

MiLOC Group Limited Acquisition

TIDMML.P

RNS Number : 0458F

MiLOC Group Limited

15 April 2011

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Sales & Purchase Agreement

Company Symbol: ML.P

15 April 2011

MiLOC GROUP LIMITED ("MiLOC" or "the Group")

Clinic Acquisition

MiLOC Clinics Limited, a Joint Venture Company of MiLOC Medical Limited, subsidiary of MiLOC Group Limited ("the Company"), is pleased to announce that it has entered into a sale and purchase agreement ("the Agreement") relating to the sale and purchase of 60% of the entire issued share capital of ICHI CHINESE MEDICINE COMPANY LIMITED ("ICHI") which is 80% owned by CHAN Chi Hang & 20% owned by TUNG Chau Man ("the Vendors") respectively. MiLOC Clinics Limited as the purchaser in relation to the transfer of 6,000 shares at HK\$1.00 each at a consideration of 2,301,004 Class B Ordinary Shares of MiLOC Clinics Limited will be issued and credited as fully paid and registered in the name of the Vendors.

CHAN Chi Hang will receive 1,840,803 Class B Ordinary Shares and TUNG Chau Man will receive 460,201 Class B Ordinary Shares through this sales and purchase agreement.

Based on the unaudited 7 months management account of ICHI from 07/2010 to 01/2011, the acquisition clinic YTD sales turnover is HK\$1,725,043.60 (equivalent to GBP137,453.67, exchange rate: 1GBP=HK\$12.55) with a net profit of HK\$255,950.77 (equivalent to GBP20,394.48). Mr CHAN Chi Hang as Guarantor of this transaction warrants and guarantees the Company that the after tax profit of ICHI for each of its financial years shall not be less than HK\$958,752 (equivalent to GBP 76,394.58), in the case that the after tax profit is less than HK\$958,752 in the relevant year, Mr Chan shall compensate within 30 days after completion of the audited accounts of ICHI to Miloc the shortfall for the relevant year.

ICHI is the second clinic that we have strategically acquired in Jordan, Kowloon District, with high human traffic flow. The clinic has a floor space size of over 1,000 square feet for an integrated service of TCM Clinic. Revenue from Vendor's business is derived from doctors' consultation and supplements.

Mr. Ong Chief Executive of MiLOC commented,

"This acquisition is part of our strategic business plan as stated in our Admission Document. Under MiLOC's umbrella, we believe the acquired clinic will benefit from the expertise that we will bring to them hence generating more revenue and at the same time increasing the brand awareness of both the clinic and MiLOC Group."

Class B Ordinary Shares are shares with a par value of HK\$1.00 each in the share capital of MiLOC Clinics Limited, having the rights, privileges and restrictions as set out below: -

- No voting rights at a meeting of the members of MiLOC Clinics Limited or on any resolution of the members of MiLOC Clinics Limited
- The same rights to receive dividend paid by MiLOC Clinics Limited as the holder of Class A Ordinary Share in accordance with the Memorandum and Articles of Association of MiLOC Clinics Limited
- The rights to an equal share in the distribution of the surplus assets of the Purchaser;
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The Agreement shall be completed upon MiLOC Clinics Limited and the Vendors having fulfilled their respective obligations as set out below and the completion date is expected to be on or before 20 June 2011:-

- Delivery of the valid share certificates for the sale shares in the name of the Vendors
- Delivery of the duly executed instrument of transfer(s) & bought & sold notes
- Delivery of all the statutory records of ICHI CHINESE MEDICINE COMPANY LIMITED to MiLOC Clinics Limited
- Delivery of all licenses, lease, tenancy agreements, insurance policies, accounts and other key documents in relation to this sales and purchase of ICHI CHINESE MEDICINE COMPANY LIMITED to MiLOC Clinics Limited
- The allotment and issue of the consideration shares to the Vendors and the delivery of the valid share certificates for the consideration shares in the name of the Vendors

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