

11 July 2023

CRUSHMETRIC Group Limited
(the “Company” or the “Group”)

Final audited results for the year ended 31 December 2022

CRUSHMETRIC Group Limited (AQSE: CUSH), the AQUIS Stock Exchange quoted consumer design and production group, presents its audited consolidated financial statements for the year ended 31 December 2022.

Key financial highlights:

- Revenue for the year ended 31 December 2022: HK\$10,826,825 (2021: HK\$4,939,527)
- Loss for the year: HK\$5,848,042 (Loss for 2021: HK\$9,455,585)
- The basic loss per share for the year: HK\$0.06 (Loss per share for 2021: HK\$0.06)
- The Group’s cash position as at 31 December 2022: HK\$128,658 (2021: HK\$435,836)

Chairman’s Statement

I am pleased to report the 2022 financial year results for CRUSHMETRIC Group Limited.

The Company formerly engaged in TCM healthcare and skincare products in the past years. The incidence of Covid forced a change in focus and therefore, during 2022, the nature of the Company’s operations and its principal activities have changed to acting as the holding company of a group engaged in (i) design and production that integrates shape changing technology (“CRUSH”) into a catalogue of products that is designed and invented by the artist and co-founder of CRUSHMETRIC Limited, Noah Deledda. This technology is built on his own series of dented aluminium can sculptures and (ii) the sale and distribution of the CRUSHMETRIC products through online and offline channels worldwide.

COVID-19

The continued outbreak of COVID-19 created a certain level of unpredictable challenges to our Hong Kong and China office during the year. However, since we have concentrated our resources in our product sales and our sales are mainly generated from our online platforms, this has resulted in the business being well placed to deliver services and products to its customers without significant disruption and with no increase in operational risk.

Review of significant activities

(i) Convertible Bond

On 19 July 2021, the Group 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. This Convertible Bond was further extended to 19 July 2024. Please refer to Note 29 in the non-statutory group financial statements for details.

(ii) Executive Distribution Rights and Business Restructuring

In March 2022, the Company’s wholly-owned subsidiary, MiLOC Biotechnology Limited, was granted the exclusive distribution rights by CRUSHMETRIC Limited (“CRUSHMETRIC”) to distribute CRUSHMETRIC’s designer products including but not limited to the CRUSHMETRIC SwitchPen in all online and offline platforms.

In June 2022, the Company announced plans to restructure the business of the Group. 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. The Company believes that by closing the TCM Centre, it can better utilise the capital

resources of the Company and focus on more profitable business lines including, but not limited to, the sale and distribution of designer products under the CRUSHMETRIC brand. The Company has shifted more resources to the business of CRUSHMETRIC SwitchPen, through online (currently mainly through www.crushmetric.com) and offline platforms.

In November 2022, the Company changed its name from MiLOC Group Limited to CRUSHMETRIC Group Limited, to better reflect the change in the Company's new strategy. The Chinese name was removed until the Company decided a suitable one. The ISIN of the Company remains unchanged as "KYG613521031". The Ticker symbol was changed to "CUSH". The Corporate website address of the Company was changed from www.miloc.com to www.crushmetricgroup.com.

In December 2022, the Company completed the acquisition of CRUSHMETRIC Limited. It has completed the allotments and issue of 153,486,965 new Ordinary Shares (the consideration shares) to the former owners of CRUSHMETRIC Limited, ONG Ban Poh Michael (Chief Executive Officer and Executive Director of the Company); Noah Deledda and Lim Yi Shenn. After the share allotment, together with the shareholding through Megasia International Limited, Mr. Ong holds a total of 80,993,808 Ordinary Shares in the Company, representing 33.7% of the issued shares. Mr. Deledda holds a total of 69,683,082 Ordinary Shares in the Company, representing 29% of the issued shares. Together with the shares previously owned, Mr. Lim holds a total of 20,713,824 Ordinary Shares in the Company, which represents 8.63% of the issued share capital.

(iii) Legal Proceeding of a fellow subsidiary – Star Collaboration (Guangzhou) Limited

There were five litigations and legal proceedings in one of the Group's subsidiaries, Star Collaboration (Guangzhou) Limited ("Star C"), where the Group holds 57% shares of this subsidiary. Details as below:

Distributor Disputes

1. In 2021, a distributor of Star C failed to comply with the distribution agreement, there was approximately RMB2,500,000 (Approximately GBP286,000) in outstanding debts due from this distributor; the Civil Judgement is that the distributor should return the amount to Star C. Status: The Company has appointed a lawyer to follow up the outstanding debt.
2. In 2021, there was approximately RMB1,500,000 (equivalent to approximately GBP166,000) sales under the sales agreement with another distributor in dispute with Star C in relation to unit price of product per item. Star C has received the result from the Civil Judgement that it has to return such amount to the distributor. The Company is currently negotiating the payment terms with this distributor.

Supplier Disputes

- 1 and 2. One of its suppliers commenced two legal proceedings, claiming a total of approximately RMB1,748,000 (equivalent to approximately GBP202,470) in trade payables from the Company, that are in dispute. Status: Star C and the supplier have signed a settlement agreement for one of the legal proceedings, whereby Star C has paid a total of approximately RMB500,000 (equivalent to approximately GBP60,714) by April 2023. Star C has also signed a settlement agreement with this supplier in May 2023 in full and final settlement of the second legal proceeding, whereby Star C will pay a total of approximately RMB600,000 (equivalent to approximately GBP68,600).
3. Star C and Star C's immediate holding company (Richmond Group Limited which is 57% held by the Company), has been notified by another supplier of the commencement of a legal proceeding, seeking RMB1,783,000 (approximately GBP216,500) in trade payables from the Company, that are in dispute with regard to the amount. Status: Star C and the supplier have signed a settlement agreement that Star C only needs to settle a total of RMB600,000 (equivalent to approximately GBP65,000) by monthly instalments.

(iv) Private Placings

In 2022, the Group raised approximately HK\$1.59 million through private placings. The proceeds of these subscriptions have been used for general working capital purposes (please refer to Note 20 in the non-statutory financial statements for details of private placings).

Financial review

(i) Revenue, gross profit and other revenue

The launch of the CRUSHMETRIC SwitchPens contributed a significant increase in sales during the year. The Group's audited revenue for the year ended 31 December 2022 amounted to HK\$10,826,825 which represented a 119.2% increase as compared to the year ended 31 December 2021. It included sale of products (mainly from CRUSHMETRIC SwitchPens in 2022) that amounted to approximately HK\$10,826,000 (2021: approximately HK\$2,955,000 of healthcare and skincare products). There was no revenue generated from clinic operations in current year (2021: approximately HK\$1,985,000).

The Group's gross profit and gross profit margin for the year ended 31 December 2022 amounted to HK\$4,404,354 and 41 % (gross loss and gross loss margin 2021: HK\$213,597 and 4%) respectively. The Group's other revenue for the year ended 31 December 2022 amounted to HK\$1,646,139, a decrease of 34% compared to the year ended 31 December 2021 because of payable amount written off last year.

(ii) Operating expenses

The Group's distribution costs for the year ended 31 December 2022 amounted to HK\$393,306 which decreased by 2.3% as compared to the year ended 31 December 2021. The Group's administrative expenses for the year ended 31 December 2022 were approximately HK\$11,050,000 compared to approximately HK\$11,254,000 for the year ended 31 December 2021, a decrease of 1.8%.

(iii) Profit and profit per share

The Group's loss for the year amounted to HK\$5,848,042 (Loss for 2021: HK\$9,455,585). As a result, the Group's basic loss per share for the year was HK\$0.06 (Loss per share for 2021: HK\$0.06).

The Directors do not recommend the payment of a dividend.

(iv) Balance sheet items

The Group's tangible fixed assets as at 31 December 2022 amounted to HK\$221,258 which mainly comprised leasehold improvements, furniture and fixtures and office equipment. An increase of approximately HK\$167,000 over the balance as at 31 December 2021, was mainly due to the acquisition of a subsidiary during the year.

The Group's other intangible assets as at 31 December 2022 amounted to HK\$Nil which represented a decrease of HK\$2,857,142 compared to HK\$2,857,142 as at 31 December 2021 due to fully amortisation for the year.

The Group's goodwill as at 31 December 2022 was valued at HK\$293,993,592 with an increase of approximately HK\$293,994,000 compared with HK\$Nil as at 31 December 2021 due to acquisition of a subsidiary during the year.

The Group's right-of-use assets and Lease liabilities-right-of-use assets as at 31 December 2022 amounted to HK\$370,640 and HK\$391,180 respectively which represented an increase of approximately HK\$185,000 and an increase of approximately HK\$42,000 respectively as compared to the year ended 2021. The increase was due to the new lease agreement signed during the year.

The Group's inventories as at 31 December 2022 amounted to HK\$341,561 with an increase of approximately HK\$342,000 over the balance as at 31 December 2021. This was mainly due to purchase of inventories during the year.

The Group's other receivables and prepayments as at 31 December 2022 amounted to HK\$1,162,149 with an increase of approximately HK\$186,000 over the balance as at 31 December 2021.

The Group's trade payables as at 31 December 2022 amounted to HK\$4,319,057 with a decrease of HK\$516,000 over the balance as at 31 December 2021.

The Group's cash and cash equivalents decreased from HK\$435,836 as at 31 December 2021 to HK\$128,658 as at 31 December 2022. For details of these movements, please refer to the Group's cash flow statement included in the non-statutory group financial statements.

Outlook

The Company has changed its principal activities and restructured its business during the year 2022. Despite the continuous impact of Covid-19 in 2022, the Company has transformed its business to a consumer product Group that sells various innovative products to the market.

In the coming year, the Group will 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 and the Autohedron Chairs which were launched. The Group will also continue to focus on R&D and launch the CRUSHMETRIC tumbler soon.

The Board will continue to take all reasonable efforts to ensure that sufficient working capital is maintained. The Board's objective is the same as previous year, which is to protect and safeguard as well as improve the business, to minimise cost and generate more sales income through online products.

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.

Ivor Colin Shrago
Chairman
10 July 2023

The audit opinion contains the following statement:

“Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, which explains, amongst other matters, that the Group is reliant on trading materially in line with projections and, should it fail to do so, on further support from shareholders, in particular the Directors who have agreed not to recall their loans in a manner that would prejudice the going concern of the Group and who have confirmed their ongoing support to the Group's business activities for the forthcoming twelve months. As stated in note 3, these events or conditions, along with the other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

The financial information in this announcement is derived from the Group's audited consolidated financial statements for the year ended 31 December 2022 which are available at the Company's website www.crushmetricgroup.com.

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

For further information, please contact:-

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CRUSHMETRIC Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 2022

	2022	2021*
From continuing operations in 2022	HK\$	HK\$
Revenue	10,826,825	4,939,527
Cost of sales	(6,422,471)	(4,101,932)
Impairment loss on inventory	-	(1,051,552)
Gross profit/(loss)	4,404,354	(213,957)
Other revenue	1,646,139	2,497,506
Distribution costs	(393,306)	(402,676)
Administrative expenses	(11,049,827)	(11,253,978)
Foreign exchange gain/(loss), net	(266,084)	460,283
Adjusted Operating (loss)/profit	(5,658,724)	(8,912,822)
Impairment loss for intangible asset and goodwill	-	-
Impairment loss on trade receivable	(45,759)	(143,550)
Operating (loss)/profit	(5,704,483)	(9,056,372)
Loss on disposal of subsidiaries	-	-
Finance costs	(86,398)	(399,673)
Interest income	433	460
(Loss)/profit before taxation	(5,790,448)	(9,455,585)
Taxation	(57,594)	-
(Loss)/profit for the for year	(5,848,042)	(9,455,585)
Other comprehensive income / (loss)		
Exchange differences arising from translation	1,010,343	(280,737)
Total comprehensive result for the year	(4,837,699)	(9,736,322)
(Loss)/profit for the year attributable to:		
The equity holders of the parent entity	(5,595,532)	(5,216,634)
Non-controlling interests	(252,510)	(4,238,951)
(Loss)/profit for the for year	(5,848,042)	(9,455,585)

Total comprehensive (loss)/profit for the year attributable to:			
The equity holders of the parent entity		(4,585,189)	(5,497,371)
Non-controlling interests		(252,510)	(4,238,951)
		(4,837,699)	(9,736,322)
(Loss)/profit per share – from continuing operations (HK\$)			
Basic		(0.06)	(0.06)

*Balances in 2021 relate to discontinued operations

CRUSHMETRIC Group Limited
Consolidated Statement of Financial Position
As of 31 December 2022

		As at 31 December 2022	As at 31 December 2021
		<i>HK\$</i>	<i>HK\$</i>
Assets			
<i>Non-current assets</i>			
Fixed assets		221,258	53,872
Other intangible assets		-	2,857,142
Goodwill		293,993,592	-
Right-of-use assets		370,640	185,826
		294,585,490	3,096,840
<i>Current assets</i>			
Inventories		341,561	-
Trade receivables		757,271	495,904
Other receivables and prepayments		1,162,149	976,100
Cash and cash equivalents		128,658	435,836
		2,389,639	1,907,840
Total assets		296,975,129	5,004,680
Equity and liabilities			
Equity			
Share capital		1,870,234	666,358
Share premium		392,450,040	96,546,867
Retained earnings		(141,569,009)	(136,983,820)
Equity attributable to the parent entity		252,751,265	(39,770,595)
Non-controlling interests		(541,646)	(289,136)
Total equity		252,209,619	(40,059,731)
Liabilities			
<i>Current liabilities</i>			
Trade payables		4,319,057	4,835,437
Other payables and accruals		31,961,020	30,824,176
Taxation payable		57,594	-
Amounts due to directors		2,930,515	3,899,385
Lease liabilities – right-of-use assets		275,620	348,808
Borrowings		5,106,144	5,156,605
		44,649,950	45,064,411
<i>Non-current liabilities</i>			
Lease liabilities – right-of-use assets		115,560	-
Total liabilities		44,765,510	45,064,411
Total equity and liabilities		296,975,129	5,004,680

CRUSHMETRIC Group Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2022

		As at 31 December 2022	As at 31 December 2021
		<i>HK\$</i>	<i>HK\$</i>
OPERATING ACTIVITIES			
Cash used in operations		(1,078,397)	(188,879)
INVESTING ACTIVITIES			
Purchase of fixed assets		(4,253)	-
Interest received		433	460
Acquisition of subsidiaries, net of cash acquired		3,185	-
Net cash used in investing activities		(635)	460
FINANCING ACTIVITIES			
Issuance of shares		1,590,000	3,647,884
Proceed received for incorporation of a subsidiary		-	-
Repayment on leases		(555,778)	(2,708,303)
Interest paid		(283,751)	(548,809)
Net cash generated from financing activities		750,471	390,772
Net (decrease)/increase in cash and cash equivalents		(328,561)	202,353
Cash and cash equivalents at beginning of year		435,836	234,118
Effects of currency translation on cash and cash equivalents		21,383	(635)
Cash and cash equivalents at end of year		128,658	435,836