

5 July 2016

**MiLOC GROUP LIMITED ("MiLOC" or "the Company")
Significant Endorsement Agreement
and Commission Agreement**

MiLOC Pharmaceutical (HK) Limited ("MiLOC Pharmaceutical"), a subsidiary of MiLOC Group Limited ("the Company"), is pleased to announce that it and Kwok Fu Shing also known as Aaron Kwok, a well-known and successful singer, dancer and actor in Asia (the "Artist") have agreed to collaborate and work together with respect to the design, content, promotion and marketing of a range of TCM hair care products, which contain traditional Chinese herbal ingredients (the "Products"). The Products will be sold in a series which fall under three categories; hair wash and conditioner, hair colour and hair styling.

Endorsement Agreement

MiLOC Pharmaceutical has entered into an Endorsement agreement with BrandKing Worldwide Limited (the "Artist's Royalty Company") and First Strong Workshop Limited (the "Artist's Management Company") (the "Parties") where the Artist's Royalty Company is a Hong Kong based company which manages the sales revenue and royalty fees which are generated by sales featuring the Artist's image.

The Artist's Management Company is also a Hong Kong based company which manages the Artist's brand endorsement activities. The Endorsement Agreement shall commence on the date on which the product is available for purchase in any store located in the territories stipulated by the agreement ("Launch Date"), which is to be agreed by all parties in writing, and will continue for a period of six years after the Launch Date (the "Term").

The Artist's Royalty Company grants to MiLOC Pharmaceutical the exclusive and unlimited right and license to use and exploit in all forms of media, advertising and promotion and in connection with the endorsement, sales, advertising and promotion of the Product.

Pursuant to the Endorsement Agreement, MiLOC Pharmaceutical will pay to the Artist's Royalty Company and the Artist's Management Company procuring the Artist to provide the services, royalties representing percentages of the Gross Revenue on each anniversary of the Launch Date during the course of the Term. A minimum guaranteed payment totalling US\$14,622,000.00 and US\$1,782,000.00 is payable to the Artist's Royalty Company and the Artist's Management Company respectively over the first three years, the instalments of which will be payable on each anniversary of the Launch Date. The directors believe that this sum is reasonable in light of the anticipated sales of the Products from initial conversations with distributors. Of the first royalty payment to the Artist's Royalty Company, US\$641,026 will be paid on or before the Launch Date.

Commission Agreement

MiLOC Pharmaceutical has also entered into a Commission agreement with CN Workshop Limited (the "Agent") to assist it in respect of the conduct of negotiations and co-ordination with the Artist as referred to in the Endorsement Agreement. The

Commission Agreement shall be deemed to have come into force on Launch Date or any other date to be agreed by the Parties in writing.

Pursuant to the Commission Agreement, MiLOC Pharmaceutical has agreed to pay the Agent a commission fee representing a percentage of the Gross Revenue on each anniversary of the Launch Date during the course of the Term. A minimum guaranteed payment will be payable totalling US\$3,000,000.00 over the first three years, the instalments of which will be payable on each anniversary of the Launch Date. The directors believe that this sum is reasonable in light of the anticipated sales of the Products from initial conversations with distributors.

Commenting on the agreement, Michael Ong, Chief Executive Officer of MiLOC said: "The formulation of the TCM Plus products represents an exciting development of the TCM business of the Group and fits well with its philosophy of bringing Traditional Chinese Medicine into the public mainstream. We have conducted much research into this product and are delighted to have enlisted the assistance of Aaron Kwok in marketing it and we look forward to many years of cooperation with him."

Background of Aaron Kwok

Aaron Kwok has been active from the 1980s to the present. He is considered as one of the Hong Kong's Four Superstars. He first earned his popularity in the entertainment industry and won the hearts of fans across Asia with his sensational dancing moves and his amazing voice. As an all-round artist, Aaron's talent is not only limited to dancing and singing. In recent years, Aaron has proven to be a shining actor on the silver screen and he has twice been awarded the Golden Horse Award Best Actor Award. There are a total of over 12 million fans in Aaron's Sina Weibo. Weibo is a Chinese microblogging website and is one of the most popular social media sites in China.

A further announcement will be made when the Products are launched and the agreements commence.

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