
11. STATUTORY AND GENERAL INFORMATION

11.1 SHARE CAPITAL

- (i) No shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company being ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in Section 5.2 of this Prospectus, there are at present no other schemes involving the Directors or employees in the shares of the Company or its subsidiaries.
- (iv) Save as disclosed in Sections 5.5 and 5.6 of this Prospectus, no shares, stocks or debentures in Esthetics or its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up for cash or otherwise, within the two (2) years preceding the date of this Prospectus.
- (v) None of the capital of the Company or any of its subsidiaries is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.
- (vi) The Company and its subsidiaries have no outstanding convertible debt securities.
- (vii) Save as disclose in Section 5.2 of this Prospectus, there is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.

11.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association:-

Terms defined in the Company's Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

11.2.1 Changes in capital and variation of class rights

The provisions in the Articles of Association of the Company as to the changes in capital or variation of class rights which are no less stringent than these requirements by law are as follows:

Article 3

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, but subject to the Act and to the conditions, restrictions and limitations expressed in these Articles, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights as they think proper, and subject to such restrictions, whether in regard to dividend or otherwise as they may determine PROVIDED ALWAYS THAT:

- 3.1 no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- 3.2 no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;

11. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

- 3.3 in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- 3.4 every issue of shares or options to employees and/or Directors shall be approved by the members in general meeting and:-
- (a) such approval shall specifically detail the number of shares or options to be issued to such employees and/or Directors; and
- (b) only Directors holding office in an executive capacity shall participate in such an issue of shares or options Provided Always that a Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a public offer or a public issue;
- 3.5 in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than 10% of the nominal amount of the share;
- 3.6 the Company must ensure that all new issues of Securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such Securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose, the Company must notify the Central Depository of the names of the allottees and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the Securities Accounts of such allottees;
- 3.7 the Company must allot and issue Securities, despatch notices of allotment to the allottees and make an application for the quotation of such securities within fifteen (15) Market Days of the final applications closing date for an issue of Securities or such other periods as may be prescribed by the Exchange.

Article 4

Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed provided that:-

- 4.1 the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- 4.2 the holders of preference shares shall have the same rights as the holders of ordinary shares in relation to receiving notices, reports and audited financial statements and attending general meetings of the Company but shall only have the right to vote at any meeting convened for the purpose of reducing the Company's share capital, or on a proposal to wind up the Company, or sanctioning the disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects the rights and privileges attached to the share, or when the dividend or part of the dividend on such shares is in arrears for more than 6 months and during the winding up of the Company;
- 4.3 the holders of a preference share shall be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up; and
- 4.4 the Company shall not, without the consent of the existing preference shareholders at a class meeting or pursuant to Article 15 hereof, issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

11. **STATUTORY AND GENERAL INFORMATION (Cont'd)**

Article 9

The Company shall duly observe and comply with the provisions of the Act and the Listing Requirements from time to time prescribed by the Exchange applicable to any allotment of its shares.

Article 11

Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, the Company must ensure that it shall not issue any shares or convertible Securities (as defined in Section 2 of the Securities Industry (Central Depositories) Act, 1991) if the nominal value of those shares or convertible Securities, when aggregated with the nominal value of any such shares or convertible Securities issued during the preceding 12 months, exceeds 10% of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.

Article 15

Notwithstanding Article 16 hereof, the repayment of capital of preference shares other than redeemable preference shares, or any other alteration of preference shareholder rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference shares concerned within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 16

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be 2 persons at least holding or represented by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. On a poll, the holders of the shares shall have one vote for every share of the class held by them respectively. To every such special resolution, the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 17

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects pari passu therewith.

Article 45

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Article 46

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

Article 47

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company. All new shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and instalments, transfer, transaction, transmission, forfeiture, lien or otherwise and shall also be subject to the Rules.

Article 48

48.1 The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is subdivided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares; or
- (c) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

11. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

48.2 The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by law.

11.2.2 Transfer of securities

The provisions in the Articles of Association of the Company in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:

Article 37

Subject to the provisions of the Central Depositories Act (means the Securities Industry (Central Depositories) Act, 1991), the Rules and these Articles, any member may transfer all or any of his Securities by the form prescribed under the Rules and any other applicable laws. The transfer of any Listed Security or class of Listed Security in the Company shall be by way of book entry by the Central Depository in accordance with the Rules and notwithstanding Section 103 and Section 104 of the Act but subject to Subsection 107C(2) of the Act and any exemption that may be made from compliance with Subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Listed Security.

Article 38.1

The instrument of transfer of a share shall be signed by or on behalf of the transferor and transferee provided that subject to compliance with the Central Depositories Act and the Rules, an instrument of transfer in respect of which the transferee is Central Depository shall be effective although not signed by or on behalf of the Central Depository if it has been certified by an authorised depository agent pursuant to Section 18 of the Central Depositories Act.

Article 38.2

Nothing in these Articles shall preclude the directors from recognising a renunciation of the allotment of any securities by the allottee in favour of some other person.

Article 38.3

Subject to the provisions of the Act, the Central Depositories Act and the Rules, neither the Company nor the directors nor any of its officers shall incur any liability for registering or acting upon a transfer of securities by registered Holders apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to Company or the directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee and/or particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Article 39

Subject to these Articles, there shall be no restriction on the transfer of fully paid securities except where required by law. However, no shares shall in any circumstances be knowingly transferred to any infant, bankrupt or person of unsound mind. In the case of deposited securities, the Central Depository may refuse to register any transfer that does not comply with the Central Depository Act and the Rules.

11. STATUTORY AND GENERAL INFORMATION (*Cont'd*)

Article 40

Any person becoming entitled to a share which is a Deposited Security in consequence of the death or bankruptcy of a member may apply to the Central Depository to transfer the shares into his Securities Account supported by the relevant documents and in accordance with the Central Depositories Act and/or the Rules. The said person shall deliver or send to the Company and the Central Depository a written notice signed by him/her expressing his aforesaid intention provided that notice in writing thereof has been given to the Company. Subject to the Act, the Central Depositories Act and the Rules a person becoming entitled to a Security by reason of the death or bankruptcy of the holder thereof shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Security, except that he shall not before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided further always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Security and if the notice is not complied with within thirty (30) days the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Security until the requirements of the notice have been complied with.

Article 40A

(1) Where:-

- (a) the Securities of the Company are listed on an Approved Market Place; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such Securities.

- (2) For the avoidance of doubt, if the Company fulfils the requirements of sub-Articles (1)(a) and (b) of Article 40A above, the Company shall not allow any transmission of Securities from the Malaysian Register into the Foreign Register.

11.2.3 Directors' remuneration

The provisions in the Company's Articles of Association dealing with the remuneration of the Directors are as follows:

Article 95

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

- 95.1 fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- 95.2 salaries payable to executive Directors may not include a commission on or percentage of turnover;
- 95.3 fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- 95.4 any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 96

- 96.1 The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
- 96.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

Article 127

The remuneration of the Managing Director or Deputy or Assistant Managing Director shall subject to the terms of any agreement entered into in any particular case may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

11.2.4 Voting and borrowing powers of directors

The provisions in the Company's Articles of Association dealing with the voting and borrowing powers of Directors in proposals, arrangements or contracts in which they are interested are as follows:

Article 100.1

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party Provided Always that nothing contained in these Articles shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

Article 103

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established provided always that Sections 131 and 132E and all other relevant provisions of the Act, the Listing requirements and these Articles are complied with.

Article 109

A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under these Articles vested in or exercisable by the Directors generally. Subject to these Articles, questions arising at any meeting of the Directors shall be decided by a majority of votes.

Article 110

In the case of an equality of votes, the Chairman shall have a second or casting vote PROVIDED THAT where 2 directors form a quorum, the Chairman of a meeting at which only such quorum is present, or at which only 2 directors are competent to vote on the question at issue, shall not have a casting vote.

Article 115

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company.

Article 117

Subject to Article 115, a Director may vote in respect of:-

- 117.1 any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- 117.2 any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security;

By ordinary resolution of the Company the provisions of this Article may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Article may be ratified.

11. STATUTORY AND GENERAL INFORMATION *(Cont'd)*

11.3 PROMOTERS, DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names, addresses and occupations of the Directors are set out in Section 1 of this Prospectus.
- (ii) A Director is not required to hold any qualification shares in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) The Promoters have not received any amounts or benefits paid or intended to be paid or given by the Company other than by virtue of their directorships and their employment by the Company as disclosed in Section 6.2.4 of this Prospectus within two (2) years preceding the date of this Prospectus.
- (iv) The Directors and their respective interests, direct and indirect, in the shares of the Company before and after the Initial Public Offering are as follows:

Name	Before the Initial Public Offering ⁽ⁱ⁾				After the Initial Public Offering			
	----Direct----		---Indirect---		---Direct---		---Indirect---	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Lim Yee Soon	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Melissa M. Chen	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Kan Kok Chee	14,176,806	14.7	-	-	13,200,000	11.0	-	-
Chieng Ing Huong	-	-	-	-	-	-	-	-
Wong Chin Mun	-	-	-	-	-	-	-	-

Note:

- (i) Based on the Register of Directors shareholdings as at 27 January 2004

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11. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (v) The substantial shareholders of the Company and their respective interests, direct and indirect, in the shares of the Company before and after the Initial Public Offering are as follows:

Name	Before the Initial Public Offering ⁽ⁱ⁾				After the Initial Public Offering			
	---Direct---		---Indirect---		---Direct---		---Indirect---	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Lim Yee Soon	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Melissa M. Chen	28,353,600	29.3	-	-	26,400,000	22.0	-	-
Kan Kok Chee	14,176,806	14.7	-	-	13,200,000	11.0	-	-
Datin Nonadiah Binti Abdullah	12,888,002	13.3	-	-	12,000,000	10.0	-	-
Dato' Mohamad Wajdi Bin Haji Ishak	12,887,992	13.3	-	-	12,000,000	10.0	-	-

Note:

(i) Based on the Register of Substantial Shareholders as at 27 January 2004.

- (vi) None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the promotion of, or in any assets acquired or proposed to be acquired or disposed of or leased to the Company or its subsidiaries or proposed to be acquired, disposed of or leased to the Company or its subsidiaries within the two (2) years preceding the date of this Prospectus.
- (vii) None of the Directors or substantial shareholders of the Company has any interest, direct or indirect in any contract or arrangement, which is significant in relation to the business of the Company and its subsidiaries subsisting at the date of this Prospectus.

11.4 GENERAL

- (i) The nature of the business of the Company is as described under Section 5.1 of this Prospectus. The corporations which are deemed to be related to the Company by virtue of Section 6 of the Act have been disclosed in Section 5.6 of this Prospectus.
- (ii) The date and time of the opening and closing of the Applications of the Initial Public Offering is as set out under Section 12 of this Prospectus.
- (iii) The amount payable in full on application is RM0.75 per share.
- (iv) The name and address of the Reporting Accountants are set out in Section 1 of this Prospectus
- (v) The aggregate expenses incidental to the listing of Esthetics is estimated at RM2.5 million and will be borne by the Company.
- (vi) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is as set out in Section 12 of this Prospectus.
- (vii) Save for EIHK and DCCL, the Company and its subsidiary and associated companies have not established a place of business outside Malaysia.

11. STATUTORY AND GENERAL INFORMATION *(Cont'd)*

11.5 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:-

- (i) Public take-over offers by third parties in respect of the shares of the Company and its subsidiary companies; and
- (ii) Public take-over offers by the Esthetics Group in respect of the shares of the other companies.

11.6 MATERIAL LITIGATION

As at 27 January 2004, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors have no knowledge of any proceedings pending or threatened or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and/or its subsidiaries.

11.7 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by Esthetics and its subsidiaries during the two (2) years immediately preceding 27 January 2004:

- (i) Sale and Purchase Agreement dated 4 June 2003 between Lorna Elsin Theseira (“the Vendor”) and BLFISB (“the Purchaser”) for the sale of the premises bearing the postal address No. 26-R, Jalan Masjid Negeri, 11600 Penang. The purchase price of the property is RM1,300,000. Upon signing the Sale and Purchase Agreement, the Purchaser paid the Vendor 10% of the purchase price. The balance of the purchase price is to be paid within three (3) months of the date of the Sale and Purchase Agreement, with an extension period of one (1) month;
- (ii) Placement Agreement dated 30 January 2004 entered into between Esthetics and Hwang-DBS in relation to the placement of the Placement Shares and the appointment of Hwang-DBS as the Placement Agent; and
- (iii) Underwriting Agreement dated 9 February 2004 between Esthetics and Hwang-DBS for the underwriting of 10,000,000 Public Issue Shares which are available for application by the Malaysian Public and the eligible employees and business associates of the Esthetics Group. Underwriting commission is payable at the rate of 1.75% of the issue price of RM0.75 per share.

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11. STATUTORY AND GENERAL INFORMATION (Cont'd)

11.8 MATERIAL AGREEMENTS

Save as disclosed below, there are no material agreements subsisting as at 27 January 2004, being agreements entered into in the ordinary course of business, which have been entered in by Esthetics and its subsidiaries:

- (i) Agreement of Sole Distributor for ECOSPRAY on Cosmetic Market dated 10 April 2001 between DESB and LABO CHIMIE FRANCE sarl. ("LBC") for the appointment of DESB as the sole distributor of Ecospray in Malaysia, Singapore, Thailand, Indonesia, Hong Kong, China, Vietnam, Cambodia, Japan, Korea, Taiwan and the Philippines ("Territory") for the cosmetic market only. The agreement is for a period of five (5) years commencing from 10 March 2001 and shall be automatically renewed for a further period of five (5) years provided DESB is not in breach of the minimum purchase requirements. The governing law for the agreement is French law and any dispute between the parties shall be resolved by arbitration. DESB must purchase a minimum quantity of 5,000 units of "Ecospray Ecological Sprayer" per year for all countries in the Territory.
- (ii) Distribution Agreement dated 1 May 2002 between DESB and DI for the grant of the exclusive right to DESB to import, sell and distribute certain products presently manufactured and sold by DI in the Territory. Such exclusive rights include the right of DESB (subject to DI's approval) to appoint a sub-distributor in the Territory. In addition, DI grants DESB the right of first refusal for the exclusive right to import, sell and distribute in the Territory, new products manufactured and sold by DI.

Subject to compliance of the terms of the Distribution Agreement by DESB, the duration of the Distribution Agreement is ten (10) years commencing from 1 May 2002 with an option to DESB to automatically renew the Distribution Agreement for another term of five (5) years.

Purchase requirements

DESB agrees that it will initiate and sustain education, marketing and selling plans, programs and activities that will result in DESB achieving the purchase requirements stipulated by DI as follows:

- (a) in financial year ended 31 January 2003 – USD3.8 million;
- (b) in each succeeding financial year, the purchase requirements shall increase by 8.5% from each preceding financial year.

Should DESB fail to meet 95% of the aggregate purchase requirement for any two (2) consecutive financial years of DESB, DI shall be entitled to terminate the Distribution Agreement.

Trademarks and intellectual property

Under the Distribution Agreement, DI warrants and undertakes that it is the legal and beneficial owner of and has the exclusive worldwide rights to the trademarks, patents, trade names, trade dress, copyrights, package designs, slogans, logos, domain names and all other form of intellectual property rights used in connection with the products and names and/or marks "Dermalogica", "Leonard Drake" "International Dermal Institute" "IDI", "Dermal Group" "Dermal Products" and all derivations of the foregoing and all the registrations and applications for registration of the same and DESB hereby assigns to DI any and all such rights to the marks and otherwise it may now have or hereafter may acquire.

DI further warrants and undertakes that it is the legal and beneficial owner of and has the exclusive and proprietary rights to all designs, structures, mechanisms, ingredients,

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

techniques, formulas, know-how, utilised in connection with the products and DESB agrees not to utilise the designs except for marketing and sale of the products .

Under the Distribution Agreement, DI also grants DESB the exclusive right to use the DI-owned mark "Leonard Drake" as a company name and to operate skin care centers in the Territory using the said name. DI shall have the exclusive right to control the nature and the quality of goods and services offered in connection with the use of the name "Leonard Drake".

Marketing, Sales & Education

Under the Distribution Agreement, DESB shall not sell any of the products via a website using the internet or via any form of e-commerce unless with prior written approval from DI. With DI's prior written approval, DESB may register a domain name containing DI-owned intellectual properties "Dermalogica", "Leonard Drake" or the name of the Dermalogica product.

DESB agrees that in each country within the Territory, it will at all times employ a full time, qualified English-fluent education manager dedicated exclusively to educating the sales force and the customers about the products. DESB agrees to refrain in relation to the products from (i) seeking or servicing customers outside the Territory, (ii) establishing any branch outside the Territory and (iii) maintaining any distribution branch outside the Territory.

Non-competition

Under the Distribution Agreement, DESB shall not directly or indirectly and no subsidiary of DESB shall directly or indirectly manufacture, sell through any other person, organisation, entity or enterprise which sells, advertises or distributes any skin care products which are sold through the same distribution channels as the products in any country of the world where DI intends to directly or indirectly is selling or intends to sell the products unless DI consents to in writing in advance. However, this restriction does not apply to the skin care products currently manufactured, sold, advertised or distributed by DESB.

Change in control

Under Article 22 (as amended by Addendum C) of the Distribution Agreement, in the event a Material Change is proposed by either DESB or DI, the party proposing the change shall inform the other party in writing not less than 60 days in advance of such proposed Material Change.

The other party shall then have the right to renegotiate the terms and conditions of the Agreement. Such re-negotiation shall not result in the termination of the Agreement, save and except where a competitor of DI or a distributor of products competitive to DI proposes to assume management control of DESB.

In addition, if the said competitor's proposal involves its acquisition of Lim Yee Soon's and/or Melissa M Chen's controlling interest in the holding company of DESB, Lim Yee Soon and/or Melissa M Chen shall first obtain the prior written consent of DI for the same.

"Material Change" in the Distribution Agreement is defined to include a change where Lim Yee Soon and/or Melissa M Chen no longer have management control of either DESB or any of DESB's subsidiaries or associated companies (provided those subsidiaries or associated companies are involved in the business of distributing and marketing of skincare products through professional skincare channels); or the present shareholders of DI cease to jointly hold more than 51% of the ordinary shares of DI.

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

Termination

In the event DESB:

- (a) commits a material breach of its obligations under the Distribution Agreement, and (if remediable) fails to remedy such breach within thirty (30) days;
- (b) enters into voluntary liquidation;
- (c) enters into any composition or arrangement with creditors; and
- (d) appoints a receiver over the whole or any material part of its assets;

then DI shall have the right to terminate the Distribution Agreement in its entirety by notice in writing to DESB. This right to terminate must be exercised within six (6) months from the date of the occurrence of the terminating event.

DI may terminate the Distribution Agreement upon the occurrence of the following, provided that DI is not in breach of the Distribution Agreement:

- (a) DESB's failure to meet the minimum purchase requirement;
- (b) DESB's sale of other products in violation of the Distribution Agreement;
- (c) DESB's failure to make payment to DI or to supply or maintain an Letter of Credit ("LOC") or to maintain any other payment method approved in writing by DI after thirty (30) days notice given to DESB;
- (d) change of control without approval of DI;
- (e) DESB's filing for registration of any DI or related mark or design or other intellectual property belonging to DI (unless approved in writing); and
- (f) DESB's taking or allowing any action or engaging in any illegal or unethical conduct that is proven to materially damage the brand name or reputation of DI or the products;

DESB at its option may terminate the Distribution Agreement with sixty (60) days advance written notice to DI.

Assignment

DESB shall have no right to assign or transfer the Distribution Agreement or any interest or obligation under the Distribution Agreement without DI's prior written consent.

Law and jurisdiction

All matters relating to the Distribution Agreement and any dispute arising thereunder shall be solely and exclusively governed by the laws of California, excluding its conflict of laws rule.

- (iii) Agreement dated 1 May 2002 between Eve Taylor (London) Ltd and DESB for the appointment of DESB as the exclusive distributor for the range of essential oils and aromatherapy products manufactured by Eve Taylor in Malaysia, Singapore, Thailand, Hong Kong, Indonesia, Philippines, Vietnam and Cambodia. The term of the said agreement is for an initial period of ten (10) years from the date of the agreement and shall be renewed for a further term of five (5) years provided that the distributor achieves the minimum target as mutually agreed to between the parties. DESB shall purchase for sale in the Territory products of an agreed minimum value each year. The minimum value agreed by both parties for the first ten (10) years are GBP55,000 (year 1), GBP68,000 (year 2), GBP80,000 (year 3), GBP96,000 (year 4), GBP115,000 (year 5), GBP130,000 (year 6), GBP145,000 (year 7), GBP160,000 (year 8), GBP180,000 (year 9) and GBP200,000 (year 10) respectively.
- (iv) Sole Distributor Agreement dated 28 April 2002 between Nemectron GmbH ("Nemectron") and DESB, whereby Nemectron grants to DESB the exclusive rights for the sales of its range of Electro-Cosmetic (Beauty) Equipment in Malaysia. The term of the said agreement is for one (1) year commencing 1 May 2002 and ending 30 April 2003. Upon expiry, the term of

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

the agreement is automatically extended for successive periods of one (1) year. Such extensions are conditional upon DESB achieving a minimum sales target of EUR100,000 in the first year of the agreement, and subsequently the target will be increased by 10% of the previous year's sales.

- (v) Sub-distribution agreement dated 15 June 2002 between DESB and DCCL for the appointment of DCCL as the exclusive sub-distributor of Dermalogica products in Thailand for a period of three (3) years commencing from 15 June 2002 and ending on 14 June 2005, unless earlier terminated. DESB further grants DCCL's subsidiary, Leonard Drake (Thai) Co. Ltd. to use the name "Leonard Drake" in Thailand for the duration of the said Agreement. DCCL's minimum Freight on Board ("FOB") purchases shall not be less than USD170,000, USD200,000 and USD230,000 for the periods from 1 February 2002 to 31 January 2003, from 1 February 2004 to 31 January 2004 and from 1 February 2004 to 31 January 2005, respectively.
- (vi) Sub-distribution Agreement dated 15 June 2002 between DESB and Ina Gail Pte Ltd ("Ina Gail") for the appointment of Ina Gail as the exclusive sub-distributor of Dermalogica products in Singapore for a period of three (3) years commencing from 15 June 2002 and ending on 14 June 2005, unless earlier terminated. DESB further grants Ina Gail's holding company, Bristar Asia Limited the non-exclusive right to use the name "Leonard Drake" in Singapore and Hong Kong for the duration of the said agreement. Ina Gail's minimum FOB purchases shall not be less than SGD2.7 million, SGD3.1 million and SGD3.6 million for the periods from 1 February 2002 to 31 January 2003, from 1 February 2004 to 31 January 2004 and from 1 February 2004 to 31 January 2005, respectively.
- (vii) Provisional Agreement dated 1 September 2002 between DI and Esthetics (together "Dermalogica") and Rustan Commercial Corporation ("Rustan") for the engagement of Rustan as exclusive distributor in the Philippines of Dermalogica products for a three (3)-year period of provisional exclusivity commencing from 1 October 2002 and ending on 30 September 2005. The agreement shall be extended for a second three (3)-year period if Dermalogica are satisfied with Rustan's performance. In addition, Rustan is given the right to appropriately use Dermalogica's trademark for the sale, education, promotion and marketing of the products. Rustan's minimum FOB purchases shall not be less than USD35,000, USD55,000, USD80,000, USD105,000, USD135,000 and USD165,000 for the periods from 1 October 2002 to 31 March 2003, from 1 April 2003 to 30 September 2003, from 1 October 2003 to 31 March 2004, from 1 April 2004 to 30 September 2004, from 1 October 2004 to 31 March 2005 and from 1 April 2005 to 30 September 2005, respectively.
- (viii) Distribution Agreement dated 15 December 2002 between Bellex Global Inc ("Bellex") and ECSB for the engagement of ECSB as the exclusive distributor in Malaysia/Brunei, Singapore, Hong Kong, Indonesia and Philippines for the sale of products that Bellex manufactures or distributes either on its own or on OEM basis ("the Products"). The agreement commences on 15 December 2002 and shall continue for three (3) years, unless terminated earlier. It shall be extended for a second period of three (3) years, subject to the review of the minimum purchases of products. However, if the parties cannot agree upon the terms for a second three (3)-year period, ECSB will be entitled to the non-exclusive selling rights of the Products for a period of 1 year after expiration of the first three (3)-year period. The minimum value of the Products for sale each year are USD150,000 (year 1), USD240,000 (year 2) and USD330,000 (year 3).
- (ix) Distribution Agreement dated 29 April 2003 between AMSB and Averine (UK) Limited ("Averine (UK)") for the engagement of Averine (UK) as the exclusive distributor in England, Wales, Scotland and Northern Ireland for the sale of Averine Paris skin care cosmetics for an exclusivity period of one (1) year commencing from 16 May 2003 to 15

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

May 2004. At the end of the period of exclusivity, provided all the performance criteria have been satisfied, AMSB shall enter into a definitive three (3)-year agreement with Averine (UK). Averine (UK) further undertakes to surrender the company name "Averine (UK) Ltd" to AMSB upon the termination of the Agreement. The minimum FOB purchases for Averine (UK) shall not be less than USD50,000 and USD100,000 for the periods from 16 May 2003 to 15 November 2003 and from 16 November 2003 to 15 May 2004, respectively.

- (x) Distributor Contract dated 1 May 2003 between Weyergans High Care AG ("Weyergans") and DESB for the engagement of DESB as the exclusive distributor in Singapore, Malaysia, Vietnam and Hong Kong (except one country) of the goods and products of Weyergans. The agreement commences from the date of signature, and will be valid till the end of April 2008 if the sales targets are achieved. Extension of the said agreement and negotiations for new sales targets will be discussed latest by mid-2007. The minimum purchase targets for DESB are EURO140,000 (year 1), EURO154,000 (year 2), EURO169,000 (year 3), EURO185,000 (year 4) and EURO200,000 (year 5).
- (xi) Distributorship Agreement dated 27 May 2003 between DANYCARE Medical Beauty GmbH ("DANYCARE") and DESB whereby DESB is granted the exclusive right to purchase and resell all cosmetic and medical products of DANYCARE within Singapore, Malaysia, Brunei, Vietnam, Cambodia, Thailand, Philippines, Indonesia, Taiwan and Hong Kong. ("Territory") The agreement commences from the date of signature, and will be binding for a period of thirty-six (36) months. Six (6) months before the end of the contractual period, the parties will meet for further negotiations. The Distribution Agreement is governed by German law. DESB is committed to purchase the maximum quantity of T-AWAY and BEAUTYTEC SIM in the Territory and the details are (a) 140 pcs. T-AWAY resp. BEAUTYTEC SIM for the period from 1 June 2003 to 31 May 2005 and EURO500,000 for the period from 1 June 2005 to 31 May 2006.
- (xii) International Distribution Agreement dated 9 July 2003 between ECSB and SkinMedica, Inc. ("SMI") for the appointment of ECSB as the exclusive distributor of products manufactured by SMI to dermatologists and physicians within Malaysia, Singapore, Thailand, Indonesia and the Philippines. The agreement is for a term of five (5) years commencing from the date of the agreement and shall expire thereon unless extended by the written agreement of both parties. In the performance of the agreement, ECSB shall be permitted to use the trademarks and copyrighted material of SMI. The agreement is governed by the laws of the state of California in the USA and any dispute shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. In respect of each calendar year, ECSB shall purchase the minimum quantities (as listed in Exhibit B of the agreement) of the products for such year.
- (xiii) Sole Distributor Agreement dated 15 July 2003 between ROS'S ESTETICA Y ELECTROMEDICINA, S.A. ("ROS'S") and EIHK for the appointment of EIHK as the distributor of the products manufactured by ROS'S within Vietnam, Thailand, Indonesia and Hong Kong. The agreement is for a four (4) year term, commencing from the date of signature, and is governed by the laws of Spain. The minimum cumulative purchase targets agreed upon by ROS'S and DESB are EURO130,000 (year 1), EURO310,000 (year 1 and 2), EURO550,000 (year 1 to 3) and EURO870,000 (year 1 to 4).
- (xiv) Own Brand Machine Agreement dated 15 July 2003 between ROS'S ESTETICA Y ELECTROMEDICINA, S.A. ("ROS'S") and DESB for the appointment of DESB as the marketer and distributor of the products manufactured by ROS'S within the following territories: Vietnam, Malaysia, Singapore, Thailand, Indonesia and Hong Kong and other Far East countries. The agreement is governed by the laws of Spain. ROS'S commits to supply DESB not less than eighty (80) units of Complet and Krión each.

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

11.9 CONSENTS

- (i) The written consents of the Adviser, Managing Underwriter, Underwriters, Solicitor, Principal Bankers, Share Registrar, Company Secretaries, Placement Agent, Issuing House and Vital Factor Consulting Sdn Bhd to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and their letters relating to the consolidated profit estimate and profit forecast for the financial years ended/ending 31 January 2004 and 31 January 2005 respectively and the proforma consolidated balance sheets as at 31 August 2003 in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

11.10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of Esthetics at Level 7, Setia 1, 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of the Company;
- (ii) The Accountants' Report and Directors' Report as included in Sections 8 and 10 of this Prospectus respectively;
- (iii) The Reporting Accountants' letter relating to the consolidated profit estimate and profit forecast for the financial years ended/ending 31 January 2004 and 31 January 2005 respectively and the proforma consolidated balance sheets as at 31 August 2003 as included under Sections 7.6 and 7.11 of this Prospectus respectively;
- (iv) The material contracts referred to in Section 11.7 of this Prospectus;
- (v) The material agreements referred to in Section 11.8 of this Prospectus;
- (vi) The audited financial statements of Esthetics Group for the past five (5) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;
- (vii) The audited financial statements of AMSB for the past five (5) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;
- (viii) The audited financial statements of DCCL for the past four (4) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;
- (ix) The audited financial statements of DESB for the five (5) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;
- (x) The audited financial statements of ECSB for the past five (5) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;

11. STATUTORY AND GENERAL INFORMATION (Cont'd)

- (xi) The audited financial statements of EHK for the period ended 2 June 2000 (date of incorporation) to 31 January 2002, financial year ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;
- (xii) The audited financial statements of HTT (KL) for the five (5) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;
- (xiii) The audited financial statements of BLFISB for the five (5) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;
- (xiv) The audited financial statements of LDM for the five (5) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003;
- (xv) The audited financial statements of LDFM for the five (5) financial years ended 31 January 2003 and audited financial statements for the seven (7)-month period ended 31 August 2003; and
- (xvi) The letters of consent referred to herein under Section 11.9 of this Prospectus.

11.11 RESPONSIBILITY STATEMENT

This Prospectus has been seen and approved by the Directors and Promoters of the Company and the Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading. The Directors of the Company hereby accept full responsibility for the profit estimate and profit forecast included in this Prospectus and confirm that the profit estimate and profit forecast have been prepared based on assumptions made.

Hwang-DBS acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts concerning the Initial Public Offering and is satisfied that the consolidated profit estimate and profit forecast (for which the Directors are fully responsible) prepared for inclusion in this Prospectus have been stated by the Directors of the Company after due and careful enquiry and have been duly review by the Reporting Accountants.

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