

21 January 2019

**MiLOC GROUP LIMITED**  
**("MiLOC" or "Company")**

**Significant Endorsement Agreement**  
**and Commission Agreement**

**Endorsement Agreement**

MiLOC is pleased to announce that its subsidiary, MiLOC Pharmaceutical (HK) Limited ("MiLOC Pharmaceutical"), has entered into an endorsement agreement ("the Endorsement Agreement") with Master Kingdom Limited, a company incorporated in Hong Kong wholly owned by Koo Tin-lok (otherwise Louis Koo), a widely known actor and entertainer in Hong Kong (the "Artist"). Under the Endorsement Agreement the Parties have agreed to create a new brand of a range of TCM body care and body wash products together, which contain traditional Chinese herbal ingredients (the "Products"). The Parties also agreed to cooperate in the production, design, marketing and distribution of the Products.

Master Kingdom Limited ("the Artist's Management Company") manages the Artist's brand endorsement activities, sales revenues and royalty fees which are generated by sales featuring the Artist's image and it has agreed to permit the Artist's name and image to be applied in connection with the production, design, marketing and distribution of the Products.

The Endorsement Agreement is to commence on the date when the Products become available for purchase in the open market within the territories stipulated by the Endorsement Agreement ("Launch Date"), which shall have been agreed as such by MiLOC Pharmaceutical and The Artist's Management Company in writing, but not later than 1<sup>st</sup> April 2019 or on such other date as shall have been agreed by the parties in writing, and will continue for a period of three years after the Launch Date (the "Term").

Under the Endorsement Agreement, the Artist's Management Company has, inter alia, granted to MiLOC Pharmaceutical the exclusive and unlimited right and licence to use and exploit the Artist's name and logo in all forms, media, advertising and promotion in connection with or relating to the endorsement, sales, advertising and promotion of the Product. The Artist's Management Company has undertaken to procure that the Artist will provide such services as may be required to facilitate such use and exploitation.

Pursuant to the Endorsement Agreement and in consideration of the provision of such services, MiLOC Pharmaceutical has agreed to pay to the Artist's Management Company royalties representing a proportion of the gross revenue or a minimum fixed fee, whichever is the higher, on each anniversary of the Launch Date during the course of the Term. A minimum guaranteed payment is payable to the Artist's Management Company over the Term. These payments are to be made on each anniversary of the Launch Date. The directors believe, in light of the anticipated sales of the Products from initial conversations with potential distributors, that this sum is reasonable.

**Commission Agreement**

MiLOC Pharmaceutical has also entered into a Commission Agreement with the agents responsible for the introduction of the Artist's Management Company and negotiating the terms of the Endorsement Agreement. The Commission Agreement shall come into force on the Launch Date or (if different) such other date as shall be agreed between the parties in writing.

Pursuant to the Commission Agreement, MiLOC Pharmaceutical has agreed to pay the agent a fee representing a proportion of the gross revenue on each anniversary of the Launch Date during the course of the Term. The directors believe that this sum is reasonable.

Commenting on the agreements, Michael Ong, Chief Executive Officer of MiLOC said: "In recognition of Mr. Louis Koo's image and popularity, we believe it fits well with the Company's business strategy and philosophy of bringing Traditional Chinese Medicine into the public mainstream. We are delighted to have enlisted the assistance of Louis and we look forward to this making a significant contribution to the turnover of MiLOC in the coming years."

### **Background of Louis Koo**

Louis Koo has been active as an actor and entertainer since 1993. He is considered to be one of the Hong Kong's best actors and film producers. He began his professional career as an actor in local television series, winning TVB's Best Actor award in 1999 and 2001. In the 2000s, he fully focused on his film career and became one of the stalwarts of the Hong Kong film industry. Louis founded "One Cool Film Production Limited" in 2013 and as of 2018 this company has been responsible for the production of 20 films while he was awarded the Hong Kong Film Award of Best Actor, Asian Film Award for Best Actor and the Hong Kong Film Directors' Guild Award for Best Actor. There are a total of over 13 million fans in Louis's Sina Weibo. Weibo is a Chinese microblogging website and is one of the most popular social media sites in China.

The directors of MiLOC accept responsibility for the contents of this announcement.

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