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Millennium Pacific Group Holdings Limited

匯思太平洋集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8147)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding periods in 2023 as follows:

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

For the six months ended 30 June 2024

		led 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	24,760	23,059
Cost of sales		(22,662)	(21,941)
Gross profit		2,098	1,118
Other income		1	6
Administrative expenses		(3,782)	(3,703)
Loss from operation		(1,683)	(2.570)
Finance costs		(844)	(2,579) $(1,087)$
Share of results of associates, net		(044)	
Share of results of associates, het			(3,329)
Loss before tax		(2,527)	(6,995)
Income tax expense	5		
Loss for the period		(2,527)	(6,995)
Other comprehensive (loss)/income for the period net of tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		98	420
Share of other comprehensive loss of associate			(457)
Other comprehensive loss for the period		98	(37)
Total comprehensive loss for the period		(2,429)	(7,032)

	Six months ended 30 June		
		2024	2023
	Notes	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period attributable to:			
 Owners of the Company 		(2,135)	(6,955)
 Non-controlling interests 		(392)	(40)
		(2,527)	(6,995)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(2,066)	(7,065)
 Non-controlling interests 		(363)	33
		(2,429)	(7,032)
Loss per Share (cents)			
— Basic	7	(2.07)	(6.75)
— Diluted	7	(2.07)	(6.75)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	8	6	6
Goodwill		72	74
		78	80
Current assets			
Inventories		1,733	705
Trade receivables	9	23,194	29,629
Other receivables, prepayments and deposits		4,185	4,112
Bank and cash balances		995	1,864
		30,107	36,310
Current liabilities			
Trade payables	10	5,570	15,630
Other payables, deposits received and accrued expenses		25,086	18,454
Amount due to an associate		_	906
Other borrowing		7,033	6,901
Lease liabilities		_	544
Convertible bonds	11	6,007	
		43,696	42,435
Net current liabilities		(13,589)	(6,125)
Total assets less current liabilities		(13,511)	(6,045)

	Notes	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Non-current liabilities			
Convertible bonds	11	2,557	7,856
NET LIABILITIES		(16,068)	(13,901)
Capital and reserves			
Share capital	12	1,649	1,649
Reserves		(15,856)	(14,052)
		(14,207)	(12,403)
Non-controlling interests		(1,861)	(1,498)
TOTAL DEFICIENCY		(16,068)	(13,901)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Attributable	to the owners	of the Company	
AHITHHHIADIE	to the owners	or the Combany	

	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Option reserve HK\$'000	Statutory reserve HK\$'000	Equity component of convertible bonds HK\$'000	Accumulated losses HK\$'000	Total reserve	Non- controlling interests HK\$'000	Total equity/ (deficiency) HK\$'000
Balance at 1 January 2023 (audited) Recognition of share-based	1,649	110,537	(160)	2,526	-	2,212	(115,149)	(34)	(536)	1,079
payments (unaudited) Issue of convertible bonds Total comprehensive loss for	-	-	-	768 -	-	1,033	-	768 1,033	-	768 1,033
the period (unaudited) Balance at 30 June 2023			(110)				(6,955)	(7,065)	33	(7,032)
(unaudited)	1,649	110,537	(270)	3,294	_	3,245	(122,104)	(5,298)	(503)	(4,152)
Balance at 1 January 2024 (audited) Recognition of share-based	1,649	110,537	(147)	3,373	166	2,240	(130,221)	(14,052)	(1,498)	(13,901)
payments (unaudited) Total comprehensive loss for the period (unaudited)	- -	- -	69	262	- 	- -	(2,135)	(2,066)	(363)	262 (2,429)
Balance at 30 June 2024 (unaudited)	1,649	110,537	(78)	3,635	166	2,240	(132,356)	(15,856)	(1,861)	(16,068)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June		
	2024	2023	
	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	
Net cash used in operating activities	(851)	(6,194)	
Net cash from investing activities	1	7	
Net cash (used in)/from financing activities	(5)	5,783	
Net decrease in cash and cash equivalents	(855)	(404)	
Effect of foreign exchange rate changes	(14)	(7)	
Cash and cash equivalents at beginning of the period	1,864	1,655	
Cash and cash equivalents at end of the period	995	1,244	
Analysis of cash and cash equivalents:	995	1,244	

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 2024 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 2023 (the "2023 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 2023 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 2024. 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 2024, the Group had net current liabilities and net liabilities of approximately HK\$13,589,000 and HK\$16,068,000 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) the completion of a subscription agreement in relation to the issue of convertible bonds in an aggregate principal amount of HK\$6,800,000. Details of which are set out in the announcement of the Company dated 9 August 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 sales and distribution of specialized milk products and health food items contributed less than 10% 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:

As at	As at
30 June	30 June
2024	2023
HK\$'000	HK\$'000
(unaudited)	(audited)
PRC 6	3

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:

	Six months en	nded 30 June
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	22,774	23,059
PRC	1,986	_
	24,760	23,059

Information about major customers

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

Six months e	nded 30 June
2024	2024 2023
HK\$'000	HK\$'000
(unaudited)	(unaudited)
Customer A 22,774	_
Customer B -	16,936
Customer C	6,023

4. REVENUE

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

	Six months ended 30 June		
	2024	2023	
	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	
Products transferred at a point in time:			
Sales and distribution of specialized milk products and health food items	1,986	_	
Sales on trading of electronic products, accessories and raw materials	22,774	23,059	
	24,760	23,059	

5. INCOME TAX EXPENSE

 Six months ended 30 June

 2024
 2023

 HK\$'000
 HK\$'000

 (unaudited)
 (unaudited)

Current tax:

Provision for the period

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2024 and 2023 as the Group's Hong Kong subsidiaries did not generate any assessable profit for the six months ended 30 June 2024 and 2023.

No provision for the PRC Enterprise Income Tax is required for the six months ended 30 June 2024 and 2023 as the Group's PRC subsidiaries did not generate any assessable profit for the six months ended 30 June 2024 and 2023.

6. DIVIDEND

No dividend was declared or paid during the six months ended 30 June 2024 and 2023, respectively.

7. LOSS PER SHARE

(a) Basic loss per Share

Six months ended 30 June 2024 2023

HK\$'000 HK\$'000

(unaudited) (unaudited)

Loss

Loss for the purpose of calculating basic and diluted loss per Share (HK\$'000)

(2,135) (6,955)

Number of Shares

Weighted average number of ordinary Shares for the purpose of calculating basic loss per Share

103,073,897 103,073,897

(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 periods ended 30 June 2024 and 2023.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024 and 2023, the Group did not record spending 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	As at
	30 June	30 June
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 to 30 days	7,669	4,195
31 to 60 days	1,663	596
61 to 90 days	3,206	_
Over 90 days	10,656	24,838
	23,194	29,629

10. TRADE PAYABLES

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

\mathbf{A}	s at	As at
30 Ju	une	30 June
2	024	2023
HK\$'	000	HK\$'000
(unaudit	ed)	(audited)
0 to 30 days	570	4,625
31 to 60 days	_	3,447
61 to 90 days	_	4,532
Over 90 days	_	3,026
5,	570	15,630

11. CONVERTIBLE BONDS

2023 Convertible bonds ("2023 CB I")

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.

2023 Convertible bonds ("2023 CB II")

The convertible bonds were issued on 14 September 2023. The bonds are convertible into ordinary bonds 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 aggregate of 20,000,000 ordinary shares of the Company at HK\$0.15 per share. The maturity date is on the second anniversary of the issue date.

If the bonds are not converted, they will be redeemed at par on 13 September 2025. Interest of 4% per annum will be settled with the outstanding principal at maturity date.

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

	2023CBI (Note i) HK\$'000	2023CBII (Note ii) HK\$'000	Total <i>HK\$'000</i>
At 1 January 2024 Interest charged	5,537 470	2,319 238	7,856 708
At 30 June 2024	6,007	2,557	8,564

The interest charged for the six months ended 30 June 2024 is calculated by applying an effective interest rate of 13.32% to 21.60% (six months ended 30 June 2023: 13.32%) to the liability component for the 24 months period since the bonds were issued.

Notes:

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

12. SHARE CAPITAL

	Ordinary shares Number of		
	shares	HK\$'000	
Authorised			
At 31 December 2023 (audited),			
1 January 2024	625,000,000	10,000	
As at 30 June 2024 (unaudited)	625,000,000	10,000	
Issued			
At 31 December 2023 (audited), 1 January 2024	103,073,897	1,649	
As at 30 June 2024 (unaudited)	103,073,897	1,649	

13. CONTINGENT LIABILITIES

Saved for disclosed, as at 30 June 2024 and 31 December 2023, the Group did not have any other contingent liabilities.

14. CAPITAL COMMITMENTS

Saved for disclosed, as at 30 June 2024 and 31 December 2023, the Group did not have any other capital commitments.

15. 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fees, salaries and allowances	211	356

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.

The Group has been actively conducting and developing the business of consumer products and exploring various opportunities for investment projects to broaden the scope of investment according to the market conditions to enhance the value of its shareholders. In the last quarter of 2023, the Group acquired 70% shares of the Guoke Tewei (Beijing) Biotechnology Co., Ltd* (國科特微 (北京) 生物科技有限公司), a company specialized in the sale and distribution of specialized milk products and healthy food items developed and manufactured in its self-owned brands, represents a valuable opportunity to extend the business footprints into different industries which enables the Group to increase and diversify its revenue stream and broaden its business networks.

BUSINESS ENVIRONMENT

The manufacturing and trading businesses of the Group and its operating companies face fierce competition in the international consumer electronics market. Moreover, the U.S. government has introduced various new export restrictions, sanctions, investment and technology bans on China over the past few years, such as those related to semiconductor chips. In this field, the Group will inevitably be disrupted and negatively impacted. In view of these challenges, the Group has remained vigilant in monitoring and managing its operations. We have made strategic adjustments and believe that the current environment will have less impact on China's health food consumer market. Therefore, we are exploring the development and manufacturing of specialized milk products and health food businesses under our own brands by acquiring a majority stake in Guoke. The sales and distribution of specialized milk products and health food items generated revenue in the first half of 2024. The Group hopes to invest in more publicity activities and promotions in the second half of 2024 to increase the growth of the sales and distribution of specialized milk products and health food items business.

BUSINESS REVIEW

The Group engages in the sales on trading of electronic products, accessories and raw materials in Hong Kong. The revenue of the Group in this segment decreased by approximately HK\$0.3 million from approximately HK\$23.1 million in the first half of 2023 to approximately HK\$22.8 million in the same period of 2024. The revenue of sales on specialized milk products and health food in PRC increased by approximately HK\$2.0 million in the first half of 2024 as compared with the same period of 2023. Total revenue of the Group increased by approximately HK\$1.7 million from approximately HK\$23.1 million in the first half of 2023 to approximately HK\$24.8 million in the same period of 2024. The increase in total revenue was mainly due to the increase in sales of specialized milk products and health food in PRC.

The gross profit margin raised from 4.8% for the first half of 2023 to 8.5% for the first half of 2024. The gross profit also raised from approximately HK\$1.1 million for the first half of 2023 to approximately HK\$2.1 million for the first half of 2024. The increase in gross profit and gross profit margin was mainly due to the increase in sales of specialized milk products and health food in PRC.

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 decreased slightly by approximately HK\$0.3 million from approximately HK\$2.7 million in the first half of 2023 to approximately HK\$2.4 million in the same period of 2024. The decrease was mainly contributed by cost control measures implemented by the Group.

Our total administrative expenses remained fairly stable at around HK\$3.8 million.

Finance costs represented imputed interest on lease liabilities and convertible bonds and remained fairly stable at around HK\$0.8 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. No loss was shared by the Group in the first half of 2024 since the accumulated shared loss reaches our cost of investment in the associates whereas we shared its loss of approximately HK\$3.3 million in the same period of 2023.

Loss Attributable to Owners of the Company

The Group recorded a loss attributable to owners of the Company of approximately HK\$2.5 million in the first half of 2024, representing a decrease of approximately HK\$4.5 million from approximately HK\$7.0 million in the same period of 2023. The decrease was mainly due to the increase of gross profit amounted to approximately HK\$1.0 million and the absence of share of loss of result of associates in the first half of 2024 whereas we shared loss of approximately HK\$3.3 million in the same period of 2023.

Disposal and Acquisition

There were neither significant investments held as at 30 June 2024 nor material acquisitions and disposals of subsidiaries during the six months ended 30 June 2024. There is no plan for material investments or capital assets at the date of this announcement.

Outlook

The global economic slowdown is causing uncertainty, and it is expected geopolitical issues continue to be a concern. The Group will maintain a cautious stance and make tactical adjustments where appropriate, we will be ready to capture new opportunities and adjust our priorities and resources, taking into account the prevailing external factors and new norms. Being one-stop service provider to our customers, our aim is to respond to changing customer needs by providing enhanced business solutions through value-added services. We are going to explore into the business of specialized milk products and healthy food items developed and manufactured with self-owned brands by acquiring the majority shares of Guoke.

While the Group will develop and explore ways to improve its financial performance and broaden the sources of revenue, it is the Group's strategy to do so within acceptable risk level and capital requirement. It 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 of the whole or part of our existing business portfolio and/or change the asset allocation of our businesses.

The Group may restructure its existing debts and implement debt and/or equity fundraising plan(s) to satisfy the financing needs and improve its financial position in the event suitable fundraising opportunities arise. In these regards, the Company will publish announcements 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:

		As at	As at
		30 June	31 December
	Notes	2024	2023
Current ratio	1	0.69	0.86
Quick ratio	2	0.65	0.84
Gearing ratio	3	0.92	1.10

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 other borrowing, liability component of convertible bonds and lease liabilities.

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.

Convertible Bonds and Share Consolidation

On 2 July 2021, convertible bonds in an aggregate principal amount of HK\$20,000,000 with 4% interest per annum and two-year lifespan were issued to Mr. Wu Xiongbin, under the general mandate granted to the Directors. Assuming full conversion at the conversion price of HK\$0.12, the convertible bonds will be convertible into 166,666,667 conversion Shares ("2021 CB").

The 2021 CB was matured in July 2023. The Company redeemed HK\$15 million in principal and reached an agreement with the holder of the 2021 CB that the remaining principal shall continue to bear an interest rate of 4% per annum until repayment.

On 14 June 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 to Viva Gain Investments Limited, under the general mandate granted to the Directors, assuming full conversion of the 2023 Convertible Bonds ("2023 CB I") 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.

As a result of the share consolidation effective on 30 June 2023, the conversion prices of the 2021 CB and the 2023 CB I have been adjusted to HK\$1.2 and HK\$0.32 respectively. The 2021 CB could be and the 2023 CB I will be convertible into 16,666,666 conversion shares and 20,312,500 conversion shares respectively.

The gross proceeds from the issue of the 2023 CB I 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 were fully utilised as intended.

On 16 July 2024, the Company received a conversion notice from Viva Gain Investments Limited ("Viva Gain") in relation to 2023 CB I and the exercise of the conversion rights attaching to the convertible bonds to convert the convertible bonds in the principal amount of HK\$6,500,000.00 into 20,312,500 conversion shares at the conversion price of HK\$0.32 per conversion share. Accordingly, on 19 July 2024, 20,312,500 conversion shares, representing approximately 19.71% of the total number of issued Shares immediately before such conversion and the conversion to Mr. Wei (as defined below) and approximately 14.17% of the total number of issued Shares as enlarged by the issue of the conversion shares immediately after such conversion and the conversion to Mr. Wei (as defined below), were allotted to Viva Gain, the shares of which are owned beneficially as to 100% by Mr. Ma Xingzhong) under the relevant general mandate in accordance with the terms and conditions of the convertible bonds.

On 14 September 2023, the Company issued convertible bonds in an aggregate principal amount of HK\$3,000,000 with 4% interest per annum and two-year lifespan were issued to Mr. Wei Haiquan ("Mr. Wei"), under the general mandate granted to the Directors, assuming full conversion of the 2023 Convertible Bonds II ("2023 CB II") at the conversion price of HK\$0.15, the 2023 CB II will be convertible into 20,000,000 conversion shares. The conversion price of HK\$0.15 represented a premium of approximately 10.3% to the closing price of HK\$0.136 per Share as quoted on the Stock Exchange on 30 August 2023, being the date of the relevant subscription agreement.

The gross proceeds from the issue of the 2023 CB II were HK\$3,000,000 and the net proceeds from the issue of the Convertible Bonds were approximately HK\$3 million (after deducting the related expenses and professional fees). The Group intended to use the net proceeds from the subscription for general working capital.

As at the date of this announcement, the net proceeds were fully utilised as intended. The table below sets out the detailed breakdown and description of the actual use of the net proceeds:

Actual use of net proceeds	Allocation of net proceeds (HK\$)	Percentage to the total net proceeds (%)	Amount utilised up to 30 June 2024 (HK\$)	Remaining balance as of 30 June 2024 (HK\$)
Settlement of Trade Payables	approximately 2,730,000	91.0	approximately 2,730,000	0.0
Staff Expenses	approximately 235,100	7.8	approximately 235,100	0.0
Administrative Expenses	approximately 34,900	1.2	approximately 34,900	0.0
Total	approximately 3,000,000	100.0	approximately 3,000,000	0.0

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 II) 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 30 August 2023 and 14 September 2023.

On 16 July 2024, the Company received a conversion notice from Mr. Wei in relation to 2023 CB II and the exercise of the conversion rights attaching to the convertible bonds to convert the convertible bonds in the principal amount of HK\$3,000,000.00 into 20,000,000 conversion shares at the conversion price of HK\$0.15 per conversion share. Accordingly, on 19 July 2024, 20,000,000 conversion shares, representing approximately 19.40% of the total number of issued Shares immediately before such conversion and the conversion to Viva Gain and approximately 13.95% of the total number of issued Shares as enlarged by the issue of the conversion shares immediately after such conversion and the conversion to Viva Gain, were allotted to Mr. Wei under the relevant general mandate in accordance with the terms and conditions of the convertible bonds.

On 9 August 2024, the Company entered into a subscription agreement in relation to the issue of convertible bonds in an aggregate principal amount of HK\$6,800,000. Upon full conversion of the relevant convertible bonds, a total of 20,000,000 conversion shares will be issued, representing approximately 13.95% of the issued share capital of the Company on 9 August 2024. An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the relevant conversion shares. For more details, please refer to the announcement of the Company dated 9 August 2024. The Company will issue further announcement(s) to provide updates of the issue of convertible bonds in due course, if necessary.

As at 30 June 2024, there were outstanding convertible bonds with the aggregate principal amount of HK\$9.5 (31 December 2023: HK\$9.5 million). As at 30 June 2024, the Group had approximately HK\$1.0 million in bank and cash balances (31 December 2023: HK\$1.9 million).

As at the date of this announcement, on 20 August 2024, 12 employees of the Company exercised the share options granted to them on 10 June 2022. The number of shared issued in relation to such exercise of share options was 9,307,200.

During the six months ended 30 June 2024 and up to the date of this announcement, 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 interim announcment, the Group did not have any other contingent liabilities or capital commitments as at 30 June 2024 and 31 December 2023.

CAPITAL EXPENDITURE

Save for those disclosed in this interim announcment, the Group did not have any other significant capital expenditure during the six months ended 30 June 2024 and 2023.

CHARGES ON ASSETS

As at 30 June 2024 and 31 December 2023, 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 interim announcment, there were no other significant investments held by the Group as at 30 June 2024, nor were there other material acquisitions and disposals of subsidiaries by the Group during the period.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 23 employees (as at 31 December 2023: 25 employees). The Group's staff costs for the six months ended 30 June 2024 amounted to approximately HK\$2.4 million (six months ended 30 June 2023: HK\$2.7 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 2024, 2,519,200 effective share options were outstanding for the share options granted on 4 June 2019 and 9,307,200 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 the expiry date of the Scheme was 1,000,189 Shares, representing approximately 0.97% of the issued share capital of the Company as at the expiry date of the Scheme.

As at the date of this announcement, on 20 August 2024, 12 employees of the Company exercised the share options granted to them under the 2022 Grant with the exercise price of HK\$0.32 per share. The number of shared involved was 9,307,200. Therefore, as at the date of this announcement, no effective share options were outstanding for the share options granted on 10 June 2022.

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 2024 are set out as follows:

Grantee	Date of grant of the options	On 1 January 2024	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period		Vesting period	Exercise period	Exercise price per share option (HK\$)
Mr. Zhou Chuang Qiang Note (2)	10 June 2022	-	-	-	-	-	N/A	N/A	N/A
Other staff 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		11,826,400	_	_	_	11,826,400			

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 C1 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 2024, 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 2023 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. Wong Tik Tung on 31 December 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), 5.28 and 5.34 of the GEM Listing Rules and the terms of reference of the respective committees. Following the appointment of Mr. Zhou Fenli on 20 March 2024, the Company complied with the requirements under Rules 5.05(1), 5.28 and 5.34 of the GEM Listing Rules and the terms of reference of the respective committees.

Following the resignation of Mr. Man Wai Lun and the appointment of Ms. Zhi Jiangbo on 29 May 2024, the Board comprises four members, including one executive Director and three independent non-executive Directors. The current number of independent non-executive Directors complies with Rule 5.05(1) of the GEM Listing Rules. The Company also fulfils the requirement of having a minimum of three members comprising non-executive directors only on the Audit Committee under Rule 5.28 of the GEM Listing Rules and the requirement of having not less than three members in the Company's Nomination Committee, Remuneration Committee and Audit Committee as per their terms of reference.

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 2024, to the best knowledge of the Directors, none of the Directors nor the chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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

As at 30 June 2024, 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

	Capacity and		Number of Shares	Percentage of the Company's issued share
Name	nature of interest	Class of Shares	(note 1)	capital
Viva Gain Investments Limited (note 2)	Beneficial owner	Ordinary Shares	20,312,500 (L)	19.71%
Wei Haiquan	Beneficial owner	Ordinary Shares	20,123,200 (L)	19.52%

Notes:

- 1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
- 2. On 22 May 2023, Viva Gain Investments Limited subscribed convertible bonds in an aggregate principal amount of HK\$6.5 million, which can be convertible into 203,125,000 conversion Shares at initial conversion price of HK\$0.032 per conversion Share. After share consolidation of every 10 issued and unissued ordinary Shares into 1 consolidated Share effective on 30 June 2023 (the "Share Consolidation"), the number of convertible Shares adjusted to 20,312,500 and the conversion price adjusted to HK\$0.32.
- 3. On 30 August 2023, Wei Haiquan subscribed convertible bonds in an aggregate principal amount of HK\$3 million, which can be convertible into 20,000,000 conversion Shares at initial conversion price of HK\$0.15 per conversion Share.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2024, 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 2024.

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 2024.

UPDATE ON INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in information of Directors during the six months ended 30 June 2024 are set out below:

Name of Director	Changes
Mr. Wong Tik Tung –	Resigned as an independent non-executive director, the chairman of Remuneration Committee, the chairman of Compliance Committee, a member of Audit Committee and a member of Nomination Committee of the Company with effect from 31 December 2023.
Mr. Zhou Fenli –	Appointed as an independent non-executive Director, a member of both the Audit Committee and the Nomination Committee; and the Chairman of both the Remuneration Committee and the Compliance Committee of the Company with effect from 20 March 2024.
Mr. Man Wai Lun –	Resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Remuneration Committee, the Nomination Committee and the Compliance Committee with effect from 29 May 2024.
Ms. Zhi Jiangbo –	Appointed as an independent non-executive Director, the chairlady of the Audit Committee and a member of each of the Remuneration Committee, the

May 2024.

Nomination Committee and the Compliance Committee with effect from 29

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 2024.

EVENTS AFTER THE SIX MONTHS ENDED 30 JUNE 2024

Save as otherwise disclosed in this announcement, up to the date of this announcement, there were no other events relevant to the business or financial performance of the Group that came to the attention of the Directors after the six months ended 30 June 2024.

AUDIT COMMITTEE

The Company has established an audit committee (the "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 Ms. Zhi Jiangbo (chairlady of the Audit Committee), Mr. Chen Yifan and Mr. Zhou Fenli.

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2024 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, 30 August 2024

As at the date of this announcement, the executive Director is Mr. Chen Yiliang; and the independent non-executive Directors are Mr. Chen Yifan, Mr. Zhou Fenli and Ms. Zhi Jiangbo.

This announcement will remain on the "Latest Listed Company Information" page of the GEM of the Stock Exchange's website (www.hkexnews.hk) for at least seven days after the date of publication and on the website of the Company (www.mpgroup.hk).