
V. INFORMATION ON THE DXN GROUP (CONT'D)

The changes in the issued and paid-up share capital of PT Daxen since its incorporation are as follows:

Date of allotment	No. of ordinary shares of Rupiah 14,500,000 each allotted	Consideration/Type of issue	Total issued and paid-up share capital Rupiah
05.08.1998	500	Subscribers' shares	7,250,000,000
04.04.1999	200	Cash	10,150,000,000

Substantial shareholder

PT Daxen is a 99%-owned subsidiary of DIH, which in turn is a wholly-owned subsidiary of DXN. The remaining equity interest of 1% is held by DXN.

Subsidiary and Associated Company

As at the date hereof, PT Daxen does not have any subsidiary or associated company.

4.15 DXN HK

History and Business

DXN HK was incorporated on 17 October 1997 in Hong Kong as a limited liability company under the name of DXN International (Hong Kong) Limited. The principal activity of DXN HK is the multi-level marketing of health care products.

Share Capital

The authorised share capital of DXN HK is HKD2,500,000 comprising 2,500,000 ordinary shares of HKD1.00 each. The issued and paid-up share capital of DXN HK is HKD2,500,000 comprising 2,500,000 ordinary shares of HKD1.00 each.

The changes in the issued and paid-up share capital of DXN HK since its incorporation are as follows:

Date of allotment	No. of ordinary shares of HKD1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital HKD
17.10.1997	2	Subscribers' shares	2
02.06.2003	2,499,998	Cash	2,500,000

Substantial shareholder

DXN HK is effectively a wholly-owned subsidiary of DIH, which in turn, is a wholly-owned subsidiary of DXN.

Subsidiary and Associated Company

As at the date hereof, DXN HK does not have any subsidiary or associated company.

V. INFORMATION ON THE DXN GROUP (CONT'D)

4.16 DXN Cyprus***History and Business***

DXN Cyprus was incorporated on 31 December 2001 under the Companies Law, Cap 113, in Cyprus as a limited liability company under the name of Planteyo Limited. Subsequently, on 2 May 2002, the company changed its name from Planteyo Limited to DXN (Cyprus) Limited. DXN Cyprus is currently dormant.

Share Capital

The authorised share capital of DXN Cyprus is CYP10,000 comprising 10,000 ordinary shares of CYP1.00 each. The issued and paid-up share capital of DXN Cyprus is CYP10,000 comprising 10,000 ordinary shares of CYP1.00 each.

The changes in the issued and paid-up share capital of DXN Cyprus since its incorporation are as follows:

Date of allotment	No. of ordinary shares of CYP1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital CYP
31.12.2001	1,000	Subscribers' shares	1,000
04.09.2002	9,000	Cash	10,000

Substantial shareholder

DXN Cyprus is a wholly-owned subsidiary of DIH, which in turn, is a wholly-owned subsidiary of DXN.

Subsidiary and Associated Company

As at the date hereof, DXN Cyprus does not have any subsidiary or associated company.

4.17 DXN UK***History and Business***

DXN UK was incorporated on 5 June 2002 in United Kingdom under the Companies Act 1985 to 1989 as a private limited company under the name of DXN International (UK) Limited. DXN UK is currently dormant.

Share Capital

The authorised share capital of DXN UK is £20,000 comprising 20,000 ordinary shares of £1.00 each. The issued and paid-up share capital of DXN UK is £1,000 comprising 1,000 ordinary shares of £1.00 each.

V. INFORMATION ON THE DXN GROUP (CONT'D)

The changes in the issued and paid-up share capital of DXN UK since its incorporation are as follows:

Date of allotment	No. of ordinary shares of £1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital £
05.06.2002	1	Subscribers' share	1
05.06.2002	999	Cash	1,000

Substantial shareholder

DXN UK is a wholly-owned subsidiary of DIH, which in turn is a wholly-owned subsidiary of DXN.

Subsidiary and Associated Company

As at the date hereof, DXN UK does not have any subsidiary or associated company.

4.18 DXN SA

History and Business

DXN SA was incorporated on 22 February 2002 under the Companies Act, 1973 (Act 61 of 1973) in South Africa as a company having a share capital under the name of Islandsite Investments One Hundred and Sixty Five (Proprietary) Limited. Subsequently, on 23 July 2002, the company changed its name from Islandsite Investments One Hundred and Sixty Five (Proprietary) Limited to Daehsan (South Africa) (Proprietary) Limited. DXN SA is currently dormant.

Share Capital

The authorised share capital of DXN SA is Rand4,000 comprising 4,000 ordinary shares of Rand1.00 each. The issued and paid-up share capital of DXN SA is Rand100 comprising 100 ordinary shares of Rand1.00 each.

The changes in the issued and paid-up share capital of DXN SA since its incorporation are as follows:

Date of allotment	No. of ordinary shares of Rand1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital Rand
22.02.2002	100	Subscribers' shares	100

Substantial shareholder

DXN SA is a wholly-owned subsidiary of DIH, which in turn is a wholly-owned subsidiary of DXN.

Subsidiary and Associated Company

As at the date hereof, DXN SA does not have any subsidiary or associated company.

V. INFORMATION ON THE DXN GROUP (CONT'D)

4.19 DXN Thailand

History and Business

DXN Thailand was incorporated on 25 June 1998 in Thailand as a limited company under the Thai Civil and Commercial Code under the name of DXN International (Thailand) Co., Ltd. The principal activities of DXN Thailand are that of import and distribution of consumable health and nutrition products.

Share Capital

The authorised share capital of DXN Thailand is Baht20,000,000 comprising 200,000 ordinary shares of Baht100 each. The issued and paid-up share capital of DXN Thailand is Baht20,000,000 comprising 200,000 ordinary shares of Baht100 each.

The changes in the issued and paid-up share capital of DXN Thailand since its incorporation are as follows:

Date of allotment	No. of ordinary shares of Baht100 each allotted	Consideration/Type of issue	Total issued and paid-up share capital Baht
25.06.1998	1,000	Subscribers' shares	100,000
24.11.1998	19,000	Cash	2,000,000
25.06.2003	180,000	Cash	20,000,000

Substantial shareholder

DXN Thailand is a 36.75%-owned associated company of DIH, which in turn, is a wholly-owned subsidiary of DXN.

Subsidiary and Associated Company

As at the date hereof, DXN Thailand does not have any subsidiary or associated company.

5. INDUSTRY OVERVIEW

5.1 The Malaysian Economy

The Malaysian economy has remained resilient despite an external environment marked by heightened uncertainty and the impact of Severe Acute Respiratory Syndrome ("SARS") on regional economies in the final part of the quarter. Real gross domestic product growth of the Malaysian economy in the first quarter of 2003 was within expectations. Economic activity expanded at an annual rate of 4% compared with 1.3% in the corresponding period last year. Expansion was positive in all sectors. Growth in the first quarter was largely supported by domestic demand, underpinned by stronger public sector spending. Export performance remained strong in several sectors, reinforcing domestic demand. Expansion of monetary aggregates, especially M1, reflected the strong domestic demand. Further growth in bank lending and stronger expansion was seen in loans to small businesses.

V. INFORMATION ON THE DXN GROUP (CONT'D)

Growth in the first quarter was marked by continued expansion across all sectors of the economy with the main impetus emanating from the manufacturing and services sectors. The manufacturing sector expanded by 5.2%, supported by stronger growth in the domestic-oriented industries and expansion in the export-oriented industries. This was reflected in the higher capacity utilisation rate in the sector of 82%. Export-oriented and domestic-oriented industries operated at 83% and 80% respectively.

On the regional front, the SARS impact has been adverse on specific sectors including the retail, travel and tourism-related sectors. The recent downward revisions on regional outlook reflect the varying impact of SARS among countries in the region. In response, the Governments in the region have announced economic relief packages to mitigate the impact of SARS. It is largely expected that the regional growth would pick up in the second half of the year. In Malaysia, a stimulus package amounting to RM7.3 billion was introduced, incorporating 90 measures under 4 main strategies, aimed at alleviating the impact of SARS and strengthening economic activity.

As part of the package, the 3-month intervention rate was reduced by 50 basis points to 4.5%. Together with the other measures in the economic package to increase disposable income, it is expected to enhance the potential for supporting the growth prospects. The interest rate adjustment represents a pre-emptive measure intended to lend support to strengthen further the domestic growth potential in an environment of a more modest growth in the global economy. With economic fundamentals remaining strong and macroeconomic policy in place to support growth, Malaysia is well positioned to realise its underlying growth prospects.

(Source: BNM Quarterly Report, 28 May 2003)

5.2 The global economy

The global economic outlook continues to be affected by the geopolitical and economic uncertainties and the adverse impact of sharply rising oil prices on private sector consumption and investment. Underlying growth, however, remains positive, supported by fundamentals. While growth would likely remain positive, the magnitude of this growth would depend largely on the influences arising from the geopolitical tensions in the Middle East and the impact on consumers and businesses in the major industrial economies. The immediate adverse effect has been the rising oil prices since the second quarter of 2002 to a 12-month high of USD34.99 per barrel on 7 March 2003.

Given the greater uncertainties, global economic growth is expected to remain modest in 2003. Growth will be supported by a moderate expansion in the US and Asian regional countries as growth prospects for Japan and the Euro area remain difficult. Under these circumstances, it is projected that world growth will expand modestly by 3.1% as compared to 3% in 2002 while world trade will increase by 3.5% to 4.5% in 2003. Growth in the major industrial countries as a group is estimated at 1.8% as compared to 1.6% in 2002.

Activity in the US is expected to be supported by the continued accommodative monetary policy, fiscal expansion, gains in productivity, low inflation, effect of inventory rebuilding and the upturn in the electronics cycle. Growth in the Euro area should pick up slightly, due to inventory build-up and the lagged effect of monetary easing. In Japan, growth continues to be hampered by long-standing domestic structural problems, including price deflation and subdued consumer demand, excess capacity and the weak financial sector. In the United Kingdom ("UK"), growth is expected to be sustained by government spending and private consumer spending, supported by the wealth effect from the property market.

V. INFORMATION ON THE DXN GROUP (CONT'D)

Meanwhile, for the Asian regional economies, policy flexibility, stronger fundamentals, continued growth in domestic consumption, fiscal stimulus, recovery in investment, improvement in exports and strengthening intra-regional trade are expected to sustain growth.

(Source: BNM Annual Report 2002)

5.3 The herbal products industry

Herbs have been traditionally used for centuries as remedies to cure ailments. In the last 20 years, multinational companies have conducted R&D on traditional herbs to develop various consumer products including medicinal herbs, food supplements, food products and non-food products such as those used in shampoos, soap, toothpaste, cosmetics and ointments. The global industry for herbal products is at the growth stage of its life cycle and is predicted to rise in the next 50 years. The World Health Organisation estimates the size of the global market for herbal products at USD80 billion (RM304 billion) in 2000 and is expected to grow to USD200 billion (RM760 billion) in 2008 and USD50 trillion (RM190 trillion) in 2050. Global consumption for medicinal herbs grew from USD17.4 billion (RM67.5 billion) in 1997 to USD19.7 billion (RM74.9 billion) in 2002 and is predicted to expand to USD21.6 billion (RM82.1 billion) in 2006.

Europe is the largest consumer market for medicinal herbs and accounts for nearly 41% of the world sales. North America is the second largest consuming market at 22% and Japan at 14%. The combined consumption of medicinal herbs in Southeast Asia and East Asia accounts for 17% of the world's consumption while the rest of the world accounts for only 6%. The global market for medicinal herbs is fragmented and consists of many market players ranging in the thousands from the multinationals, local companies and the cottage industries. A few of the major multinational companies include Amway Corp and Herbalife International Inc in US, Kanebo Ltd and Taisho Pharmaceuticals Ltd in Japan, Seven Seas Ltd and Vitabiotics Ltd in UK, Boehringer Ingelheim International GmbH and Engelhard Arzneimittel AG in Germany and Dabur India Ltd in India. These companies produce various medicinal herbs for general health, improvement in blood circulation, nutrient supplements and post-natal care.

Prospects for the export of herbal products from Malaysia are promising considering the size of the global market. Europe is expected to remain the largest market followed by Asia and North America. Forecast global sales of medicinal herbs are as follows:

	2002	2003	2004	2005	2006
USD billion	19.7	20.2	20.6	21.1	21.6
RM billion	74.9	76.8	78.3	80.2	82.1

5.3.1 The Malaysian herbal products industry

The Malaysian herbal products industry can be categorised into products for remedies, fragrance and flavours, pharmaceuticals and nutraceuticals. Demand for herbal products in Malaysia is on a growth trend and has been increasing with consumption growing at 15%-20% per year, reaching RM4.5 billion in 2001 and is expected to continue on a growth trend in the long term.

V. INFORMATION ON THE DXN GROUP (CONT'D)

Herbal remedies account for 45% of the total sales followed by fragrance and flavours at 35% and pharmaceuticals and nutraceuticals at 20%. Furthermore a growing population with greater disposable income has seen consumption of health foods increase from RM38 million in 1994 to RM60 million in 1996 growing at approximately 20% per annum.

The historical consumption for herbal pharmaceuticals, nutraceuticals and health foods are as follows:

<i>(figures in RM million)</i>	1997	1998	1999	2000	2001	2002
Pharmaceuticals and nutraceuticals	625	720	830	950	900	1,060
Health foods	70	85	105	125	150	180

Malaysia which has one of the oldest rainforests in the world, ranks 7th in terms of biodiversity with 1,200 identified medicinal herbs. While there are no shortages in supply to meet Malaysia's growing demand for herbal products, the domestic industry is still at its infancy stage and the gap in demand has to be met by imports. Malaysia's local industry consists mainly of small to medium size enterprises with little technical and R&D capabilities or possess internationally recognised Good Manufacturing Practice ("GMP") certifications to be accepted by countries in Europe and North America.

Local Malaysian market players include medium sized companies, a larger number of small enterprises and an even larger number of cottage-based industries. These locally manufactured products are sold either through direct selling or the retail outlets. Some of the players in the market selling various types of herbal products besides the DXN Group include Amway Holdings Bhd ("Amway"), CNI Enterprise Sdn Bhd ("CNI"), Shuang Ho Enterprise Sdn Bhd, Hai-O Marketing Sdn Bhd, Lion Best Sdn Bhd, Brilliant Point Sdn Bhd, Gano Excel Enterprise Sdn Bhd, Malaysian Rainforest Sdn Bhd, INS Enterprise Sdn Bhd and SMC Freemaker Sdn Bhd.

Consumption of herbal products including medicinal herbs and supplements in Malaysia is expected to grow at 15-20% per annum. With more scientific and medical research studies conducted on herbs in Malaysia and worldwide to boost consumer confidence, demand for herbal products is expected to increase. Consumption of health food is also forecast to grow at 20% per annum driven by demand for better health from consumers and greater disposable income. Since Malaysia relies on imports to fill the gap in domestic demand, there are opportunities for Malaysian companies to locally produce herbal products provided R&D is conducted to exploit the country's large biodiversity. However the success for any Malaysian company would depend on its ability to improve its technical capabilities and R&D.

Forecast consumption of pharmaceuticals and nutraceuticals and health foods in Malaysia are as follows:

<i>(figures in RM million)</i>	2002	2003	2004	2005	2006
Pharmaceuticals and nutraceuticals	1,060	1,240	1,460	1,715	2,015
Health foods	180	215	260	310	370

(Source: Executive Summary Report by Spire dated 22 August 2003)

V. INFORMATION ON THE DXN GROUP (CONT'D)

5.4 The Ganoderma Industry

The Ganoderma mushroom is mainly cultivated in China, Korea, Taiwan, Japan, Thailand, US, Malaysia, Vietnam, Indonesia and Sri Lanka, which are also the major consuming countries of the Ganoderma mushroom. Total global production of Ganoderma in 1997 was 4,300 tonnes with China being the largest producer producing 3,000 tonnes. The remaining 1,300 tonnes were produced mainly in Korea, Taiwan, Japan, Thailand, US, Malaysia, Vietnam, Indonesia and Sri Lanka.

Estimated historical global production of the Ganoderma mushroom in dry tonnes is as follows:

<i>(in tonnes)</i>	1997	1998	1999	2000	2001
China	3,000	3,200	3,400	3,650	3,800
Outside China	1,300	1,400	1,500	1,650	1,800
Total	4,300	4,600	4,900	5,300	5,600

Although China accounts for 70% of the world's production, its export is less than 5% of its total production. A number of its manufacturing facilities do not possess internationally recognised GMP certifications for acceptance in international markets. In Malaysia, the DXN Group produced 70 tonnes of Ganoderma mushroom and accounted for 1% of the global production in 2001. Based on the global production excluding China (since production is mostly for domestic consumption), the Group's production therefore accounts for approximately 4% of the global production outside China in 2001.

The largest consumer market for the Ganoderma mushroom is East Asia with China as the largest market followed by Japan, Korea and Taiwan. Their combined consumption in 2001 accounted for 92% of the world's consumption. Outside East Asia, the major consumer markets are Vietnam, Thailand, Malaysia, Indonesia and the US. Global consumption of the Ganoderma mushroom grew at an annual average of 7% per annum from 1997 to 2001. Demand for the Ganoderma mushroom is mainly as food supplements, an ingredient in cooking or consumed in tablet, capsule or tea bag form. Pure pharmaceutical grade extracts of the Ganoderma mushroom are used to treat various diseases by health institutions in China and Japan. The Ganoderma mushroom is also added into alcoholic and non-alcoholic beverages, cosmetics, personal care and household products.

Estimated historical global consumption of the Ganoderma mushroom in dry tonnes is as follows:

<i>(in tonnes)</i>	1997	1998	1999	2000	2001
China	2,900	3,100	3,300	3,550	3,700
Outside China	1,400	1,500	1,600	1,750	1,900
Total	4,300	4,600	4,900	5,300	5,600

V. INFORMATION ON THE DXN GROUP (CONT'D)

Outside of China, there has been no global shortage or excess in supply and demand of the Ganoderma mushroom and demand growth for the Ganoderma mushroom has been balanced by supply. Malaysia's share of the global production of the Ganoderma mushroom outside China increased from 2% in 1997 to 6% in 2001. Prior to the mid-1990s, cultivation of the Ganoderma mushroom was limited to a few small farms producing low yields. Larger scale commercial farming only began after the mid-1990s and production increased from 30 tonnes in 1997 to 100 tonnes in 2001.

Historical Malaysian production and consumption of the Ganoderma mushroom in dry tonnes is as follows:

<i>(in tonnes)</i>	1997	1998	1999	2000	2001	2002
Production outside China	1,300	1,400	1,500	1,650	1,800	1,950
Malaysian Production	30	40	55	75	100	120
Malaysian Consumption	20	23	26	30	35	40

Local consumption increased from 20 tonnes in 1997 to 35 tonnes in 2001. Consumption of Ganoderma mushroom is mainly in the form of health food supplements in capsules or tablets, herbal drinks, beverages, household products and health food supplements in cooked foods. Traditional purchases of the mushroom (in various forms) were mainly through the traditional Chinese medicine shops. During the last 5 years direct selling companies were the major contributors to the increase in sales and consumer usage of Ganoderma mushroom. However, sales through western-style pharmacies is relatively limited due to the lack of promotion.

Though Malaysia's consumption of the Ganoderma mushroom is expected to grow at 15% per annum in the next 5 years, the domestic market remains limited in size and the greatest prospects for domestic production lie in the export markets. Although China cultivates and produces 70% of the world's Ganoderma mushroom, its current position to become a leader in markets outside China remains limited because its production is mainly for domestic consumption.

Numerous research studies from various universities and research institutions have been conducted to understand the active ingredients that provide the medicinal properties of this mushroom. Studies indicate the mushroom contains the ingredients polysaccharides, organic germanium, triterpenoids, adenosine, LZ-8 and various amino acids and minerals.

Growing research and consumer interest in the US and Europe on the medicinal properties of the Ganoderma mushroom would represent potential markets if local regulatory requirements could be met. Markets such as India represent another potential market since the mushroom is known in Ayurvedic medicine but cultivation remains limited in the country.

Future global demand for the Ganoderma mushroom is expected to rise in future years providing opportunities for the Group to exploit the international markets especially outside China. The Group has the production capacity to meet demand in the international market and has obtained the internationally recognised GMP certification required for export to many countries especially in Europe and North America.

(Source: Executive Summary Report by Spire dated 22 August 2003)

V. INFORMATION ON THE DXN GROUP (CONT'D)

5.5 Malaysian direct selling industry

The direct selling industry is one of the fastest growing businesses in the world with global sales estimated at RM312 billion in 2000. Direct selling can be categorised into multilevel marketing ("MLM") and single level marketing ("SLM"). Distributors in MLM schemes receive commissions from their direct sales and a percentage of commission from sales of other distributors they recruit. However, distributors in SLM schemes only receive commissions for their own sales.

Historical total sales of the direct selling industry and the number of licensed direct selling companies in Malaysia is as follows:

	1997	1998	1999	2000	2001	2002
Sales (RM billion)	3.2	3.8	4.2	4.5	3.0	3.8
Number of direct selling companies	750	556	765	712	410	410

Imposition of strict government regulations and higher paid-up capital requirements for direct selling companies caused many less established and smaller direct selling companies to cease operations. As a result, the number of direct selling companies declined from 712 in 2000 to 370 by May 2002. The reduction in the number of less established direct selling companies would provide opportunities for the more established companies to fill the void left by the smaller companies. Products marketed by direct selling companies are either locally manufactured or imported. While most household products and personal care products are locally manufactured, most of the food supplements and medicinal herbs are imported. However, the industry does not face any vulnerability in supply from such imported products since substitutes are readily available.

There are 3 major direct selling associations in Malaysia i.e. Direct Selling Association of Malaysia, Direct Selling Distributors Association of Malaysia and the Malaysian Direct Selling Distribution Association. Most of the MLM and SLM companies belong to either one of the three associations and their members include Malaysian and multinational companies. DMSB, which conducts MLM activities in Malaysia, is a member of the Direct Selling Association of Malaysia. Besides the DXN Group, other established MLM companies include Amway, CNI, Lion Best Sdn Bhd, Hai-O Marketing Sdn Bhd, Gano Excel Enterprise Sdn Bhd, SMC Freemaker Sdn Bhd, Brilliant Point Sdn Bhd, Shuang Ho Enterprise Sdn Bhd, Nu Life International Sdn Bhd and INS Enterprise Sdn Bhd.

Direct selling companies need not apply for annual licences to carry out business as they are now only required to pay the yearly RM500 fee. Direct selling companies which conduct trade overseas will enjoy a 20% tax exemption as part of an incentive by the Government to boost the sale of local food and herbal products. The Government has relaxed the policy on licensing for direct selling companies to stimulate the growth of the industry.

V. INFORMATION ON THE DXN GROUP (CONT'D)

Opportunities would be made available for Malaysian direct selling companies to venture abroad to promote their range of products in markets such as Vietnam, China, India, the US and Europe with the signing of ASEAN Free Trade Agreement ("AFTA") and the World Trade Organisations ("WTO") Trade Agreement. Malaysia has a large biodiversity and potential to develop its local herbs for the international markets and direct selling via MLM and SLM represents an effective distribution channel. This is evident from the growth in sales of products based on the Ganoderma mushroom in Malaysia, Indonesia and the Philippines, which were driven by direct selling. Besides Malaysia, the direct selling industry is also a growing industry in many parts of the world and the DXN Group has taken the opportunity to export its products through MLM.

(Source: Executive Summary Report by Spire dated 22 August 2003)

5.5.1 Competitive environment in the direct selling industry

There were 410 direct selling companies in 2001 with Amway being the largest direct selling company in Malaysia accounting for 12.7% share of the direct selling market. In comparison, the DXN Group accounted for 2.6% of the market share in 2001. However, DXN Group's market share was above the average market share of 0.2% based on total industry revenue in 2001.

5.5.2 Government legislations on direct selling

The Malaysian direct selling industry is regulated by the Direct Sales Act 1993 ("DSA") enforced by the Ministry of Domestic Trade and Consumer Affairs. The objective of the DSA is to protect consumer rights and stipulates that only licensed direct selling companies are allowed to conduct such activities. Subsidiary legislations under the DSA are the Direct Selling Regulations 1993 and the Direct Selling Orders (Exceptions) 1993.

In May 1999 and August 2001, the Ministry of Domestic Trade and Consumer Affairs introduced new conditions and regulations for licensing of direct selling companies and their operations which includes, inter alia, the following:

- (i) Not more than 30% stake holding of locally incorporated companies are to be owned by foreign based companies;
- (ii) Increase in product price would require prior approval from the Ministry of Domestic Trade and Consumer Affairs.
- (iii) Direct selling companies are refrained from misleading its members (distributors) through promises of high or excessive bonuses.
- (iv) Incentives paid to its members are to be based on sales volume and not on number of members recruited while stock loading is prohibited.
- (v) Prospective members must be given 10 days to decide whether to join a direct selling scheme.
- (vi) The direct selling company must buy back the products (provided in good condition) if its members decide to cancel their participation in the scheme.

V. INFORMATION ON THE DXN GROUP (CONT'D)

DMSB has complied with all the relevant government regulations and requirements on MLM activities enforced by the Ministry of Domestic Trade and Consumer Affairs.

(Source: Executive Summary Report by Spire dated 22 August 2003)

5.5.3 Government legislation on sale of health food supplements

The Control of Drugs and Cosmetics Regulation gazetted in June 1984 and enforced by the Ministry of Health saw the beginning of regulatory controls on pharmaceuticals including traditional or herbal medicines. The Ministry of Health stipulates that any traditional medicine used as an indigenous medicine must be registered with the Malaysian Drug Control Authority ("DCA") prior to marketing. The Malaysian DCA has set control parameters for traditional medicine when submitting for registration such as moisture content, contamination from microbes, uniformity of weight, disintegration of tablets and capsules. Furthermore, these products must be safe for human consumption and the content of heavy metals and pesticides must be within acceptable limits set by the Malaysian DCA. Under the Malaysian Medicines (Advertisement of Sale) Act 1956, traditional medicines are not allowed to claim that their products are capable of treating diabetes, epilepsy, asthma, cardiovascular diseases, improvements in kidney function or used as contraceptives.

Direct selling companies are required to seek approval from the Malaysian DCA, Food Quality Control Division or Medical Practice Division under the Ministry of Health for products categorised as food supplements or for medical treatments before marketing. Manufacturers of these herbal products are also required to obtain a licence from the Malaysian DCA prior to manufacturing. The DXN Group has complied with all the relevant government regulations and requirements for the manufacture and marketing of products classified as pharmaceuticals by the Ministry of Health.

(Source: Executive Summary Report by Spire dated 22 August 2003)

6. MAJOR CUSTOMERS

As the DXN Group distributes its products to customers via multi-level marketing through a wide network of stockists and distributors locally as well as overseas, the Group does not have any customer which contributes to 10% or more of the Group's turnover for the financial year ended 28 February 2003.

V. INFORMATION ON THE DXN GROUP (CONT'D)

7. MAJOR SUPPLIERS

The main raw materials which the Group sources from external parties are rubberwood sawdust, rice chaff, coffee powder, creamer, capsules and packaging materials. The purchases of the above raw materials constitute approximately 82% of the Group's raw material purchases for the financial year ended 28 February 2003.

The top 10 suppliers of the DXN Group including those which contributes to 10% or more of the Group's total purchases for the financial year ended 28 February 2003 are as follows:

Name of supplier	Products supplied	Length of relationship years	Total purchases for the financial year RM 000	Percentage of Group purchases %
Dan Kaffc (Malaysia) Sdn Bhd	Coffee powder	4	7,727	26.55
Daibochi Plastic and Packaging Industry Bhd	Packaging materials	4	4,232	14.54
Inno-Cosmic Sdn Bhd	Creamer	3	2,498	8.58
Tastiway Sdn Bhd	Fruit juice, perfume	3	2,375	8.16
Kerry Ingredients (M) Sdn Bhd	Creamer	4	2,038	7.00
Soo Hin Enterprise Sdn Bhd	Sugar	5	917	3.15
Syarikat Chin May Trading Co.	Packaging materials	5	907	3.11
Capsugel (Thailand) Co., Ltd	Capsules	4	862	2.96
Euro Chemo-Pharma Sdn Bhd	Chemicals	5	707	2.43
Skylor Enterprise	Packaging materials	1	560	1.92

8. FUTURE PLANS, STRATEGIES AND PROSPECTS

To date, the DXN Group has a healthy year on year growth, due to their sound management policies and extensive overseas business presence. The DXN Group's business strategies are aligned to the growth policies set forth by the Malaysian government and in this manner, the DXN Group's business contributes to the social-economic development of the country by creating employment opportunities and skill transfer. The DXN Group actively ensures that the people in its organisation are well equipped with necessary skills and qualifications via structured training programmes and on-the-job training.

The key success factor leading to the growth of the direct selling industry in Malaysia and in other countries is the minimal investment required to become distributors to sell mass consumer goods manufactured by direct selling companies. Strict regulations and requirements imposed by the Malaysian Ministry of Domestic Trade and Consumer Affairs has caused a significant reduction in the number of direct selling companies from 712 in 2000 to 370 as of May 2002. As a result, more established direct selling companies such as DXN can take this opportunity to fill in the gap in the market to establish a higher market share.

Going forward, the Group plans to establish its presence in the US, Middle East and Europe by 2005. As its initial step to penetrate the US market, the Group recently established a branch in Canada and a subsidiary in Mexico. The Group targets to increase the number of major stockists throughout the US to 80 by 2004 and 100 stockists by 2005. In order to tap into the Middle East market, the Group currently has 5 stockists in the United Arab Emirates and intends to establish a total of 20 stockists in the Middle East by 2004 and 50 stockists by 2005. The Group has also established a stockist in Cyprus and targets to establish 10 stockists in Europe by 2004 and 30 stockists by 2005.

V. INFORMATION ON THE DXN GROUP (CONT'D)

In an effort to retain its current stockists and distributors and to recruit new stockists and distributors, the Group will consistently review its incentives and conduct training to increase awareness about DXN and its products. As at 16 August 2003, the Group has 1,644 stockists and 1.97 million distributors. In the longer term, the Group targets to increase the number of stockists to 1,800 and the number of distributors to 2.5 million by 2005.

In addition to the above, the prospects of the herbal products industry in Malaysia and the international markets augurs well for the DXN Group as health conscious consumers are gradually gravitating towards herbal based remedies and supplements. The DXN Group realises this opportunity and has embarked on various R&D projects in its effort to expand its product range of health food supplements. Some of the on-going R&D projects includes the development and experimental cultivation of Cordycep fungus and Spirulina. The Group also practices a strategy of introducing at least one new product each year. The up-coming new products are the pineapple jam with mycelium extract which is expected to be launched in September 2003 and the high fibre chocolate with mycelium extract which is expected to be launched in January 2004.

The DXN Group also expects to benefit from the coming into effect of the AFTA and the WTO Agreement as the reduction of import tariffs would result in lower cost of exports to the importing country. The reduction of import tariffs would enable the DXN Group to price its products more competitively to penetrate into new overseas markets.

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V. INFORMATION ON THE DXN GROUP (CONT'D)

9. LANDED PROPERTIES

Details of landed properties of DXN and its subsidiaries are as follows:

Registered or beneficial owner/ Location	Description/ Existing use	Approximate age of building years/Tenure	Land area/ built-up area sq. ft.	Net book value as at 28.02.2003 RM
DXN Pharma H.S.(M) 375 P.T. 1306 Alor Nipan Mukim of Malau District of Kubang Pasu Kedah	Industrial land with single storey detached factory	3/ Freehold	280,658/ 33,971	*4,818,724
DXN Pharma H.S.(M) 376 P.T. 1307 Alor Nipan Mukim of Malau District of Kubang Pasu Kedah	Industrial land with a single storey detached factory, 2 units of single storey detached factories and ancillary buildings	5/ Freehold	172,653/ 75,787	*2,368,036
DXN Pharma H.S.(M) 377 P.T. 1308 Alor Nipan Mukim of Malau District of Kubang Pasu Kedah	Agricultural land	Nil/ Freehold	70,193/ Nil	59,640
DXN Pharma H.S.(M) 295 P.T. 1304, Salit Mukim of Malau District of Kubang Pasu Kedah	Industrial land with 2 single storey detached Mycelium farms and 20 Ganoderma sheds	3/ Freehold	256,290/ 111,559	*3,435,945
DXN Pharma Geran Mukim 48 Lot 946, Salit Mukim of Malau District of Kubang Pasu Kedah	Uncultivated agricultural land	Nil/ Freehold	67,871/ Nil	35,000
DXN Pharma Geran Mukim 72 Lot 947, Salit Mukim of Malau District of Kubang Pasu Kedah	Uncultivated agricultural land	Nil/ Freehold	231,521/ Nil	146,854
DXN Pharma Geran Mukim 639 Lot 761, Salit Mukim of Malau District of Kubang Pasu Kedah	Uncultivated agricultural land	Nil/ Freehold	141,056/ Nil	75,000
DXN Pharma Geran Mukim 418 P.T.1317, Salit Mukim of Malau District of Kubang Pasu Kedah	Agricultural land	Nil/ Freehold	206,474/ Nil	110,000

V. INFORMATION ON THE DXN GROUP (CONT'D)

Registered or beneficial owner/ Location	Description/ Existing use	Approximate age of building years/Tenure	Land area/ built-up area sq. ft.	Net book value as at 28.02.2003 RM
DXN Pharma Geran Mukim 326 Lot 1108 Locality of Alor Nipan Mukim of Malau District of Kubang Pasu Kedah	Uncultivated agricultural land with the middle portion acquired for gas pipe line reserve	Nil/ Freehold	41,208/ Nil	29,000
DXN Pharma Geran Mukim 332 Lot 1092 Padang Panjang Mukim of Malau District of Kubang Pasu Kedah	Agricultural land	Nil/ Freehold	330,664/ Nil	500,000
DISB ⁽¹⁾ Pajakan Mukim 47 Lot 1546 Perusahaan Mergong 1 Mukim of Mergung District of Kota Setar Kedah	Single storey detached factory with double storey office annexe	21/ Leasehold expiring on 27.10.2039	10,895/ 10,253	*439,744
DISB Lots 1, 2 and 3 Bukit Kayu Hitam Industrial Estate Mukim of Sungai Laka District of Kubang Pasu Kedah	3 parcels of undeveloped industrial lands	Nil/ Leasehold expiring on 19.01.2056	322,344/ Nil	*1,098,833
DMSB H.S.(D) 309/95 P.T.No. 3328 Mukim of Naga District of Kubang Pasu Kedah	Single storey detached house	6/ Freehold	6,454/ 3,190	*382,347
DMSB GM1221 Lot 5893 Akar Peluru Mukim and District of Kota Setar Kedah	Commercial land with a 3 storey detached office building	8/ Freehold	2,077/ 5,672	*505,613
DMSB H.S.(D) 1079 Lot P.T. 9132 Mukim of Sungai Buloh District of Petaling Selangor	4 storey terrace shopoffice	26/ Freehold	1,650/ 5,742	*1,357,808
DXN ⁽²⁾ H.S.(D) 169324 Lot No.PTD 85210 Mukim of Plentong District of Johor Bahru Johor	3 storey terraced shophouse	10/ Freehold	2,544/ 5,644	*656,389
DXN H.S.(D) 92/95 P.T. No 3111 Mukim of Naga District of Kubang Pasu Kedah	Undeveloped residential land	Nil/ Freehold	7,867/ Nil	*115,635

V. INFORMATION ON THE DXN GROUP (CONT'D)

Registered or beneficial owner/ Location	Description/ Existing use	Approximate age of building years/Tenure	Land area/ built-up area sq. ft.	Net book value as at 28.02.2003 RM
DXN Geran Mukim 16 Lot 832, Salit Mukim of Malau District of Kubang Pasu Kedah	Agricultural land	Nil/ Freehold	245,842/ Nil	147,230
PT Daxen HGB No. 46 Jalan Pancasila IV No.1 Desa Cicadas Kecamatan Gunung Putri Kabupaten Bogor	Single storey detached factory, a single storey detached house, two stores and a guard house	4/ Leasehold expiring on 29.11.2024	44,347/ 15,263	752,005
PT Daxen PPJB No. 363/IND/11/98 Lot No. DS01A Jalan Palem 1 Lippo Cikarang Cikarang, Bekasi West Java 17530	Undeveloped service industrial land	Nil/ Leasehold expiring in year 2023	37,588/ Nil	484,907
PT Daxen HGB No. 279 Lot No. B11B Desa Wangunharja Jalan Jababeka VII B Jababeka Industrial Estate 1 Kecamatan Cibitung Kabupaten Bekasi Propinsi Jawa Barat	Single storey factory building	4/ Leasehold expiring on 29.06.2022	14,305/ 10,769	103,903
PT Daxen HGB No. 1772, 1773 1774, 1775, 1776, 1777 and 1778 Gedung Indra Sentral No. 60 A-B, C-D, M, N, O, P, Q, Jalan Letjen Suprapto Cempaka Putih Central Jakarta 10520	Shop offices	5 to 7/ Leasehold expiring on 3.11.2013	6,975/ 34,940	1,221,389
PT Daxen Tower C, Unit 14-01 Wisma Gading Permai Apartment Kelapa Gading Kotamadya Jakarta Utara Jakarta 14240	3 bedroom apartment	5/ Leasehold expiring on 30.07.2021	Nil/ 846	106,759
PT Daxen Tower A, Unit 12-05 Wisma Gading Permai Apartment Kelapa Gading Kotamadya Jakarta Utara Jakarta 14240	2 bedroom apartment	5/ Leasehold expiring on 30.07.2021	Nil/ 347	26,555

V. INFORMATION ON THE DXN GROUP (CONT'D)

Registered or beneficial owner/ Location	Description/ Existing use	Approximate age of building years/Tenure	Land area/ built-up area sq. ft.	Net book value as at 28.02.2003 RM
PT Daxen HGB No. 4 Desa Kanoman Kecamatan Cibeber Kabupaten Cianjur West Java	Uncultivated agricultural land	Nil/ Leasehold expiring on 24.9.2031	317,858/ Nil	73,670
PT Daxen HGB No. 1672 Jalan Ahmad Yani No.21-N Kelurahan Pattunuang Kecamatan Wajo Makassar Sulawesi Selatan 90174	Shop office	9/ Leasehold expiring on 23.06.2014	958/ 2,583	122,852
DXN Herbal R.S. No. 141/4 & 142/5 Thiruvandar Koil Village Mannadipet Commune Pondicherry Union Territory	Industrial land	1/ Freehold	330,444/ 15,577	2,632,872
DXN Herbal R.S. No. 152/5, 152/6, 141/4, 143/4 & 143/8A Thiruvandar Koil Village Mannadipet Commune Pondicherry Union Territory	Agriculture land	Nil/ Freehold	451,277/ Nil	806,675

Notes:

* These properties have been charged to financial institutions for credit facilities of the DXN Group.

(1) The land cannot be transferred unless the consent of the Kedah State Authority is obtained.

(2) The land cannot be sold or transferred in any manner whatsoever to a non-citizen without the consent of the State Authority.

Save as disclosed in notes (1) and (2) above, there are no restrictions in interest for the above properties. In addition, none of the existing use of the land in the above properties is in breach of the land-use conditions or permissible land use.

Save and except for the property referred to in Section IV (xviii), all the buildings have been issued with certificates of fitness.

V. INFORMATION ON THE DXN GROUP (CONT'D)

10. OTHER INFORMATION

10.1 Approvals, major licences and permits

As at the date of this Prospectus, there are no other approvals, major licences and permits obtained by DXN and its subsidiaries except for the details of such approvals, licences and permits, the conditions imposed and the status of compliance as disclosed below:

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
DISB	MITI	24.12.2002/ Nil	Manufacturing licence for instant beverages and toiletries	<ul style="list-style-type: none"> The company shall inform MITI of any sale of the company's shares. The company must train Malaysians in order to allow the transfer of technology and expertise to all levels. 	Met
DISB	Majlis Daerah Kubang Pasu ("MDKP")	01.01.2002/ 31.12.2003	Advertisement/signboard licence	Nil	Not applicable
DISB	MDKP	01.01.2002/ 31.12.2003	Manufacturing licence for food and beverage	Nil	Not applicable
DXN Pharma	MITI	02.03.1999/ Nil	Manufacturing licence for processing medicinal plants	<ul style="list-style-type: none"> The company shall inform MITI of any sale of the company's shares. The company must train Malaysians in order to allow the transfer of technology and expertise to all levels. 	Met
DXN Pharma	MDKP	01.01.2002/ 31.12.2003	Manufacturing licence for health food and pharmaceutical products	Nil	Not applicable
DXN Pharma	MDKP	01.01.2002/ 31.12.2003	Manufacturing licence for health food at Kampung Padang Panjang, Jalan Bukit Wang, 06000 Jitra Kedah	Nil	Not applicable
DXN Pharma	Australian Therapeutic Goods Administration	03.12.2002/ 22.06.2004	Certificate of Manufacturing Facility for compliance with the manufacturing principles of the Therapeutic Goods Act 1989, Australian Code of Good Manufacturing Practice for Therapeutic Goods - Medicinal Products	Nil	Not applicable
DXN Pharma	Malaysia Drug Control Authority ("MDA")	01.01.2002/ 31.12.2003	Licence to manufacture a list of items as attached to the licence	<ul style="list-style-type: none"> The licence-holder is only permitted to manufacture products listed in the appendix to the licence. The licence may be revoked at any time if the premise is found to be unsuitable from the aspects of location, facilities, cleanliness, supervision and record-keeping etc. 	Met

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
DXN Pharma	Islamic Development Department of Malaysia ("IDDM")	June 2003/ May 2004	Certificate of authentication that Royal Jelly, Spica Tea, RG Powder, GL Powder, Pearl Powder, GL Tablet, RG Tablet, Lion's Mane and Cordyceps have complied with the "HALAL" requirements according to Islamic law	Nil	Not applicable
DXN Pharma	IDDM	June 2003/ 31.05.2004	Certificate of authentication that RG, Andro-G and GL have complied with the "HALAL" requirements according to Islamic law	Nil	Not applicable
DMSB	Ministry of Domestic Trade and Consumer Affairs	02.03.2001/ 01.03.2004	Direct sales licence (Multiple Level)	<ul style="list-style-type: none"> • The licence is not transferable. • The licence-holder shall not carry out direct sales business in the form of pyramid scheme. • The licence-holder shall practice buy-back policy in respect of goods which are in good condition from stockists if the stockists stop participating from its marketing scheme. • The licence-holders' published magazines/bulletins can only be sold to its distributors/sales representatives with their consent and the cost shall not exceed RM20 per annum. • Basic training provided to its distributors/sales representatives in regard to the products, marketing scheme and sales techniques and any course for promotion shall be free of charge. • The licence-holder shall obtain the written approval from the Controller of Direct Sales before making any changes to the marketing scheme. • The licence and multi-level marketing plan approved by the Controller of Direct Sales must be exhibited at a suitable place. 	Met

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
DMSB (cont'd)	Ministry of Domestic Trade and Consumer Affairs (cont'd)			<ul style="list-style-type: none"> The licence-holder shall give priority to the distribution of local products and reduce the distribution of imported products. 	
DMSB	Majlis Perbandaran Kota Setar	01.01.2002/ 31.12.2003	Advertising licence	Nil	Not applicable
DMSB	Majlis Perbandaran Petaling Jaya ("MPPJ")	01.01.2002/ 31.12.2003	Business licence for store	Nil	Not applicable
DMSB	MPPJ	01.01.2002/ 31.12.2003	Advertising licence	Nil	Not applicable
DMSB	Ministry of Domestic Trade and Consumer Affairs	Not Applicable	Certificate of Free Sale to certify that Daxen RG and Daxen GL products are sold freely throughout Malaysia without restrictions of any kind	Nil	Not applicable
DMSB	Direct Selling Association of Malaysia	March 1999/ Nil	Certificate of Membership	Nil	Not applicable
DMSB	MDA	24.07.2003/ 30.06.2004	Wholesale licence	<ul style="list-style-type: none"> The licence-holder is only permitted to market the products listed. The licence may be revoked at any time if the premise is found to be unsuitable from the aspects of location, facilities, cleanliness, supervision and record-keeping etc 	Met
DISB	IDDM	September 2002/ 31.08.2003	Certificate of authentication that Lingzhi Black Coffee, Lingzhi Coffee, Lingzhi Lite Coffee, Morinzhi and Roselle Juice have complied with the "HALAL" requirements according to Islamic law	Nil	Not applicable
DISB	Islamic Religious Council of Selangor Malaysia	01.10.2002/ 30.09.2003	Certificate of authentication that Kiwifruit Concentrate Drink Base has complied with the "HALAL" requirements according to Islamic law	Nil	Not applicable
DISB	IDDM	December 2002/ December 2003	Certificate of authentication that Spica Tea has complied with the "HALAL" requirements according to Islamic law	Nil	Not applicable

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
DISB	IDDM	December 2002/ December 2003	Certificate of authentication that Cocoshi, Morinzyme, GL Spread, Zhi Café, Spirulina Herbal Candy have complied with the "HALAL" requirements according to Islamic law	Nil	Not applicable
DISB	IDDM	December 2002/ December 2003	Certificate of authentication that Cordyceps Herbal Candy, Roselle Herbal Candy, Lion's Mane Herbal Candy, pineapple jam and Cordypine have complied with the "HALAL" requirements according to Islamic law	Nil	Not applicable
DXN Singapore	Health Sciences Authority	01.09.2002/ 31.08.2005	Import licence for Chinese proprietary medicines-granted by the Health Sciences Authority pursuant to Section 5(2) of the Medicines Act (Chapter 176, Singapore Statutes) in respect of Reishi Gano, Ganocelium, Andro-G and Gano massage oil	<ul style="list-style-type: none"> Any subsequent change in the name, store address and storage conditions of the licence holder will render the licence invalid unless prior approval for the change has been obtained from the licensing authority Any subsequent changes in any other particulars set out in the application form relating to the licence holder or to the person who made the application for the licence on behalf of the licence holder must be reported to the licensing authority immediately upon the change. Any change in the following particulars of the Chinese proprietary medicines dealt with under the licence must be approved by the licensing authority prior to such change being made: (a) product name and trade/brand name (b) product formula (c) dosage form (d) name and address of manufacturer/assembler (e) content of label(s)/package insert. 	Met
DXN Singapore	Ministry of Health	14.06.2003/ 13.06.2004	Wholesale dealer's licence for Chinese proprietary medicines granted by the Ministry of Health pursuant to Section 6(3) of the Medicines Act	<ul style="list-style-type: none"> Any subsequent change in the name, store address and storage conditions of the licence holder will render the licence invalid unless prior approval for the change has been obtained from the licensing authority. 	Met

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
DXN Singapore (cont'd)	Ministry of Health (cont'd)			<ul style="list-style-type: none"> Any subsequent changes in any other particulars set out in the application form relating to the licence holder or to the person who made the application for the licence on behalf of the licence holder must be reported to the licensing authority immediately upon the change. The licence holder is allowed to deal only in Chinese proprietary medicines for which approval for local sale has been granted by the licensing authority to the importer, manufacturer or assembler, as the case may be. 	
DXN Singapore	Ministry of Health	14.04.2000/ Nil	Approval granted by the Ministry of Health for the import of Andro-G	Nil	Not applicable
DXN Singapore	Ministry of Health	15.09.2000/ 14.09.2003	Import licence for cosmetic product (DXN Ganozhi Toothpaste) granted by the Ministry of Health pursuant to Section 5(1) of the Medicines Act read with the Medicines (Cosmetic Products) (Specification and Prohibition) Order 1996	<p>This licence is issued subject to:</p> <ul style="list-style-type: none"> the provisions of the Medicines Act; any regulations and orders made thereunder, including the standard provisions for the licence prescribed under the Medicines (Cosmetic Products) (Licensing) Regulations 1996; and the storage of the product being at 1 Jalan Kilang Timor #07 04 Pacific Tech Centre Singapore 159303 only. 	Met
DXN Singapore	Ministry of Health	05.10.2002/ 04.10.2003	Product licence for cosmetic product (DXN Ganozhi Toothpaste) granted by the Ministry of Health pursuant to Section 5(1) of the Medicines Act read with the Medicines (Cosmetic Products) (Specification and Prohibition) Order 1996	<p>This licence is issued subject to:</p> <ul style="list-style-type: none"> the provisions of the Medicines Act; any regulations and orders made thereunder, including the standard provisions for the licence prescribed under the Medicines (Cosmetic Products) (Licensing) Regulations 1996; and compliance with Regulation 3 of the Medicines (Cosmetic Products) (Labelling) Regulations 1996. 	Met
DXN Singapore	Agri-Food and Veterinary Authority of Singapore	20.01.2003/ Nil	Approval of registration for import of processed food and foodwares	If importer is inactive for one year, the company will be deregistered and not be allowed to import processed food and foodwares unless application for registration is made again	Met

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
Daxen	City of Walnut	08.01.2002/ Nil	Temporary business licence from the City of Walnut to operate the activity of importation and wholesale of health products for 60 days or until the application (which was submitted on January 8, 2002) is denied	Nil	Not applicable
PT Daxen	Ministry of Health of Republic Indonesia, Directorate General Food and Drug Control	06.05.1999/ Nil	Letter of permit to produce traditional medicines No. HK.00.05.5.3.587	Nil	Not applicable
PT Daxen	Head of Food and Drug Control	20.03.2001/ Nil	Approval of registration of traditional medicine - food supplement for lingzhi coffee	Nil	Not applicable
PT Daxen	Head of Food and Drug Control	20.03.2001/ Nil	Approval of registration of traditional medicine for ASpica Tea@	Nil	Not applicable
PT Daxen	Directorate General of Food and Drug Control, Department of Health of the Republic Indonesia ("DGFD")	12.06.2000/ Nil	Registration approval for Xenbee	Nil	Not applicable
PT Daxen	DGFD	26.02.2001/ Nil	Registration approval for DXN	Nil	Not applicable
PT Daxen	DGFD	29.09.2000/ Nil	Registration approval of traditional medicine for Daxen GL	Nil	Not applicable
PT Daxen	DGFD	29.09.2000/ Nil	Registration approval of traditional medicine for Daxen RG	Nil	Not applicable
PT Daxen	Investment Coordinating Board ("ICB")	21.07.1998/ 29.12.2003	The approval and facilities of foreign investment in particular in industry for cleanser, traditional medicine formulation, beverage and cosmetic, located in an industrial estate area of Bekasi, West Java.	Nil	Not applicable
PT Daxen	ICB	29.12.1998/ Nil	Approval for the expansion of its investment, located at Kecamatan Gunung Putri, Kabupaten Bogor, West Java	Nil	Not applicable

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
PT Daxen	ICB	17.06.1999/ Nil	Approval to import capital goods and/or raw materials	Nil	Not applicable
PT Daxen	ICB	23.08.2000/ Nil	Approval of change of the project plan	Nil	Not applicable
PT Daxen	ICB	23.08.2001/ Nil	Approval for the expansion of the foreign investment in the field of cultivation of plants, located in Kabupaten Cianjur, Province of West Java	Nil	Not applicable
DIPL	Philippines Securities and Exchange Commission	08.09.1999/ Nil	Licence to transact business and to establish its branch office in Philippines to carry on the business of import, export, purchase, acquisition, sale at wholesale, all kinds of health foods, traditional medicines, confectioneries, food products on a multi-level marketing basis	Nil	Not applicable
DIPL	City Mayor, City of Pasig	16.01.2002/ 31.12.2003	Business permit to operate the business at Unit 402, Jollibee Plaza, Emerald Avenue, Ortigas Center	Nil	Not applicable
DIPL	Bureau of Food and Drugs ("BFD")	18.01.2002/ 18.01.2005	Licence to operate as food distributor/importer	Nil	Not applicable
DIPL	BFD	18.01.2002/ 28.01.2005	Licence to operate as cosmetics distributor/importer	<ul style="list-style-type: none"> All cosmetic products distributed and sold shall be registered with BFD prior to their introduction into domestic commerce. The licence must be displayed in a very conspicuous place within the establishment to facilitate inspection. 	Not applicable
DIPL	BFD	12.02.2002/ 12.02.2005	Licence to operate as household hazardous substances importer/wholesaler	Nil	Not applicable
DXN Cyprus	Central Bank of Cyprus ("Central Bank")	26.04.2002/ Nil	Registration as an international business company	<ul style="list-style-type: none"> The company cannot derive any income from local sources and all its financial requirements must be financed from overseas; The company's share capital shall be at all times held beneficially by non-residents and an application is required to be made to the Central Bank, to authorise any subsequent transfer and issue of shares in the company. 	Met

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
DXN Herbal	Secretarial for Industrial Assistance	27.09.2001/ Nil	Manufacture of food supplement capsules made from natural mushroom	Nil	Not applicable
DXN Herbal	Directorate of Industry and Commerce	17.10.2001/ Nil	Approval for setting up a medium scale unit	DXN to ensure that not less than 50% of the work force to be recruited from persons registered with Employment Exchange at Pondicherry.	Met
DXN Herbal	Town and Country Planning Department	29.10.2001/ Nil	No objection certificate for site clearance for setting up of the industry.	<ul style="list-style-type: none"> • Proper safeguards for machinery operation; • Provision of necessary fire fighting arrangement; • Provision of adequate water supply and drainage arrangements; and • Treatment of domestic waste water. 	Met
DXN Herbal	Chief Inspector of Factory and Boilers	04.12.2001/ Nil	Approval of the plans for the factory building	<ul style="list-style-type: none"> • Licence to be obtained under the Factories Act, 1948 for manufacturing process; • Stability certificate to be obtained under the provisions of Pondicherry Factory Rules and submitted to the designed authority herein before carrying on the manufacturing process; and • No alteration/deviation even of a minor nature to be carried out in respect of the design/ construction of the building or layout of machinery without prior approval of this authority. 	Met
DXN Herbal	State Land Use Board	10.01.2002/ Nil	Permission for conversion of the factory land from agricultural land to land for industrial purpose	<ul style="list-style-type: none"> • Water requirement of 4,000 litres of water per day to be drawn from existing borewell; • Not to sink any additional borewells and not to exceed the water requirement units; and • Not to deepen existing tube well without the permission of Department of Agriculture, Pondicherry. 	Met
DXN Herbal	Pondicherry Planning Authority	11.01.2002/ 10.01.2005	Permission to erect industrial building consisting of main shed service block and canteen block	<ul style="list-style-type: none"> • Rain water harvesting to be done for conserving ground water; • Not to encroach on adjacent land during construction; and • Not to effect the stability and privacy of adjacent structures while carrying out construction. 	Met
DXN Herbal	Factory Inspectorate, Pondicherry	28.03.2002/ 31.12.2003	Registration and licence to work a factory	Not to employ more than 250 persons on any one day during the year and installed motive power not to exceed 354 H.P.	Met

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Authorities	Effective date or date of issuance/ expiry	Type of business/ Transaction approved	Main conditions imposed	Status of compliance
DXN Herbal	Commissioner, Mannadipet Commune Panchayat, Pondicherry	30.03.2002/ 31.03.2004	Licence to carry on the manufacture of food supplement capsules made from natural mushroom	<ul style="list-style-type: none"> The licence is non transferable; Separate licence to be obtained for each trade; and The licence to be renewed every year before one month from the date of expiry of a licence. 	Met
DXN Herbal	Electricity Department, Government of Pondicherry	16.04.2002/ 16.10.2003	Permission to erect and commission generator sets in the factory premises	<ul style="list-style-type: none"> Generator power to be used only as a standby after obtaining permanent power supply; No objection from Pondicherry Pollution Control Board to be obtained; Power generated not to be distributed or sold to others; and To furnish monthly statement of power generated every month to the Electricity Department. 	Met
DXN Herbal	Department of Science, Technology and Environment (Pondicherry Pollution Control Committee)	05.02.2002/ Nil	Clearance given by the Pollution Control Committee for setting up of an industry for the purpose of manufacturing food supplement capsules	<ul style="list-style-type: none"> The noise level at the boundary not to exceed 65 and 55 decibels during the day and night time respectively; There should not be an emission from the industrial process; Sufficient green belt of not less than 20% of the total area to be provided all around the unit; and Not to undertake any expansion, modernisation, diversification of change of location without prior clearance from the department. 	Met
DXN Herbal	Directorate of Food and Drugs Administration, Pondicherry	13.03.2002/ 31.12.2003	Licence granted to manufacture the Ayurvedic drugs viz., RG Capsule GL Capsule	<ul style="list-style-type: none"> Any change in the technical staff named in the license to be reported to the Licensee Authority; and The licensee to inform the licensing authority in the event of any change in the constitution of the company. 	Met/ To be met
DXN Herbal	Joint Director General of Foreign Trade, Pondicherry	06.03.2002/ Nil	Certificate of Importer Exporter Code	Nil	Not applicable
DXN Canada Branch	City of Richmond	01.03.2003/ 01.03.2004	Business licence	Nil	Not applicable

V. INFORMATION ON THE DXN GROUP (CONT'D)

10.2 Patents, trade marks, copyrights, technical assistance agreements, franchises and other intellectual property rights

Save as disclosed below, there are no other patents, trade marks, copyrights, technical assistance agreements, franchises or intellectual property rights obtained by the DXN Group:

Company	Country	Effective date/ Expiry date	Description of trade mark/copyright	Registration number
DMSB	Malaysia	20.10.2002/ 20.10.2012	"GANOLLIIUM" Pharmaceutical preparations included in Class 5	95011181
DMSB	Malaysia	25.07.2002/ 25.07.2012	"DAXEN" and Chinese characters Herbal preparations and food supplements, all included in Class 5	95007438
DMSB	Malaysia	20.10.2002/ 20.10.2012	"ROYALGANO" Herbal preparations and food supplements, all included in Class 5	95011184
DMSB	Malaysia	25.07.2002 / 25.07.2012	DAXEN Logo Herbal preparations and food supplements, all included in Class 5	95007437
DMSB	Malaysia	20.10.2002/ 20.10.2012	DXN Logo Pharmaceutical preparations included in Class 5	95011178
DMSB	Malaysia	20.10.2002/ 20.10.2012	"GANOTHERAPY" Herbal preparations and food supplements, all included in Class 5	95011179
DMSB	Hong Kong	25.05.1999/ 25.05.2006	"GANOTHERAPY" Herbal preparations and food supplements for medical purposes, all included in Class 5	B08819 of 2000
DMSB	Hong Kong	28.09.1999 / 28.09.2006	DXN Logo Dentifrices, shampoos, body foam, hair lotion, soaps, cleaning preparations, cosmetics, perfumery, essential oils, all included in Class 3	B08546 of 2001
DMSB	Hong Kong	28.09.1999/ 28.09.2006	DXN Logo Herbal preparations and food supplements for medical purposes, all included in Class 5	B08547 of 2001
DMSB	Hong Kong	07.06.2000/ 07.06.2007	DXN Logo Tea, coffee, artificial coffee, candies, sweets, herbal candies, honey, sugar confectionery, rice, brown rice, wheat flour, all included in Class 30	B09577 of 2001
DMSB	Hong Kong	07.06.2000/ 07.06.2007	DXN Logo Processed mushroom, mushroom extracts, preserved mushroom, mushroom concentrates in the form of tablets (not for medical use) preserved beans, preserved, dried and cooked fruits and vegetables all included in Class 29	B01565 of 2002 (Associated with trade mark No. B09577 of 2001)
DMSB	Hong Kong	07.06.2000/ 07.06.2007	DXN Logo Mineral and aerated waters, fruit drinks and fruit juices, syrups and other preparations for making beverages, non-alcoholic drinks, all included in Class 32	B10723 of 2001 (Associated with trade mark No. B09577 of 2001)

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Country	Effective date/ Expiry date	Description of trade mark/copyright	Registration number
DMSB	Taiwan	01.05.2000/ 01.05.2010	"GANOTHERAPY" Herbal and pharmaceutical products, dietetic substances for medical use in Clause 5	00890652
DMSB	Taiwan	01.03.2001/ 01.03.2011	DXN Logo Cosmetics, permanent preparations, hair dye, body foam, cleaning preparations for clothing, toilet and kitchen purposes, polishes, powders and fluid for floor, car and appliances, perfumery, dentifrices, tooth cleaning preparations, gargles, cleaning preparations for artificial tooth, tooth cleaning bars, tooth salts, tooth cleaning preparations for dental purpose, tooth polishes for dental purpose in Class 3	00932560
DMSB	Taiwan	01.07.2001/ 01.07.2011	DXN Logo Herbal medicines, medicines, dietetic substances for medical use in Clause 5	00947579
DMSB	Thailand	08.01.2002/ 07.01.2009	DXN Logo Tea and coffee in Class 30	TM176342
DMSB	Thailand	17.03.1999/ 16.03.2009	DAXEN Logo Herbal preparations made of natural medicated mushroom, food supplements and medicated tea in Class 5	TM176343
DMSB	Thailand	17.03.1999/ 16.03.2009	"DAXEN" and Chinese characters Herbal preparations made from natural medicated mushroom, food supplements, medicated tea in Class 5	TM115329
DMSB	Thailand	17.03.1999/ 16.03.2009	"GANOTHERAPY" Herbal preparations made from natural medicated mushroom, food supplements, medicated tea in Class 5	TM126632
DMSB	Brunei	01.02.1999/ 01.02.2006	DAXEN Logo Herbal preparations and food supplements, all included in Class 5	25,291
DMSB	Brunei	01.02.1999/ 01.02.2006	DAXEN and Chinese characters Herbal preparations and food supplements, all included in Class 5	27,331
DMSB	Brunei	01.02.1999/ 01.02.2006	"GANOTHERAPY" Herbal preparations and food supplements, all included in Class 5	25,407
DMSB	Brunei	29.09.1999/ 29.09.2006	DXN Logo Herbal preparations and food supplements, all included in Class 5	27,494
DMSB	Brunei	29.09.1999/ 29.09.2006	DXN Logo Herbal preparations and food supplements for medical purposes, all included in Class 5	30,796
DMSB	Australia	20.06.2000/ 20.06.2010	DXN Logo Herbal preparations and food supplements, being goods in Class 5	839504
DMSB	Singapore	05.01.1999/ 05.01.2009	"GANOTHERAPY" Herbal preparations and food supplements, all included in Class 5	T99/000641

V. INFORMATION ON THE DXN GROUP (CONT'D)

Company	Country	Effective date/ Expiry date	Description of trade mark/copyright	Registration number
DMSB	Singapore	15.05.2002/ 15.05.2012	"COCOZHI" Cocoa beverages, cocoa-based beverages, cocoa products, chocolates, chocolate beverages, chocolate-based beverages in Class 30	T02/06283J
DXN Singapore	Singapore	04.06.2002/ 04.06.2012	DXN Logo Herbal preparations and food supplements, all included in Class 5	T99/07045J
DXN Singapore	Singapore	04.06.2002/ 04.06.2012	DXN Logo Herbal preparations and food supplements, all included in Class 5	T02/08199A
PT Daxen	Indonesia	16.08.2001/ 16.08.2051	Copyright registration of logo creation entitled "ANDRO-G"	021900
PT Daxen	Indonesia	16.08.2001/ 16.08.2051	Copyright registration of art work creation entitled "Cangkir bertuliskan LINGZHI"	021901
PT Daxen	Indonesia	16.08.2001/ 16.08.2051	Copyright registration of art work creation entitled "Buah Mengkudu"	021902
PT Daxen	Indonesia	16.08.2001/ 16.08.2051	Copyright registration of art work creation entitled "Mahkota Bunga Imajinatif"	021903
PT Daxen	Indonesia	16.08.2001/ 16.08.2051	Copyright registration of art work creation entitled "Mahkota Bunga Imajinatif"	021904
DXN HK	Hong Kong	04.07.2002/ 04.07.2009	Device Pharmaceutical preparations, dietetic substances adapted for medical use, fungicides, herbicides, all included in Class 5	200305604