

**General Announcement**  
**No Reference No C&S-090825-B1669**

<b>Company Name</b>	:	<b>ESTHETICS INTERNATIONAL GROUP BERHAD</b>
<b>Stock Name</b>	:	EIG
<b>Date Announced</b>	:	26/08/2009

Type : Announcement

Subject : ESTHETICS INTERNATIONAL GROUP BERHAD ("EIG")

SHAREHOLDERS AGREEMENT BETWEEN ESTHETICS INTERNATIONAL GROUP BERHAD ("EIG") AND SASSICAIA STRATEGIC HOLDINGS SDN BHD

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## 1.0 INTRODUCTION

The Board of Directors ("Board") of EIG wishes to announce that EIG had on 26 August 2009 entered into a Shareholders Agreement ("Agreement") with Sassicaia Strategic Holdings Sdn Bhd ("SSH").

## 2.0 BACKGROUND

SSH is currently the sole shareholder of Medklinn Holdings Sdn Bhd. Medklinn Holdings Sdn Bhd in turns owns 100% equity in HealthPlus Technologies Sdn Bhd ("HealthPlus"), which owns all the intellectual property, product design and trademarks, etc for all Medklinn products worldwide and further owns all the operating assets that are required to be used for the continuation of the sales and distribution business of Medklinn products worldwide, and 100% equity in Oxion Pte Ltd ("Oxion"), a Singaporean private limited company principally involved in research and development, owns intellectual property, trademarks and engaged in the sales and distribution of OEM air and water related equipment (HealthPlus and Oxion collectively referred to as "Subsidiaries").

The Subsidiaries and their respective management team have a track record in the development, sales and marketing of air and water related equipment for health and wellness in Malaysia, Singapore, Australia and Thailand. Please refer to [www.medklinn.com](http://www.medklinn.com) for information on the Medklinn business.

EIG and SSH wish to enter into a joint venture with each other for the purposes of furthering their business interests in the health and wellness industry; on the development and distribution of air and water related equipment and products and other health and wellness products and services.

In connection thereto and at the invitation of SSH, EIG has agreed to subscribe for ordinary shares in Medklinn Holdings Sdn Bhd representing 50% of the enlarged issued share capital in Medklinn Holdings Sdn Bhd (Medklinn Holdings Sdn Bhd hereinafter referred to as "JV Company" and JV Company and Subsidiaries hereinafter collectively referred to as "JV Group").

### **3.0 SALIENT FEATURES OF AGREEMENT**

3.1 The JV Company shall operate as the vehicle for the joint venture. Upon the execution of the Agreement, SSH and EIG shall cause the name of the JV Company to be changed to EIG Medklinn Holdings Sdn Bhd.

The equity participation of the parties in the JV Company to be maintained throughout the term of the Agreement is as follows:

EIG - 50%  
SSH - 50%

3.2 The authorised share capital of the JV Company is RM10,000,000.00 comprising 10,000,000 ordinary shares of RM1.00 each ("Shares"). As at the date of the Agreement, the issued share capital of the JV Company is RM4,000,000.00 comprising 4,000,000 Shares, all of which are registered in the name of SSH.

EIG shall within one (1) month from the effective date of the Agreement, subscribe for 4,000,000 Shares in the JV Company, which Shares shall be partly paid up at RM0.50 per Share. The amounts remaining unpaid on the Shares so subscribed shall be paid up in the following manner:

- (a) RM1 million, on the date falling (1) year after the effective date of the Agreement whereby the 4,000,000 Shares in the JV Company shall be partly paid up at RM0.75 per Share; and
- (b) the balance RM1 million, on the date falling two (2) years after the effective date of the Agreement whereby the 4,000,000 Shares in the JV Company shall be and credited as fully paid up, at RM1.00 per Share.

Upon allotment of the Shares in the JV Company to EIG, the issued share capital of the JV Company shall increase to RM8,000,000.00 comprising 8,000,000 Shares.

3.3 Under the joint venture, these shall be the responsibilities of the parties:

#### SSH

- (a) continuous active research and development of commercially viable new products for the health and wellness industry and not limiting to air and water related sector only, working hand in hand with the management team of EIG to ensure that the products are primarily able to fulfill the market potential within the current distribution network of EIG and its group of companies ("EIG Group") and secondarily to customers outside of the EIG Group distribution network;
- (b) provision of technical expertise, business knowledge and experience with respect to the businesses of the JV Group;
- (c) undertaking and performance of all required activities to ensure that new products to be introduced for distribution worldwide are commercially, financially and operationally viable and ready to be marketed and distributed and meeting the required product registration, legal and local market requirements;

(d) provision of education and training support to EIG Group on products developed by JV Group and distributed by EIG Group.

## EIG

- (a) opening its distribution channels and distribution outlets for distribution of the JV Group's products based on commercially viable distribution terms;
- (b) marketing and distribution of the products and execution of marketing, advertising and promotion and sales activities to increase awareness and sales of the products;
- (c) assistance in provision of support vide referrals, strategic tie ups and any other support within the network of EIG Group.

3.4 Neither EIG nor SSH shall, except with the written consent of the other, sell or deal with the beneficial ownership of their Shares, except in accordance with the provisions of the Agreement. If any party desires to sell or transfer any of its Shares, the party intending to sell shall give written notice to the other party, and only if the other party 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**

SSH was incorporated in Malaysia on 25 August 2009 as a private limited company under the Companies Act, 1965. It has an authorised share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each, of which 1,000 ordinary shares of RM1.00 each have been issued. SSH is an investment holding company.

As at the date of this announcement, the Directors of SSH are Dato' Dr. Low Bin Tick and Cheah Kwee Huah. The shareholders are Dato' Dr. Low Bin Tick and Cheah Kwee Huah with shareholdings of 99.9% and 0.01% respectively.

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

The rationale for the joint venture is to enable EIG Group to penetrate into a new and potentially lucrative market segment within the health and wellness industry, i.e. air and water related equipments and further leverage on the technical research and development capability of the JV Group to develop new products which are able to be commercialise and distributed within the regional distribution network of EIG Group to realise the products' market potential.

The joint venture is in line with the vision and mission of the EIG Group to be a total wellness company and a provider of total wellness solutions.

The prospects of the joint venture are positive as it will position the EIG Group on a strong footing to explore the potential of this new market segment and the market potential of new products to be developed in the future, which are 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 subscription of Shares in the JV Company shall be by way of internally generated funds.

## **7.0 ESTIMATED TIME FRAME**

Barring any unforeseen circumstances, the allotment of Shares in the JV Company to EIG is expected to be completed within one (1) month from the effective date of the Agreement.

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

The joint venture 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 subscribing for the Shares in the JV Company, 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 26 August 2009.