
VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

1. DIRECTORS

1.1 The profiles of the Directors of DXN are as follows:

Dr. Lim Siow Jin, aged 43, is the founder of DXN and was appointed as Executive Chairman/Chief Executive Officer on 3 April 1996. He graduated in 1984 from the Indian Institute of Technology with a Bachelor of Technology degree in 1984. Upon graduation, he conducted research for more than 10 years on the health benefits of the Ganoderma mushroom. In 1997, he was conferred the Doctorate of Philosophy (PhD) in Alternative Medicine by the Indian Board of Alternative Medicine.

He worked as an engineer with the MUDA Agriculture Development Authority in Kedah from 1984 to 1994 prior to forming DMSB in 1995, the first company in the DXN Group. He is currently responsible for setting the directions for the Group's business strategies, marketing plans and R&D.

Lim Boon Yee, aged 39, was appointed the Managing Director of DXN on 22 November 1998. He graduated in 1990 with a Bachelor of Business Administration degree majoring in Accountancy and International Trade from Soochow University, Taiwan. In 2001, he graduated with a Masters of Business Administration degree from the National University of Singapore. He is also a member of the Malaysian Institute of Management.

He worked as an Audit Manager in Taiwan with Reality United Firm (Taiwan) Limited from 1990 to 1996 prior to joining DXN. He brings to the Group his experience in administration, operation systems and internal control systems. He is currently responsible for the Group's management and administration.

Lim Yew Lin, aged 35, was appointed as the Executive Director of DXN on 21 February 2002. She was admitted as an associate member of the Chartered Institute of Management Accountants in 2001 and is a member of the Malaysian Institute of Accountants. From 1990 to 1991, she worked as an accounts clerk in Khoon Peng Trading Sdn Bhd and subsequently joined Takwong (Kedah) Sdn Bhd as an Account Assistant from 1992 to 1993. She joined DXN as Assistant Financial Manager in 1995 and was promoted to Financial Manager in 1997. She was subsequently promoted to Corporate Finance Manager in 1999. She is responsible for maintaining and overseeing the DXN Group's finance. She brings her experience in accounting and financial management to the Group.

Leong Bee Ling, aged 46, was appointed as a Non-Independent Non-Executive Director of DXN on 3 April 1996. She started her career in 1978 as an accounts clerk with Berjaya Housing Development Sdn Bhd and subsequently joined Bridgecon Engineering Sdn Bhd from 1989 to 1992. She joined Wong Fook Wah Construction Sdn Bhd from 1992 to 1993. She joined DMSB in 1996 as a Director.

Tengku Farith bin Rithauddeen, aged 32, was appointed as a Non-Independent Non-Executive Director of DXN on 11 August 2003. He graduated in 1992 with a Bachelor of Arts in Economics from Carleton University, Ottawa, Canada. He started his career in 1993 in the corporate finance department of CIMB. He then joined Road Builders (M) Holdings Berhad in 1994 as a Business Development Manager. In 1997, he founded Alam Teknokrat Sdn Bhd which is better known as SKALI and holds the position of President of SKALI till today. He is the Deputy President of Technopreneurs Association of Malaysia and sits on the National Information Technology Council. He is also Deputy President of the New Entrepreneur Forum which was established to promote the development of Bumiputera internet entrepreneurs or netpreneurs. He was selected as a Global Leader for Tomorrow in 2002 by the World Economic Forum.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Tengku Dato' Abdul Hamid Thani Ibni Sultan Badlishah, aged 52, was appointed as an Independent Non-Executive Director of DXN on 11 August 2003. He graduated in 1971 from the Mara Institute of Technology with a diploma in hotel management. He started his career as a management trainee with Hilton Hotel in Singapore and was later transferred to Hilton Hotel in Kuala Lumpur in 1976 until 1982. He joined Spicers Sdn Bhd, a paper trading company in 1982. He then joined Price and Pierce (Malaysia) Sdn Bhd, a paper trading company in 1995 and Meruutama Corporation Sdn Bhd in 2002 as an Executive Chairman until now. He has also been a director of Merbok Hilir Berhad, a medium density fibre board manufacturing company from 2000 until now.

Poo Ah An, aged 57, was appointed as an Independent Non-Executive Director of DXN on 11 August 2003. He retired in 2000 as a Deputy Superintendent of Police. He joined Trek Systems (M) Sdn Bhd in 2003, a subsidiary of Trek 2000 International Ltd which is a public company listed in Singapore as an Executive Director overseeing the operations of its Malaysian subsidiary.

Ooi Soo Kok, aged 50, was appointed as an Independent Non-Executive Director of DXN on 11 August 2003. He qualified as a Certified Public Accountant from the Malaysian Association of Certified Public Accountants in 1978 and is a member of the Malaysian Institute of Accountants and a fellow of the Malaysian Institute of Taxation. He started his career with Peat Marwick Mitchell & Co. as an Articled Clerk in 1973 and subsequently joined Tan Chong Motor Holdings Bhd as the Financial Control Manager from 1980 to 1983. He then set up Por Ooi & Co. as a partner from 1983 to date.

- 1.2 Save as disclosed below, none of the Directors of DXN has any previous or existing directorships or major shareholdings in other public companies for the past 2 years preceding the date of this Prospectus.

Tengku Dato' Abdul Hamid Thani Ibni Sultan Badlishah was appointed as a Director of Merbok Hilir Berhad on 20 September 2000 and as at the date of this Prospectus, he does not hold any equity interest in Merbok Hilir Berhad.

- 1.3 The aggregate remuneration paid to the Directors of the Company for services rendered to the Group in all capacities for the financial year ended 28 February 2003 amounted to RM2.812 million. For the financial year ending 29 February 2004, the amount payable to the Directors of the Company for services rendered to the Group in all capacities is forecast to be approximately RM2.896 million.

The number of Directors of the Company in the various remuneration bands are set out below:

	Financial years ended / ending					
	<----- 28 February 2003 ----->			<----- 28 February 2004 ----->		
	Executive Directors	Non-executive Directors	Total	Executive Directors	Non-executive Directors	Total
Below RM200,000	-	-	-	-	4	4
RM200,000 and RM300,000	-	-	-	-	-	-
RM300,000 and above	3	1	4	3	1	4

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- 1.4 Save for Lim Boon Yee who is an Executive Director of DXN Development Sdn Bhd (“DXN Development”), none of the other executive directors are involved in other businesses and/or corporations. Lim Boon Yee in his capacity as an Executive Director of DXN Development spends approximately 5% of his time in DXN Development. His involvement in DXN Development is not expected to have a material effect on the amount of time spent in his capacity as the Managing Director of DXN.

2. AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

Name	Responsibility	Directorship
Ooi Soo Kok	Chairman of the Committee	Independent Non-Executive
Lim Yew Lin	Member of the Committee	Executive
Poo Ah An	Member of the Committee	Independent Non-Executive

3. KEY MANAGEMENT

- 3.1 The profiles of the key management of the DXN Group are as disclosed below:

Tan Young Tat, aged 32, is the Group’s Head of Corporate Finance. He joined DXN as Head of Corporate Finance in 2001 and is responsible for the establishment of the Group’s financial policy and overseeing the financial matters of the Group. Prior to joining the Group, he joined Acer Technologies Sdn Bhd in 1996 as an Associate Accountant and was promoted to an Accountant in 1998. Subsequently in 2000, he joined FMS Audio Sdn Bhd as an Accountant in 2000 and was subsequently promoted to Senior Accountant in 2001 to supervise the finance department’s operations until September 2001.

Goh Kok Seng, aged 37, is the Group’s International Business Coordinator. He joined DXN in 2002 and is responsible for coordinating the international business matters as well as monitoring the Group’s internal controls. He joined Arthur Andersen & Co as an Audit Assistant in 1990 and was promoted to Audit Semi-senior in 1993. Prior to joining the Group, he joined KTPC Sdn Bhd in 1994 as an Accounts Executive and was promoted to Finance Manager in 1999.

Triono Untung Piryadi, aged 37, is the Farm Manager of DXN Pharma. He graduated with a Bachelor of Science degree in 1987 and a Masters of Science in 1991 from the University of Gadjaja Mada, Indonesia. He joined DXN Pharma in 2000 as R&D Consultant and subsequently, in 2002 was promoted to Farm Manager. As the Farm Manager, he is responsible for overseeing the operations of the Ganoderma farm. He began his career in 1991 when he joined PT Inti Mekar Sejati, Indonesia, as Farm Manager until 1999. Prior to joining the Group, he joined Mbrio Laboratory, Indonesia as a Scientific Staff, conducting R&D on edible and medicinal mushrooms.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Ooi Chaw Ying, aged 31, is the Group's International Information Technology ("IT") Manager. She graduated in 1996 with a Bachelor of Information Technology degree from Universiti Utara Malaysia. She joined DXN as a System Analyst in 1997. In 1999, she was promoted to IT Assistant Manager and subsequently in 2002 she became the Group's International IT Manager. As the Group's International IT Manager, she is responsible for supporting and maintaining the Group's international IT functions and supervising the international bonus calculation. Prior to joining the Group, she was attached to City Point Shopping Galleries Sdn Bhd as an EDP Supervisor from 1996 until 1997.

Loh Pau Loon, aged 33, is DISB's Production Manager and DXN Pharma's Assistant Farm Manager. He joined DXN Pharma as Assistant Farm Manager in 2000 subsequently transferred to DISB as Production Manager in the same year. He is responsible for overseeing the Ganoderma farm and the management of DISB's factory. Prior to joining the Group, he worked with Miyao Toki (M) Sdn Bhd as a Senior Supervisor from 1991 to 1999 and was responsible for supervising the production of ceramic ware including bone China.

Heng Hau Tong, aged 35, is DXN Pharma's Factory Manager. He graduated in 1992 with a Bachelor of Science degree from Universiti Pertanian Malaysia (*now known as Universiti Putra Malaysia*). He joined DMSB in 2001 as a Product Executive and subsequently transferred to DXN Pharma as Factory Manager. He is responsible for the management of DXN Pharma's factory. He began his career in 1992 with Gold Coin Specialities Sdn Bhd as a Production Executive. In 1995, he joined Maju Heng Sdn Bhd as manager until 1996. In 1997, he joined Inbiotech Sdn Bhd as Technical Manager until 2001 before joining DXN.

Teoh Thean Yong, aged 37, is DXN's Internal Audit Senior Manager. He joined DXN in January 2003 and is responsible for planning and overseeing the internal audit function and review of the Group's internal controls. He graduated in 1988 with a Diploma in Valuation from the Universiti Teknologi Malaysia and graduated in 1996 with an Advanced Diploma in Computer Studies from Informatics Institute. He completed the Chartered Institute of Management Accountants examinations in 1992. He is a member of both the Chartered Institute of Management Accountants and the Malaysian Institute of Accountants. He began his career as a lecturer at I.P. Services Sdn Bhd in 1990 and joined Acer Technologies Sdn Bhd as an Associate Accountant in 1993. After Acer Technologies Sdn Bhd, he worked in the finance and consulting field for various companies including Tan Chong & Sons Motor Co. Sdn Bhd, Ernst & Young Consultants Sdn Bhd, Deloitte Consulting, Baan Malaysia Sdn Bhd before joining DXN.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- 3.2 Save as disclosed below, none of the key management of the DXN Group has any direct or indirect interest in the Company save for the Issue Shares reserved for the eligible Directors and employees of the DXN Group pursuant to the Offer for Sale and Public Issue as set out in Section III(2) of this Prospectus:

Name	*Direct interest		Indirect interest	
	No. of DXN Shares	Percentage of issued and paid-up share capital %	No. of DXN Shares	Percentage of Issued and paid-up share capital %
Tan Young Tat	120,000	0.05	-	-
Goh Kok Seng	20,000	@	-	-
Triono Untung Piryadi	40,000	0.02	-	-
Ooi Chaw Ying	100,000	0.04	-	-
Loh Pau Loon	60,000	0.03	-	-
Heng Hau Tong	40,000	0.02	-	-
Teoh Thean Yong	60,000	0.03	-	-

Notes:

@ Less than 0.01%.

* Being the Issue Shares allocated as part of the pink form allocation to eligible employees of DXN and its subsidiaries and assuming that they subscribe in full for their respective allocations.

- 3.3 None of the Group's key management is involved in other businesses and/or corporations.

4. PROMOTERS

- 4.1 The promoters of DXN together with their shareholdings in the Company as at the date hereof are as follows:

	Nationality/ Place of incorporation	Before the Offer for Sale and Public Issue		After the Offer for Sale and Public Issue	
		No. of DXN Shares	Percentage of issued and paid-up share capital %	No. of DXN Shares	Percentage of issued and paid-up share capital %
Dr. Lim Siow Jin	Malaysian	24,189,045	10.52	-	-
Leong Bee Ling	Malaysian	8,675,955	3.77	-	-
DGSB	Malaysia	137,135,000	59.62	122,400,000	51.00

- 4.2 The profiles of Dr. Lim Siow Jin and Leong Bee Ling are set out in Section VI(1.1) of this Prospectus while the profile of DGSB is set out in Section VI(5.5) of this Prospectus.
- 4.3 Dr. Lim Siow Jin, Leong Bee Ling and DGSB do not have any substantial shareholdings in other public corporations for the 2 years preceding the date of this Prospectus.
- 4.4 Dr. Lim Siow Jin has extensive knowledge and experience in the cultivation of Ganoderma and Mycelium and the manufacturing and sales of health products as indicated in Section VI(1.1) of this Prospectus.
- 4.5 The changes in the shareholdings of Dr. Lim Siow Jin, Leong Bee Ling and DGSB in DXN for the past 3 years prior to the date of this Prospectus are set out in Section VI(5.2).

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)
5. SUBSTANTIAL SHAREHOLDERS

- 5.1 The substantial shareholders of DXN together with their respective shareholdings in the shares of the Company as at the date hereof, before and after the Offer for Sale and Public Issue, are as follows:

Name	Before the Offer for Sale and Public Issue			After the Offer for Sale and Public Issue		
	Direct	Indirect	Percentage of issued and paid-up share capital %	Direct	Indirect	Percentage of issued and paid-up share capital %
	No. of DXN Shares	No. of DXN Shares		No. of DXN Shares	No. of DXN Shares	
Dr. Lim Siow Jin	24,189,045	⁽¹⁾ 137,135,000	59.62	-	⁽¹⁾ 122,400,000	51.00
Leong Bee Ling	8,675,955	⁽¹⁾ 137,135,000	59.62	-	⁽¹⁾ 122,400,000	51.00
DGSB	137,135,000	-	59.62	122,400,000	-	51.00
Gelombang Jasa Sdn Bhd	50,000,000	-	21.74	50,000,000	-	20.83
Tengku Farith bin Rithauddeen	-	⁽²⁾ 50,000,000	21.74	-	⁽²⁾ 50,000,000	20.83
Azmi bin Ahmad	-	⁽²⁾ 50,000,000	21.74	-	⁽²⁾ 50,000,000	20.83
Aimi Aizal bin Nasharuddin	-	⁽²⁾ 50,000,000	21.74	-	⁽²⁾ 50,000,000	20.83

Notes:

- (1) Deemed interested by virtue of their interest in DGSB pursuant to Section 6A of the Companies Act, 1965.
(2) Deemed interested by virtue of their interest in Gelombang Jasa Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

5.2 The changes in the direct shareholdings of the substantial shareholders of DXN for the past 3 years prior to the date of this Prospectus are as follows:

Name	← As at 12.07.2002 →		← As at ⁽¹⁾ 24.06.2003 →		← As at ⁽²⁾ 27.06.2003 →		← As at ⁽³⁾ 18.07.2003 →		← As at ⁽⁴⁾ 31.07.2003 →		← As at ⁽⁵⁾ 18.08.2003 →	
	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %	No. of ordinary shares of RM1.00 each	Percentage of issued and paid-up share capital %	No. of DXN Shares	Percentage of issued and paid-up share capital %	No. of DXN Shares	Percentage of issued and paid-up share capital %	No. of DXN Shares	Percentage of issued and paid-up share capital %	No. of DXN Shares	Percentage of issued and paid-up share capital %
Dr. Lim Siow Jin	150,000	40.00	150,000	40.00	600,000	40.00	6,400,000	5.18	20,125,045	14.31	24,189,045	10.52
Leong Bee Ling	150,000	40.00	129,153	34.44	516,612	34.44	3,200,000	2.59	6,643,955	4.72	8,675,955	3.77
DGSB	-	-	-	-	-	-	⁽⁶⁾ 82,334,387	66.67	82,334,387	58.53	⁽⁷⁾ 137,135,000	59.62
Gelembang Jasa Sdn Bhd	75,000	20.00	75,000	20.00	300,000	20.00	24,700,000	20.00	24,700,000	17.56	⁽⁸⁾ 50,000,000	21.74
LTAT	-	-	20,847	5.56	83,388	5.56	6,865,613	5.56	6,865,613	4.88	10,000,000	4.35

Notes:

- (1) Upon completion of Divestment to LTAT.
- (2) Upon completion of Share Split.
- (3) Upon completion of Bonus Issue.
- (4) Upon completion of Acquisitions.
- (5) Upon completion of Rights Issue.
- (6) Dr. Lim Siow Jin and Leong Bee Ling nominated the holding of 82,334,387 DXN Shares pursuant to the Bonus Issue to DGSB.
- (7) Includes 2,514,657 DXN Shares renounced by Dr. Lim Siow Jin, Leong Bee Ling and LTAT pursuant to the Rights Issue.
- (8) Includes 9,614,414 DXN Shares renounced by DGSB pursuant to the Rights Issue.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

5.3 None of the substantial shareholders of DXN have any previous or existing directorship or substantial shareholdings in other public corporations for the past 2 years preceding the date of this Prospectus.

5.4 The profile of Gelombang Jasa Sdn Bhd, a substantial shareholder of DXN is set out below:

5.4.1 Gelombang Jasa Sdn Bhd was incorporated in Malaysia under the Companies Act, 1965 on 17 July 1992 as a private limited company. The company's principal activity is that of an investment holding company. The details of its directors and substantial shareholders as at 16 August 2003 are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	Percentage of issued and paid-up share capital %	No. of Ordinary Shares	Percentage of issued and paid-up share capital %
Directors/Major shareholders					
Azmi Bin Ahmad	Malaysian	7,500	30.00	-	-
Aimi Aizal bin Nasharuddin	Malaysian	7,500	30.00	-	-
Tengku Farith bin Rithauddeen	Malaysian	10,000	40.00	-	-

5.4.2 Gelombang Jasa Sdn Bhd does not have any substantial shareholdings in other public corporations for the past 2 years preceding the date of this Prospectus.

5.4.3 The changes in the shareholdings of Gelombang Jasa Sdn Bhd in DXN for the past 3 years prior to the date of this Prospectus are as disclosed in Section VI(5.2) of this Prospectus.

5.5 The profile of DGSB, a substantial shareholder of DXN is set out below:

5.5.1 DGSB was incorporated in Malaysia under the Companies Act, 1965 on 18 April 2000 as a private limited company. The company's principal activity is that of an investment holding company. The details of its directors and substantial shareholders as at 16 August 2003 are as follows:

Name	Nationality	Direct		Indirect	
		No. of ordinary shares	Percentage of issued and paid-up share capital %	No. of Ordinary Shares	Percentage of issued and paid-up share capital %
Directors/Major shareholders					
Dr. Lim Siow Jim	Malaysian	1	50.00	-	-
Leong Bee Ling	Malaysian	1	50.00	-	-

5.5.2 DGSB does not have any substantial shareholdings in other public corporations for the past 2 years preceding the date of this Prospectus.

5.5.3 The changes in the shareholdings of DGSB in for the past 3 years prior to the date of this Prospectus are as disclosed in Section VI(5.2) of this Prospectus.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

6. SERVICE AGREEMENTS

None of the Directors and the key management of the DXN Group has any existing or proposed service agreements with the Company or any of its subsidiaries.

7. RELATIONSHIPS AND ASSOCIATION

Save as disclosed below, there is no other relationship and association between the substantial shareholders, promoters, Directors of the Company and the key management of the DXN Group:

- (i) Leong Bee Ling is the spouse of Dr. Lim Siow Jin;
- (ii) Lim Boon Yee and Lim Yew Lin are the brother and sister of Dr. Lim Siow Jin, respectively;
- (iii) Dr. Lim Siow Jin and Leong Bee Ling each hold 50% of the equity interest in DGSB; and
- (iv) Tengku Farith bin Rithauddeen holds 40% equity interest in Gelombang Jasa Sdn Bhd.

8. EMPLOYEES

As at 16 August 2003, the DXN Group has a total of 782 employees. None of the Group's employees are members of any labour union and there has been no industrial or labour disputes between the Group and its employees. The breakdown of the total number of employees into categories and the average number of years of service as at 16 August 2003 are as follows:

Category	Total number of employees	Average number of years of service
Managerial and professional	64	3.54
Technical and supervisory	154	2.39
Clerical	177	2.08
General workers	11	3.48
Factory workers	376	2.90

The type and number of on-going, planned and completed training and development programmes of the DXN Group for the financial year ended 28 February 2003 and the financial year ending 29 February 2004 are as follows:

Type of programme	<-----No. of programmes----->	
	Completed	On-going/planned
Technical	4	3
Managerial	8	1
Others	9	6
Total	21	10

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

9. MANAGEMENT SUCCESSION PLAN

The Group places high priority on ensuring that there is continuity in the Group's management team so as to ensure continuity and to maintain its level of competitiveness in the industry. To achieve this, it is the policy of the Group to groom the lower and middle management staff to gradually assume the responsibilities of the senior management and also as part of its employees' career advancement programme. The Group's strategy for management continuity is driven by its top management. The Executive Chairman/Chief Executive Officer, together with the Executive Directors are involved in the process of identifying key competencies/requirements for managers and higher positions. Job and candidate profiles are developed for management position in line with the business goals, strategies and culture of the Group.

Upon the management staff joining the Group, a formal induction programme is carried out and the Group's history, business objectives, business policies and plans are communicated to the staff. The key management of the Group is involved in defining the Group's goals and managing the Group's strategic issues. They are encouraged to be familiar with the Group's network of distributors, suppliers and business associates. The Group also provides on-going formal training and general management development programmes, covering both management and technical courses and workshops, which may be conducted in-house or by professionals.

Management performance appraisals (incorporating key performance indicators) have been implemented across various departments in the Group. Periodic performance reviews are carried out, with open discussions and feedback encouraged amongst the managers and their subordinates. The Group constantly reviews its staff remuneration and incentive policies by benchmarking against industry average to promote loyalty and commitment among its existing employees and to attract new qualified professionals. The Group will also be implementing an ESOS to provide its executives, especially those at management level, with an incentive to remain with the Group.

10. DECLARATION

Save as disclosed below, none of the Directors and key management of the Company is or was involved in the following events (whether in or outside Malaysia):

- (a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (b) conviction in criminal proceedings or is a named subject of pending criminal proceedings; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

Dr. Lim Siow Jin and Leong Bee Ling, two of the Directors of DXN, were the directors of Daxen Marketing Sdn Bhd which was wound up pursuant to a winding up order dated 4 March 1996 (Company Winding-Up No.: 28-09-95).

Tengku Dato' Abdul Hamid Thani Ibni Sultan Badlishah was adjudged a bankrupt on 25 February 1980. However, the bankruptcy order was discharged on 23 July 1993.

VII. APPROVALS AND CONDITIONS

The approvals for the Divestment to LTAT, Share Split, Bonus Issue, Acquisitions, Transfers, Rights Issue, Offer for Sale and Public Issue were obtained from the BNM on 17 February 2003, 8 March 2003 and 11 July 2003, FIC on 2 April 2003, 7 July and 15 July 2003 and 15 August 2003, SC on 5 May 2003, 18 June 2003 and 15 August 2003 and MITI on 28 May 2003, 5 June 2003 and 23 July 2003. The conditions imposed by the BNM, FIC, MITI and SC and the status of compliance are set out as follows:

Authority	Details of Conditions Imposed	Status of Compliance
BNM	The approval for the Transfers is conditional upon:	
	(a) DXN is required to charge interest on the intercompany advance to DIH for the Transfers at least at the prevailing market rates for credit facilities;	Met.
	(b) DXN is required to repatriate all dividends, profits or interest and proceeds from the sale of investments to Malaysia as soon as the dividends, profits or interest have been paid or when the equity investment in the foreign company is sold and the Department of Foreign Exchange ("DFE") must be informed of the above;	To be complied.
	(c) DXN to provide the DFE with quarterly accounts in accordance with the required format in respect of its total overseas investments and loans to non-residents, if any. The said report must be received by the DFE within 1 month after each quarter report;	To be complied.
	(d) DXN to provide the DFE with copies of the financial statements of DXN and DIH annually once the financial statements are prepared; and	To be complied.
FIC	None.	Not applicable.
SC	1. DXN is required to make detailed disclosures in the Prospectus in respect of the following:	
	(a) effective management succession plan to ensure the continuity of the company's management in the business of herbal based food supplements and direct selling activities;	Complied. Appropriate disclosure has been made in Section VI(9) of this Prospectus.
	(b) dependence on a major supplier or dependence on a major customer (if any) and plans to mitigate the said dependence;	Complied. Appropriate disclosure has been made in Section IV(viii) of this Prospectus.
	(c) management of any risks which could have a negative impact on the operations and profitability of the company in the herbal food supplements industry and direct selling activities;	Complied. Appropriate disclosures have been made in Section IV(iii), (viii), (ix), (xii) and (xiii) of this Prospectus.
	(d) the use of PT Daxen's management accounts in the determination of DXN Group's financial track record;	Complied. Appropriate disclosure has been made in Section X(6.1) of this Prospectus.
(e) the inclusion of a statement that the DXN Group does not require any provision for doubtful debts for the past financial years and the Directors' commentary on the ability of the company to collect all trade debts;	Complied. Appropriate disclosures have been made in Sections IX(5) and X of this Prospectus.	

VII. APPROVALS AND CONDITIONS (CONT'D)

Authority	Details of Conditions Imposed	Status of Compliance
SC (cont'd)	2. Dr. Lim Siow Jin is required to undertake that he will continue to be actively involved in the management of DXN for at least a period of 3 years from the date of admission of DXN to the Main Board of the KLSE.	Complied. An undertaking letter from Dr. Lim Siow Jin was forwarded to the SC on 14 August 2003.
	3. The promoters, Directors and substantial shareholders of DXN shall not undertake any new businesses which may give rise to a conflict of interest with the businesses of the DXN Group. The promoters, Directors and substantial shareholders of DXN is required to disclose their involvement in businesses which are similar or competing with the existing businesses of DXN, if any, in the Prospectus. In addition, any transactions between the DXN Group and the companies/businesses where the promoters, Directors and substantial shareholders of DXN have an interest must be fair and not unfavourable to the DXN Group.	Complied. Appropriate disclosure has been made in Section VIII(1) of this Prospectus.
	4. CIMB/DXN is required to provide a confirmation from the Company's auditors that the net tangible asset of DXN HK and DXN Thailand has been adjusted, via the injection of capital as proposed, which approximates the purchase consideration of the said companies prior to the implementation of the acquisition of the said companies by DXN.	Complied. A confirmation letter from KPMG, DXN's auditors, was forwarded to the SC on 14 August 2003.
	5. In relation to the ESOS, CIMB/DXN is required to issue a letter of confirmation stating that: (a) all the SC's approval conditions have been complied with and the ESOS By-Laws are not in contravention of the SC's ESOS Guidelines; and (b) the ESOS has been approved by all other relevant authorities and that any conditions imposed have been complied with;	To be complied.
	6. DXN is required to fully comply with the relevant requirements pertaining to initial public offerings as stipulated in the SC's Policies and Guidelines on Issue/Offer of Securities.	Complied/To be complied.
	7. The utilisation of proceeds raised from the Rights Issue and Public Issue is subject to the following conditions: (a) the SC's approval is required for any changes to the utilisation of proceeds, as originally proposed, should the said changes involve the utilisation which is other than for the core business activities of DXN;	To be complied (if applicable).
	(b) Detailed disclosure regarding the proposed utilisation of proceeds, including the time frame for the utilisation, must be made in the Prospectus.	Complied. Appropriate disclosure has been made in Section III(8).

VII. APPROVALS AND CONDITIONS (CONT'D)

Authority	Details of Conditions Imposed	Status of Compliance
SC (cont'd)	Furthermore, the approval of the shareholders of DXN is required for any deviation in the utilisation of proceeds by 25% or more from that originally proposed. Should the proposed utilisation deviate by less than 25%, an appropriate disclosure of such deviation is required to be made to the shareholders of DXN;	To be complied (if applicable).
	(c) Any extension of time from the time frame set by DXN for the utilisation of proceeds has to be approved by a clear resolution by the Board of Directors of DXN and must be fully disclosed to the KLSE; and	To be complied (if applicable).
	(d) Appropriate disclosure regarding the status of the utilisation of proceeds has to be made in the quarterly and annual reports of DXN until the said proceeds have been fully utilised.	To be complied.
	8. The proposed final dividend amounting to RM8.0 million for the financial year ended 28 February 2003 to be paid to the existing shareholders of DXN i.e. Dr. Lim Siow Jin, Leong Bee Ling and Gelombang Jasa Sdn Bhd is conditional upon the provision to the SC, a confirmation letter from the external auditors of DXN that the proposed parting of dividend will not have a material effect on the forecast cashflow of DXN for the financial year ending 29 February 2004 which has been submitted to the SC for its consideration. The external auditors and the Directors of DXN are also required to confirm that the DXN Group presently has sufficient cash flow sourced from its internal operations to support the payment of the dividend without the need to obtain new borrowings.	Complied. A confirmation letter from KPMG, DXN's external auditors and the Directors of DXN was forwarded to the SC on 21 August 2003.
	9. Full disclosure is required to be made in the Prospectus in respect of the following:	Complied. Appropriate disclosure has been made in Sections IX(5) and X of this Prospectus.
	(i) the change in stock holding policy for DXN's branch in the Philippines or any other branches/companies in the DXN Group; and	
	(ii) the high level of trade receivables of the Group and the delay in collections for the financial year ended 28 February 2003 together with the Directors' commentary on the collectibility of those outstanding debts and an action plan to ensure that proactive measures are taken to collect the outstanding trade debts within the stipulated credit period.	
MITI	1. DXN is to obtain the approvals of the SC and FIC;	Complied. The approvals of the SC was obtained on 5 May 2003, 18 June 2003 and 15 August 2003 and the FIC on 2 April 2003, 7 July 2003, 15 July 2003 and 15 August 2003.

VII. APPROVALS AND CONDITIONS (CONT'D)

Authority	Details of Conditions Imposed	Status of Compliance
MITI <i>(cont'd)</i>	<p>2. The recognition of Gelombang Jasa Sdn Bhd and LTAT as Bumiputera Shareholders is conditional upon 30% of the DXN Shares may be sold within 3 months from the Listing while the remaining 70% may be sold in stages with prior approval from the MITI unless they are Tier 1 Bumiputera investors;</p> <p>3. The recognition of LTAT shareholdings is also conditional upon DXN providing evidence that the shares have been fully paid-up and transferred to LTAT; and</p> <p>4. The allocation of the 12,000,000 DXN Shares to be offered to Bumiputera investors will be determined by MITI after the SC has approved the Listing.</p>	<p>To be complied.</p> <p>Complied.</p> <p>Noted.</p>

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VIII. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

1. CONFLICT OF INTEREST

- (i) Save as disclosed below, none of the Directors or substantial shareholders of DXN and its subsidiaries has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries.

Dr. Lim Siow Jin the Executive Chairman/Chief Executive Officer, promoter and substantial shareholder of DXN holds 25% of the equity interest in Daxin Gano (Thailand) Co Ltd ("Daxin"), a company incorporated in Thailand which is principally engaged in the direct sales of health food supplements and other products. His shareholdings in Daxin is solely for investment purposes. He does not participate in the management of Daxin nor is he a Director of Daxin. He also does not receive any fees, payments or benefits from Daxin other than dividends declared to shareholders.

Besides the above, Daxin also purchases coffee powder, RG and GL powder and silica gel from DISB and DXN Pharma, the wholly-owned subsidiaries of DXN. The transaction value for the financial year ended 28 February 2003 was approximately RM3.1 million while the estimated transaction value for the financial year ending 29 February 2004 is approximately RM6.0 million. The value of purchases between the DXN Group and Daxin is immaterial. The Directors of the DXN Group, save for Dr. Lim Siow Jin and Leong Bee Ling, who have abstained from deliberations, are of the opinion that Dr. Lim Siow Jin's shareholdings in Daxin will not result in a material conflict of interest and that all transactions between the Group and Daxin have been carried out at arm's length.

- (ii) Save as disclosed below, none of the Directors or substantial shareholders of DXN has any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of or leased to or proposed to be leased to the Company or its subsidiaries within the 2 years preceding the date of this Prospectus:

- (a) The Directors and substantial shareholders of DXN who are deemed interested in the Acquisitions as disclosed in Section V(2)(iv) are as follows:

Director/Substantial Shareholder	Nature of interest
Dr. Lim Siow Jin	Director and substantial shareholder of DXN, DXN Singapore, PT Daxen, DIPL, DXN HK and DXN Thailand.
Leong Bee Ling	Director and substantial shareholder of DXN, DXN Singapore, PT Daxen, DXN HK and DXN Thailand.

- (b) Dr. Lim Siow Jin and Leong Bee Ling are deemed interested in the sale and purchase agreement entered into between them and DXN on 8 August 2003 for the acquisition of the land known as Lot No. PT 4546, PT 4547, PT 4548, PT 4549, PT 4550, PT 4551, PT 4552 and PT 4553, all of Mukim Pumpung, District of Kota Setar, Kedah Darul Aman held under titles H.S(M) 199, H.S(M) 200, H.S(M) 201, H.S(M) 202, H.S(M) 203, H.S(M) 204, H.S(M) 205 and H.S(M) 206 respectively for a total cash consideration of RM2,220,000.

- (iii) There is no potential interest and/or conflict of interest between the Group and its Adviser, Lead Manager and Managing Underwriter, Underwriter, Auditors and Reporting Accountants and Solicitors as set out in the Corporate Directory section of this Prospectus.

VIII. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS (CONT'D)

2. Related Party Transactions

2.1 Save as disclosed below, there are no other related party transactions between the DXN Group with the Directors, substantial shareholders and/or person connected to them:

- (i) On 21 June 2000, DXN Thailand assigned to DMSB the rights and benefit of the pending applications of the trademarks registration Nos. 378133, 378134 and 378135 filed with the trademarks registry in Thailand together with all goodwill attached thereto for a consideration of the sum of USD10.00. Both Dr. Lim Siow Jin and Leong Bee Ling are the directors of DXN Thailand;
- (ii) Tastiway Sdn Bhd sells coffee, perfume, creamer, fruit juice and menthol to DISB. The transaction value for the financial year ended 28 February 2003 was approximately RM2.4 million while the estimated transaction value for the financial year ending 29 February 2004 is approximately RM3.0 million. One of the directors and substantial shareholders of Tastiway Sdn Bhd is Lim Beng Lee, the brother of Dr. Lim Siow Jin, Lim Boon Yee and Lim Yew Lin;
- (iii) Daxin Gano (Thailand) Co Ltd purchases coffee powder, RG and GL powder and silica gel from DISB and DXN Pharma. The transaction value for the financial year ended 28 February 2003 was approximately RM3.1 million while the estimated transaction value for the financial year ending 29 February 2004 is approximately RM6.0 million. Dr. Lim Siow Jin, the Executive Chairman/Chief Executive Officer and substantial shareholder of DXN is also a substantial shareholder of Daxin Gano (Thailand) Co Ltd;
- (iv) Skylor Enterprise ("SE") sells labels, boxes, printed materials and packing materials to DISB and DXN Pharma. The transaction value for the financial year ended 28 February 2003 was approximately RM0.6 million while the estimated transaction value for the financial year ending 29 February 2004 is approximately RM1.0 million. Lim Chea Lin and Lee Chiew Khim, the sister and brother-in-law of Dr. Lim Siow Jin, Lim Boon Yee and Lim Yew Lin, are the shareholders of SE;
- (v) DXN International (Australia) Proprietary Ltd ("DXN Australia"), a company incorporated in Australia imports RG, GL, Lingzhi coffee, spica tea, lingzhi toothpaste and lingzhi massage oil from DISB and DXN Pharma. The transaction value for the financial year ended 28 February 2003 was approximately RM104,000 while the estimated transaction value for the financial year ending 29 February 2004 is approximately RM150,000. Lim Boon Yee, a director of DXN is also a director and substantial shareholder of DXN Australia;
- (vi) Jumping Horse Trading Co Ltd ("Jumping Horse"), a company incorporated in Taiwan, imports RG, GL, Lingzhi coffee, spica tea, lingzhi toothpaste and lingzhi massage oil from DISB and DXN Pharma. The transaction value for the financial year ended 28 February 2003 was RM90,000 while the estimated transaction value for the financial year ending 29 February 2004 is approximately RM120,000. Lim Boon Yee, a director of DXN is also a director and substantial shareholder of Jumping Horse;
- (vii) Panorama Network Sdn Bhd sells computers, computer hardware and peripherals and computer software to the DXN Group. The estimated transaction value for the financial year ending 29 February 2004 is approximately RM200,000. Both Lim Boon Yee and Lim Yew Lin who are the Directors of DXN are also the directors and substantial shareholders of Panorama Network Sdn Bhd; and

VIII. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS (CONT'D)

- (viii) On 8 August 2003, DXN entered into a Sale and Purchase Agreement with Dr. Lim Siow Jin and Leong Bee Ling to acquire the pieces of land known as Lot No. PT 4546, PT 4547, PT 4548, PT 4549, PT 4550, PT 4551, PT 4552 and PT 4553, all of Mukim Pumpung, District of Kota Setar, Kedah Darul Aman held under titles H.S(M) 199, H.S(M) 200, H.S(M) 201, H.S(M) 202, H.S(M) 203, H.S(M) 204, H.S(M) 205 and H.S(M) 206 respectively for a total cash consideration of RM2,220,000.

The above transactions are carried out on an arms-length basis and are on terms which are not more favourable to the selected parties than those generally available to the public. Further, the terms and conditions of the recurrent related party transactions in parts (ii) to (vii) above will be subject to the Audit Committee's review.

- 2.2 Save as disclosed in Section XIII(8) on material contracts, there are no unusual transactions involving goods, services, tangible or intangible assets to which DXN or its subsidiaries was a party in respect of the past financial year and the financial period immediately preceding the date of this Prospectus.
- 2.3 There are no outstanding loans and/or guarantees made by DXN or its subsidiaries to or for the benefit of related parties.

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