

30 September 2021

**MiLOC Group Limited
("MiLOC", the "Group" or the "Company")**

Interim results for the six months ended 30 June 2021

Extension of Convertible Bond

CHIEF EXECUTIVE OFFICER'S STATEMENT

MiLOC Group Limited (AQSE: ML.P), the pharmaceutical and healthcare group announces the results of the Company and its subsidiaries for the six month period ended 30 June 2021.

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) therapies and consultations through a network of clinics in Hong Kong; and
- (iii) 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.

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. We have tested our business continuity plans which have been successfully activated.

The investment in online platforms for selling our products over recent years has resulted in the business being well placed to continue delivering services to our clients without 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 brought in new products to the Group – SD Labs products including SDX, SDST and SD Pro, a high performance full protection self-disinfecting coating spray with one spray protects from 90 to 180 days. The Directors of the Company believe that SDX is the only and fastest disinfectant that eliminates Covid-19 under 1 minute. The management remain confident that the business can adjust to the challenges it presents.

Financial highlights

- Revenue for the six months ended 30 June 2021: HK\$4,022,202 (30 June 2020: HK\$14,422,154)
- Gross profit for the six months ended 30 June 2021: HK\$520,442 (30 June 2020: HK\$5,117,865)
- Loss for the six months ended 30 June 2021: HK\$4,971,398 (30 June 2020: HK\$14,363,177)
- The basic and diluted loss per share for the six months ended 30 June 2021: HK\$0.05 (30 June 2020: HK\$0.18)
- The Group's cash position as at 30 June 2021: HK\$286,323 (30 June 2020: HK\$(247,254))

Review of significant activities

(a) Private Placings

In January and June 2021, the Company entered into placing agreements with four individual shareholders to issue 1,111,524 new US\$0.001 ordinary shares at a placing price of 28.5p per share to raise approximately HK\$3,367,885. The placing and allotment are completed on 10 June 2021.

(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. The Convertible Bond was first signed with Murray Investment Fund Company Limited on 19 July 2016.

Financial review

(i) Income statement items

The Group's revenue for the six months ended 30 June 2021 amounted to HK\$4,022,202, a decrease of HK\$10,399,952 or 72.1% as compared to the six months ended 30 June 2020. This was attributable to the decreased revenue generated from sale of healthcare products. The Group's gross profits and gross profit margin for the six months ended 30 June 2021 amounted to HK\$520,442 and 12.94% (30 June 2020: HK\$5,117,865 and 35.49%) respectively. The Group's other revenue from management fee income for the six months ended 30 June 2021 amounted to HK\$120,000, the same as compared to the six months ended 30 June 2020.

The Group's distribution costs for the six months ended 30 June 2021 amounted to HK\$226,853, a decrease of HK\$13,566,298 or 98.3% as compared to the same period in 2020. The Group's administrative expenses for the six months ended 30 June 2021 amounted to HK\$6,873,929, a decrease of HK\$272,472 or 3.8% as compared to the six months ended 30 June 2020.

The Finance Costs for the six months ended 30 June 2021 amounted to HK\$270,915, this was related to the interest paid for the convertible bond.

The unaudited net loss for the period ended 30 June 2021 shows a decrease of HK\$9,391,778 and 65.39% compared to the same period in 2020. This was attributable to the decrease of distribution cost 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 leasehold improvements and office equipment, decreased in amount by HK\$306,065 as at 30 June 2021, compared to the same period in 2020, mainly due to the depreciation for leasehold improvement and office equipment.

The Group's inventories as at 30 June 2021 amounted to HK\$1,468,889 with a decrease of HK\$5,941,946 over the balance as at 30 June 2020. This was mainly due to no purchase of inventory during the period.

The Group's other receivables and prepayments as at 30 June 2021 decreased by HK\$1,640,432 or 43.97% compared to the same period in 2020. This was due to the partial payment of a Royalty fee by a subsidiary that had been recorded as expenses by the end of 2020.

The Group's trade payables as at 30 June 2021 amounted to HK\$6,392,320 with a decrease of HK\$1,835,806 over the balance as at 30 June 2020, this was mainly due to the settlements to vendors for the period.

The Group's cash and cash equivalents increased by HK\$533,577 as at 30 June 2021 compared to 30 June 2020.

Outlook

The Group has down sized the products of the Company and has switched some of the resources to our new products to be launched. We will continue to generate income through the following strategies:

- a. to provide medical supplies to our customers over the world;
- b. to sell SD Labs products including but not limited to SDST and SD Pro that with one spray can deactivate viruses, and kill bacteria and fungi from 90 to 180 days. We are the exclusive distributor in Hong Kong. We believe this product will make a substantial contribution to our income in the coming years;
- c. to continue to focus on promoting and generate more sales from our online distribution of our FMCG products in China;
- d. to launch a special design crushing pen; and
- e. to cut down non-profit making products and to minimize operating costs

The outbreak of COVID-19 has changed the commercial world, with the duration and ultimate impact of the virus not yet known. Our objective is the same as previous years, which is to protect our staff and business, and to ensure we are well placed to resume normal operations if further lockdowns are imposed by the Governments of the locations where we operate and potentially capitalise on opportunities when the virus impact subsides.

The Group will continue to make sure 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 continue support.

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

Chow Ching Fung
Chairman

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MiLOC Group Limited
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2021

	<i>The Group</i>		
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>6 months ended 30 June 2021</i>	<i>6 months ended 30 June 2020</i>	<i>Year ended 31 December 2020</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
From continuing operations			
Revenue	4,022,202	14,422,154	20,466,164
Cost of sales	(3,501,760)	(9,304,289)	(11,562,972)
Impairment loss on inventory	-	-	(1,988,453)
Gross profit	520,442	5,117,865	6,914,739
Other revenue	1,844,477	1,897,119	32,519,220
Distribution costs	(226,853)	(13,793,151)	(16,004,562)
Administrative expenses	(6,873,929)	(7,146,401)	(14,248,318)
Foreign exchange gains/(losses), net	35,275	(282,525)	(159,439)
Operating loss	(4,700,588)	(14,207,093)	9,021,640
Impairment loss on trade receivable	-	-	(2,382,672)
Finance costs	(270,915)	(156,342)	(419,559)
Interest income	105	258	314
Loss before taxation	(4,971,398)	(14,363,177)	6,219,723
Taxation	-	-	-
Loss for the period/year	(4,971,398)	(14,363,177)	6,219,723
Other comprehensive income			
Exchange differences arising from translation	(132,470)	16,988	(453,717)
Total comprehensive result for the period/year	(5,103,868)	(14,346,189)	5,766,006
Loss for the period/year attributable to:			
Equity holders of the parent entity	(4,208,865)	(14,840,750)	9,176,764
Non-controlling interests	(762,533)	477,573	(2,957,041)
	(4,971,398)	(14,363,177)	6,219,723
Total comprehensive loss for the period/year attributable to:			
Equity holders of the parent entity	(4,341,335)	(14,823,762)	8,723,047
Non-controlling interests	(762,533)	477,573	(2,957,041)
	(5,103,868)	(14,346,189)	5,766,006
Loss per share - from continuing operations (HK\$)			
Basic and diluted	(0.05)	(0.18)	0.11

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\$4,208,865 (For the six months ended 30 June 2020: Loss of HK\$14,840,750; For the 12 months ended 31 December 2020: Profit of HK\$9,176,764) and the weighted average number of ordinary shares of 84,791,248 (For the six months ended 30 June 2020 weighted average number of ordinary shares of 84,137,136; For the 12 months ended 31 December 2020: 84,184,704) in issue during the period.

MiLOC Group Limited
Consolidated Statement of Financial Position
As at 30 June 2021

	<i>Unaudited</i> <i>As at 30</i> <i>June 2021</i>	<i>Unaudited</i> <i>As at 30 June</i> <i>2020</i>	<i>Audited</i> <i>As at 31</i> <i>December</i> <i>2020</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Assets			
<i>Non-current assets</i>			
Fixed assets	192,969	499,034	365,788
Other intangible assets	3,035,715	3,392,857	3,214,285
Right-of-use assets	668,222	4,243,608	2,370,463
	3,896,906	8,135,499	5,950,536
<i>Current assets</i>			
Inventories	1,468,889	7,410,835	4,393,462
Trade receivables	1,342,157	3,440,824	376,798
Other receivables and prepayments	2,090,307	3,730,739	2,111,512
Cash and cash equivalents	286,323	(247,254)	234,118
	5,187,676	14,335,144	7,115,890
Total assets	9,084,582	22,470,643	13,066,426
Equity and liabilities			
<i>Equity</i>			
Share capital	665,650	655,387	656,981
Share premium	96,267,575	92,315,641	92,908,360
Reserve	(135,827,784)	(155,033,258)	(131,486,449)
Equity attributable to the parent entity	(38,894,559)	(62,062,230)	(37,921,108)
Non-controlling interest	3,187,283	7,384,389	3,949,815
Total equity	(35,707,276)	(54,677,841)	(33,971,293)
Liabilities			
<i>Current liabilities</i>			
Trade payables	6,392,320	8,228,126	7,209,544
Other payables and accruals	28,409,010	56,966,299	28,365,680
Amount due to directors	3,607,206	2,393,944	3,444,748
Lease liabilities	798,842	4,430,284	2,679,127
Borrowings	5,584,480	5,129,831	5,338,620
	44,791,858	77,148,484	47,037,719
Total liabilities	44,791,858	77,148,484	47,037,719
Total equity and liabilities	9,084,582	22,470,643	13,066,426

The Group's consolidated financial statements for the six months ended 30 June 2020 and 2021 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 2020 have been adopted in the preparation of the Group's unaudited consolidated financial statements for the six months ended 30 June 2021.