

MEDIA RELEASE - FOR IMMEDIATE RELEASE

**1H2016 earnings surge 466.1% to \$13.3 million;
 Interim one tier tax-exempt Dividend of 2.0 Cents per Share
 and Proposed 1-for-4 Bonus Issue**

- Revenue rose 151.3% to \$86.8 million driven by key markets of Taiwan, China and Indonesia;
- Robust balance sheet backed by healthy cash position of \$48.3 million as at 30 June 2016;
- Interim dividend of 2.0 cents per share and proposed bonus issue of one bonus share for every four ordinary shares;
- China Direct selling license expected to be effective before the end of FY2016

Singapore, 4 August 2016 – Mainboard-listed Best World International Limited (“Best World” or the “Group”), delivered a Net Profit Attributable to Owners of the Parent Company of \$13.3 million for the six months ended 30 June 2016 (“1H2016”), a 466.1% increase from \$2.4 million for 1H2015 and exceeding its full-year 2015 net profit amount of \$10.1 million.

Financial Highlights

S\$'000	2Q2016	2Q2015	% Change	1H2016	1H2015	% Change
Revenue	51,568	21,029	145.2	86,794	34,536	151.3
Gross Profit	38,594	15,935	142.2	65,183	26,051	150.2
Gross Profit Margin	74.8%	75.8%	(1.0)p.p	75.1%	75.4%	(0.3)p.p
Operating Expenses**	(29,665)	(13,543)	119.0	(48,242)	(23,866)	102.1
Profit Before Tax	11,078	2,495	344.0	18,684	2,946	534.2
Net Profit Attributable to Owners of the Parent Company	7,369	2,106	249.9	13,332	2,355	466.1
Net Profit Margin	14.3%	10.0%	4.3p.p	15.4%	6.8%	8.6p.p
Basic Earning per share### (Cents)	3.35	0.96	249.0	6.05	1.07	465.4

*p.p denotes percentage points ; NM denotes Not Meaningful; ** Includes distribution costs and administrative expenses
 ### The weighted average number of ordinary shares for 2Q2016 is 220,183,864 (2Q2015: 220,183,864) and for 1H2016 is 220,183,864 (1H2015: 220,183,864)*

Revenue by Geographical Locations: 1H2016 vs 1H2015

Geographical Locations	1H2016		1H2015		% Change
	S\$'000	%	S\$'000	%	
Singapore	3,069	3.5	3,916	11.3	(21.6)
China	22,379	25.8	8,454	24.5	164.7
Taiwan	55,277	63.7	14,709	42.6	275.8
Indonesia	2,701	3.1	1,212	3.5	122.9
Others	3,368	3.9	6,245	18.1	(46.1)
Total	86,794	100.0	34,536	100.0	151.3

The Group, which specializes in the development, production and distribution of premium skincare, personal care, nutritional and wellness products to its direct selling members, recorded a 151.3% half-on-half (“HoH”) surge in revenue of \$86.8 million in 1H2016, driven by strong growth from its key markets of Taiwan, China and Indonesia.

Marketing strategies implemented in the Taiwan market continue to drive market demand for the Group’s skincare and wellness products, resulting in revenue growth of 275.8% HoH to \$55.3 million, which translates to 63.7% of the Group’s total revenue. Some key success factors include the Group’s newly launched online store and opening of the Kaohsiung Regional Centre (“RC”) during the 1Q2016, with the former contributing \$16.4 million while the latter contributing \$12.1 million in revenue respectively.

Revenue from China rose 164.7% HoH to \$22.4 million in 1H2016 resulting from higher export orders from the Group’s China agent. Revenue from Indonesia more than doubled from \$1.2 million in 1H2015 to \$2.7 million in 1H2016 due to activities from new distributors, marketing campaigns and enhanced interest in the Group’s skincare products.

Revenue by Business Segment: 1H2016 vs 1H2015

Business Segment	1H2016		1H2015		% Change
	S\$'000	%	S\$'000	%	
Direct Selling	64,013	73.8	25,289	73.2	153.1
Export	20,788	24.0	5,599	16.2	271.3
Manufacturing/Wholesale	1,993	2.2	3,648	10.6	(45.4)
Total	86,794	100.0	34,536	100.0	151.3

The Group's core business of Direct Selling generated \$64.0 million or 73.8% of its total revenue for 1H2016, translating to a 153.1% HoH increase backed by strong growth in Taiwan and Indonesia due to higher demand for the Group's DR's Secret line of skincare products. Export revenue increased 271.3% HoH from \$5.6 million to \$20.8 million, driven mostly by stronger demand for the Group's products in China. Manufacturing/Wholesale revenue declined 45.4% to \$2.0 million in 1H2016, due to the postponement of a product launch and brand awareness campaign following a delayed product license approval.

In line with the increase of the Group's revenue which led to higher accruals of commissions as well as accruals made for the Group's annual convention expenses, Distribution Costs, increased by 148.3% HoH to \$31.1 million in 1H2016. As a percentage of revenue, Distribution Costs was maintained at 35.9% in 1H2016, vis-à-vis 36.3% in 1H2015. Administrative expenses increased 51.0% from \$11.3 million in 1H2015 to \$17.1 million in 1H2016, mainly due to higher management & staff costs, refurbishment cost in Taiwan market and higher professional fees relating to new projects.

As a result of the above, the Group registered a Net Profit Attributable to Owners of the Parent Company of \$13.3 million in 1H2016, vis-à-vis a net profit of \$2.4 million in 1H2015, translating to a Group's earnings per share of 6.05 cents for 1H2016.

The Group maintained a strong balance sheet and working capital position, with approximately \$48.3 million of cash and cash equivalents as of 30 June 2016.

As at 30 June 2016, total membership for the Group's direct selling business increased 2.0% to 421,208 members, when compared to total membership as at 31 March 2016. Lifestyle Centres ("LC") for the Group's Direct Selling business decreased from 66 as at 31 March 2016 to 58 as at 30 June 2016. This is in line with the Management's strategy to gradually shift customers' order placement and fulfilment with the LC to our online store, allowing our LC owners to have more time to focus on their network business instead of operational matters.

Outlook

Although the Group expects its China direct selling license to become effective before the end of FY2016, after the setup and verification of its nine service centres in Hangzhou city, management does not expect this to have any material impact to the Group's performance in for the remaining quarters of FY2016 as conversion of the Export business to Direct Selling shall be implemented in several phases.

Barring any unforeseen circumstances, management is cautiously optimistic of the Group's performance for FY2016.

Group's Co-Chairman and President, Dr. Doreen Tan commented, *"We are encouraged by the growth momentum in our key markets, which reflects the success of our strategies and the strong foundation which we have laid over the years. We shall continue to drive both top and bottom line growth through consistent improvements in our operations and offer more products & services in our key markets. For the other markets, we shall also step up our marketing efforts to improve our performance. In addition, to achieve better control over inventory lead time, product quality and to cater to the anticipated increasing demands from our skin care line, we are in the process of setting up a state-of art skin care manufacturing facility in Tuas, slated to be completed in 3Q2017.*

Group CEO, Dr. Dora Hoan added, *"Looking ahead, the approval of our direct selling license in China marks another exciting chapter for the Group. Leveraging on our proven business model and management experience in the market, we are confident to be able to tap into the mammoth market potential of China, setting the stage for further growth for at least the next five years."*

In view of the Group's record performance for 1H2016 and in appreciation of shareholders' support for the Group over the years, the Board of Directors have recommended an interim one tier tax-exempt dividend of 2.0 cents per share, representing a dividend payout of 33.0% of the Group's 1H2016 net profit.

In addition, the Board is also proposing a bonus issue of one ordinary new share ("bonus shares") for every four ordinary shares. The bonus issue will increase the issued share capital base of the Company to reflect the growth and expansion of the Group's business as well as encourage a wider spread of shareholders and increase market trading interest. The Proposed Bonus Issue is subject to the approval of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Bonus Shares on the Official List of the SGX-ST.

– End of Release –



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About Best World

Founded in 1990, Best World International is a Singapore headquartered company which specialises in the development, manufacture and distribution of premium skincare, personal care, nutritional and wellness products, to customers through its direct selling network in 12 markets. Best World has an established network of more than 420,000 independent distributors and member customers.

In July 2004, Best World became the first direct-selling company to be publicly listed on the Singapore Exchange. Today, Best World is a key regional player with presence in Singapore, Thailand, Taiwan, Indonesia, Malaysia, Vietnam, Hong Kong, China, Korea, Philippines, Myanmar, and Dubai. The Company also manufactures and distributes the Aurigen line of supplements in China through drugstores in 28 provinces of PRC.

For more information, visit Best World's corporate website at www.bestworld.com.sg

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