

**General Announcement**  
**No Reference No C&-100114-51986**

<b>Company Name</b>	:	<b>ESTHETICS INTERNATIONAL GROUP BERHAD</b>
<b>Stock Name</b>	:	EIG
<b>Date Announced</b>	:	15/01/2010

Type : Announcement

Subject : ESTHETICS INTERNATIONAL GROUP BERHAD ("EIG")

SHAREHOLDERS AGREEMENT BETWEEN EIG AND ALPINO ISKANDAR ON JOINT VENTURE IN INDONESIA

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Announcement Details :

## 1.0 INTRODUCTION

The Board of Directors ("Board") of EIG wishes to announce that EIG had on 15 January 2010 entered into a Shareholders Agreement ("Agreement") with Alpino Iskandar ("AI"), a citizen of the Republic of Indonesia.

## 2.0 BACKGROUND

EIG and AI wish to enter into a joint venture with each other in respect of the distribution, import and consultancy on professional skincare, wellness and cosmetic products and beauty equipments and other related businesses, in the territory of the Republic of Indonesia ("Business").

## 3.0 SALIENT FEATURES OF AGREEMENT

3.1 A private company limited by shares will be incorporated under the prevailing laws of the Republic of Indonesia to act as the vehicle for the joint venture, to be known by such name as may be mutually agreed between the Parties, and approved by the competent authority in the Republic of Indonesia ("JV Company").

The equity participation of the Parties in the JV Company shall be as follows:

EIG - 70%

AI - 30%

Save and except as otherwise agreed upon between the Parties, the percentage ratios stipulated above shall be maintained at all times throughout the term of the Agreement.

- 3.2 The initial authorised share capital of the JV Company shall be USD1,000,000.00 or its equivalent in Rupiah comprising 1,000,000 ordinary shares of USD1.00 each ("Shares").

The parties shall contribute towards the issued and paid up share capital proportionately in accordance with their respective share ratios in four (4) equal installments of USD250,000.00 and for the first time to be paid after signing of the Deed of Incorporation and before submission for approval of the Deed of Incorporation by the competent authority in the Republic of Indonesia. Subsequently, the remaining has to be paid every quarter over a period of one (1) year commencing from the date as decided by the board of directors ("BOD") of the JV Company and approved by the shareholders in general meeting. Notwithstanding the foregoing, the BOD of the JV Company may in its discretion and from time to time, vary the timeframe for such capital contribution subject to the approval of the shareholders in general meeting.

- 3.3 The Parties agree that the Business shall be conducted in the best interests of the JV Company on sound commercial profit making principles so as to generate the maximum achievable maintainable profits available.

- 3.4 EIG shall be responsible for the following roles and obligations:

- (a) provision of technical expertise, business knowledge and experience, education and training in respect of the skincare, cosmetic and wellness business to the management of the JV Company;
- (b) management of the day-to-day operations of the JV Company;
- (c) training and development of the core team of local staff;
- (d) licence the use of EIG brand names and trademarks to the JV Company;
- (e) licence the distribution rights of selected brands distributed by EIG to the JV Company.

AI shall be responsible for the following roles and obligations:

(a) assistance in provision of local advice and expertise on business and economic conditions, local laws and regulations, taxation, import custom duties, culture and practices;

(b) assistance in provision of support vide referrals, strategic tie-ups and any other support with his network and his existing businesses;

(c) assistance in securing of good locations for the businesses of the JV Company..

3.5 Neither EIG nor AI shall, except with the written consent of the shareholders in general meeting, sell, transfer, assign, mortgage, pledge or otherwise encumber, deal with or part with the beneficial ownership of any shares in the JV Company whether wholly or partially, except in accordance with the provisions of the Agreement. If any party desires to sell or transfer any of such shares, the party intending to sell or transfer shall give written notice to the other shareholders of the JV Company, and only if the other shareholders shall decline to purchase the same, can the shares be then sold and transferred to a third party at the same price offered, and subject to such third party agreeing to be bound by the Agreement.

#### **4.0 INFORMATION ON SSH**

AI is a citizen of the Republic of Indonesia and a successful entrepreneur whose company has a proven track record in the infrastructure development industry in the Republic of Indonesia comprising of a fully integrated multi-dimensional business group with ten (10) business lines, operating in a wide range of business activities.

#### **5.0 RATIONALE FOR THE AGREEMENT AND PROSPECTS**

The rationale for the Joint Venture is to enable the EIG Group to penetrate into the Indonesian skincare and wellness market.

The prospects of the Joint Venture are positive as it will position the EIG Group on a strong footing to explore the potential of a new territory which is expected to generate future revenue and contribute towards the profitability of the EIG Group.

#### **6.0 SOURCE OF FUNDING**

The source of funding for the contribution by EIG towards the share capital of the JV Company shall be by way of internally generated funds.

#### **7.0 ESTIMATED TIME FRAME**

Barring any unforeseen circumstances, the Board expects the JV Company to be incorporated within six (6) months from the date of this Announcement.

## **8.0 FINANCIAL EFFECTS AND LIABILITIES TO BE ASSUMED**

The execution of the Agreement will not have any effect on the share capital and substantial shareholding structure of EIG. It is not expected to materially affect the earnings per share and net assets per share of EIG for the financial year ending 31 March 2010 but is expected to contribute positively to the same in future financial years.

In entering into the joint venture, EIG will not be assuming any liabilities, including contingent liabilities and/or guarantees.

## **9.0 APPROVALS REQUIRED**

The execution of the Agreement does not require the approval of the shareholders of EIG nor any government authorities.

## **10.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors, substantial shareholders and/or persons connected to them, has any interest, direct or indirect, in the Agreement.

## **11.0 DIRECTORS' RECOMMENDATION**

The Board of EIG is of the opinion that the execution of the Agreement is in the best interest of the Group.

## **12.0 DOCUMENT FOR INSPECTION**

A copy of the Agreement is available for inspection at the registered office of EIG during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 15 January 2010.