23 June 2022. Assuming full conversion of the 2023 Convertible Bonds at the initial conversion price of HK\$0.032, the 2023 Convertible Bonds will be convertible into 203,125,000 conversion shares. The conversion price of HK\$0.032 represented a premium of approximately 18.5% to the closing price of HK\$0.027 per Share as quoted on the Stock Exchange on 22 May 2023, being the date of the relevant subscription agreement.

The gross proceeds from the issue of the 2023 Convertible Bonds were HK\$6,500,000 and the net proceeds from the issue of the Convertible Bonds were approximately HK\$6.4 million (after deducting the related expenses and professional fees). The Group intended to use the net proceeds from the subscription for general working capital. The Directors were of the view that (i) the subscription agreement was entered into upon normal commercial terms following arm’s length negotiations between the Company and the subscriber; (ii) the conversion price represented a premium to the recent price of the Shares; and (iii) the interest payable by the Company to the bondholder was comparatively lower than the market interest rate provided by the banks. Accordingly, the Directors considered that the subscription (including terms of the 2023 Convertible Bonds) was fair and reasonable and in the interests of the Company and the Shareholders as a whole. Details are disclosed in the announcements of the Company dated 22 May 2023 and 14 June 2023. As at the date of this announcement, the net proceeds was fully utilised as intended.

As a result of the Share Consolidation 2023, the conversion prices of the 2021 Convertible Bonds and the 2023 Convertible Bonds have been adjusted to HK\$1.2 and HK\$0.32 respectively. The 2021 Convertible Bonds and the 2023 Convertible Bonds will be convertible into 16,666,666 conversion shares and 20,312,500 conversion shares respectively.

The 2021 Convertible Bonds are matured in July 2023. The Company reached an agreement with the holder of the 2021 Convertible Bonds and obtained written consent that the holder committed not to request for the repayments of the outstanding principal and interest before 30 September 2024. The amount outstanding shall bear an interest rate of 4% per annum until repayment.

## Outlook

Looking ahead, the Group will continue to control its costs of operation and select the appropriate product mix and regions that the Group should focus on and devote its resources to. We will also review the performance of our existing business portfolio and make suitable investment decisions. Subject to the review results, we do not preclude the possibility that we may dispose the whole or part of our existing business portfolio and/or change the asset allocation of our businesses. The Group may also restructure its existing debts and implement debt and/or equity fund raising plan(s) to satisfy the financing needs and improve its financial position in the event suitable fund raising opportunities arise. In these regards, the Company will publish announcement as and when appropriate according to the requirements under the applicable listing rules.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Below is a summary of the key financial ratio:

	<i>Notes</i>	<b>As at 30 June 2023</b>	<b>As at 31 December 2022</b>
Current ratio	<i>1</i>	<b>0.82</b>	0.67
Quick ratio	<i>2</i>	<b>0.82</b>	0.67
Gearing ratio	<i>3</i>	<b>N/A</b>	20.99
Debt ratio	<i>4</i>	<b>1.08</b>	<b>0.97</b>

*Notes:*

1. Current ratio is calculated by dividing total current assets by total current liabilities as at the respective period end
2. Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the respective period end
3. Gearing ratio is calculated by dividing total debt by total equity as at the respective period end. For the avoidance of doubt, total debt includes liability component of convertible bonds and lease liabilities.
4. Debt ratio is calculated by dividing total liabilities by total assets as at the respective period end.

Historically, the Group has funded its liquidity and capital requirements primarily through operating cash flows, borrowings and funds from the listing of the Company's shares on the GEM of the Stock Exchange. The Group requires cash primarily for working capital needs.

As at 30 June 2023, there were outstanding convertible bonds with the aggregate principal amount of HK\$26,500,000 (31 December 2022: HK\$20,000,000). As at 30 June 2023, the Group had approximately HK\$1.2 million in bank and cash balances (31 December 2022: HK\$1.7 million).

During the six months ended 30 June 2023, saved as disclosed, there was no other material change to the capital structure of the Group. The Board kept monitoring the cash level of the Group and would consider different ways of financing in order to strengthen the Group's capital base and liquidity, 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.

## **CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

Saved for those disclosed in this announcement, the Group did not have any other contingent liabilities or capital commitments as at 30 June 2023 and 31 December 2022.

## **CAPITAL EXPENDITURE**

Save for those disclosed in this announcement, the Group did not have any other significant capital expenditure during the six months ended 30 June 2023 and 2022.

## **CHARGES ON ASSETS**

As at 30 June 2023 and 31 December 2022, the Group did not have any charges on its assets.

## **FOREIGN EXCHANGE EXPOSURE**

The Group's reporting currency is Hong Kong dollars and the functional currencies of the Group's entities are principally denominated in Hong Kong dollars and Renminbi. A portion of the Group's transactions are denominated and settled in United States dollars, which has very limited exchange fluctuation with Hong Kong dollars historically. The Group currently has not implemented any foreign currency hedging policy and we will consider hedging against significant foreign exchange exposure should the need arise.

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

Save for those disclosed in this announcement, there were no other significant investments held by the Group as at 30 June 2023, nor were there other material acquisitions and disposals of subsidiaries by the Group during the period.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, the Group had a total of 26 employees (as at 31 December 2022: 28 employees). The Group's staff costs for the six months ended 30 June 2023 amounted to approximately HK\$2.7 million (six months ended 30 June 2022: HK\$2.6 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 (the “**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 Scheme shall be valid and effective for a period of 10 years commencing from the adoption date (i.e. 20 June 2014) pursuant to its terms. The remaining life of the Scheme was up to 19 June 2024.

The total number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time.

A share option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof. The acceptance amount for the share option is determined by the Board from time to time. The exercise price per share under the Scheme (the “**Exercise Price**”) shall be a price determined by the Board, but shall not be less than the highest of:

- (i) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the relevant share option, which must be a day on which the Stock Exchange is open for the business of dealing in securities (the “**Trading Day**”);
- (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange’s daily quotations sheets for the five Trading Days immediately preceding the date of grant of the relevant share option; and
- (iii) the nominal value of a Share on the date of grant.

### **The 2019 and 2022 Grants**

The maximum number of Shares which may be issued upon exercise of all share options granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the Shares in issue unless approved by the Shareholders. Share options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating such limit. The limit may be renewed by the Shareholders in general meeting from time to time provided always that the limit so renewed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by Shareholders in general meeting. Upon such renewal, all share options granted under the Scheme and any other share option schemes of the Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the limit as renewed. The total number of Shares issued and to be issued upon exercise of all share options granted to an Eligible Participant (including exercised and outstanding share options) in any 12-month (i.e. maximum entitlement) period must not exceed 1% of the Shares in issue from time to time, unless approved by the Shareholders in general meeting.



### *2019 Grant*

Upon the refreshment of the limit of the Scheme by the Shareholders in general meeting on 21 June 2018, the number of Shares which may be issued upon the exercise of all share options granted or to be granted under the 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. On 4 June 2019, it was resolved by the Company to grant 68,720,000 share options with exercise price of HK\$0.2412 per Share entitling the grantees to subscribe for 68,720,000 Shares. Details are set out in the announcement of the Company dated 4 June 2019.

### *2022 Grant*

Upon the refreshment of the limit of the Scheme by the Shareholders in general meeting on 26 June 2020, the number of Shares which may be issued upon the exercise of all share options granted or to be granted under the Scheme and any other share option schemes of the Company is 103,073,897 Shares, representing 10% of the issued Shares as at 26 June 2020. On 10 June 2022, it was resolved by the Company to grant 103,072,000 share options with exercise price of HK\$0.032 per Share entitling the grantees to subscribe for 103,072,000 Shares. The closing price of the Shares immediately before the grant date was HK\$0.032 per Share. Details are set out in the announcement of the Company dated 10 June 2022.

### **Adjustments to the share options**

As a result of the Share Consolidation 2023, the exercise price of the share options granted on 4 June 2019 is adjusted from HK\$0.2412 per Share to HK\$2.412 per Share, and the aggregate number of Shares to be issued upon exercise of the outstanding share options granted on 4 June 2019 under the share option scheme is adjusted from 25,192,000 Shares to 2,519,200 Shares. The exercise price of the share options granted on 10 June 2022 is adjusted from HK\$0.032 per Share to HK\$0.32 per Share, and the aggregate number of Shares to be issued upon exercise of the outstanding share options granted on 10 June 2022 under the share option scheme is adjusted from 103,072,000 Shares to 10,307,200 Shares. Details are set out in the announcement of the Company dated 28 June 2023.

As at 30 June 2023, 2,519,200 effective share options were outstanding for the share options granted on 4 June 2019 and 10,307,200 effective share options were outstanding for the share options granted on 10 June 2022. The total number of share options that may be further granted under the Scheme as at the date of this announcement is 189 Shares, representing 0.0002% of the issued share capital of the Company.

Pursuant to Rules 23.07 of the GEM Listing Rules, particulars and movements of share options under the Scheme during the six months ended 30 June 2023 are set out as follows:

Grantee	Date of grant of the options	On 1 January 2023	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	On 30 June 2023	Vesting period	Exercise period	Exercise price per share option (HK\$)
Mr. Zhou Chuang Qiang <i>Note (2)</i>	10 June 2022	1,000,000	-	-	-	1,000,000	N/A	10 June 2022 – 9 June 2032	0.32
<b>Other staff</b>									
Employees	4 June 2019	1,259,600	-	-	-	1,259,600	4 June 2019 – 3 June 2020	4 June 2020 – 3 June 2029	2.412
Employees	10 June 2022	4,653,600	-	-	-	4,653,600	10 June 2022 – 9 June 2023	10 June 2023 – 9 June 2032	0.32
Employees	4 June 2019	1,259,600	-	-	-	1,259,600	4 June 2019 – 3 June 2021	4 June 2021 – 3 June 2029	2.412
Employees	10 June 2022	4,653,600	-	-	-	4,653,600	10 June 2022 – 9 June 2024	10 June 2024 – 9 June 2032	0.32
Total		<u>12,826,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,826,400</u>			

*Notes:*

- (1) The figures were adjusted by the Share Consolidation 2023.
- (2) Mr. Zhou Chuang Qiang resigned as an executive Director on 21 June 2023. His 1,000,000 unexercised share options were lapsed on 22 July 2023 according to the Scheme.
- (3) The options granted to the director were vested immediately. The options granted to the employees have a vesting period of 2 years, i.e. one-half of the options were vested on the first (1st) anniversary (round down to the nearest option) and the remaining one-half of the options were 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 2022, 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.2 of the CG Code stipulates the role of the chairman of the Board. Code Provision C.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As disclosed in the corporate governance report contained in the 2022 annual report, the Company did not have the chairman of the Board and the chief executive officer. We believe that the present arrangement is adequate to ensure an effective management and control of the Group's business operations and the Board will keep monitoring and review the arrangement.

Following the resignation of Mr. Zheng Wan Zhang on 13 February 2023, the Board comprised only two independent non-executive Directors while the audit committee, the remuneration committee and the nomination committee of the Company also comprised only two members. This resulted in non-compliance with the requirements under Rules 5.05(1) and 5.28 of the GEM Listing Rules and the terms of reference of the respective committees. Following the appointment of Ms. Liang Zhijun on 29 May 2023, the Company complied with the requirements under Rules 5.05(1) and 5.28 of the GEM Listing Rules and the terms of reference of the respective committees.

Following the resignation of Ms. Liang Zhijun on 29 June 2023, the Board comprises only two independent non-executive Directors while the audit committee and the nomination committee of the Company also comprise only two members. This results in non-compliance with the requirements under Rules 5.05(1) and 5.28 of the GEM Listing Rules and the terms of reference of the respective committees. The Company is in the process of identifying suitable candidates to fill the vacancy within three months from 29 June 2023 in order to ensure compliance by the Company with the requirements under the GEM Listing Rules. Details are set out in the announcement of the Company dated 29 June 2023.

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

As at 30 June 2023, so far as is known to the Directors, none of the Directors and the Company's chief executive 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 Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or 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 to 5.67 of the GEM Listing Rules.

*Note:* Mr. Zhou Chuang Qiang resigned as an executive Director on 21 June 2023. His 1,000,000 unexercised share options were lapsed on 22 July 2023 according to the Scheme.

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

As at 30 June 2023, 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

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 3)	Beneficial owner	Ordinary Shares	31,698,125 (L)	30.75%
Viva Gain Investments Limited (note 4)	Beneficial owner	Ordinary Shares	20,312,500 (L)	19.71%
Wu Xiongbin (note 5)	Beneficial owner	Ordinary Shares	17,446,916 (L)	16.93%
Pu Wei	Beneficial owner	Ordinary Shares	8,800,800 (L)	8.54%

*Notes:*

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of the Company.
2. The figures were adjusted by the Share Consolidation 2023.
3. The 31,698,125 Shares were held by Martford Limited which is wholly and beneficially owned by Mr. Wang Lianghai.
4. On 22 May 2023, Viva Gain Investments Limited, which is wholly and beneficially owned by Mr. Ma Xingzhong, subscribed convertible bonds in aggregate principal amount of HK\$6.5 million which can be convertible into 20,312,500 conversion shares at conversion price of HK\$0.32 per conversion share.
5. On 17 June 2021, Mr. Wu Xiongbin subscribed convertible bonds in an aggregate principal amount of HK\$20 million which can be convertible into 16,666,666 conversion Shares at conversion price of HK\$1.2 per conversion Share.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2023, 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.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”). Having made specific enquiries in writing to the Directors, each of the Directors confirmed that he/she had complied with the Model Code in connection with the Company’s securities for the six months ended 30 June 2023.

## **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 six months ended 30 June 2023.

## UPDATE ON INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in information of Directors since the date of the Company's 2022 annual report are set out below:

### Name of Director    Changes

- |                       |   |
|-----------------------|---|
| Mr. Zheng Wan Zhang   | — Resigned as an independent non-executive Director and ceased to be the chairman of the Company's nomination committee and a member of the Company's audit committee and remuneration committee, with effect from 13 February 2023.  |
| Mr. Man Wai Lun       | — Appointed as a member of the Company's remuneration committee, with effect from 3 May 2023.   |
| Mr. Zhou Chuang Qiang | — Appointed as a member of the Company's nomination committee, with effect from 3 May 2023.<br><br>— Ceased to be (i) the compliance officer as required under Rule 5.19 of the GEM Listing Rules (the " <b>Compliance Officer</b> "); (ii) the authorized representative of the Company as required under Rule 5.24 of the GEM Listing Rules (the " <b>Authorized Representative</b> ") and (iii) the authorized representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong (the " <b>Process Agent</b> ") as required under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), with effect from 29 May 2023.<br><br>— Resigned as an executive Director and ceased to be a member of the Company's remuneration committee, nomination committee and compliance committee, with effect from 21 June 2023. |
| Mr. Wang Li           | — Resigned as an executive Director, with effect from 10 May 2023.  |

## **Name of Director    Changes**

- Mr. Chen Yiliang — Appointed as an executive Director, appointed as a member of the Company's compliance committee, the Compliance Officer, the Authorized Representative and the Process Agent, with effect from 29 May 2023.
- Appointed as a member of the Company's remuneration committee with effect from 21 June 2023.
- Ms. Liang Zhijun — Appointed as an independent non-executive Director, the chairman of the Company's nomination committee and a member of the Company's audit committee, with effect from 29 May 2023.
- Resigned as an independent non-executive Director and ceased to be the chairman of the Company's nomination committee and a member of the Company's audit committee, with effect from 29 June 2023.

## **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 six months ended 30 June 2023.

## **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. Following the resignation of Ms. Liang Zhijun on 29 June 2023, the audit committee comprises two independent non-executive Directors only, namely Mr. Man Wai Lun (chairman) and Mr. Wong Tik Tung. This results in non-compliance with the requirements under Rule 5.28 of the GEM Listing Rules and the terms of reference of the committee. The Company is in the process of identifying suitable candidates to fill the vacancy within three months from 29 June 2023 in order to ensure compliance by the Company with the requirements under the GEM Listing Rules.

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2023 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**  
**Chen Yiliang**  
*Executive Director*

Hong Kong, 11 August 2023

*As at the date of this announcement, the executive Director is Mr. Chen Yiliang; and the independent non-executive Directors are Mr. Wong Tik Tung and Mr. Man Wai Lun.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM of the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) for at least seven days after the date of publication and on the website of the Company ([www.mpgroup.hk](http://www.mpgroup.hk)).*