

**30 September 2015**

**MiLOC Group Limited**  
**(“MiLOC” or the “Company”)**

**Interim results for the six months ended 30 June 2015**

**CHIEF EXECUTIVE OFFICER’S STATEMENT**

MiLOC Group Limited (ISDX: ML.P), the pharmaceutical and healthcare group is pleased to announce the results of the Company and its subsidiaries (the ‘Group’) for the six month period ended 30 June 2015.

The nature of the Company’s operations and its principal activities is to act as the holding company of a group engaged in (i) the provision of TCM healthcare services, including consultations and traditional Chinese medicine (‘TCM’) therapies through a network of clinics in Hong Kong, and (ii) the sale and distribution of TCM healthcare and skincare products through wholesale outlets and TCM clinics, the Group’s retail store in Hong Kong and other non-related TCM retail outlets, as well as directly to customers through MiLOC’s online store.

**Financial highlights**

Revenue for the six months ended 30 June 2015: HK\$4,022,505 (30 June 2014: HK\$8,300,394)

Gross profit for the six months ended 30 June 2015: HK\$2,137,330 (30 June 2014: HK\$5,496,871)

Loss for the six months ended 30 June 2015: HK\$7,449,954 (30 June 2014: HK\$553,471)

The basic and diluted loss per share for the six months ended 30 June 2015: HK\$0.106 (30 June 2014: HK\$0.013)

The Group’s cash position as at 30 June 2015: HK\$1,615,356 (30 June 2014: HK\$3,344,225)

**Financial review**

The Group’s revenue for the six months ended 30 June 2015 amounted to HK\$4.0 million, a decrease of HK\$4.3 million or 52% as compared to the six months ended 30 June 2014. This was mainly due to the temporary closure of the Group’s two clinics in Hong Kong from November 2014 to January 2015 during a management re-organisation.

The Group’s gross profits for the six months ended 30 June 2015 amounted to HK\$2.14 million, a decrease of HK\$3.36 million or 61% as compared to the six months ended 30 June 2014. In addition, the Group’s gross profit margins declined from 66% for the six months ended 30 June 2014 to 53% for the six months ended 30 June 2015. The decrease in the gross profits and gross profit margins were mainly attributable to the reduction in the Group’s clinic operations due to the temporary closures.

The Group’s other revenue for the six months ended 30 June 2015 amounted to HK\$140K, an increase of HK\$8K or 6% as compared to the six months ended 30 June 2014.

The Group’s administrative expenses for the six months ended 30 June 2015 amounted to HK\$9.3 million, an increase of HK\$3.6 million or 61% as compared to the six months ended 30 June 2014. This was largely due to one-off professional fees relating to Group’s proposed admission to the standard segment of the Official List and fees paid for the design of the Group’s new OEM skincare products, namely TCM PLUS.

As a result, the Group’s overall performance declined from a net loss of HK\$0.6M for the six months ended 30 June 2014 to HK\$7.5M for the six months ended 30 June 2015. The Group’s basic and diluted loss per share increased from HK\$0.013 for the six months ended 30 June 2014 to HK\$0.113 for the six months ended 30 June 2015.

The Group's net cash position as at 30 June 2015 was HK\$1.6 million.

The Directors do not recommend the payment of a dividend in respect of the period.

### **Post balance sheet events**

On 30 July 2015, the Company entered into agreements to issue 150,000 new US\$0.001 ordinary shares at the placing price of 28.5p per share to raise approximately HK\$521,208. This placing was completed during July 2015.

On 27 August 2015, the Company entered into agreements to issue 143,005 new US\$0.001 ordinary shares at the placing price of 28.5p per share to raise approximately HK\$500,000. This placing was completed during September 2015.

The proceeds from these placings will be used for general working capital purposes.

### **Outlook**

The Group believes that there are significant growth opportunities in the TCM industry in Hong Kong as a consequence of the improvement of quality standards in both China and Hong Kong, increased confidence and acceptance of TCM treatment and products as complementary to western medical treatments. The Group will continue to implement its business strategies including the acquisitions of other TCM healthcare services for geographic expansion and clientele, acquisition expansion of its product portfolio by developing new OEM products, development and promotion of retail stores, and strengthening of the Group's services and products by cross-selling under the universal brand "MiLOC".

With the new launch product TCM PLUS, the Group is expecting better growth moving forward and stronger margins. TCM PLUS allows the Group to better reach out to the mass market; hence a bigger clientele than it is currently having. The Group plans to launch more OEM TCM products including collaboration with well-known celebrities for haircare, baby skincare, drinks etc. These will be manufactured by third party OEM manufacturers.

As previously announced, the Group is exploring the possibility of admission to the standard segment of the Official List and the Board believes that this will provide the Group with better access to capital to achieve its business objectives of providing high quality TCM healthcare services and reliable TCM products.

Finally, on behalf of the Board of Directors, I would like to extend our thanks to all our employees, partners, shareholders, customers, business associates and suppliers, for their continued support.

Michael Ong  
Chief Executive Officer

**MiLOC Group Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 June 2015**

	<i>The Group</i>		
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>6 months ended 30 June 2015</i>	<i>6 months ended 30 June 2014</i>	<i>Year ended 31 December 2014</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>From continuing operations</b>			
<b>Revenue</b>	4,022,505	8,300,394	14,733,570
Cost of sales	(1,885,175)	(2,803,523)	(4,829,069)
<b>Gross profit</b>	2,137,330	5,496,871	9,904,501
Other revenue	139,652	131,584	266,629
Distribution costs	(467,627)	(207,167)	(362,339)
Administrative expenses	(9,325,114)	(5,909,069)	(13,773,494)
Foreign exchange gains/(losses), net	65,770	787	(668,843)
<b>Operating loss</b>	(7,449,989)	(486,994)	(4,633,546)
Finance costs	(3)	-	-
Interest income	38	65	237
<b>Loss before taxation</b>	(7,449,954)	(486,929)	(4,633,309)
Taxation	-	(66,542)	(541,221)
<b>Loss for the period/year</b>	(7,449,954)	(553,471)	(5,174,530)
Other comprehensive income		-	
<b>Total comprehensive result for the period/year</b>	(7,449,954)	(553,471)	(5,174,530)
<b>Attributable to:</b>			
Equity holders of the parent entity	(7,441,696)	(807,971)	(4,596,276)
Non-controlling interests	(8,258)	254,500	(578,254)
	(7,449,954)	(553,471)	(5,174,530)
<b>Loss per share - from continuing operations (HK\$)</b>			
Basic and diluted	(0.113)	(0.013)	(0.07)

## **Loss per share – from continuing operations**

The calculation of basic loss per share is based on the consolidated loss attributable to the equity holders of the parent entity of HK\$7,441,696 (For the six months ended 30 June 2014: Loss of HK\$807,971; For the 12 months ended 31 December 2014: Loss of HK\$4,596,276) and the weighted average number of ordinary shares of 65,673,731 (For the six months ended 30 June 2014: weighted average number of ordinary shares of 62,332,672; For the 12 months ended 31 December 2014: 63,550,832) in issue during the period.

A conditional option agreement dated 20 December 2010 between the Company and ZAI Corporate Finance Limited (“ZAI”) pursuant to which the Company has granted an option to ZAI over 72,161 of Ordinary Shares. The option is exercisable by notice to the Company at the placing price at any time during the five year period commencing on the date of Admission. The effect of the share options are anti-diluted in the current period, therefore, the basic and dilutive loss per share are consistent.

**MiLOC Group Limited**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2015**

	<i>Group</i>		
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>As at 30 June</i>	<i>As at 30 June</i>	<i>As at 31</i>
	<i>2015</i>	<i>2014</i>	<i>December</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>2014</i>
			<i>HK\$</i>
<b>Assets</b>			
<i>Non-current assets</i>			
Fixed assets	101,708	233,097	166,912
Other intangible assets	6,283,333	6,516,667	6,400,000
Goodwill	2,846,964	2,846,964	2,846,964
Deferred tax assets	125,000	666,221	125,000
	<b>9,357,005</b>	<b>10,262,949</b>	<b>9,538,876</b>
<i>Current assets</i>			
Inventories	4,183,913	1,287,743	1,340,581
Trade receivables	149,747	458,193	202,178
Other receivables and prepayments	648,759	795,408	4,885,840
Amount due from shareholders	-	152,906	-
Cash and cash equivalents	1,615,356	3,344,225	5,032,168
	6,597,775	6,038,475	11,460,767
<b>Total assets</b>	<b>15,954,780</b>	<b>16,301,424</b>	<b>20,999,643</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital	519,202	484,950	507,853
Share premium	39,890,588	23,902,317	34,939,238
Retained earnings	(29,047,387)	(30,082,973)	(33,871,278)
<b>Equity attributable to the parent entity</b>	<b>11,362,403</b>	<b>(5,695,706)</b>	<b>1,575,813</b>
Non-controlling interests	-	14,006,599	13,173,845
<b>Total equity</b>	<b>11,362,403</b>	<b>8,310,893</b>	<b>14,749,658</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade payables	427,774	3,078,923	1,041,739
Other payables and accruals	1,368,237	1,976,256	2,411,880
Amount due to directors	2,111,366	2,111,366	2,111,366
Amount due to shareholders	-	72,444	-
Taxation payable	685,000	751,542	685,000
<b>Total liabilities</b>	<b>4,592,377</b>	<b>7,990,531</b>	<b>6,249,985</b>
<b>Total equity and liabilities</b>	<b>15,954,780</b>	<b>16,301,424</b>	<b>20,999,643</b>

The Group's consolidated financial statements for the six months ended 30 June 2014 and 2015 disclosed above have neither been audited nor reviewed by the Company's auditors.

The same accounting policies and methods of computation as included in the Group's consolidated financial statements for the year ended 31 December 2014 have been adopted in the preparation of the Group's unaudited consolidated financial statements for the six months ended 30 June 2015.

For further information, please contact:-

ONG Ban Poh Michael – Chief Executive Officer Tel: +852 2110 4221

Ronnie CHOI – Chief Financial Officer Tel: +852 2110 4221

Maureen Tai – Corporate Adviser, Grant Thornton UK LLP Tel: +852 3987 1401

Jamie Barklem – Corporate Adviser, Grant Thornton UK LLP Tel: +44(0) 20 7865 2692