

30 September 2022

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

PLACING AND INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

PLACING

MiLOC Group Limited (NEX: ML.P), the AQSE Growth Market quoted Company, is pleased to announce that it has raised a total of HKD500,000 (equivalent to approximately GBP55,000) through the issue of 272,569 new Ordinary Shares of US\$0.001 each in the Company (“Ordinary Shares”) at a price of 20p per share to an individual shareholder. Application will be made for the Ordinary Shares to be admitted to trading on the AQSE Growth Market and it is expected that admission will occur on or before 6 October 2022.

The Ordinary Shares, when issued, will be credited as fully paid and rank pari passu in all respects with the existing Ordinary Shares of the Company. The placing proceeds will be used for general working capital purposes.

The Company announces that, following the issue of Ordinary Shares referred to above, in accordance with the Financial Conduct Authority's Disclosure and Transparency Rules (the "Disclosure and Transparency Rules"), the total number of Ordinary Shares in issue will be 86,138,493 with each share carrying the right to one vote.

MiLOC does not hold any shares in Treasury.

The above figure of 86,138,493 may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company, under the Disclosure and Transparency Rules.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

CHIEF EXECUTIVE OFFICER’S STATEMENT

MiLOC Group Limited (NEX: ML.P), the pharmaceutical and healthcare group announces the results of the Company and its subsidiaries for the six month period ended 30 June 2022.

The nature of the Company’s operations and its principal activities are to act as the holding company of a group engaged in

- (i) the provision of healthcare services, through and assisted by Traditional Chinese Medicine (“TCM”) and medical products;
- (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 the Company’s online store; and
- (iii) the sale and distribution of the designer products.

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

COVID-19

The outbreak of COVID-19 creates a new and highly unpredictable challenge. However, the Board, as separately reported, has determined to follow strategies that it believes will provide the Group with a secure financial base.

The investment in online platforms for selling our products over recent years has resulted in the business being well placed to continue delivering services and products to its customers without significant disruption and with no increase in operational risk.

The Group has been taking extensive steps to reduce operating costs to the absolute minimum and has continued to explore for new products to be sold by the Group. The management remain confident that the business can adjust to the challenges it presents.

Financial highlights

- Revenue for the six months ended 30 June 2022: HK\$7,969,835 (30 June 2021: HK\$4,022,202)
- Gross profit for the six months ended 30 June 2022: HK\$3,781,756 (30 June 2021: HK\$520,442)
- Loss for the six months ended 30 June 2022: HK\$908,874 (30 June 2021: HK\$4,971,398)
- The basic and diluted loss per share for the six months ended 30 June 2022: HK\$0.01 (30 June 2021: HK\$0.05)
- The Group's cash position as at 30 June 2022: HK\$333,150 (30 June 2021: HK\$286,323)

Review of significant activities

The Group has, over the last few years, invested considerable time and expense in establishing itself and introducing the concept of TCM, and TCM medical products and healthcare to the wider public. The Board believes that the establishment of TCM products will make a very substantial positive contribution to the Group's revenue in the long term.

(a) Private Placings

In June 2022, the Company entered into placing agreements with three individual shareholders to issue 275,737 new US\$0.001 ordinary shares at a placing price of 20p per share to raise approximately HK\$540,000. The placing and allotment are completed on 10 June 2022.

(b) Convertible Bond

On 19 July 2021, the Company entered into an extension agreement for the Convertible Bond. The maturity date extended to 19 January 2023 and the coupon rate adjusted to seven point five percent (7.5%) per annum for the period from 20 July 2021 to 19 April 2022 and eight point five percent (8.5%) per annum for the period from 20 April 2022 to 19 January 2023. All other terms remain unchanged.

(c) Suspension of Clinic Activities

Due to the covid-19 pandemic in Hong Kong, following the suspension of the Traditional Chinese Medicine Centre ("TCM Centre") since October 2021, the Company decided to officially close the TCM Centre in June 2022 (Please refer to announcement made on 13 June 2022 about business restructuring).

Financial review

(i) Income statement items

The Group's revenue for the six months ended 30 June 2022 amounted to HK\$7,969,835, an increase of HK\$3,947,633 or 98.14% as compared to the six months ended 30 June 2021. This was attributable to increased revenue generated from sale of CRUSHMETRIC SwitchPen by approximately

HK\$7,342,000. The Group's gross profits and gross profit margin for the six months ended 30 June 2022 amounted to HK\$3,781,756 and 47.45% (30 June 2021: HK\$520,442 and 12.94%) respectively.

The Group's distribution costs for the six months ended 30 June 2022 amounted to HK\$214,192, a decrease of HK\$12,661 or 5.58% as compared to the same period in 2021. The Group's administrative expenses for the six months ended 30 June 2022 amounted to HK\$3,903,815, a decrease of HK\$2,970,114 or 42.21% as compared to the six months ended 30 June 2021.

The Finance Costs for the six months ended 30 June 2022 amounted to HK\$555,945, this was related to the interest expenses for the convertible bond.

The unaudited net loss for the period ended 30 June 2022 shows a decrease of HK\$4,06,524 and 81.72% compared to the same period in 2022. This was attributable to the increase of sale and improved profit margin and decrease of administrative expenses by the Group during the period.

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

The interim results have not been reviewed by the Company's auditor.

(ii) Balance sheet items

The Group's tangible fixed assets mainly comprised of office equipment, decreased in amount by HK\$151,609 as at 30 June 2022, compared to the same period in 2021, mainly due to the disposal of leasehold improvement in the fourth quarter of 2021.

The Group's inventories as at 30 June 2022 amounted to HK\$395,508, which mainly comprise of the CRUSHMETRIC pens. A decrease of HK\$1,073,381 over the balance as at 30 June 2021. This was mainly due to the disposal and written off of inventories during the year after the termination of endorsement agreements for KooCool+ and AKFS+ products.

The Group's other receivables and prepayments as at 30 June 2022 decreased by HK\$149,971 or 7.17% compared to the same period in 2021.

The Group's trade payables as at 30 June 2022 amounted to HK\$8,348,927 with an increase of HK\$1,956,607 over the balance as at 30 June 2021, this was mainly due to less settlement to the vendor for the period.

The Group's cash and cash equivalents increased by HK\$46,827 as at 30 June 2022 compared to 30 June 2021.

Outlook

Although the Company continue to face the impact of Covid-19, it has minimised the expenses and increased income during the first two quarters of 2022 by switching some of the resources to the new product – Crushmetric SwitchPen that was launched this year. The Company remains positive about its transformation to a more diversified Group with various innovative products to be released to the market.

In the coming year, the Group will continue to maintain income through the following strategy:

- (a) to continue to focus on promoting and generate more sales from our online distribution of the Crushmetric series of products, including but not limited to the Crushmetric SwitchPens which was launched and the Crushmetric chairs to be launched soon;
- (b) to launch a drink with special designed crushing can;
- (c) to sell SD Labs products including but not limited to SDST and SD Pro that with one spray can inactivate viruses and kill bacteria and fungi for 90-180 days. We are the exclusive distributor in Hong Kong. We believe this product will continue to contribute income in the coming years; and
- (d) to cut down non-profit making products and to minimise operating costs.

The outbreak of COVID-19 and the restrictions imposed by the local Governments in both mainland China and Hong Kong remains uncertain to the Company. However, the Board believes that the Group can cope with it with flexible policies including but not limited to working from home office and continue to do its business through online channels. The Board's objective is the same as previous year, which is to protect, safeguard and improve the business, to minimise cost and generate more sales income through online products.

The Board will continue to take all reasonable efforts to ensure that sufficient working capital is maintained.

On behalf of the Board of Directors, I would like to thank our management and staff for the great loyalty and dedication they continue to show through these delicate times. I would also like to extend our utmost appreciation to all our partners, shareholders, customers, business associates and suppliers, for their continued support.

The Directors of the Company accept responsibility for the contents of this announcement.

Ivor Colin Shrago
Chairman

For further information, please contact:-

MiLOC
ONG Ban Poh Michael - Chief Executive Officer
Lilian Lo – Acting Chief Financial Officer

Tel: +852 2110 4221

AQSE Growth Market Corporate Adviser
PETERHOUSE CAPITAL LIMITED
Guy Miller
Mark Anwyl

Tel: +44 (0)20 7469 0930

MiLOC Group Limited
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2022

	<i>The Group</i>		
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>6 months ended 30 June 2022</i>	<i>6 months ended 30 June 2021</i>	<i>Year ended 31 December 2021</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
From continuing operations			
Revenue	7,969,835	4,022,202	4,939,527
Cost of sales	(4,188,079)	(3,501,760)	(4,101,932)
Impairment loss on inventory	-	-	(1,051,552)
Gross profit	3,781,756	520,442	(213,957)
Other revenue	125,108	1,844,477	2,497,506
Distribution costs	(214,192)	(226,853)	(402,676)
Administrative expenses	(3,903,815)	(6,873,929)	(11,253,978)
Foreign exchange gains/(losses), net	(117,317)	35,275	460,283
Operating loss	(328,460)	(4,700,588)	(8,912,822)
Impairment loss on trade receivable	(24,830)	-	(143,550)
Finance costs	(555,945)	(270,915)	(399,673)
Interest income	361	105	460
Loss before taxation	(908,874)	(4,971,398)	(9,455,585)
Taxation	-	-	-
Loss for the period/year	(908,874)	(4,971,398)	(9,455,585)
Other comprehensive income			
Exchange differences arising from translation	550,758	(132,470)	(280,737)
Total comprehensive result for the period/year	(358,116)	(5,103,868)	(9,736,322)
Loss for the period/year attributable to:			
Equity holders of the parent entity	(904,339)	(4,208,865)	(5,216,634)
Non-controlling interests	(4,535)	(762,533)	(4,238,951)
	(908,874)	(4,971,398)	(9,455,585)
Total comprehensive loss for the period/year attributable to:			
Equity holders of the parent entity	(353,581)	(4,341,335)	(5,497,371)
Non-controlling interests	(4,535)	(762,533)	(4,238,951)
	(358,116)	(5,103,868)	(9,736,322)
Loss per share - from continuing operations (HK\$)			
Basic and diluted	(0.01)	(0.05)	(0.06)

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\$904,339 (For the six months ended 30 June 2021: Loss of HK\$4,208,865; For the 12 months ended 31 December 2021: Profit of HK\$5,216,634) and the weighted average number of ordinary shares of 85,606,051 (For the six months ended 30 June 2021 weighted average number of ordinary shares of 84,791,248; For the 12 months ended 31 December 2021: 85,358,788) in issue during the period.

MiLOC Group Limited
Consolidated Statement of Financial Position
As at 30 June 2022

	<i>Unaudited</i> <i>As at 30</i> <i>June 2022</i>	<i>Unaudited</i> <i>As at 30 June</i> <i>2021</i>	<i>Audited</i> <i>As at 31</i> <i>December</i> <i>2021</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Assets			
<i>Non-current assets</i>			
Fixed assets	41,360	192,969	53,872
Other intangible assets	2,678,572	3,035,715	2,857,142
Right-of-use assets	266,793	668,222	185,826
	2,986,725	3,896,906	3,096,840
<i>Current assets</i>			
Inventories	395,508	1,468,889	-
Trade receivables	2,051,407	1,342,157	495,904
Other receivables and prepayments	1,940,336	2,090,307	976,100
Cash and cash equivalents	333,150	286,323	435,836
	4,720,401	5,187,676	1,907,840
Total assets	7,707,126	9,084,582	5,004,680
Equity and liabilities			
<i>Equity</i>			
Share capital	668,509	665,650	666,358
Share premium	97,084,716	96,267,575	96,546,867
Reserve	(137,337,401)	(135,827,784)	(136,983,820)
Equity attributable to the parent entity	(39,584,176)	(38,894,559)	(39,770,595)
Non-controlling interest	(293,671)	3,187,283	(289,136)
Total equity	(39,877,847)	(35,707,276)	(40,059,731)
<i>Liabilities</i>			
<i>Current liabilities</i>			
Trade payables	8,348,927	6,392,320	4,835,437
Other payables and accruals	29,911,001	28,409,010	30,824,176
Amount due to directors	3,448,023	3,607,206	3,899,385
Lease liabilities	453,305	798,842	348,808
Borrowings	5,423,717	5,584,480	5,156,605
	47,584,973	44,791,858	45,064,411
Total liabilities	47,584,973	44,791,858	45,064,411
Total equity and liabilities	7,707,126	9,084,582	5,004,680

The Group's consolidated financial statements for the six months ended 30 June 2021 and 2022 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 2021 have been adopted in the preparation of the Group's unaudited consolidated financial statements for the six months ended 30 June 2022.