Present Future

bestworld
International Limited Annual Report
全美世界年报 2017

CONTENTS

BREAKING NEWS

2017 is a thriving year of growth delivered in a snap. The evolution of the internet and mobile technology have profoundly changed the dynamics of trade, one that demands us to think and act now, be responsive and inventive in embracing the future today.

Rising to the challenge, we have achieved record earnings and set forth to lay down important investments for future growth. Against the backdrop of unprecedented synchronised global growth powered by the demand of growing urban population, we have made good progress to enhance our capabilities both offline and online.

As emerging Asia and the Greater China region continue to experience economic expansion, a new growth momentum is brewing. As a company devoted to long term success, we are committed to deliver sterling returns to our shareholders and at the same time do good for the society at large.

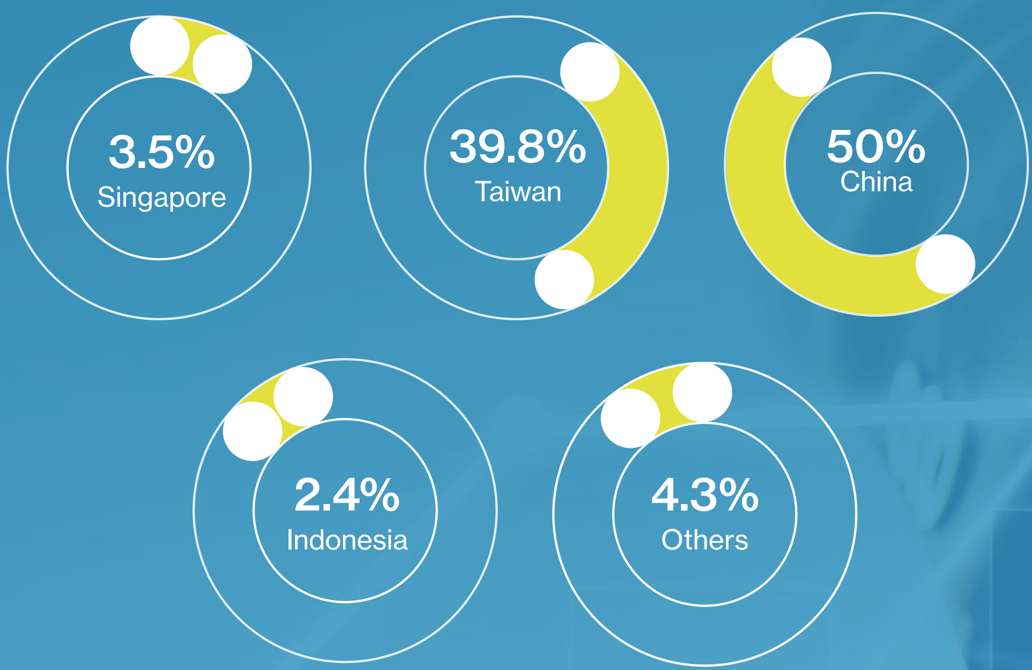
MARKETS

Three Things You Need to Know to Start Your Day

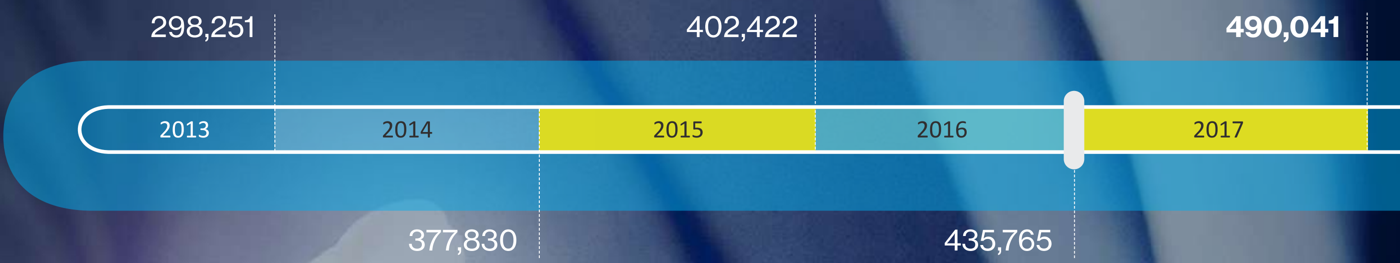
- 12 Markets
- 15 Regional Centres
- 490,041 Members

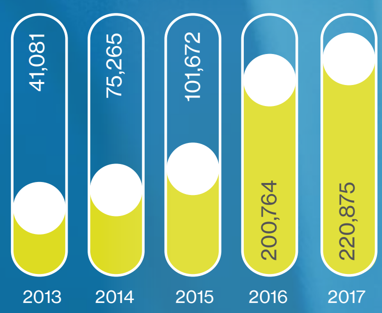
2017 at a Glance

We delivered another record year of net profit – $55.7 million for FY2017

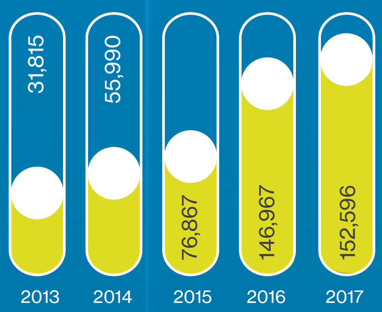


Overall Membership Growth

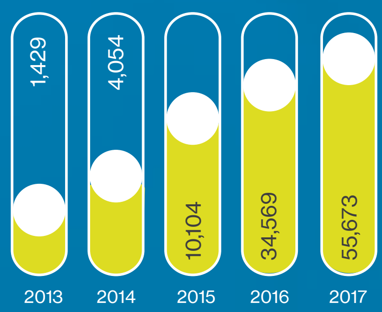




Revenue (S$'000)



Gross Profit (S$'000)



Net Profit Attributable to Owners the Parent Company (S$'000)

Dear Shareholders

Best World International Limited ("Best World" or the "Group") was founded with a vision to be a global leader for innovation in beauty, health and wellness. Starting out from our humble beginnings in Singapore, it brings us great pleasure to witness the progress we have made - having established our presence in 12 markets and most notably, entrenching our presence in one of the fastest growing consumer market, China.

Our achievements to-date bears testimony to our brands, our business model as well as our ability to innovate and respond to the evolving needs of consumers today, allowing us to weather through both bear and bull markets.

Building on our growth trajectory, we are honoured to present to you our Annual Report for the financial year ended 31 December 2017 ("FY2017"). FY2017 revealed to us a glimpse of the huge market potential and opportunities in China as well as provided us with valuable insights on our Taiwan market which we are still in the midst of recalibrating towards better performance.

On the back of significant growth from our China market, we delivered another record year of net profit – \$55.7 million for FY2017, a 61.0% increase from \$34.6 million in FY2016. Revenue surged 10.0% year-on-year ("y-o-y") to S\$220.9 million for FY2017 and net profit margin also improved by 8.0 percentage points to 25.2% in FY2017 as the Group starts to reap economies of scale. Earnings per share for FY2017 were lifted to 10.12 cents from 6.28 cents as compared to a year ago.

Our success in China was a result of the huge amount of time and resources invested over the earlier years to ensure that a strong foundation was established. With years spent in licenses application, market understanding and brand building, the take-up for DR's Secret skincare range, has been promising, with the Group recording a 90.9% increase in sales from China.

Financial and Business Overview

On the back of an extended period of growth, with sales growing at 60.8% CAGR between FY2009 to FY2016, our Taiwan market, recorded a 28.5% decline in FY2017 as compared with FY2016 due to changes in strategies implemented since the beginning of FY2017.

Management has adopted these new strategies to ensure sustainable growth in the longer term. Strategies currently put in place include adopting a dual focus on consumers and distributors to improve sales per member through digitalisation and better customer service, as opposed to just increase new members, further cultivate existing networks in stronghold areas in Central and Southern Taiwan and to leapfrog into the Northern region. We have also shifted away from regular gift-with-purchase approach to eradicate unhealthy online discounting practices among an isolated few distributors. We believe that these strategies will take time to gain acceptance.

Over the last three to four years in Indonesia, we have managed to nurture a group of new distributors and hence, also built a base of loyal customers. During this time, we made a deliberate strategic shift in focus from our weight management line to our skincare line, in order to increase revenue contribution per member. We are still in transition while the current group of distributors adapt to the change in product mix focus. This resulted in a marginal decline of 1.1% in revenue from Indonesia y-o-y, in IDR terms. We will continue to step up our efforts in marketing activities to drive membership growth, education and sales.

In Singapore, we continued our efforts to attract and nurture younger distributors to prepare ourselves for the future. Coupled with continuous activities to engage our existing consumers, improvements in staff productivity and service quality, new product launches and refinement of new and existing promotional activities, we saw a 8.9% pickup in sales y-o-y for our home market in FY2017. Barring any unforeseen circumstances, we expect Singapore to continue its growth momentum going forward.

FINANCE

Dividends

Following a strategic review of the Group's financial prospects for the coming financial years and taking into consideration the Group's historical performance and past dividends paid, we announced the revision of our dividend policy for FY2017 to FY2019. The Company will distribute annual dividends, of not less than 40% of its consolidated net profit, excluding non-recurring, one-off and exceptional items as stated in the audited financial statements of the year.

The increase of the Company's payout ratio underscores our commitment to maximise shareholders' returns which has always been our key priority. For FY2017, we are pleased to propose a final one-tier tax-exempt dividend of 2.6 cents per ordinary share. Including an interim one-tier tax-exempt dividend of 1.5 cents per share, total dividend payout ratio for FY2017 represents 40.5% of the Group's net profit. This brings the total dividends paid out for FY2017 to S$22.6 million, a 78.1% increment from FY2016's quantum.

Looking beyond Taiwan and other markets, the Group's key focus on China holds immense long-term potential. China is the world's second largest Cosmetics and Personal Care market with revenue amounting to US$36.3 billion[1], of which the "Skincare" market is the largest, contributing US$13.0 billion in revenue. This market is expected to grow steadily at a CAGR of 6.8% from 2017 to 2021 and is a sizeable market for the Group as we focus on gaining a stronger foothold in the next three to five years.

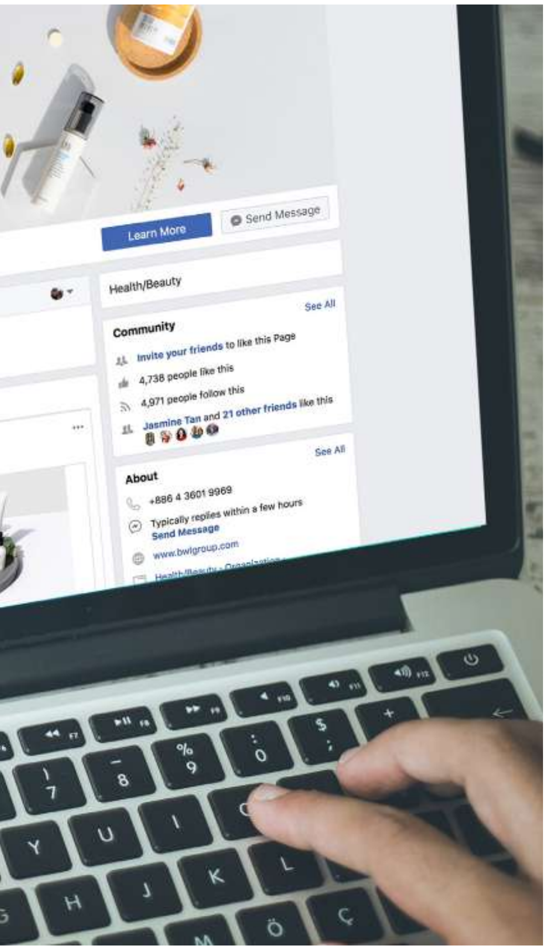
[1]*In terms of revenue generated. Information extracted from Statista*

Taking the Leap in China

One of the key trends identified is that premium-positioned products claimed a faster pace of growth than mass products[2], driven by changing consumers' lifestyles and priorities with increasing importance placed on customisation. This trend is further exacerbated by digital forces as consumers take to sharing their lifestyles on social media. All these bode well for us and we expect the growing demand for our skincare products to be sustained.

For FY2018, while the Group's China management continue to work with our distributors to set up more BWL Experience Centres (全美世界体验馆) in various cities located throughout China where we already have established good market presence, we will also progressively convert our current export model in China to a new business segment, otherwise known as China Wholesale. Given that direct selling business model in China is unique to the country, we deliberately created this segment to differentiate it from the Direct Selling we practice in all other markets.

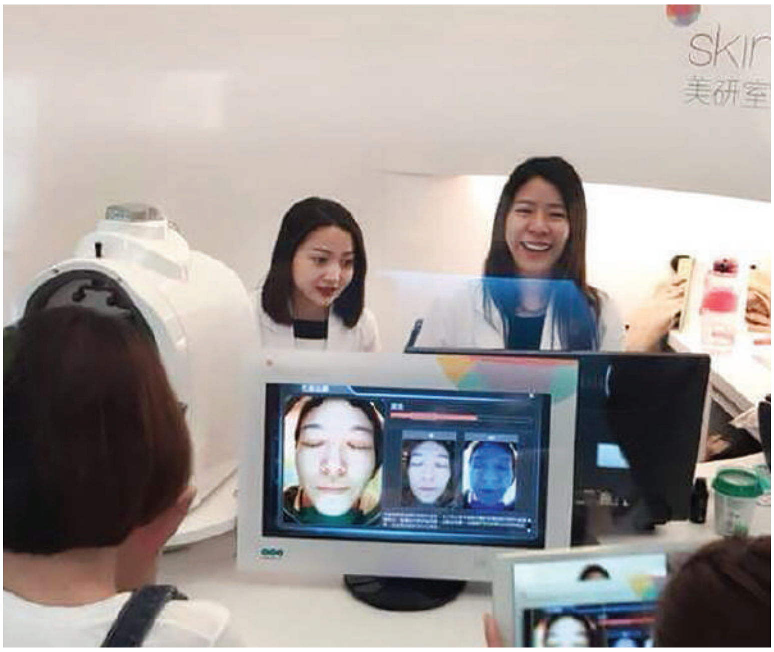
During the transition from Export to China Wholesale, Group revenue in 1Q2018 from Export segment is expected to be minimal as the Group will be importing into China through its wholly owned subsidiary, Best World (China) Pharmaceutical Co., Ltd. ("BWCP"). All exports under this arrangement will not be captured as "export revenue" as the inventory is still within the Group. When specific stock keeping unit ("SKU") on the agent's side are depleted, all China distributors' orders for the specific SKU will then be fulfilled by BWCP. The revenue from these orders will then be captured under China Wholesale. We expect revenue from this segment to commence in 2Q2018



and will reach full conversion when the inventory on agent's side is completely depleted. In other words, low export sales in 1Q 2018 does not reflect the true market demand.

Upon full conversion, the Group is expected to record higher revenue and gross profit as a result of revenue recognition at a price higher than export price, offset by an increase in operating expenses mainly attributable to management and staff costs that support the market in China. There will also be a decline in Other Operating Income due to lower service fees that the Group will be receiving from its export agent.

The China market is not new to us. We are backed by proven results, achieved by strategies which have been refined over the years. While we are heartened with our achievements thus far, we also believe that this is only the beginning of a new growth era, with China set to be our fastest growing market for at least the next three to five years and we are confident of our execution abilities to navigate this market of immense potential.



Customised care catered to the individual for enhanced brand experience

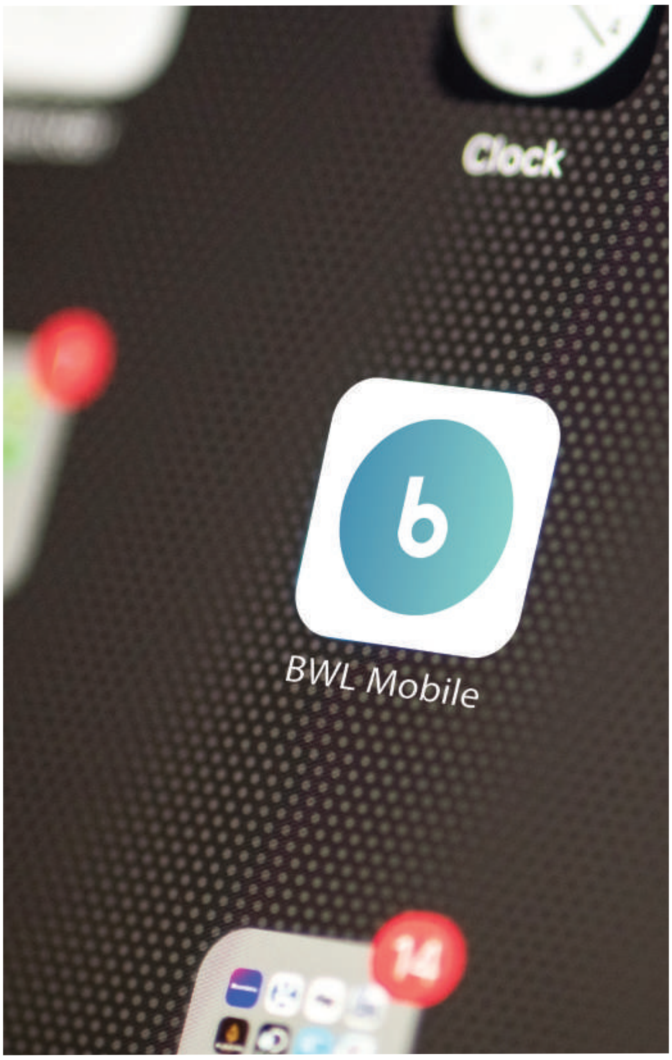
[2]*Information from "Beauty and Personal Care in China", April 2017, Euromonitor*

Digitalisation Taking Shape

We also outlined our plans to go digital last year amid a global shift in consumers' lifestyle and the way they are being engaged. Today, the fact that consumers are connected "anytime and anywhere", has created for us many exciting opportunities to create value and reinvent the relationship between our distributors and customers. Having embarked on our digitalisation strategy early last year, we are beginning to see our initiatives taking shape.

The Group's social media platforms which include Facebook and WeChat have grown by 437% and 455%, respectively, since the inception in February 2016. On Facebook, we have an average reach and engagements of about 149,000, while on WeChat we have average reach of about 47,000. Our BWL Mobile app, which was launched in Taiwan in 2017, and in Singapore early 2018, on both the Android and iOS platforms, include functions such as products browsing, promotions, order placements, as well as orders tracking.

Through our digitalisation efforts, we seek to empower our distributors through technology and services which allow them to better engage their customers as well as improve their



Going digital to better engage our distributors and customers

efficiency. We believe that the formation of online communities will encourage consumers to share their usage experiences and testimonies, receive updates about the Company, as well as facilitate person-to-person interactions which all help to pique consumer interest in our brand offerings. This community has also progressed beyond sharing to being a platform for purchasing. Today, 38% of our Taiwan sales are being ordered and fulfilled through our online platforms.

We expect this number to increase further with the launch of our Singapore BWL member online application early this year, which will also serve the other markets globally.

In 2018, we will continue to keep up our efforts to invest in our digital platforms and have also lined up several exciting initiatives to further enhance our online presence. These initiatives include search engine optimisation and management to increase brand visibility as well asleverage on data analytics to carry out targeted marketing via our online campaigns for our key markets which would be rolled out in the second half of FY2018.

The Group's online stores are also set for an upgrade which will have its system and user interface standardised with the Group's mobile app.

With a combination of offline to online marketing strategies, we are confident to be able to capture and engage a larger market. Most importantly, we believe that the ability to incorporate our customers' digital life with personalised services, coupled with our high quality products will create the best customer experience to ensure that we stay ahead and relevant in the digital era.

2018 is an exciting year for Best World. Our skincare manufacturing facility in Tuas is currently undergoing major alteration and addition work. While there has been a delay in the commissioning of the facility, we are working closely with key government agencies to drive the execution of our plans. The facility will implement advance manufacturing technologies and will be amongst the few smart skincare factory in the region with a clear roadmap leading to Industry 4.0.

In anticipation of greater demand from China, efficient production of our skincare products while being closer to our key markets will significantly reduce our inventory lead time. At the same time, we would have full control over the quality of raw materials to ensure the highest quality for our product offerings. The production process, being fully automated will minimize wastage and comply with the highest environmental standards. The facility is expected to be commissioned by 2019.

On a macro level, the Asia premium skincare market is expected to witness healthy growth as a result of the rising income in developing markets, higher female spending power with increasingly sophisticated tastes. As of 2016, Asia contributed 56.0% of the world's premium skincare value sales, reaching US$23.0 billion. The market is expected to further expand at 4% of CAGR to reach US$28.0 billion by 2021, with China and Japan maintaining their position as top two markets in value sales[3].

The Group is currently exploring inorganic growth opportunities to penetrate the second largest Asia skincare market, Japan. We will also place greater focus on our Indonesian market, a fast-growing market where high mobile penetration and rising incomes that will drive greater consumers' desires to indulge in premium products. Upon the commission of our manufacturing

Looking Forward

[3] *"Premium Skin Care in Asia – Key Trends and Outlook" by Sunny Um, Research Analyst at Euromonitor International*

facility, we plan to apply for its Halal certification, which will put us in a competitive position to tap into the growing Indonesian market.

Despite the slight decline in revenue from Taiwan, this market still remains the Group's second largest market and most profitable subsidiary for FY2017. As management will continue with the strategies implemented in 2017, sales from Taiwan is expected to be flat in FY2018, led primarily by events and campaigns to be held in 2H2018.

We are committed to developing and marketing innovative products to drive business growth. Other than our skincare offerings, we also develop and produce healthcare and wellness-related consumables as part of the Group's strategy to further grow our revenue base. Specifically, we launched new products with the Avance series of health supplements, which aims to nurture the overall health and well-being of our consumers. Amongst which are

Avance GLO caps and LB-30

Avance LB-30, which is a curated blend of strain specific probiotics, Avance ProDHA, Avance Glo Caps and Avance i-Care Gold; these formulas cater to a diverse range of needs – from supporting digestive and immune health to promoting better brain, eyes and circulatory health. As part of ongoing efforts to develop complementary wellness-related products, we will also be launching our Healthy Tea, on the later part of FY2018.

Corporate Social Responsibility

The WLSES scholars shared a heartening afternoon with the AWWA special children

The Company's CSR initiative, the World Learner Student Exchange Scholarship (WLSES) is in its 8th year. Inaugurated in FY2010 by Minister of Manpower, Mr Lim Swee Say, the WLSES has since awarded over 208 exchange scholarships to over 41 beneficiary schools. This year, we extended its geographical reach to include Hunan province and Taiwan. Specifically, a group of 28 Chinese students were in Singapore for an immersion programme with Nanyang Primary and Peichun Public School.

Together with the local students, they visited the AWWA Senior Community Home, Dementia Centre and Special School, sharing an afternoon of performances and handicraft activities with the children and elderly.

In Hunan province, we have also started the building of a new "Best World Hope School" (全美世界希望小学) situated in the rural village of Zhonglian (中连乡) of Lengshuiliang Town（冷水江市）.

Regionally, we made contributions to initiatives such as the "Kid's Bookhouse" in Taiwan, where children with domestic problems are housed for after-school care.

In Hong Kong, we were also involved in a Children-Care event organised by the Hong Kong Direct Selling Association.

Going forward, as the company delivers inspiring growth; we shall spread our compassion for communities around the world. By devoting our resources in the areas of community service and education, we would deepen our social responsibility and sustainability for a better world.

ACKNOWLEDGEMENT

Thank You

We thank Mr. Ravindran Ramasamy for his contributions to the Board for the past 13 years. With his legal experience, he brought with him corporate governance ideas to the Group. He stepped down as Non-Executive Independent Director on 31st December 2017 to facilitate renewal of the board. We wish him the very best.

We also would like to extend a warm welcome to our incoming independent director, Mr. Adrian Chan to the Board. He will chair the Nominating Committee while serving as a member of both the Audit and Remuneration Committees.

Appreciation

Best World started out from humble beginnings with a big dream. Over the years, we have worked tirelessly at bringing this dream and as we begin to bear the fruits of our labour, we would like to express our heartfelt appreciation to the management, staff and distributors for their dedication and commitment. Together with the management, we will continue to strive hard, making Best World the greatest company. We would also like to express our appreciation to the Board of Directors for their guidance and counsel, our customers, business associates and vendor partners for their continued support. Most importantly our heartfelt thanks go out to our shareholders, many of whom have weathered the good and bad times with us. Thank you!

We look forward to your continued faith and support for the coming year as we continue to achieve greater heights!

Dora Hoan
Founder,
Co-Chairman
Group CEO/
Managing Director

Doreen Tan
Founder,
Co-Chairman
President

创办人的话

各位股东

全美世界有限公司（Best World International Limited，以下简称“全美世界”或“集团”）成立时的愿景是成为一家全球美容与保健行业的创新领导者。我们在新加坡起步，在这些年来一步一脚印于12个市场设立立足点及开拓业务，这个发展令我们感到十分欣慰。最值得一提的是，我们在中国(增长最快速的消费市场之一)确立了扎根点。

我们至今取得的成就印证了我们的品牌建立、业务模式和创新能力，以及应对现今消费者不断改变的需求，从容地渡过旺市与淡市。

基于我们的增长轨迹，我们很荣幸地向你呈现我们截至2017年12月31日(“FY17”)的年度报告。在FY17里，我们看见了中国的巨大市场潜力与机会，同时我们对台湾市场有了更深入的了解，我们正在重新调整应对台湾市场的竞争策略，以令该市场的表现改善。

财务与业务回顾

由于我们的中国业务取得显著增长，我们的净利再次创下纪录，从FY16的3,460万新元增加61.0%至FY17的5,570万新元。收入年比上升10.0%至2亿2,090万新元，而净利率也提高8.0个百分点至25.2%，由于集团开始取得规模经济效益。FY17每股盈利则从上一年同期的0.0628新元提高至0.1012新元。

我们在中国取得成功是因为我们在前些年投入了大量时间与资源，以确保稳固基础得以建立。随着我们多年来申请执照、了解市场和建立品牌，皙之密(DR’s Secret)护肤系列的吸纳率一直都十分不错，促使集团从中国业务录得90.0%的销售增长。

尽管我们的台湾市场长期取得增长，在FY09至FY16期间的销售额以60.8%的年复合增长率(CAGR)增长，但该市场的FY17

销售额下降28.5% (与FY16相比),由于集团自FY17开始改变所实行的策略。管理层已采取以下新的策略来确保销售额持续在长期内增长。目前落实的策略包括把焦点放在消费者和分销商上,透过数码化来提高每名会员的销售额及让他们提供更好客户服务(不仅是增加新会员)、进一步发展台湾中部和南部这两个现有的网络重镇,以及向台湾北部进发。此外,我们已逐步减少激烈的产品促销活动以杜绝网上泄价行为。我们认为,这些策略的改变将需要时间才会获得市场的适应。

印尼业务方面,在过去的3至4年里,我们成功培育出一批新的分销商,也因此建立了一批忠实客户。在这个期间,我们审慎地把焦点从体重管理产品扩大至护肤品,以便使每名会员的消费额增加及持续。我们仍处于过渡阶段,同时现有分销商正在适应产品组合的改变。因此,印尼业务的收入年比微跌1.1%(以印尼盾计算)。我们将继续加紧努力地进行营销活动,以培训分销商,并推动会员人数和销售增长。

在新加坡,我们持续努力地吸引和培育年轻的分销商,以为未来做好准备。加上持续进行活动来和现有消费者联系、检讨与提升员工的生产力及服务素质、推出新产品,以及改进新与现有的促销活动,新加坡市场的FY17销售额年比提高8.9%。若排除任何不可预见的情况,我们预计我们的新加坡市场将在未来持续其增长势头。

股息

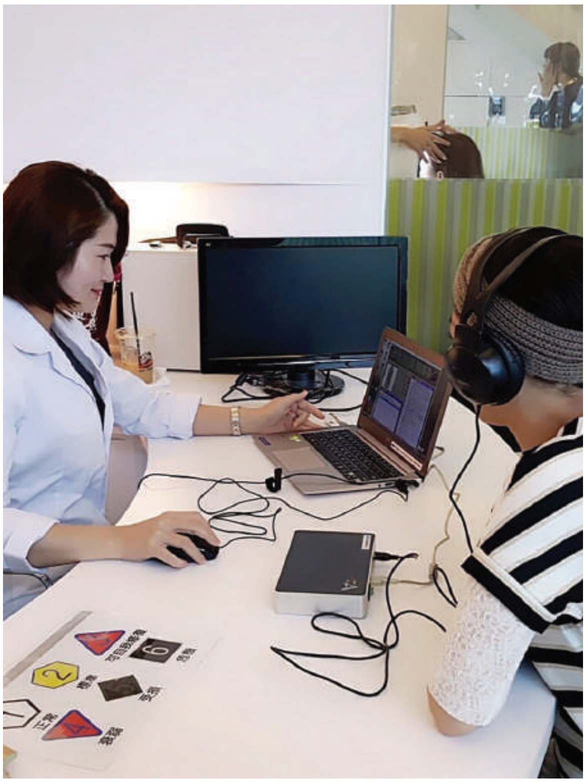
在审核了集团未来财年的财务前景，以及把集团之前的表现与所支付的股息纳入考量之后，我们宣布调整我们FY17至FY19的派息政策。集团每年将分配不少于其综合净利的40%作为股息，其中不包括该财年经审计财务报表中说明的非经常性、一次性和特殊项目。

集团的派息率提高显示我们致力于为股东带来最大回报，后者一直以来是我们的首要考量。在FY17里，我们建议派发每普股0.026新元的一级免税终期股息。包括每股0.015新元的一级免税中期股息在内，集团的FY17总派息率为集团净利的40.5%。这使集团于FY17派发的总股息额从上一年同期增加78.1%至2,260万新元。

在中国发掘商机

除了台湾和其他东南亚市场之外，集团主要专注的中国市场具有巨大的长期潜能。中国是世界第二大化妆品与个人护理产品市场，其收入达到363亿美元[1]，当中“护肤品”市场的贡献最多，收入为130亿美元。这个市场预计将从2017年至2021年以6.8%的年复合增长率(CAGR)稳定增长，而该市场对集团而言相当大，我们专注于在未来3至5年内在该市场扩大版图。

我们发现其中一个重要的趋势是优质产品的增长比大众产品来得快[2]，这是由于消费者的生活方式改变，以及消费者现在更加看重定制服务。这个趋势在数码力量的驱动下进一步加深，因为消费者借助社交媒体分享他们的生活方式。这些都对我们有利，而我们预计市场将持续不断地对我们的护肤品有所需求。



以崭新的产品体验和公司卓越的直销经营模式开拓中国市场

在FY18里，当集团的中国管理层持续和我们的分销商合作于中国各大城市(我们已相当熟识这些城市)设立更多全美世界体验馆(BWL Experience Centre)时，我们也将逐步把我们目前在中国采取的出口模式转换为中国批发业务。鉴于中国具备独有的直销业务模式，我们特意建立这项业务已将它从我们在所有其他市场进行的直销业务区分开来。

由于从出口转换至中国批发业务，集团的1Q18出口业务收入预计将非常低，原因是集团将透过其全资子公司全美世界(中国)药业进口货品至中国。所有在这个安排里的出口货品将不会归纳为“出口收入”，因为货品仍在集团之内。当代理商的特定产品大大减少时，全美世界(中国)药业将执行所有中国分销商对那些特定产品的订单。而从这些订单取得的收入将会归纳在中国批发业务之下。我们预计，这项业务将会在2Q18开始带来收入，并将在代理商的存货全部耗尽时达到全面转换。因此，集团的1Q18出口销售额偏低并不能反映真正的市场需求。在出口业务全面转换至中国批发业务后，集团预计将录得更多收入和毛利，由于价格高于出口价，令其所确认的收入提高，而这被营运开支增加(主要因支持中国市场的管理和员工成本提高)所抵消。其他营运收入也将减低，因为集团一直从其出口代理商获得的服务收费将会减少。

对我们来说，中国市场并不陌生。相反的，我们多年来不断地改进策略，并获得了佳绩。在我们为迄今为止所取得的成就大感鼓舞的同时，我们也相信这只是新增长时代的开端，中国预料将是我们未来3至5年内增长最快速的市场，而我们有信心能够凭着我们的执行能力在这一个潜能巨大的市场里前行。

[1] *“根据所取得的收入。资料摘自Statista。*
[2] *资料来自欧睿信息咨询公司 (Euromonitor) 于2017年4月刊载的“中国美容与个人护理(Beauty and Personal Care in China)”*

数码化计划逐渐成型

由于全球消费者的生活方式及和他们联系的方式改变，我们于去年计划走向数码化。在现今社会里，消费者“随时随地”都保持联系，因而为我们制造了许多机会来创造价值，以及重新确立我们的分销商与客户之间的关系。我们在去年年初执行了数码化的策略，目前我们的计划正开始逐渐成型。

集团的社交媒体平台包括脸书(Facebook)和微信(WeChat)，这二者的接触率自2016年2月成立以来，已分别增长437%和455%。脸书的平均接触率约为149,000，而微信的平均接触率为47,000。我们的全美世界移动应用程式 (BWL Mobile app，有安卓(Android)和iPhone版本) 分别于2017年和2018年初在台湾及新加坡推出，这个应用程式的功能包括浏览产品、得知促销活动、下单，以及追踪订单。

透过努力推动数码化，我们寻求让我们的分销商通过科技与服务来进一步地和他们的客户联系，同时提升他们的效率。我们相信，网络社群的形成将鼓励消费者分享使用品牌的心得与经验、分享关于集团的证言、获取公司的最新消息，以及促进人与人之间的互动，这全都有助激起消费者对我们所提供的产品的兴趣。这个网络社群也已从分享信息进展到成为一个采购平台。今天，我们台湾业务的销售额有38%是通过我们的网络平台下单和执行的。我们预计，随着我们的新加坡全美世界会员网络应用程式于今年初推出，这个数字将进一步增加，该应用程式也将为全球其他市场服务。

在2018年，我们将继续努力地投资于我们的数码平台。我们也已经安排了多项计划，以进一步提升我们的网络地位。这些计划包括充分利用及管理搜索引擎来提升品牌能见度，以及根据数据的分析来进行定向营销(通过为我们的主要市场进行网络活动)，后者将在FY18下半年推出。集团的网络商店也预定将进行提升，届时它们的系统与界面将和集团的移动应用程式统一起来。

随着离线和在线营销策略结合在一起，我们有信心能够取得更大的市场，以及与更大的市场联系。最重要的是，我们相信，将个人化服务融入我们客户的数码生活中，再加上我们的优质产品，我们将可为客户创造出绝佳的体验，从而确保我们在移动网络的时代里保持领先地位及与这个移动网络时代保持联系。

未来

展望未来

全美世界将会在2018年推出多项计划。我们位于大士的护肤品制造厂目前正在进行大型改建与增建工程。虽然该厂房将会延迟投入运作，但我们正与主要的政府机构紧密合作，以推动执行我们的计划。这座厂房将执行先进制造技术，而它将是区域内少数的智能护肤品制造厂，为迈向行业4.0 (Industry 4.0)引路。

由于来自中国的需求预计将增加，我们护肤品的生产设施若更靠近我们的主要市场，将能大幅减低我们存货的交货周期。同时，我们将能完全掌控原料的品质，从而确保我们提供的产品的品质是最好的。完全自动化的生产过程将减低浪费，以及符合环保的最高标准。这座厂房预计将于2019年之前投入运作。

从宏观的层面来看，亚洲优质护肤市场预计将取得健康的增长，原因是发展中市场的收入不断增加、女性越来越有品味及消费能力提高。截至2016年，亚洲市场的优质护肤品价值销售占全球销售的56.0% 达到230亿美元。这个市场的销售预计将在2021年之前，进一步取得4%的年复合增长率(CAGR)，达到280亿美元，中国和日本维持它们前两名的位置(根据价值销售)。[3]

[3]*“由欧睿信息咨询公司 (Euromonitor International) 研究分析员Sunny Um 撰写 - “亚洲优质护肤品 – 主要趋势与前景(Premium Skin Care in Asia – Key Trends and Outlook)”。*

集团目前正探寻非内部增长机会，以渗透日本这个亚洲第二大的护肤品市场。我们也将更专注于我们的印尼市场，后者的增长快速、手机渗透率颇高和收入不断增加，这将进一步推动消费者购买优质产品。在我们的制造厂投入运作后，我们计划为它申请清真认证(Halal certification)，这将让我们在打进印尼这个不断增长的市场时，处于具竞争力的地位。

尽管台湾业务的收入略微下降，但这个市场仍是集团在FY17的第二大市场及获利率最高的子公司。由于管理层将继续执行在2017年推出的策略，来自台湾业务的FY18销售额预计将持平，台湾管理层正努力从下半年举办的活动中去改善。

我们致力于开发和营销创新产品来推动业务增长。除了我们所提供的护肤品之外，我们也研发及生产医疗保健与健康相关消费品，这是集团进一步扩大收入基底的策略之一。具体而言，我们推出了新的医疗保健产品系列Avance，后者旨在为我们的消费者进行整体的养生与让消费者保持身体健康。其中的产品包括Avance LB-30(拥有特殊品种益生素)、Avance ProDHA、Avance ProDHA谷胱综合素和Avance i-Care Gold，这些配方可满足一系列种类广泛的需求，包括为消化与免疫系统给予支持，以及促进头脑、眼睛和血液循环。作为持续研发辅助健康相关产品的一部分，我们亦将推出我们的健康茶，让我们的消费者可方便地享用好茶。

Avance LB-30 益生菌和 GLO Caps 谷胱综合素促进养生和积极保健

企业社会责任

全美世界希望小学正式在湖南省冷水江市中联乡启动援建

集团的企业社会责任计划 – 世界童窗学生交流奖学金(WLSES)已经迈入第8年。WLSES于FY10由人力部部长林瑞生先生倡议。自此之后，WLSES颁发了超过208份交流奖学金，受惠的学校超过41所。今年，我们把其地域范围延伸至湖南省和台湾。具体来说，一群为数28位的中国学生到新加坡南洋小学(Nanyang Primary School)及公立培群学校(Peichun Public School)参加浸濡计划。他们和本地学生一同到访了AWWA乐龄社区之家(AWWA Senior Community Home)、失智症中心与特殊学校 (Dementia Centre and Special School)，跟孩子和年长人士一起做手工和表演，度过了一个下午。

湖南省方面，我们已开始兴建一所新的"全美世界希望学校(Best World Hope School)"，后者位于冷水江市中连乡的乡村。

区域方面，我们为台湾的计划如"儿童书屋(Kid's Bookhouse)"作出贡献，"儿童书屋" 是为有家庭相关问题的孩子提供课后托管的地方。在香港，我们也参与由香港直销协会举办的孩子照护活动。

展望未来，在集团取得令人鼓舞的增长的同时，我们应对世界各地的社群献出爱心。透过把资源投放在社区服务和教育上，我们将进一步加深我们的社会责任，并持续令这个世界变得更加美好。

鸣谢

我们感谢Ravindran Ramasamy先生在过去13年来为董事局作出非常宝贵的贡献。凭借在法律与商业方面的丰富经验，他为集团带来了上市公司管理的新思维和知识。Ravindran先生于2017年12月31日卸下非执行独立董事的职位，以促进董事局更新。我们祝他一切顺利。

我们也要热烈欢迎即将就任的独立董事陈秉义先生。他将担任提名委员会的主席，同时也是审计与薪酬委员会的委员。

感激

我们在全美世界起步时怀抱着一个远大的梦想。多年来，我们不倦地把这个梦想付诸实现，而在我们开始取得成功果实的当儿，我们与管理层正努力打造全美世界成为一间伟大的公司，我们要对管理层、员工和分销商全心全意地为集团作出贡献表达深切的谢意。我们也要感谢董事局所提供的指导和建议，以及感谢我们的客户、业务伙伴和供应商持续地给予支持。最重要的是，我们由衷地感激我们的股东，当中有许多和我们一同渡过了顺境和逆境。谢谢你们！

在我们的业绩再创高峰之际，我们期盼你们在来临的一年持续地相信和支持我们！

范文瑂博士
创办人、联合主席
集团总裁/董事长

陈俐蓉博士
创办人、联合主席
理事长

GROUP STRUCTURE

Subsidaries held by Best World International Ltd	Effective Shareholding
SINGAPORE Avance Living Pte. Ltd.	100%
SINGAPORE Celcott Investments Pte. Ltd.	100%
SINGAPORE Best World Lifestyle Pte. Ltd.	100%
SINGAPORE Best World Taiwan Holdings Pte. Ltd.[1]	100%
MALAYSIA Best World Lifestyle Sdn. Bhd.[2]	100%
THAILAND BWL (Thailand) Company Limited	49%
INDONESIA PT BWL Indonesia	80%
INDONESIA PT Best World Indonesia	100%
PHILIPPINES BWL Health & Sciences, Inc.	100%
VIETNAM Best World Vietnam Company Limited	100%
HONG KONG Best World Lifestyle (HK) Company Limited	100%
KOREA BWL Korea Co., Ltd	100%
TAIWAN Best World Lifestyle (Taiwan) Co., Ltd	100%
CHINA Best World Lifestyle (Shanghai) Co., Ltd.	100%
CHINA Best World (China) Pharmaceutical Co., Ltd.[3]	100%
DUBAI BWL General Trading L.L.C	49%

1 In April 2017, the Company incorporated a wholly-owned subsidiary in Singapore known as Best World Taiwan Holdings Pte. Ltd.

2 In December 2017, the Company acquired the entire equity in the capital of Best World Lifestyle Sdn. Bhd. Following the acquisition, the entity became a wholly-owned subsidiary of the Group.

3 In December 2017, Best World (Zhejiang) Pharmaceutical Co., Ltd was renamed Best World (China) Pharmaceutical Co., Ltd.

BOARD OF DIRECTORS

Dr Dora Hoan Beng Mui, PBM

Co-Chairman, Group CEO/Managing Director

Date of first appointment as a director:
11 December 1990

Date of last re-election as a director: NA
(According to Article 89 of the Company's Article of Association, Dr Dora Hoan Beng Mui, being the Co-Chairman, Group CEO / Managing Director, shall not be subject to retirement by rotation)

Length of service as a director (as at 31 December 2017):
27 years

Board committee(s) served on:
- Nominating Committee

Academic & Professional Qualification(s):
- Bachelor's Degree in History, Nanyang University, Singapore
- MBA, National University of Singapore
- Honorary PhD, Kennedy Western University, USA
- PhD in Business Administration, Western Pacific University, USA

Present Directorships (as at 31 December 2017)
Best World International Limited

Other principal commitments
- Secretary, World Federation of Direct Selling Associations
- Chairman, Direct Selling Association of Singapore
- Chairman, World Learner Exchange Program Committee
- Co-Chairman, SPBA Lianhe Zaobao China Prestige Brand Award
- Past President, Council member, ASME
- Vice Chairman, Radin Mas CCC

Past Directorships held over the preceding three years in other listed companies (from 1 January 2015 to 31 December 2017)
Nil

Dr Doreen Tan Nee Moi, PBM

Co-Chairman, President

Date of first appointment as a director:
11 December 1990

Date of last re-election as a director:
26 April 2017

Length of service as a director (as at 31 December 2017):
27 years

Board committee(s) served on:
Nil

Academic & Professional Qualification(s):
- Applied Nutrition, American Academy of Nutrition
- Honorary PhD, Kennedy Western University, USA
- Doctorate Degree in Naturopathy, Canyon College, USA

Present Directorships (as at 31 December 2017)
Best World International Limited

Other principal commitments
- Corporate Council Board Member, ASEAN Alliance of Health Supplement Associations
- Assistant Treasurer, Health Supplements Industry Association (Singapore)
- Patron, Pasir Ris West CCC

Past Directorships held over the preceding three years in other listed companies (from 1 January 2015 to 31 December 2017)
Nil

Mr Huang Ban Chin

Executive Director
Chief Operating Officer

Date of first appointment as a director: 13 September 1994

Date of last re-election as a director: 26 April 2016

Date of next re-election as a director: 30 April 2018

Length of service as a director (as at 31 December 2017):
23 years 3 months

Board committee(s) served on:
Nil

Academic & Professional Qualification(s):
- Bachelor of Science, National University of Singapore

Present Directorships (as at 31 December 2017)
Best World International Limited

Other principal commitments
Nil

Past Directorships held over the preceding three years in other listed companies (from 1 January 2015 to 31 December 2017)
Nil

Mr Lee Sen Choon

Chairman of Audit Committee
Lead Independent Director

Date of first appointment as a director: 24 May 2004

Date of last re-election as a director: 26 April 2017

Length of service as a director (as at 31 December 2017):
13 years 7 months

Board committee(s) served on:
- Audit Committee
- Remuneration Committee
- Nominating Committee

Academic & Professional Qualification(s):
- Bachelor of Science (Hons) degree, Nanyang University, Singapore
- Post-Graduate Diploma in Management Studies, University of Salford, United Kingdom
- Fellow of The Institute of Chartered Accountants in England and Wales
- Practicing Member of Institute of Singapore Chartered Accountants

Present Directorships (as at 31 December 2017)
- Best World International Limited
- Hor Kew Corporation Limited
- Soon Lian Holdings Limited

Other principal commitments
- Senior Partner at UHY Lee Seng Chan & Co, Chartered Accountants
- Immediate Past Chairman, Board of Directors, Singapore Chinese High School
- Treasurer and Chairman of Finance Committee, Hwa Chong Institution Board of Governors
- Chairman of the School Advisory Committee of Xingnan Primary School

Past Directorships held over the preceding three years in other listed companies (from 1 January 2015 to 31 December 2017) Nil

BOARD OF DIRECTORS

Mr Chan Soo Sen

Chairman of Remuneration Committee

Date of first appointment as a director: 7 March 2016

Date of last re-election as a director: 22 April 2016

Date of next re-election as a director: 30 April 2018

Length of service as a director (as at 31 December 2017):
1 year 9 months

Board committee(s) served on:
- Remuneration Committee
- Nominating Committee
- Audit Committee

Academic & Professional Qualification(s):
- Master of Science in Management Science, University of Stanford
- Bachelor of Arts in Mathematics (Second Class Honors), Keble College University of Oxford

Present Directorships (as at 31 December 2017)
- Best World International Limited
- BreadTalk Group Limited
- Midas Holdings Limited
- Cogent Holdings Limited

Other principal commitments
Adjunct Professor, Nanyang Technological University

Past Directorships held over the preceding three years in other listed companies (from 1 January 2015 to 31 December 2017)
Nil

Past principal commitments
- Executive Vice President, SingBridge International Singapore Pte Ltd
- Minister of State, Various Ministries in Singapore
- Chief Executive Officer, Sino – Singapore Suzhou Industrial Park

Mr Adrian Chan Pengee

Chairman of Nominating Committee

Date of first appointment as a director: 3 January 2018

Date of next re-election as a director: 30 April 2018

Length of service as a director (as at 31 December 2017):
Nil

Board committee(s) served on:
- Nominating Committee
- Remuneration Committee
- Audit Committee

Academic & Professional Qualification(s):
- LLB (Hons), National University of Singapore

Present Directorships (as at 31 December 2017)
- Best World International Limited
- Ascendas Funds Management (S) Limited
- Global Investments Limited
- Yoma Strategic Holdings Ltd.
- Hong Fok Corporation Limited
- AEM Holdings Ltd

Other principal commitments
- Head of Corporate and Senior Partner, Lee & Lee
- Council member, Law Society of Singapore
- Member, Legal Service Commission
- Board member, Accounting and Corporate Regulatory Authority
- Member, SGX Catalist Advisory Panel
- Honorary Secretary, Association of Small and Medium Enterprises

Past Directorships held over the preceding three years in other listed companies (from 1 January 2015 to 31 December 2017)
- Isetan (Singapore) Limited
- Biosensors International Group, Ltd.
- Nobel Design Holdings Ltd

HEADQUARTERS MANAGEMENT

Koh Hui

Senior Group Financial Controller

Dr Gan Kok Wee

Senior Group Manager,
Human Resource Development & Culture Communication

Ms Koh joined Best World in 2003 and has served in a number of finance and managerial positions. In 2004, Ms Koh was appointed Group Finance Manager where she headed the finance team and was instrumental in the successful listing of the company. She was subsequently assigned as Deputy General Manager, Best World (Hunan) Health Sciences Company Ltd, China from 2008 to 2009. Her consistent work performance led to her promotion to Senior Group Financial Controller in 2013, where her current responsibilities include overseeing accounting, finance, treasury, risk management and tax functions of the group. She also assists the executive director on all investor relations matters.

Prior to joining Best World, Ms Koh served as a senior auditor with Ernst and Young. She holds a Bachelor of Accountancy from Nanyang Technological University of Singapore and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

Dr Gan oversees the Group's education and training system. One of his key responsibilities is to design, develop and implement leadership training programmes for distributors and staff that meet the Group's vision and mission. He also works closely with the Group CEO in the strategic planning and development of the Group's human resources where his day-to-day operations include organising training workshops, one-to-one consultations, group facilitations and individual performance coaching of distributors.

Prior to joining Best World, Dr Gan has been in the education and training industry for more than 25 years, holding leadership positions in mainstream elementary to tertiary educational institutions as well as special education. He has over 20 years of coaching and mentoring experience with mature students in life skills acquisition and leadership development. Dr Gan holds double doctorate degrees in Computer Science from the National University of Singapore and Chinese Philosophy from East China Normal University.

Sugiharto Husin
Senior Group Manager,
Information System

Ang Ping
Group Manager,
Branding

Sugiharto joined Best World in 2006 and is responsible for all aspects of information technology at the foundation, where he provides technological direction and partners with senior executives to design and plan complex global technology initiatives, project implementation strategies, organizational change management, communications, training programs and IT disaster recovery planning.

Sugiharto has been endeavouring in the IT field since 1993, working within the realms of software development, retail, healthcare and commerce industries. Prior to joining Best World, he was General Manager of IT Services in a local direct selling company. His experience in this industry enables him to effectively implement best practices and make IT one of Best World's competitive tools. Sugiharto holds a Bachelor's Degree with Honours in Computing & Information Systems from University of Central England. He is also a certified Architect for Enterprise Java Applications.

Mr Ang was appointed Group Manager, Branding since 2009 where he leads a brand management team that specialises in brand creation, extension and proliferation. He is responsible to oversee the brand standards for the company's portfolio of brands, ranging from skincare, healthcare to wellness products. This includes driving strategic initiatives in product branding and content development for social media. In addition, Mr Ang also heads the company's corporate social responsibility initiative, the World Learner Student Exchange Scholarship.

Prior to Best World, Mr Ang spent over 10 years in brand consulting. His rich experience and expertise help maintain our brand experience fresh and engaging at every brand touch point. Mr Ang holds an MBA from the University of Chicago Graduate School of Business.

Phyllis Tan Hui Keng

Group Manager,
Logistics

Ms Tan joined Best World in 1997 as an Accounts Executive. She was promoted to Supply Chain Manager in 2005 and subsequently as a Division Manager, Supply Chain in 2008. In 2015, she was promoted to Group Manager, Logistic. Her latest portfolio includes overseeing the Group's inventory planning and supply chain management.

Ms Tan holds a Bachelor's Degree in Commerce from Murdoch University, Australia

Jerry Lu

Senior Group Regional Manager,
S.E.A. Market Development

Mr Lu first joined the company as Marketing Manager in July 1995 and has been extensively involved in the strategic expansion and development of the Group's direct selling business within the region.

During this period, his consistent performance has led to his promotion as Senior Area Manager in 2007 and Regional General Manager in 2009. In 2011, he was subsequently appointed as Group Manager, Southeast Asia Market Development where his current role has been focused on the growth and development of the Group's interests in regions comprising Singapore, Thailand, Malaysia and Philippines.

These responsibilities include overseeing the strategic planning, business development, operational business processes of these individual markets and mapping out strategies to strengthen market networks. Mr Lu holds a Bachelor's Degree in Commerce (Information Systems) from Curtin University, Australia.

SUBSIDIARY MANAGEMENT

Ho Kok Tong

General Manager (Manufacturing/Wholesale),
Best World (China) Pharmaceutical Co., Ltd.

Mr Ho has served in the past as General Manager of Operations and Corporate. In 2008, he was appointed as Country Manager for Taiwan and was subsequently promoted as Senior Country Manager in recognition of his consistent work performance and positive contributions. At the end of 2013, Mr Ho was appointed as Senior Group Manager, Business Development, as he returned to Singapore. His responsibilities included overseeing the strategic planning, business development and day-to-day operations of the Group.

Mr Ho was subsequently appointed as Acting Deputy General Manager, China in which he oversees the management and operations of our dietary supplement manufacturing subsidiary in Hangzhou City of China. A key function of his role is maintaining distributor relationships with the objective of further expanding the existing market share in China. With effect from 2016, he is designated as General Manager, Best World (China) Pharmaceutical Co., Ltd. for the Hangzhou operations.

Prior to joining the Group in 2007, Mr Ho has had more than 20 years of finance and managerial experience working in both MNCs and SMEs. He also has over 10 years of experience in marketing health-related products in Southeast Asia. He graduated with a Bachelor of Commerce (Hons) from Nanyang University and is a Fellow Certified Public Accountants of Singapore (FCPA Singapore) and a Fellow of the Association of Chartered Certified Accountants (FCCA).

Jansen Tang

Senior Country Manager,
Best World (China) Pharmaceutical Co., Ltd.
and Best World Lifestyle (HK) Company Limited
Senior Group Manager,
Regional Membership & Commission

Mr Tang joined the company in 2005 as a Management Trainee and was promoted as a Manager in 2006, where his responsibilities include supervising the calculation and distribution of bonus commission for distributors. His consistent performance saw him posted to China in 2007 to oversee the customer service and logistical operations for the Group's business in China. He was later promoted as Division Manager and subsequently as Group Manager, Regional Membership & Commission in 2010 and 2015 respectively. He assumed further responsibility as Deputy Country Manager, China and Hong Kong in 2012 and was subsequently promoted to Country Manager China and Hong Kong in 2015, where his role was expanded to include the strategic planning and business development in the region.

Mr Tang holds a Bachelor's Degree in Psychology and Economics from National University of Singapore.

Simon Yeh Kuo Tang

Senior Country Manager,
Best World Lifestyle (Taiwan) Co., Ltd

Appointed as the Country Manager of Taiwan from January 2014, Mr Yeh is a direct selling veteran with over 20 years of management experience within the Industry. His proven track record, coupled with his wealth of industry know-how, will be instrumental in propelling BWL Taiwan into the next level of development. With his management experience and deep-seated sensitivity of the Asian markets, Mr Yeh brings even greater diversity and capability to our regional management team.

Prior to joining Best World, Mr Yeh was the General Manager of 2 separate Direct Selling companies in Taiwan, over a span of 13 years. Mr Yeh has a degree in Economics from Tamkang University in Taiwan.

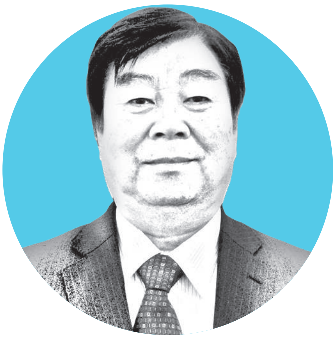
Daniel Chang

Country Manager,
PT Best World Indonesia

Mr Chang joined PT Best World Indonesia as Finance Manager in 2005 and was promoted to Deputy Country Manager in 2007, subsequently assuming the position of Country Manager in 2009. In his current role, Mr Chang has taken an executive responsibility for the development and expansion of Best World's direct selling activities in Indonesia. He oversees the day-to-day operations and is in charge of sales, finance, marketing, leading business development efforts and maintaining distributor relationships in this region.

Prior to joining Best World, Mr Chang has held managerial positions with companies located in Indonesia. He holds a Bachelor's Degree in Accounting from Trisakti University, Indonesia, and an Executive MBA degree from California State University, East Bay, USA.

SUBSIDIARY MANAGEMENT



Kim Baksin

Country Manager,
BWL Korea Co., Ltd.

Mr Kim joined BWL Korea in July 2010 and played a key role in setting up the Group's Korean subsidiary. He was subsequently appointed as Country Manager in July 2011 when operations commenced and is tasked with overseeing the day-to-day operations of the Group's Korean subsidiary and growing the Group's business in the Republic of Korea.

Mr Kim has extensive knowledge of the Korean direct selling market and has held various senior management positions of several Korean companies over the last 20 years. He was most recently Representative Director of Nikken Korea, Inc. He holds a Bachelor's Degree from Chosun University.

Dick Khor

Country Manager,
Best World Vietnam Company Limited

Mr Dick Khor joined Best World in March 2016 as a Regional Network development and Training manager. On 1st July 2016, he was appointed as Acting Country Manager of BWL Vietnam. He manages all aspects of the development and execution of the business programs, product talks, trainings, business strategies and management of BWL Vietnam.

Prior to joining Best World, Mr Dick Khor was a senior management personnel of a few Direct Selling companies in Malaysia, over a span of 27 years. He has been conducting trainings in India, Hong Kong and South East Asia.

Mr Dick Khor has a degree in Engineering from Texas Tech University, USA.

Foo Ce Yu

Deputy Country Manager,
Best World Lifestyle Pte. Ltd., Singapore

Mr Foo joined Best World as a Management Trainee in 2005 and was placed in-charge of the distributor training system for the directing selling business.

The exposure to the distributor network in Singapore helped to develop his marketing skills, and he was subsequently promoted to Marketing Manager in 2006. In 2008, he was promoted to Division Manager and given a wider scope of responsibility covering marketing, training, and day-to-day operations in Singapore.

Proactively involved in Singapore's sales performance and distributor network development, he was promoted to Deputy Country Manager in 2015 to officially take on these responsibilities. He also hosted company events which made him the choice-host for the Group's annual international convention awards ceremony.

Mr Foo holds a Bachelor's Degree in Business Administration (Marketing) from the National University of Singapore.

Yong Full Loong

Deputy Country Manager,
Best World Lifestyle Sdn Bhd, Malaysia

Since joining Best World Lifestyle Malaysia as an IT Executive in 2004, Mr Yong has served in a variety of roles that include IT support, customer support services, communications and all sales activities for the company. He has been promoted to IT Asst. Manager in 2006, in which he provides consistent reliable and effective services to customers and distributors. Mr Yong was subsequently involved in Marketing Communications in helping to promote the BWL brand image and marketing in Malaysia as Marcom Asst. Manager. In 2008, Mr. Yong was assigned as Operation Asst. Manager to be involved in the development of Malaysia market.

In 2011, Mr Yong was transferred to BWL Singapore to assume the Marketing & Network Relations Manager role. He was also involved in managing the day-to-day operations, marketing and direct selling activities of distributors in Singapore region.

Mr Yong was subsequently promoted as Deputy Country Manager of Malaysia in 2014. He holds a Bachelor's Degree in IT, University Tun Abdul Razak, Malaysia

Chansatid Kaemavichanurat

Deputy Country Manager,
BWL (Thailand) Company Limited

Maricel Nieva

Deputy Country Manager,
BWL Health & Sciences, Inc., Philippines

Mr Chansatid heads Best World's marketing initiatives and direct selling activities in Thailand, whereby his primary responsibilities include overseeing day-to-day operations, managing Best World's involvement in sales events and business development, and enhancing customer and distributor awareness in the region. Mr Chandsatid, first joined the company as Marketing Development Manager in 2007 and was promoted to Deputy Country Manager in 2010 in recognition of his consistent work performance. In 2014-2016, Mr Chansatid was appointed to be a committee member of Thailand Direct Selling Association (TDSA).

Prior to joining Best World, Mr Chansatid has accumulated 18 years of experience in sales, marketing, operations and general management assignments. He holds a Bachelor's Degree in Commerce (Statistical Science) and an MBA (Marketing) from Chulalongkorn University.

Ms. Maricel Nieva was appointed Deputy Country Manager of BWL Philippines since 2016. She manages all aspects of the implementation and development of the business programmes and support functions to facilitate the implementation of the country's business strategy. Providing leadership, strategic direction, management and evaluation of all facets of the BWL's marketing initiatives.

Prior to Best World, Ms. Nieva spent over 13 years in leading international companies, she developed essential competencies in Sales and Marketing, Human Resources, People Management, Events and Project Management of various international workforces. She has contributed to the implementation of changes in evolving business trends, fast growing sales, intensive network and consistently worked within multi-cultural industries that required mastering intense and varied leadership models to stir the team's support in achieving the desired outcome of various programs and projects that she have handled.

She also previously worked with different industries (Multi-level, Telecommunication, Dermatology, Real Estate and Hospitality) serving the overall goals of leading national and international workforces.

She holds a Bachelor of Communication in Arts Journalism at Bicol University, Legazpi City with honors (Cum Laude). Took up Executive studies in Asian Institute of Management. A certified Lean Six Sigma yellow and green belter. She also obtained Outstanding Professional Award 2016 awarded by Superbrand Philippines.

Corporate Information

Directors

Dr Dora Hoan Beng Mui	Co-Chairman, Group Chief Executive Officer, Managing Director
Dr Doreen Tan Nee Moi	Co-Chairman, Executive Director, President
Mr Huang Ban Chin	Executive Director, Chief Operating Officer
Mr Lee Sen Choon	Lead Independent Non-Executive Director
Mr Ravindran Ramasamy	Independent Non-Executive Director (Resigned on 31 December 2017)
Mr Chan Soo Sen	Independent Non-Executive Director
Mr Adrian Chan Pengee	Independent Non-Executive Director (Appointed on 3 January 2018)

Audit Committee

Mr Lee Sen Choon	Chairman
Mr Chan Soo Sen	
Mr Adrian Chan Pengee	(Appointed on 3 January 2018)
Mr Ravindran Ramasamy	(Resigned on 31 December 2017)

Remuneration Committee

Mr Chan Soo Sen	Chairman
Mr Lee Sen Choon	
Mr Adrian Chan Pengee	(Appointed on 3 January 2018)
Mr Ravindran Ramasamy	(Resigned on 31 December 2017)

Nominating Committee

Mr Adrian Chan Pengee	Chairman (Appointed on 3 January 2018)
Mr Ravindran Ramasamy	(Resigned on 31 December 2017)
Mr Chan Soo Sen	
Mr Lee Sen Choon	

Company Secretary

Ms Joanna Lim Lan Sim

Financial Calendar

26 February 2018
Announcement of full year results for the financial year ended 31 December 2017

27 February 2018
Analyst Brief

30 April 2018
Annual General Meeting

14 May 2018
Proposed announcement of first quarter results ended 31 March 2018

9 May 2018
Dividend Book Closure Date

23 May 2018
Payment of final dividends

7 August 2018
Proposed announcement of first half year results ending 30 June 2018

8 August 2018
Proposed Analyst Brief

8 November 2018
Proposed announcement of third quarter results ending 30 September 2018

Registered Office

26 Tai Seng Street
#05-01
Singapore 534057
Telephone: (65) 6899 0088
Facsimile: (65) 6636 1531
Email address: info@bestworld.com.sg
Website address: www.bestworld.com.sg

Principal Bankers

The Hong Kong and Shanghai
Banking Corporation Limited
United Overseas Bank Ltd

Share Registrar

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898

Auditor

Ernst & Young LLP
Public Accountants and
Chartered Accountants Singapore
Partner in charge: Mr Ang Chuen Beng
(since financial year ended 31 December 2017)

The Board of Directors (the "Board") of Best World International Limited (the "Company" or "Best World") and its subsidiaries (the "Group") firmly believes that good corporate governance is essential for the long-term sustainability of the Group's business and performance. The Company is fully committed to maintain its high standard of corporate governance to ensure greater transparency, accountability and protection of shareholders' interest.

This report describes the Company's corporate governance practices with specific reference to the revised Code of Corporate Governance 2012 (the "Code") issued on 2 May 2012 and other applicable laws, rules and regulations, including the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Board confirms that for the financial year ended 31 December 2017 ("FY2017"), the Company has adhered to the principles and guidelines as outlined in the Code and where there are deviations from the Code, the reasons for the deviations are explained accordingly.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board oversees the activities of the Group, and is responsible for the Group's overall entrepreneurial leadership, strategic direction and performance to meet shareholder and stakeholder obligations.

The Board comprises six directors as at the end of FY2017 and as at the date of this report. Together, the directors command a wide range of business, legal and financial experience that collectively contribute to the success of the Group.

Dr Dora Hoan Beng Mui	Co-Chairman, Group CEO / Managing Director
Dr Doreen Tan Nee Moi	Co-Chairman, President
Mr Huang Ban Chin	Executive Director and Chief Operating Officer
Mr Lee Sen Choon	Lead Independent Director
Mr Ravindran Ramasamy	Independent Director
Mr Chan Soo Sen	Independent Director
Mr Adrian Chan Pengee	Independent Director

Mr Ravindran Ramasamy stepped down from the Board and the Board Committees on 31 December 2017. Mr Adrain Chan Pengee was appointed as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee on 3 January 2018.

The Board's principal functions are:

a) Setting strategic and financial objectives of the Company and monitoring the performance of Management;

b) Considering sustainability issues including environmental and social factors in the formulation of the Group's strategies;

c) Approving annual budgets, funding requirements, expansion plans, capital investment, major acquisitions and divestment proposals;

d) Approving nominations of board directors, committee members and key personnel;

e) Overseeing the framework of internal controls to ensure its adequacy, make sure risks are assessed and managed, including safeguarding of shareholders' interests and the company's assets, accurate financial reporting and compliance with relevant laws, regulations and policies;

f) Determining the Group's values and standards including ethical standards; and

g) Approving transactions involving interested parties.

The Company has formulated guidelines setting forth matters reserved for the Board's decision. The Management of the Company (the "Management") was also given clear directions on matters, including financial authorization and approval limits for operational matters and capital expenditure. The Board approves transactions exceeding certain threshold limits while delegating authority for transactions below these limits to Management to facilitate operational efficiency.

The Board continues to approve matters which, under the Singapore Companies Act, Chapter 50 and SGX-ST Listing Manual require Board approval. Specifically, the Board has the responsibility to approve the following:

- Joint ventures, mergers and acquisitions
- Appointment of directors and key management staff of the Company;
- Acquisition and disposal of non-routine assets, investments and treasury products exceeding $500,000; and
- Declaration of interim dividends by the Company

All directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and at all times consider the best interests of the Group.

To facilitate effective management, certain functions have been delegated to various board committees, namely the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC") to assist the Board in the execution of its responsibilities. These Board Committees are made up wholly or predominantly of and chaired by independent directors. Each Board Committee has its own written Terms of Reference, which clearly set out the objectives, duties, powers, responsibilities as well as qualifications for committee membership. Minutes of all Board Committees have been circulated to the Board so that directors are aware of and are kept informed as to the proceedings and matters discussed during the Board Committees' meetings.

The full Board meets at least 4 times a year and additional meetings are convened as and when deemed necessary. The Company's Constitution provide for the Board to convene meetings via telephone or other similar communication facilities whereby all persons participating in the meeting can communicate as a group, and such meeting shall be deemed to take place where the majority of directors present is assembled.

The frequency of the Board and Board Committees' meetings and the attendance of each director at these meetings for the financial year ended 31 December 2017 is set out in the table below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total number of meetings held	4	4	1	2
Meetings attended:				
Dr Dora Hoan Beng Mui	4	-	1	-
Dr Doreen Tan Nee Moi	4	-	-	-
Mr Huang Ban Chin	4	-	-	-
Mr Lee Sen Choon	4	4	1	2
Mr Ravindran Ramasamy(1)	4	4	1	2
Mr Chan Soo Sen	4	4	1	2

Note:
(1) Mr Ravindran Ramasamy stepped down from the Board and the Board Committees on 31 December 2017.

Mr Adrian Chan Pengee was appointed as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee on 3 January 2018 and hence not included in the above table for FY2017.

A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as a director. New directors will also be briefed during the orientation program on the overview of the business operations, the latest results announced, the company's corporate governance practices, regulatory regime, their duties as directors and the relevant committee's terms of reference. The director is also introduced to key management personnel and given the opportunity to visit the Group's operational facilities.

Board members are encouraged to attend seminars at least annually and receive training to keep abreast of current developments to properly discharge their duties as directors. The Company works closely with professionals to provide its directors with updates on changes to relevant laws, regulations and accounting standards. Our independent directors are also engaged full time in their respective profession, keeping them updated in their fields of knowledge.

In FY2017, the list of training attended by executive directors is as follows:

Training program	Participant
北大领导力提升研修班	Dr Dora Hoan Beng Mui, Dr Doreen Tan Nee Moi and Mr Huang Ban Chin
Disruptive Technologies for Directors	Mr Huang Ban Chin
Capturing Opportunities in India's Growing Consumer Sector	
Investor & Media Relations Essentials	

BOARD COMPOSITION AND GUIDANCE

Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises six directors of whom three are independent non-executive directors and three are executive directors. The Company maintains a strong and independent element on the Board with the independent directors constituting half of the Board. The independent directors have confirmed that they do not have any relationship with the Company or its related companies or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company, and they are able to exercise objective judgment on corporate affairs independently from the Management and its 10% shareholders.

As half of the Board is independent, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

The independence of each director is reviewed annually by the NC and its views made to the Board. Particular scrutiny was applied in assessing the continued independence of Mr Lee Sen Choon; having served as a director beyond nine years from the date of his first appointment, with attention to ensure that his allegiance remains clearly aligned with shareholders' interest. Mr Lee Sen Choon duly recused himself from the discussion and decision in respect of his own independence.

The following were some of the factors considered in reviewing the independence of the director who has served beyond nine years:

(a) whether the director is free from any dealings, relationships or circumstances that could affect or appear to affect his independent judgement, particularly with regards to whether the director has indicated or demonstrated an alignment or ongoing support for any specific group of stakeholders, instead of representing the interests of all stakeholders;

(b) whether the length of service has had any adverse impact on the director's objectivity and judgement and whether during the tenure there has been any impairment to his ability to discharge his duties and responsibilities in the overall interest of the Group, taking into consideration the interests of all stakeholders; and

(c) whether the director continues to exhibit a firm commitment to his role and continues to actively contribute with the knowledge and experience of the Group's business built up over the years.

After due consideration and with the concurrence of the NC, the Board is of the view that Mr Lee Sen Choon has demonstrated strong independence of character and judgment over the years in discharging his duties and responsibilities as independent director and he does not have any existing business and/or professional relationship whatsoever with Best World group of companies and its officers who could possibly influence his objectivity in discharging his duty as an independent director of the Company.

Taking into account the above, the Board has determined that Mr Lee Sen Choon continues to be considered independent, notwithstanding he has served on the Board for more than nine years from the date of his first appointment. The independent directors continue to be committed to carry out their roles and responsibilities, ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, taking into account the long term interests of the Company's stakeholders. which include shareholders, employees, customers and suppliers.

The Board also reviewed the performance of each independent director and considers each of these directors brings invaluable expertise, experience and knowledge to the Board and they continue to contribute positively to the Board and Board Committees. Therefore, the Board is satisfied as to the performance and continued independence of judgment of each of these directors.

The NC reviews the size of the Board on an annual basis. Based on the latest review, there was general agreement that the present Board size is appropriate and facilitates effective decision making, taking into account the nature and current scope of the Company's operations and the requirements of the business.

The Board and NC appreciate the benefits of having a diverse Board. The diversity in our Board's composition, an appropriate mix of gender, expertise and experience in areas such as accounting and finance, business and management experience, industry knowledge, strategic planning experience, customer-based experience and knowledge allows Board members to have broader perspectives, better identify possible risks, raise challenging questions and contribute to problem-solving, leading to quality decision making in order to achieve the Company's strategic objectives. Details of the Board members' qualifications and experience are presented in this Annual Report under the section titled "Board of Directors".

Whilst all the directors share an equal responsibility for the Company's operations, the role of the independent non-executive directors is crucial in helping to develop proposals on Company strategies and to ensure that the strategies proposed by the Management are constructively challenged. The independent non-executive directors are also responsible for reviewing the performance of the Management in meeting agreed goals and objectives and monitoring the reporting of performance.

To facilitate a more effective check on Management, the independent directors, led by the lead independent director, meet at least once a year without the presence of Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Where the Chairman and CEO is the same person, the independent directors should make up at least half of the Board. The Company has complied with the relevant guideline of the Code as half of the Board is made up of independent directors.

The Chairman's duties and responsibilities include:

i. leading the Board to effectively cover all aspects of its role;

ii. reviewing the agenda and the board papers prepared for Board meetings to ensure significant items, particularly strategic issues are looked into and sufficient time is allocated for their discussion;

iii. setting an open and honest culture and encouraging debate;

iv. ensuring the directors receive board papers that are complete, adequate and timely before the meeting;

v. ensuring the proper conduct of meetings and accurate documentation of the proceedings with the help of the the corporate secretary;

vi. ensuring effective communication with shareholders;

vii. encourage constructive relations within the Board and between the Board and Management and facilitating effective contribution from the independent directors.

viii. promoting high standards of corporate governance.

In addition to the above duties, the Chairman will assume other duties and responsibilities as may be required from time to time.

To efficiently run the Board, the Company has two directors, Dr Doreen Tan Nee Moi and Dr Dora Hoan Beng Mui designated as Co-Chairman on top of their existing duties as President and Group CEO / Managing Director respectively.

As the Company's operations span across many countries, both Dr Doreen Tan Nee Moi and Dr Dora Hoan Beng Mui are required to travel frequently for business. Hence, it would be desirable to have Co-Chairman so either one could chair the Board or General Meeting in the absence of the other.

Dr Dora Hoan Beng Mui, the Group CEO / Managing Director of the Company is one of the founders and a substantial shareholder of the Company. She has been personally involved in the day-to-day operations of the Company since its incorporation, providing the Group with vision and strong leadership and playing an instrumental role in developing the businesses of the Group. Her performance and remuneration are reviewed periodically by the NC and the RC respectively, which consists mainly of independent directors.

As major decisions in the Group are reviewed by the Board, which has a strong representation of independent non-executive directors, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

Shareholders with concerns may contact the Lead Independent Director - Mr Lee Sen Choon directly, when contact through the normal channels via the Co-Chairman, the Executive Directors and the Senior Group Financial Controller has failed to provide a satisfactory resolution or when such contact is inappropriate.

BOARD MEMBERSHIP

Principle 4
There should be a formal and transparent process for the appointment and reappointment of directors to the Board.

As at the date of this report, the NC comprises four directors, a majority of whom, including the chairman of the NC are independent: -

Chairman	:	Mr Adrian Chan Pengee (Independent Non-Executive Director)
Member	:	Dr Dora Hoan Beng Mui (Co-Chairman, Group CEO / Managing Director)
Member	:	Mr Lee Sen Choon (Lead Independent Non-Executive Director)
Member	:	Mr Chan Soo Sen (Independent Non-Executive Director)

The NC is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments. It has adopted written terms of reference defining its composition, procedures governing meetings, duties and functions, reporting procedure, disclosure in the annual report in compliance with the Code of Corporate Governance and procedures relating to changes in the NC's Terms of Reference.

The duties of the NC are as follows:

a) To make recommendations to the Board on all board appointments;

b) To re-nominate directors with regards to their contribution and performance;

c) To determine annually whether a director is independent;

d) To review the composition of the Board and make recommendations on the performance criteria and appraisal process to be used for the evaluation of the individual directors; and

e) To assess the effectiveness of the Board as a whole and decide if each director has been adequately carrying out his or her duties.

The NC reviews annually the independence declarations made by the Company's independent non-executive directors based on the criterion of independence under the guidelines provided in the Code. For the year under review, the NC has ascertained the independence status of the three independent non-executive directors of the Company, namely Mr Lee Sen Choon, Mr Chan Soo Sen and Mr Adrian Chan Pengee by virtue of the fact that each of them does not have any existing business and/or professional relationship whatsoever with Best World group of companies and its officers which could possibly influence their objectivity in discharging their duty as an independent director of the Company.

The Board, having considered their character, their in-depth knowledge of the Group's business operations, past and continuous contributions at Board level in terms of impartial and constructive advice, is of the view that there is no material conflict between their tenure and their ability to discharge their role as independent non-executive directors.

The NC adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The Board has determined that directors should not concurrently hold more than six listed company board representations.

The NC monitors and determines annually whether directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his or her duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director and his actual conduct on the Board, in making this determination.

The NC was satisfied that in FY2017, directors with other listed company board representations and / or other principal commitments were able to carry out and had been adequately carrying out, their duties as directors of the Company.

In the selection process for the appointment of new directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. Thereafter, the NC conducts an initial assessment to review a candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidates' independence, expertise, background and skills sets will be considered before the NC makes its recommendations to the Board.

In line with the Board's considerations for progressive renewal, we have recently appointed a new independent non-executive director, Mr Adrian Chan Pengee. In addition to being extremely prominent in the legal field, Adrian is the legal adviser to the Direct Selling Association of Singapore (DSAS) and is very familiar with our industry and its regulations. He was also appointed as a Code Administrator to DSAS, responsible for interpreting the provisions of the

Codes of Conduct and mediating between disputing parties. His decision is binding on the member company and non-compliance may result in expulsion from membership.

In accordance with Article 93 of the Constitution of the Company, at each Annual General Meeting ("AGM"), not less than one-third of the directors are required to retire from office by rotation. Accordingly, the directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

Pursuant to Article 89 of the Constitution of the Company, Dr Dora Hoan Beng Mui, being the Co-Chairman, Group CEO / Managing Director, shall not be subject to retirement by rotation. In accordance with Article 92 of the Constitution of the Company, any newly appointed director appointed by the Board must retire and submit himself / herself for re-election at the next AGM following his / her appointment. Thereafter, he / she is subject to the one-third rotation if re-elected. Mr Adrian Chan Pengee will be retiring under Article 92 of the Constitution of the Company at the forthcoming AGM.

Pursuant to Article 93 of the Constitution of the Company, Mr Huang Ban Chin and Mr Chan Soo Sen shall retire at the forthcoming AGM. In this regard, the NC, having considered the attendance and participation of these directors at the Board and Board Committee Meetings, has recommended their re-election. The retiring directors, being eligible, have offered themselves for re-election at the forthcoming AGM. The Board has concurred with the NC's recommendation.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and / or participating in any deliberations of the NC in respect of his or her re-election as a director.

BOARD PERFORMANCE

Principle 5

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board has, through the NC, implemented an annual evaluation process via the use of evaluation forms to assess the effectiveness of the Board and the Board Committees as a whole and the contributions by each individual director. The NC is also responsible for deciding how the Board's performance may be evaluated and considers practical methods to assess the effectiveness of the Board and its Board Committees.

The evaluation of Board's performance as a whole deals with matters on Board composition, information to the Board, Board procedures, Board accountability, the Board's preparedness to deal with problems and crisis, the functioning of the Board Committees, CEO / Top Management and standards of conduct. The criteria for the evaluation of individual director include amongst others, attendance at meetings, directors' duties, their contribution to the testing and development of strategy and to risk management, know-how and interaction with fellow directors, senior management, shareholders and auditors.

The completed forms are returned to the Company for compilation of the average scores. The compiled results are then tabulated and presented at the NC Meeting for the NC's review. The Chairman of the NC will then present the deliberations of the NC to the Board.

The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole as well as the efficiency and effectiveness of the Board Committees in assisting the Board.

The results of the overall performance of the Board pointed towards consistently good ranking in most areas. Each director has contributed positively to the effective functioning of the Board and Board Committees. In addition, the NC is also satisfied that sufficient time and attention have been given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.

No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual directors.

ACCESS TO INFORMATION

Principle 6

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Board members are provided with complete, adequate and timely information on Board affairs and issues that require the Board's attention and decision.

The Board has separate and independent access to management executives of the Group and has unrestricted access to the Company's records and information.

Board papers are furnished to the Board five days prior to any board meeting. This allows directors sufficient time to review and consider the matters to be discussed. The board papers include minutes of the previous meeting, reports relating to investment proposals, financial results announcements, financial analysis reports, risk reporting summary and reports from internal auditors, external auditors and Board Committees etc.

However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. Employees, who can provide additional insight into matters to be discussed, are also invited to be present during the relevant discussions. From time to time, the Board requests for additional information to be reported in the board papers in response to new regulations or to assist them in decision making.

Directors have separate and independent access to the Company Secretary. The Company Secretary assists the board on the compliance of the Group with the Consitution and regulations, including requirements of the Companies Act, Cap 50, and the Listing Manual of the SGX-ST. The Company Secretary attends and prepares minutes for all Board and Board Committees meetings. The Company Secretary is responsible for ensuring good information flow within the Board, the Board Committees and the Management. Any decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

The Board exercises its discretion to seek independent professional advice at the Company's expense, if deemed necessary, to ensure that full information is available before important decisions are made.

REMUNERATION MATTERS
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises the following three independent non-executive directors as at the date of this report:

Chairman	:	Mr Chan Soo Sen
Member	:	Mr Lee Sen Choon
Member	:	Mr Adrian Chan Pengee

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual directors. The overriding principle is that no director should be involved in deciding his own remuneration. It has adopted written terms of reference that define its composition, procedures governing meetings, duties and powers, reporting procedures, disclosure in the annual report in compliance with the Code of Corporate Governance and procedures relating to changes in the RC's Terms of Reference. Where necessary, the RC may seek professional advice on remuneration matters.

The duties of the RC are as follows:

a) reviewing and recommending to the Board, a remuneration policy framework and guidelines for remuneration of the Board and the CEO and key management personnel;

b) determining specific remuneration packages for each of the directors and key management personnel covering all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

c) seeking expert advice inside and / or outside the Company on remuneration of all directors, if necessary, and ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;

d) reviewing the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, aim to be fair and avoid rewarding poor performance;

e) recommending targets and measures for assessing the performance of each of the executive directors and key management personnel, for endorsement by the Board of Directors;

f) where long-term incentives schemes have been implemented by the Company, reviewing whether executive directors and key management personnel should be eligible for benefits under the long-term incentives schemes;

g) periodically considering and reviewing remuneration packages in order to maintain their attractiveness, so as to retain and motivate the directors and key management personnel; and

h) considering the implementation of schemes to encourage non-executive directors to hold shares in the Company so as to better align the interests of such non-executive directors with the interests of shareholders.

LEVEL AND MIX OF REMUNERATION

Principle 8
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

One of the responsibilities of the RC is to review the remuneration framework of the Board and key management personnel in the Group, and to consider and review the remuneration package and / or service contract terms for each of the directors and key management personnel.

Executive directors do not receive directors' fees. They have service agreements with the company that are renewed every three years. In addition to the basic salary component and benefits-in-kind, the executive directors' remuneration is linked to performance via a tiered incentive bonus based on profit before tax. The Remuneration Committee reviews the audited group financial results against the targets achieved before approving the distribution of the annual incentive bonus.

The independent non-executive directors are paid director's fees, consisting of a base fee for their appointments in the Board and its committees, fees for chairing each board committee and taking up additional appointment of Lead Independent Director, for their effort and time spent and for their responsibilities and contribution to the Board.

The fee structure is as follows:

Base fee for appointments in the Board and its committees	$47,000
Additional fee for chairing each Board Committee	$3,000
Additional fee for appointment as Lead Independent Director	$2,000

The RC had recommended to the Board an amount of $152,000 as Directors' fees to be paid for FY2017, which will be tabled for shareholders' approval at the forthcoming AGM.

Key management remuneration comprises basic salary and a variable bonus which is based on individual and Group performance as a whole for that year. Key performance indicators that determine performance are different for each key management personnel.

Since FY2013, the Company has commenced the use of contractual provisions for key management positions whereby the Company shall have the right to reclaim all or any portion of bonus payment within the last three fiscal years in the event of significant restatement of the Company's financial statements due to fraud or misconduct committed by the bonus recipient.

DISCLOSURE ON REMUNERATION

Principle 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

For competitive reasons and difference in salary benchmarks across the countries we operate in, the Company shall disclose the remuneration of individual executive directors and the top five key management personnel on a named basis in bands of $250,000.

The breakdown of remuneration for each director and the top five key employees for FY2017 are as follows:

	Remuneration Bands / Remuneration	Salary(1) (%)	Bonus (%)	Benefits-in-kind (%)	Fees (%)	Total (%)
Executive Directors						
Dr Dora Hoan Beng Mui	$4,000,000 to $4,250,000	22	77	1	-	100
Dr Doreen Tan Nee Moi	$4,000,000 to $4,250,000	22	77	1	-	100
Mr Huang Ban Chin	$2,000,000 to $2,250,000	28	71	1	-	100
Independent Directors						
Mr Lee Sen Choon	$52,000	-	-	-	100	100
Mr Ravindran Ramasamy(2)	$50,000	-	-	-	100	100
Mr Chan Soo Sen	$50,000	-	-	-	100	100
Top Five Key Management Personnel						
Mr Simon Yeh	$500,000 to $750,000	34	66	-	-	100
Mr Jerry Lu Shih Chieh	$250,000 to $500,000	55	45	-	-	100
Ms Koh Hui	$250,000 to $500,000	53	46	1	-	100
Dr Gan Kok Wee	$250,000 to $500,000	57	43	-	-	100
Mr Sugiharto Husin	$250,000 to $500,000	53	46	1	-	100

(1) Comprises salary and all CPF contributions

(2) Mr Ravindran Ramasamy resigned on 31 December 2017

There are no extraordinary termination, retirement and post-employment benefits granted to the directors and the top five key management personnel. Compensation for immediate termination is the notice period remuneration unless termination is due to misconduct, where no compensation will be granted.

The aggregate of the total remuneration paid to the top five key management personnel for FY2017 is $1,991,000.

Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds $50,000 during the year are disclosed as follows:

Immediate Family Member of Director	Relationship with Director	Designation	Remuneration Bands
Hoan Beng Hua	Brother of Dr Dora Hoan Beng Mui	Senior Production Supervisor	$100,000 – $150,000
Tan Sing Keng, Joseph	Brother of Dr Doreen Tan Nee Moi	Warehouse Assistant	$50,000 – $100,000

As mentioned in the policy for remuneration above, bonus targets are used to drive performance and amounts declared are based on individual performance and company performance as a whole for FY 2017.

Long Term Incentive Scheme

The Company has a performance share scheme known as the BWI Performance Share Scheme (the "Scheme") which is administered by the Remuneration Committee.

There were no share awards granted during the financial year under the Scheme. No new shares have been issued during the financial year by virtue of the grant of share awards under the Scheme.

The Circular to Shareholders dated 8 April 2009 containing the details of the Scheme is available to shareholders upon their request.

ACCOUNTABILITY

Principle 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Company's performance and prospects.

Qualified personnel are tasked to oversee key laws and regulations for compliance. The Board monitors instances of non-compliance if any and assesses annually whether there is a need for additional review on the applicable laws and regulations.

Management provides all members of the Board with management accounts which comprises the consolidated profit and loss accounts, sales analysis, EBITDA by major regions and segments followed by explanations of significant variances for the quarter and year-to-date. Subsequent to the Board's review, the results are released via SGXNET to SGX-ST and the public.

Negative assurance statements supported by the Co-Chairman, Group CEO / Managing Director and Co-Chairman, President were issued to accompany the Company's quarterly financial results announcements, giving shareholders confirmation that to the best of their knowledge, nothing had come to their attention which would render the Company's quarterly results false or misleading.

The Company has also procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board has instituted risk tolerance levels to guide Management in the course of operations and achieving its strategic objectives. These tolerance levels were drafted based on the top risks identified by the Enterprise Risk Management ("ERM") committee. Board approval is required for initiatives involving greater risk exposures that exceed the predetermined levels.

The ERM committee, comprising the Executive Director and Chief Operating Officer – Mr Huang Ban Chin, department heads and chaired by the Lead Independent Director – Mr Lee Sen Choon assists the Board on risk management. The key components of the Company's risk management framework include:

Risks assessment – Risks that the Company is exposed to are identified, assessed and updated in the risk register. The risks are rated and ranked according to the likelihood and its impact. Top risks are highlighted for extra emphasis.

Risks monitoring – Risks are monitored through internal audits, internal reviews, questionnaires circulated to subsidiary management and the control self-assessment ("CSA") programme.

Risks response & risks reporting – The ERM committee holds regular meetings to discuss risk issues, new initiatives and reports material findings uncovered from risk monitoring. These meetings are thoroughly minuted and form part of the Board papers presented to the Board. Key risks exposures and statuses are also compiled in a risk reporting summary and submitted for Board review.

The top 5 risks the company faces are identified below:

1) Disruption in supply

   Our head office supplies the regional centers with inventory. A forecast is prepared by the regional center to enable head office to determine how much should be ordered from the supplier. As these forecasts are based on estimates, the regional centers risk facing stock shortage when sales exceed their forecast. On the other hand, ordering too much results in higher storage costs and stock obsolescence. We regularly review sales forecasts, monitor custom regulations, maintain buffer stocks and work with our suppliers to minimize disruptions.

2) Sudden discontinuation of key product

   Although BWI has a wide range of products, a few products within the range form the major part of revenue. For example, Plum Delite and some products in the DR Secret range of skin care products are huge generators of revenue. Discontinuation of products can arise because of restrictions of certain product ingredients imposed by the authorities. These changes in regulations are not controllable by BWI and unfavorable changes can occur despite having met initial requirements. The product development team keeps track of regulatory requirements of the countries that the company operates in and consistently seeks to enlarge the product range to reduce reliance on any single product.

3) Advertisements that over promise product efficacy

   Distributors sometimes exaggerate the uses of our products, leading to regulatory intervention. Warnings or penalties might be issued to the company, causing reputation damage or monetary losses, affecting our profitability. The company only publishes product attributes that can be supported for each product on our website. Through trainings and interactions, we also remind our distributors not to over exaggerate about the product's efficacy and keep to the proven functions.

4) Changes in industry licensing requirements

   Direct selling activities are usually subject to special licensing requirements in many countries. Any changes in regulations could result in termination or restriction of activities at our lifestyle centres. The impact of such an event is significant although it is not assessed to be likely. The continued operation of our manufacturing facility in BWZ is currently dependent on our facility being GMP compliant. Should there be any changes in requirements to the standards, the company might have to incur additional costs to fulfil the authority's requirements. We monitor changes closely to ensure that we remain compliant.

5) Unfavorable foreign exchange movements

As the Group operates internationally, revenue is generated in various currencies. Although subsidiaries are required to remit excess cash, the company still has foreign currency exposure should local currency fluctuate significantly against the Singapore dollar. BWI monitors monetary policy changes, major currency exposures and attempt to fix rates where feasible to minimize unfavorable exchange rate fluctuations.

The CSA programme established since 2011 provides a framework to obtain feedback on the state of internal controls. The programme requires subsidiaries to review and report annually on the effectiveness of controls and the control environment to HQ and significant findings are reported to the Board. Periodically, internal audit and independent reviews would be conducted to validate the self-assessments.

The Company has in place a whistle-blowing policy to empower employees with avenues to report suspected fraud, corruption, dishonest practices and other acts of misconduct. The Company will follow up on all reports and treat all information received confidentially to protect the identity (if available) and the interest of all whistle-blowers. For incidents of severe nature, the AC will be informed and an independent team reporting directly to the AC will be established accordingly. For incidents with less severity, the ERM committee comprising of the heads of various departments will oversee the matter raised. There has been no reported incident pertaining to whistle-blowing for FY2017.

Based on the system of internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the Audit Committee are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at 31 December 2017.

The Board has also received assurances from the Co-Chairman, Group CEO / Managing Director and Senior Group Financial Controller:

a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

b) that the Company's risk management and internal control systems are operating effectively.

AUDIT COMMITTEE

Principle 12

The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

As at the date of this report, the AC comprises three independent and non-executive directors:-

Chairman	:	Mr Lee Sen Choon
Member	:	Mr Adrian Chan Pengee
Member	:	Mr Chan Soo Sen

The Chairman, Mr Lee Sen Choon, has more than 30 years of experience in accounting, auditing, taxation and corporate secretarial work. The other members of the AC possess experience in finance, legal, business management and are exposed to regular updates from the relevant regulators. They are considered to be well qualified by the Board to discharge their duties in the AC.

The AC assists the Board in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal control.

The duties of the AC are as follows:

External Audit

a) review with the external auditors and Management on the following:-
   i. the audit plan
   ii. their evaluation of the system of internal accounting controls and the effectiveness of the Company's audit function
   iii. significant financial reporting issues and judgments so as to ensure integrity of the financial statements of the company and any announcements relating to the company's financial performance
   iv. their audit report
   v. their management letter and Management's response

b) ensure co-ordination where more than one audit firm is involved

c) review the quarterly, half-year and annual financial statements and earnings releases before submission to the Board for approval

d) meet with the external auditors and internal auditors at least once a year in the absence of Management to discuss issues arising from the audit, including the assistance given by the Management to the auditors

e) report to the Board its findings from time to time on matters arising and requiring the attention of the AC

f) undertake such other reviews and projects as may be requested by the Board

g) undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time

h) consider and recommend to the Board, the appointment / re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors

i) oversee the Group Whistle Blowing Policy

j) review the independence of the external auditors annually and the aggregate amount of fees paid to the external auditors for that financial year and a breakdown of the fees paid in total for audit and non-audit services

k) ensure that the External Auditor has direct and unrestricted access to the Chairman of the Board and the AC

Internal Audit

a) review and report to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance and information technology controls

b) review internal audit programme and the scope and results of the internal audit and its effectiveness

c) review the appointment, removal, evaluation and compensation of the internal audit function

d) review and monitor Management's responsiveness to the internal audit findings and recommendation

e) ensure that the Head of Internal Audit has direct and unrestricted access to the Chairman of the Board and the AC

Interested Person Transactions ("IPT")

a) approve the internal control procedures and arrangements for all future related party transactions to ensure that they are carried out on arm's length basis and on normal commercial terms

b) review transactions falling within the scope of Chapter 9 (Interested Person Transactions)

c) consider the need for a general mandate for IPT and obtain independent advisory support, if required

d) where a general mandate is being renewed, consider if the basis of determining the transaction process is adequate to ensure fair transaction terms

e) direct Management to present the rationale, cost-benefit analysis and other details relating to IPT subject to specific mandate

f) receive report from Management and internal audit on IPT

Internal Control

a) assess the effectiveness of the internal control and risk management systems established by the Management to identify, assess, manage and disclose financial and non-financial risks at least once a year

b) review the statements included in the annual report on the Group's internal controls and risk management framework

c) review reports from Management and internal auditors on the effectiveness of the systems for internal control, financial reporting and risk management

d) review the Group's procedures for detecting fraud and whistleblowing, and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters

Risk Management

a) advise the Board on the Group's overall risk tolerance and strategy

b) oversee and advise the Board on the current risk exposures and future risk strategy of the Group

c) in relation to risk assessment, (i) keep under review the Group's overall risk assessment processes that inform the Board's decision making; (ii) review regularly and approve the parameters used in these measures and the methodology adopted; and (iii) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance

d) review the Group's capability to identify and manage new risk types

e) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focusing particularly on risk aspects and implications for the risk tolerance of the Group, and taking independent external advice where appropriate and available

f) provide advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration

g) review promptly all relevant risk reports on the Group

h) review and monitor the Management's responsiveness to the findings

The AC has the authority to investigate any matter within its terms of reference and enjoys full access to and co-operation from Management to enable it to discharge its function properly.

The AC met with the external auditors without the presence of any executive director and Management personnel at least once in FY2017.

The AC reviewed the non-audit services provided by the external auditors of the Company for FY2017. Total fees amounted to $559,100 out of which $161,000 is for audit services and $398,100 is for non-audit services, of which $373,000 pertain to special audit fees that are not expected to be recurring. The AC is of the opinion that the provision of such non-audit services did not impair the independence or objectivity of the external auditors of the Company.

The AC had recommended the re-appointment of Ernst & Young LLP as external auditors at the forthcoming AGM.

In appointing the audit firms for the Company, its subsidiaries and significant associated companies, the Audit Committee and the Board are satisfied that the Group has complied with Listing Rules 712 and 715.

The AC members takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through periodic meetings with the external auditors, briefings provided by professionals or external consultants as necessary.

Summary of AC's activities in 2017

(i) reviewed the financial statements of the Company before the announcement of the Company's quarterly and full-year results;

(ii) together with the Co-Chairman, Group CEO / Managing Director, Chief Operating Officer, Senior Group Financial Controller and where applicable, the external auditors, reviewed the key areas of Management's judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;

(iii) reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Company;

(iv) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;

(v) reviewed non-audit fees;

(vi) reviewed the appointment of a different auditor for its subsidiaries;

(vii) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;

(viii) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues; and

(ix) reviewed interested party transactions.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Financial Reporting Matters

In the review of the financial statements, the AC has discussed with management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with management and the external auditor and were reviewed by the AC:

Matters considered	Action
1) Allowance for inventory obsolescence $28.2 million (15% of Group's total assets)	The Audit Committee reviewed the methodology and assumptions used by the management in the valuation of inventory and determination of provision for inventory obsolescence. The external auditors shared with the Audit Committee on their work performed, including their assessment on the appropriateness of management's judgments applied in calculating the value of inventory provisions and the accuracy of such provision. The Audit Committee was satisfied with the appropriateness of key assumptions and methodology adopted by the Group and that the relevant disclosures in the financial statements were appropriate.
2) Impairment of intangible assets $5.2 million	The judgment in relation to the impairment of intangible assets, including goodwill relates primarily to the assumptions underlying the calculation of the value in use of the cash generating units (CGUs), being the achievability of the long-term business plan and the macroeconomics and related modeling assumptions underlying the valuation process. The Audit Committee obtained assurance from management that detailed impairment testing had been undertaken using appropriate methodology and assumptions The Audit Committee also obtained report from the external auditors detailing their assessment on the methodology and assumptions adopted by management, including sensitivity testing on the determination of the recoverable amount of the goodwill. The Audit Committee was satisfied with the appropriateness of the methodology and assumptions used and the disclosures in the financial statements of the Group.

INTERNAL AUDIT

Principle 13

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function of the Company is outsourced to an external consulting firm – BDO LLP, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC approves the hiring, removal, evaluation and compensation of the consulting firm. Based on risk assessments performed, greater emphasis and appropriate internal reviews are planned for high risk areas and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The internal audit plans are reviewed and approved by the AC annually.

The Internal Audit methodology adopted by our internal auditors is consistent with the requirements of The Institute of Internal Auditors.

The AC is satisfied that the internal audit function is adequately resourced and is independent of the activities it audits.

SHAREHOLDER RIGHTS

Principle 14

Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Best World believes in treating all Shareholders fairly and equitably. It aims to keep all Shareholders and other stakeholders informed of its corporate activities, including changes which are likely to materially affect the price or value of its shares, on a timely and consistent manner.

Shareholders are also given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated to attendees.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting. The Company's Constitution also allow any shareholder to appoint proxies during his absence, to attend and vote on his behalf at the general meetings.

Best World allows relevant intermediaries such as the Central Provident Fund Board or corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such bodies can attend and participate in general meetings as proxies.

COMMUNICATION WITH SHAREHOLDERS

Principle 15

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company endeavors to communicate regularly, effectively and fairly with its shareholders.

The Company communicates information to its shareholders on a timely basis through:

a) Disclosures to SGXNET and press releases on major developments of the Group;

b) The Group's website at www.bestworld.com.sg from which shareholders can access. The website provides all publicly disclosed financial information, corporate announcements, press releases and the annual report;

c) Annual reports which are prepared and issued to all shareholders;

d) Share investor online portal which provides the Company's share updates and all publicly disclosed information;

e) Share investor forum that publishes updated investors relations information; and

f) Analyst briefs organized for analysts and investors.

In addition, the Company communicates regularly with investors and analysts via half yearly results briefing as well as via ad-hoc meetings and teleconferences in the office.

Through its dividend policy, Management has also committed to distribute at least 40% of the company's annual profit to shareholders in the form of dividends and / or bonus securities each year.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. All who wish to attend the AGM are welcome and are not restricted by the two-proxy rule. The Board encourages active Shareholder participation and practices an open question and answer session at which shareholders may raise questions or share their views regarding the proposed resolutions and the Company's businesses and affairs. The chairman of the respective Board Committees and key management personnel are invited to attend the AGM and are present and available to address questions at general meetings. In addition, the external auditors of the Company are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Each item of special business included in the notice of the meeting will be accompanied by an explanation of the effects of a proposed resolution. Unless the resolutions proposed at a meeting are interdependent and linked so as to form one significant proposal, separate resolutions shall be proposed for substantially separate issues at the meeting.

Minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management will be prepared and made available to shareholders upon their request.

Resolutions are, as far as possible, structured separately and may be voted on independently. All polls are conducted in the presence of independent scrutineers.

For greater transparency and fairness in the voting process, voting at shareholders' meetings is conducted by poll. This allows all shareholders present or represented at the meetings to vote on a one-share-one vote basis. Results are announced in detail, showing the number of votes cast for and against each resolution and the respective percentages. In addition, the voting results at the general meetings including the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

The Company has not adopted electronic polling for its voting process due to low attendance rates of shareholders at AGM.

DEALING IN SECURITIES

The Company has adopted the requirements in SGX-ST's Rule 1207(19) applicable to dealings in the Company's securities by its directors, Management and officers. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Directors, Management and officers of the Group are also advised to observe insider trading laws at all times even when dealing in the Company's securities within the permitted trading period. In addition, the directors, Management and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of transactions with interested persons. All interested person transactions ("IPT") are subject to review by the AC every quarter to ensure that they are carried out at arm's length and the relevant rules in Chapter 9 of the Listing Manual of SGX-ST are complied with.

In the event that the Company or any of its subsidiaries proposes to enter into a contract or other transaction with one or more Directors or with a corporation, firm, association or other entity in which one or more of the Directors have a substantial financial interest or are officers or directors, the Directors interested in the transaction shall:

a) disclose his or her interest to the Board, prior to any vote on the transaction;

b) in addition to compliance with a) above, absent himself or herself from discussions, deliberations, or votes concerning the transaction; and

c) not to be counted in determining the existence of a quorum.

In considering any transaction, the Board shall satisfy itself that the transaction is fair and reasonable to the Company and/or subsidiaries and does not constitute an excess benefit to the Director interested in the transaction. Wherever feasible, the Board shall approve an IPT only after obtaining at least 2 other quotations from unrelated third parties for comparison, to ensure that the interests of minority Shareholders are not prejudiced. The fee for services shall not be higher than the most competitive fee of the 2 other quotations from unrelated third parties. In determining the most competitive fee, the service provider, quality, delivery time and track record will all be taken into consideration.

When reviewing the IPTs, the Director interested in the transaction will not be consulted in the selection process and will not be given the quotations received from the other service providers.

In any instance where the Board approves an IPT, the minutes of the meetings where such transaction is approved shall note:

a) the terms of the transaction;

b) the date it was approved and those who voted on it;

c) the comparability data obtained and relied upon and how such data was obtained; and

d) the basis for the Board's decision to approve the transaction

Currently, the Company is not required to have a general mandate from its shareholders in relation to IPT as the aggregate value of IPT transactions is below the threshold level as set out in the Listing Manual of the SGX-ST.

For the financial year ended 31 December 2017, there were no interested person transactions exceeding $100,000 in aggregate for the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920).

MATERIAL CONTRACTS

Save for the Service Agreements entered into with Dr Dora Hoan Beng Mui, Dr Doreen Tan Nee Moi and Mr Huang Ban Chin, which are still subsisting as at the end of FY2017, there are no material contracts involving the interests of the CEO, the directors or controlling shareholders entered into by the Group which are still subsisting as at the end of the financial year or entered into during the financial year.

RULE 711A -711B of SGX-ST LISTING RULES

Best World is passionate about contributing back to our society in meaningful ways. In addition, we believe that the effective management of environmental, social and governance (ESG) risks and opportunities can help us to deliver long-term value to our stakeholders.

Best World intends to publish its inaugural Sustainability Report (the "Report"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, by December 2018. This Report will be publicly accessible through Best World's website as well as on SGXNet.

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	No. Deviations shall be stated alongside each guideline of the Disclosure Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	It allows partial transparency as well as other objectives to be met, such as minimizing the risk of staff poaching, dissatisfaction amongst staff and cost effectiveness for shareholders.
Board Responsibility		
Guideline 1.5	What are the types of transactions which require approval from the Board?	The Company has formulated guidelines setting forth matters reserved for the Board's decision. The Management of the Company (the "Management") was also given clear directions on matters, including financial authorization and approval limits for operational matters and capital expenditure. The Board approves transactions exceeding certain threshold limits and while delegating authority for transactions below these limits to Management so as to facilitate operational efficiency. The Board continues to approve matters which, under the Singapore Companies Act, Chapter 50 and SGX-ST Listing Manual require Board approval. Specifically, the Board has the responsibility to approve the following: • Joint ventures, mergers and acquisitions • Appointment of directors and key management staff of Best World International Limited • Acquisition and disposal of non-routine assets, investments and treasury products exceeding $500,000 • Declaration of interim dividends by Best World International Limited

Members of the Board

Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board requires a mix of expertise and experience in areas such as accounting and finance, business management experience, industry knowledge, legal expertise, strategic planning experience and customer based experience and knowledge,
	(b) Please state whether the current composition of the Board provides diversity on each of the following - skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(see table below)
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	The NC reviews the size of the Board on an annual basis. Based on the latest review, there was general agreement that the present Board size is appropriate and facilitates effective decision making, taking into account the nature and current scope of the Company's operations, the requirements of the business of the Company and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The diversity in our Board's composition, an appropriate mix of gender, expertise and experience in areas such as accounting and finance, business and management experience, industry knowledge, strategic planning experience, customer-based experience and knowledge. Together, the Board members possess a balanced field of core competencies to lead the Company.

Category	Percentage
Accounting and Finance	83%
Business Management	100%
Industry and Company Knowledge	100%
Legal	17%
Strategic planning	100%
Customer-based experience and knowledge	67%
Gender	Male 67% Female 33%

Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) reelecting incumbent directors.	In the selection process for the appointment of new directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. Thereafter, the NC conducts an initial assessment to review a candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidates' independence, expertise, background and skills sets will be considered before the NC makes its recommendations to the Board. In line with the Board's considerations for progressive renewal, we have recently appointed a new independent non-executive director, Mr Adrian Chan Pengee. In addition to being extremely prominent in the legal field, Adrian is the legal adviser to the Direct Selling Association of Singapore (DSAS) and is very familiar with our industry and its regulations. He was also appointed as a Code Administrator to DSAS, responsible for interpreting the provisions of the Codes of Conduct and mediating between disputing parties. His decision is binding on the member company and non-compliance may result in expulsion from membership. The NC considers the results of the assessment on the effectiveness of the individual director, his attendance and participation at the Board and Board Committee Meetings, before recommending whether to reelect retiring directors.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Aside from the orientation program, new directors are given training only if required as the directors hired are usually experienced.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Board members are encouraged to attend seminars at least annually and receive training to improve themselves in the discharge of their duties as directors. The Company works closely with professionals to provide its directors with updates on changes to relevant laws, regulations and accounting standards. Our independent directors are also engaged full time in their respective profession, keeping them updated in their fields of knowledge.

Training program	Participants
北大领导力提升研修班	Dora Hoan, Doreen Tan and Huang Ban Chin
Disruptive Technologies for Directors	Huang Ban Chin
Capturing Opportunities in India's Growing Consumer Sector	Huang Ban Chin
Investor & Media Relations Essentials	Huang Ban Chin

Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Maximum of 6 board representations. The number of board representations is an estimate, based on the NC's experience on how many representations can a director take and still give sufficient time and attention to the affairs of a Company and adequately carry out his duties as a director of the Company.
	(b) If a maximum number has not been determined, what are the reasons?	NA
	(c) What are the specific considerations in deciding on the capacity of directors?	Past working experience with the director and existing commitments of the director are considered to decide the capacity of the director

Board Evaluation

Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The Board has, through the NC, implemented an annual evaluation process via the use of evaluation forms to assess the effectiveness of the Board and the Board Committees as a whole and the contributions by each individual director. The NC is also responsible for deciding how the Board's performance may be evaluated and considers practical methods to assess the effectiveness of the Board and its Board Committees. The evaluation of Board's performance as a whole deals with matters on Board composition, information to the Board, Board procedures, Board accountability, the Board's preparedness to deal with problems and crisis, the functioning of

		the Board Committees, CEO / Top Management and standards of conduct. The criteria for the evaluation of individual director include amongst others, attendance at meetings, directors' duties, their contribution to the testing and development of strategy and to risk management, know-how and interaction with fellow directors, senior management, shareholders and auditors. The completed forms are returned to the Company for compilation of the average scores. The compiled results are then tabulated and presented at the NC Meeting for the NC's review. The Chairman of the NC will then present the deliberations of the NC to the Board. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole as well as the efficiency and effectiveness of the Board Committees in assisting the Board. No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual directors.
	(b) Has the Board met its performance objectives?	Yes. The results of the overall performance of the Board pointed towards consistently good ranking in most areas. Each director has contributed positively to the effective functioning of the Board and Board Committees. In addition, the NC is also satisfied that sufficient time and attention has been given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.

Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	NA
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Mr Lee Sen Choon has served as a director beyond nine years from the date of his first appointment. The following were some of the factors considered in reviewing the independence of the director who has served beyond nine years: (a) whether the director is free from any dealings, relationships or circumstances that could affect or appear to affect his independent judgement, particularly with regards to whether the director has indicated or demonstrated an alignment or ongoing support for any specific group of stakeholders, instead of representing the interests of all stakeholders; (b) whether the length of service has had any adverse impact on the director's objectivity and judgement and whether during the tenure there has been any impairment to his ability to discharge his duties and responsibilities in the overall interest of the Group, taking into consideration the interests of all stakeholders; and (c) whether the director continues to exhibit a firm commitment to his role and continues to actively contribute with the knowledge and experience of the Group's business built up over the years.

		After due consideration and with the concurrence of the NC, the Board is of the view that Mr Lee Sen Choon has demonstrated strong independence character and judgment over the years in discharging his duties and responsibilities as independent director and he does not have any existing business and/or professional relationship whatsoever with Best World group of companies and its officers which could possibly influence his objectivity in discharging his duty as an independent director of the Company. Taking into account the above, the Board has determined that Mr Lee Sen Choon continues to be considered independent, notwithstanding he has served on the Board for more than nine years from the date of his first appointment. The independent directors continue to be committed to carry out their roles and responsibilities, ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, taking into account the long term interests of the Company's stakeholders. which include shareholders, employees, customers and suppliers.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long term incentives? If not, what are the reasons for not disclosing so?	Yes, the CEO and executive directors' remuneration are disclosed in bands of S$250,000, breakdown in percentage terms. The independent directors' remuneration are disclosed in dollar terms.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.

	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Yes. The aggregate of the total remuneration paid to the top five key management personnel for FY2017 is $1,991,000.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Mr Hoan Beng Hua, brother of Dr Dora Hoan Beng Mui (Co-Chairman, Group CEO / Managing Director) is employed by Best World International Limited as a Senior Production Supervisor. His salary range is between $100,000 to $150,000. Mr Joseph Tan Sing Keng, brother of Dr Doreen Tan Nee Moi (Co-Chairman, President) is employed by Best World International Limited as a Warehouse Assistant. His salary range is between $50,000 to $100,000.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Executive directors have service agreements with the company that are renewed every three years. In addition to the basic salary component and benefits-in-kind, the executive directors' remuneration is linked to performance via a tiered incentive bonus based on profit before tax. The Remuneration Committee reviews the audited group financial results against the targets achieved before approving the distribution of the annual incentive bonus. Key management remuneration comprises basic salary and a variable bonus which is based on individual and Group performance as a whole for that year. Key performance indicators that determine performance are different for each key management personnel.
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	Short term rewards are bonuses based on individual key performance indicators and company performance as a whole such as profit before tax for the year. Long Term Incentive Scheme The Company has a performance share scheme known as the BWI Performance Share Scheme (the "Scheme") which is administered by the Remuneration Committee.

		There were no share awards granted during the financial year under the Scheme. No new shares have been issued during the financial year by virtue of the grant of share awards under the Scheme. The Circular to Shareholders dated 8 April 2009 containing the details of the Scheme is available to shareholders upon their request.
	(c) Were all of these performance conditions met? If not, what were the reasons?	As mentioned in the policy for remuneration above, the bonus amounts declared are based on individual performance and company performance as a whole for FY 2017.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Board papers are furnished to the Board five days prior to any board meeting. This allows directors sufficient time to review and consider the matters to be discussed. The board papers include minutes of the previous meeting, reports relating to investment proposals, financial results announcements, financial analysis reports, risk reporting summary and reports from internal auditors, external auditors and Board Committees etc. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. Employees, who can provide additional insight into matters to be discussed, are also invited to be present during the relevant discussions. From time to time, the Board requests for additional information to be reported in the board papers in response to new regulations or to assist them in decision making.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	The internal audit function of the Company is outsourced to an external consulting firm – BDO LLP.

Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board has instituted risk tolerance levels to guide Management in the course of operations and achieving its strategic objectives. These tolerance levels were drafted based on the top risks identified by the Enterprise Risk Management ("ERM") committee. Board approval is required for initiatives involving greater risk exposures that exceed the predetermined levels. The ERM committee, comprising the Executive Director and Chief Operating Officer – Mr Huang Ban Chin, department heads and chaired by the Lead Independent Director – Mr Lee Sen Choon assists the Board on risk management. The key components of the Company's risk management framework include: Risk assessment – Risks that the Company is exposed to are identified, assessed and updated in the risk register. The risks are rated and ranked according to the likelihood and its impact. Top risks are highlighted for extra emphasis. Risks monitoring – Risks are monitored through internal audits, internal reviews, questionnaires circulated to subsidiary management and the control self-assessment ("CSA") programme. Risk response & risk reporting – The ERM committee holds regular meetings to discuss risk issues, new initiatives and reports material findings uncovered from risk monitoring. These meetings are thoroughly minuted and form part of the Board papers presented to the Board. Key risks exposures and statuses are also compiled in a risk reporting summary and submitted for Board review. The CSA programme established since 2011 provides a framework to obtain feedback on the state of internal controls. The programme requires subsidiaries to review and report

		biannually on the effectiveness of controls and the control environment to HQ and significant findings are reported to the Board. Periodically, internal audit and independent reviews would be conducted to validate the self-assessments. The Company has in place a whistle-blowing policy to empower employees with avenues to report suspected fraud, corruption, dishonest practices and other acts of misconduct. The Company will follow up on all reports and treat all information received confidentially to protect the identity (if available) and the interest of all whistle-blowers. For incidents of severe nature, the AC will be informed and an independent team reporting directly to the AC will be established accordingly. For incidents with less severity, the ERM committee comprising of the heads of various departments will oversee the matter raised. There has been no reported incident pertaining to whistle-blowing for FY2017.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Total fees amounted to $559,100 out of which $161,000 is for audit services and $398,100 is for non-audit services.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	$373,000 of the non-audit services pertain to special audit fees that are not expected to be recurring. The AC is of the opinion that the provision of such non-audit services did not impair the independence or objectivity of the external auditors of the Company.

Communication with Shareholders

Guideline 15.4	(a)	Does the company regularly communicate with the shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. The Company communicates regularly with shareholders, investors and analysts via half yearly results briefing as well as via ad-hoc meetings, teleconferences and emails.
	(b)	Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The COO, the Senior Group Financial Controller and the Investor Relations & Financial Analyst.
	(c)	How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	a) Share investor forum that publishes updated investors relations information; and b) Analyst briefs organized for analysts and investors. c) Share investor online portal which provides the Company's share updates and all publicly disclosed information;
Guideline 15.5		If the Company is not paying any dividends for the financial year, please explain why.	NA

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Best World International Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Dr Dora Hoan Beng Mui
Dr Doreen Tan Nee Moi
Huang Ban Chin
Lee Sen Choon
Chan Soo Sen
Adrian Chan Pengee

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest		Deemed Interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Dr Dora Hoan Beng Mui	15,440,000	31,130,000	96,518,750	193,037,500
Dr Doreen Tan Nee Moi	15,440,000	31,130,000	96,518,750	193,037,500
Huang Ban Chin	11,500,000[(1)]	23,300,000[(2)]	–	–
Lee Sen Choon	93,750	207,500	–	–

Directors' interests in shares and debentures (cont'd)

[1] Includes 6,250,000 ordinary shares and 3,750,000 ordinary shares held in the name of Hong Leong Finance Nominees Pte Ltd and United Overseas Bank Nominees Pte Ltd respectively.

[2] Includes 12,500,000 ordinary shares and 7,500,00 ordinary shares held in the name of Hong Leong Finance Nominees Pte Ltd and United Overseas Bank Nominees Pte Ltd respectively.

* The information presented above had been adjusted for the effects of the share consolidation.

During the financial year, the Company undertook a share split exercise whereby every one existing issued ordinary shares of the Company were split into two ordinary shares. The share split was approved by members of the Company at the Extraordinary General Meeting held on 26 April 2017 and was completed on 25 May 2017.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under options as at the end of the financial year.

Audit Committee

The members of the Audit Committee ("AC") at the date of this statement are:

Mr Lee Sen Choon (Chairman of Audit Committee and Lead Independent Director)
Mr Chan Soo Sen
Mr Adrian Chan Pengee

The AC carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50. Among others functions, it performed the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company;
- Reviewed the internal and external auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Dora Hoan Beng Mui
Director

Doreen Tan Nee Moi
Director

Singapore
2 April 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Best World International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addresses the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

(a) Impairment assessment of goodwill and licenses of Best World (China) Pharmaceutical Co., Ltd.

As at 31 December 2017, goodwill allocated to Best World (China) Pharmaceutical Co., Ltd. ("Best World (China)") was $686,000 and the intangible assets relating to licences of Best World (China) was $3,367,000. The recoverable amount of Best World (China), which is also a cash-generating unit ("CGU") for the purpose of impairment testing, has been determined based on value-in-use calculations using the CGU's expected future cash flows. The audit procedures over management's impairment test were significant to our audit because the assessment process is complex and are based on assumptions that are affected by expected future market and economic conditions. As such, we determined this to be a key audit matter.

Key Audit Matters (cont'd)

As part of our audit procedures, we obtained an understanding of management's impairment assessment process. We reviewed the robustness of management's budgeting process by comparing the actual financial results against previous projections. We assessed the valuation method used by management and evaluated the key assumptions used in the impairment analysis, in particular the discount rates, budgeted sales growth rates, budgeted gross margins and terminal values. We involved our internal valuation specialists to assist us in evaluating the reasonableness of discount rates used. We evaluated the reasonableness of budgeted sales growth rates, budgeted gross margins and terminal growth rates by comparing them to historical results as well as considering the viability of future plans and industry outlook. We reviewed management's analysis of the sensitivity of the value-in-use calculation to changes in the key assumptions. We also assessed the adequacy of the disclosures related to the goodwill and licenses of the CGU in Note 15A and Note 15B to the financial statements.

(b) Inventories write-down

The Group's total inventories net of write-down to net realisable value ("NRV") amounted to $28,194,000 as at 31 December 2017. The determination of inventories write down to NRV requires management to exercise judgement in identifying end-of-life or slow-moving inventories and make estimates of write down required. Such estimation is made after taking into consideration factors such as future demands and anticipated selling prices. As such, we determined this to be a key audit matter.

As part of our audit procedures, we evaluated management's process in identifying and estimating the write down required for end-of-life or slow-moving inventories. We discussed the basis of the write down with management and checked to historical sale patterns to assess reasonableness of the percentages used in estimation of write down of inventories. We checked, on a sampling basis, that the Group has made the write down of inventories in accordance with the Group's policy. For inventories with expiry date, we tested the accuracy of the inventories ageing report. We selected samples of inventories and tested that they were stated at the lower of cost and NRV by verifying to subsequent year-end sales price of the inventories. We also assessed the adequacy of the disclosures related to inventories in Note 19 to the financial statements.

Other Matter

The financial statements of Best World International Limited and its subsidiaries for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2017.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ang Chuen Beng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
2 April 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue	4	220,875	200,764
Cost of sales		(68,279)	(53,797)
Gross profit		152,596	146,967
Interest income		428	335
Other income	5	6,162	8,389
Distribution costs	7	(48,420)	(66,358)
Administrative expenses	7	(38,615)	(35,883)
Other expenses	6	(4,238)	(2,461)
Finance costs	8	(156)	(59)
Profit before income tax	9	67,757	50,930
Income tax expense	10	(12,611)	(16,525)
Net profit for the year		55,146	34,405
Profit/(loss) net of tax attributable to:			
Owners of the Company		55,673	34,569
Non-controlling interests		(527)	(164)
		55,146	34,405
Earnings per share:	11	10.12	6.28
Basic (cents)			
Diluted (cents)	11	10.12	6.28

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	2017 $'000	2016 $'000
Net profit for the year	55,146	34,405
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	309	2
Other comprehensive income for the financial year, net of tax	309	2
Total comprehensive income for the year	55,455	34,407
Total comprehensive income attributable to:		
Owners of the Company	55,828	34,616
Non-controlling interests	(373)	(209)
	55,455	34,407

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

As at 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000 (Restated)	Company 2017 $'000	Company 2016 $'000
Assets					
Non-current assets					
Property, plant and equipment	12	7,560	8,122	3,072	2,788
Investment property	13	1,164	1,182	–	–
Other intangible asset	14	8,257	8,643	–	–
Intangible assets	15	5,186	6,216	7	14
Investment in subsidiaries	16	–	–	3,664	3,293
Deferred tax assets	10	830	582	–	–
Other receivables, non-current	17	–	–	21,937	16,295
Other financial assets	18	805	2,034	805	2,034
		23,802	26,779	29,485	24,424
Current assets					
Inventories	19	28,194	42,953	19,384	24,569
Trade and other receivables	20	47,104	25,279	49,708	46,992
Other assets	21	4,322	10,240	3,369	7,941
Other financial assets	18	10,126	-	10,126	-
Cash and bank balances	22	82,228	54,933	40,153	23,310
		171,974	133,405	122,740	102,812
Total assets		195,776	160,184	152,225	127,236

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

As at 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000 (Restated)	Company 2017 $'000	Company 2016 $'000
Equity and liabilities					
Current liabilities					
Trade and other payables	23	45,926	43,888	23,703	20,225
Other financial liabilities	24	5,361	2,638	2,674	-
Other liabilities	25	961	961	882	882
Income tax payable		10,799	16,485	8,656	11,626
		63,047	63,972	35,915	32,733
Net current assets		108,927	69,433	86,825	70,079
Non-current liabilities					
Deferred tax liabilities	10	3,902	2,826	138	429
Other financial liabilities	24	2,037	4,723	-	-
		5,939	7,549	138	429
Total liabilities		68,986	71,521	36,053	33,162
Net assets		126,790	88,663	116,172	94,074
Equity attributable to owners of the Company					
Share capital	26	19,738	20,169	19,738	20,169
Retained earnings		108,002	68,855	96,434	73,905
Other reserves	27	1,760	1,563	-	-
		129,500	90,587	116,172	94,074
Non-controlling interests		(2,710)	(1,924)	-	-
Total equity		126,790	88,663	116,172	94,074
Total equity and liabilities		195,776	160,184	152,225	127,236

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 31 December 2017

		Attributable to owners of the Company							
Group	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Other reserve $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	Total equity $'000
Opening balance at 1 January 2017		20,618	(449)	68,855	1,563	-	90,587	(1,924)	88,663
Total comprehensive income for the year		-	-	55,673	155	-	55,828	(373)	55,455
Contributions by and distributions to owners									
Share split related expenses		-	-	(18)	-	-	(18)	-	(18)
Purchase of treasury shares	26(b)	-	(431)	-	-	-	(431)	-	(431)
Dividends paid	36	-	-	(16,508)	-	-	(16,508)	-	(16,508)
Total contributions and distributions to owners		-	(431)	(16,526)	–	–	(16,957)	–	(16,957)
Changes in ownership interest in a subsidiary									
Acquisition of non-controlling interest without a change in control		-	-	-	-	42	42	(413)	(371)
Total changes in ownership interest in a subsidiary		-	-	-	-	42	42	(413)	(371)
Total transactions with owners in their capacity as owners		-	(431)	(16,526)	-	42	(16,915)	(413)	(17,328)
Closing balance at 31 December 2017		20,618	(880)	108,002	1,718	42	129,500	(2,710)	126,790

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 31 December 2017

Group	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company						
Opening balance at 1 January 2016		20,618	(449)	42,015	1,516	63,700	(1,715)	61,985
Total comprehensive income for the year		–	–	34,569	47	34,616	(209)	34,407
Contributions by and distributions to owners								
Dividends paid	36	–	–	(7,707)	–	(7,707)	–	(7,707)
Bonus share issue expenses		–	–	(22)	–	(22)	–	(22)
Total contributions and distributions to owners		–	–	(7,729)	–	(7,729)	–	(7,729)
Closing balance at 31 December 2016		20,618	(449)	68,855	1,563	90,587	(1,924)	88,663

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 31 December 2017

Company	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Total equity $'000
		Attributable to owners of the Company			
Opening balance at 1 January 2017		20,618	(449)	73,905	94,074
Total comprehensive income for the year		-	-	39,055	39,055
Contributions by and distributions to owners					
Share split related expenses		-	-	(18)	(18)
Purchase of treasury shares	26(b)	-	(431)	-	(431)
Dividends paid	36	-	-	(16,508)	(16,508)
Total contributions and distributions to owners		-	(431)	(16,526)	(16,957)
Closing balance at 31 December 2017		20,618	(880)	96,434	116,172
Opening balance at 1 January 2016		20,618	(449)	30,362	50,531
Total comprehensive income for the year		-	-	51,272	51,272
Contributions by and distributions to owners					
Dividends paid	36	-	-	(7,707)	(7,707)
Bonus share issue expenses		-	-	(22)	(22)
		-	-	(7,729)	(7,729)
Closing balance at 31 December 2016		20,618	(449)	73,905	94,074

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000 (Restated)
Operating activities			
Profit before income tax		67,757	50,930
Adjustments for:			
Interest income		(428)	(335)
Interest expenses	8	156	59
Depreciation of property, plant and equipment	9	3,174	1,677
Depreciation of investment property	9	18	18
Amortisation of other intangible asset	9	386	94
Amortisation of intangible assets	9	972	958
Gain on disposal of plant and equipment	5	(73)	(1)
Impairment loss on intangibles - licenses	6	65	307
Fair value gain on other financial assets	5	(53)	-
Unrealised exchange losses/(gains)		4,611	(2,123)
Operating cash flows before changes in working capital		76,585	51,584
Changes in working capital			
Decrease/(increase) in inventories		14,759	(31,438)
Increase in trade and other receivables		(22,737)	(12,536)
Decrease/(increase) in other assets		5,087	(4,839)
Decrease in trade and other payables		91	21,634
Cash flows from operations		73,785	24,405
Income tax paid		(16,574)	(4,203)
Net cash flows from operating activities		57,211	20,202
Investing activities			
Acquisition of non-controlling interest	16	(371)	-
Purchase of property, plant and equipment		(2,553)	(3,013)
Proceeds from disposal of property, plant and equipment		4	24
Purchase of intangible assets	15	(34)	(538)
Purchase of other intangible asset	14	-	(8,737)
Purchase of other financial assets		(9,487)	-
Proceeds from disposal of other financial assets		274	-
Interest received		428	335
Net cash flows used in investing activities		(11,739)	(11,929)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000 (Restated)
Financing activities			
Dividends paid on ordinary shares	36	(16,508)	(7,707)
Purchase of treasury shares	26(b)	(431)	-
Bonus share issue expenses		-	(22)
Share split related expenses		(18)	-
Proceeds from bank borrowings		2,732	8,000
Repayment of bank borrowings		(2,627)	(650)
Payment of finance lease liabilities		(9)	(7)
Interest paid		(156)	(59)
(Increase)/decrease in cash restricted in use		(3,033)	223
Net cash flows used in financing activities		(20,050)	(222)
Net increase in cash and cash equivalents		25,422	8,051
Effects of exchange rate changes on cash and cash equivalents		(1,160)	(142)
Cash and cash equivalents at beginning of the year		48,721	40,812
Cash and cash equivalents at end of the year	22A	72,983	48,721

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 31 December 2017

1. Corporate information

Best World International Limited ("the Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 26 Tai Seng Street, #05-01, Singapore 534057.

The principal activities of the Company are those of investment holding and the distribution of nutritional supplement products, personal care products and healthcare equipment. The principal activities of the subsidiaries are disclosed in Note 16 of the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

<u>Convergence with International Financial Reporting Standards</u>

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International), a new financial reporting framework identical to International Financial Reporting Standards. The Group has adopted SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). On transition to SFRS(I), the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group expects to reclassify an amount of $1,563,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

Other than the impact on adoption of the SFRS(I) 9 and SFRS(I) 16, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 9 will be similar to the impact on adoption of FRS 109 as disclosed in Note 2.3.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016) - Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvements to FRSs (March 2018)	
(a) Amendments to FRS 103 *Business Combinations*	1 January 2019
(b) Amendments to FRS 111 *Joint Arrangements*	1 January 2019
(c) Amendments to FRS 12 *Income Taxes*	1 January 2019
(d) Amendments to FRS 23 *Borrowing Costs*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

As disclosed in Note 2.1, the Group adopted SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 were adopted at the same time.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information and have concluded that the adoption of FRS 115 will not have a material impact on the financial statements.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

Except for FRS 109 and FRS 116, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior period's information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis.

(a) *Classification and measurement*

The Group's debt instruments are expected to give rise to cash flows representing solely payments of principal and interest. The Group intends to hold its currently held-to-maturity instruments to collect contractual cash flows, and accordingly, measured at amortised cost when it applies FRS 109. For its held-for-trading quoted debt securities, the Group will continue to measure the debt instrument at fair value through profit or loss when it applies FRS 109. The Group does not expect any significant impact to arise from these changes.

In addition, the Company currently has loans to subsidiaries which are non-interest bearing and not expected to be settled in the foreseeable future and carried them at cost. Under FRS 109, the Company will be required to measure these receivables at fair value when the Company applies FRS 109. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Company applies FRS 109.

(b) *Impairment*

FRS 109 requires the Group and the Company to record expected credit losses on all its debt securities, loans, trade receivables, and financial guarantees, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade and other receivables. Upon application of the expected credit loss model, the Group expects no significant adjustment to the loss allowance.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact on adoption.

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line method over their estimated useful lives of these assets as follow:

Leasehold building	-	Over the terms of lease that are from 1.3% to 70.6%
Plant and equipment	-	8% to 33%

Construction in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 Investment property

Investment property is a property that is either owned by the Group or leased under a finance lease that is held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment property comprises completed investment property and property that is being constructed or developed for future use as investment property. Property held under operating lease is classified as investment property when the definition of an investment property is met.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the remaining terms of lease that is 1.3%.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation is computed on the straight line basis over the estimated useful lives of the intangible assets as follows:

Licenses	-	10 to 25 years
Trademarks	-	5 to 10 years
Customer relationship	-	5 years
Other intangible asset	-	38 years

2. Summary of significant accounting policies (cont'd)

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) *Financial assets are fair value through profit or loss including financial assets held for trading*

Financial assets at fair value through profit of loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivatives financial instruments entered into by the Group.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(iii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

De-recognition (cont'd)

modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average cost basis;
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for restoration costs

Provision for restoration cost arose from the estimated cost of dismantling, removing and restoring the leasehold properties at the end of their lease terms.

The restoration costs which are provided at the present value of estimated costs required to settle the obligation are recognised as part of the cost of that particular asset. The estimated future cost if restoration is reviewed annually and adjusted as appropriate.

2.17 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

2. Summary of significant accounting policies (cont'd)

2.17 Financial guarantees (cont'd)

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.20 Leases

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(c).

2. Summary of significant accounting policies (cont'd)

2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rendering of services*

Service income is recognised when the services are rendered.

(c) *Rental income*

Rental income from investment property is recognised on a time-proportion basis over the term of the relevant lease.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Royalty revenue*

Royalty revenue is accrued in accordance with the terms of the relevant agreement unless having regard to the substance of the agreement, it is more appropriate to recognise revenue based on some other systematic and rational basis.

2.22 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2. Summary of significant accounting policies (cont'd)

2.23 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management is of the opinion that there is no significant judgment made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments,

3. Significant accounting judgments and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Estimation of net realisable value for inventories*

A review is made periodically in identifying end-of-life or slow-moving inventories and make estimates of write down required. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting period and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting period. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories is disclosed in the Note 19 on inventories.

(b) *Impairment of goodwill and licenses of Best World (China) Pharmaceutical Co., Ltd*

Goodwill allocated to Best World (China) Pharmaceutical Co., Ltd. ("Best World (China)") was $686,000 and the licences of Best World (China) was $3,367,000. The recoverable amount of Best World (China), which is also a cash-generating unit ("CGU") for the purpose of impairment testing, has been determined based on value-in-use calculations using the CGU's expected future cash flows. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 15A and Note 15B to the financial statements.

4. Revenue

	Group	
	2017 $'000	2016 $'000
Sale of goods	220,875	200,764

5. Other income

		Group	
	Note	2017 $'000	2016 $'000
Service fee income		3,634	2,401
Royalty fee income		1,151	700
Rental income		114	105
Write-back of payables		199	120
Write-back of allowance on trade receivables	20	412	-
Foreign exchange gains, net		-	4,676
Fair value gain on other financial assets		53	-
Gain on disposal of plant and equipment		73	1
Miscellaneous income		526	386
		6,162	8,389

5. Other income (cont'd)

Service fee income

Service fee income mainly relates to the provision of information system support services and business planning services to external parties.

6. Other expenses

	Note	Group 2017 $'000	Group 2016 $'000
Allowance for impairment on trade receivables	20	-	1,865
Allowance for impairment on other receivables	20	42	44
Foreign exchange losses, net		3,725	-
Impairment loss on intangible assets - licenses	15	65	307
Inventories written-down	19	406	245
		4,238	2,461

7. Distribution costs and administrative expenses

	Group 2017 $'000	Group 2016 $'000
Included in distribution costs		
- convention expense	2,691	6,236
- freelance commission expense	40,311	54,284
Included in administrative expenses		
- employee benefit expense	24,277	22,339
- rental of premises	4,179	3,415

Convention expense

Convention expenses relate to expenses incurred to hold the annual convention event held by the Group.

Freelance commission expenses

Freelance commission expenses are commissions paid to distributors for their sale of the Group's products.

8. Finance costs

	Group 2017 $'000	Group 2016 $'000
Interest expense		
- bank borrowings	155	57
- finance leases	1	2
	156	59

9. Profit before income tax

Profit before income tax is arrived at after charging the following:

	Note	Group 2017 $'000	Group 2016 $'000
Audit fees paid/payable to:			
- Auditor of the Company		161	139
- Other auditors		221	106
Non-audit fees paid/payable to auditor of the Company:			
- Non-recurring			
- Special audit fees		373	-
- Others		25	18
		398	18
Non-audit fees paid/payable to other auditors		19	4
Directors fees		152	150
Employee benefit expense (including directors):	7	24,277	22,339
- Salaries, bonuses and allowances		23,020	21,174
- Employer's contribution to defined contribution plan		1,257	1,165
Amortisation of intangible assets	15	972	958
Amortisation of other intangible asset	14	386	94
Depreciation of property, plant and equipment	12	3,174	1,677
Depreciation of investment property	13	18	18

10. Income tax expense

(a) Major components of income taxes recognised in profit or loss

The major components of income taxes for the financial years ended 31 December 2017 and 2016 are:

	Group	
	2017 $'000	2016 $'000
Consolidated statement of profit or loss:		
Current income tax:		
- Current income taxation	12,848	15,758
- (Over)/under provision in respect of previous years	(1,065)	77
	11,783	15,835
Deferred income tax:		
- Origination and reversal of temporary differences	828	690
Income tax expense recognised in profit or loss	12,611	16,525

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the Singapore corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	Group	
	2017 $'000	2016 $'000
Profit before income tax	67,757	50,930
Tax calculated at Singapore tax rate of 17% (2016: 17%)	11,519	8,658
Adjustments:		
Income not subject to tax	(874)	(293)
Expenses not deductible for tax purposes	1,043	2,446
Tax exemptions	(26)	(61)
Deferred tax assets not recognised	1,325	906
(Over)/under provision for tax in respect of previous years	(1,065)	77
Effect of different tax rates in other countries	1,250	5,237
Effect of tax concessions and tax rebate	(619)	(453)
Others	58	8
Income tax expense recognised in profit or loss	12,611	16,525

Tax consequences of proposed dividends

There are no income tax consequences (2016: $Nil) attached to the dividends to the shareholders proposed by the Company and hence no liability has been recognised in the financial statements (Note 36).

10. Income tax expense (cont'd)

(c) Deferred tax assets/(liabilities)

	Group						Company	
	Consolidated statement of financial position		Consolidated statement of profit or loss		Consolidated statement of comprehensive income		Statement of financial position	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Deferred tax liabilities								
Excess of net book value of plant and equipment over tax values	(141)	(433)	(292)	(7)	-	-	(138)	(429)
Unrealised profits on inventories arising from intra-group sale	2,132*	4,000*	1,868	(4,000)	-	-	-	-
Undistributed earnings of a a subsidiary	(5,076)*	(5,447)*	(371)	4,651	-	-	-	-
Fair value adjustments on acquisition of subsidiary	(817)	(946)	(129)	(135)	-	-	-	-
	(3,902)	(2,826)					(138)	(429)
Deferred tax assets								
Tax losses carry-forward	678	582	(96)	174	-	-	-	-
Others	152	-	(152)	7	-	-	-	-
	830	582					-	-
			828	690	-	-		

* The Group had offsetted these deferred tax assets and deferred tax liabilities as these relate to the same taxable entity and the same taxation authority.

10. Income tax expense (cont'd)

Deferred tax assets

Included in deferred tax assets recognised of $830,000 (2016: $582,000) were deferred tax assets relating to loss making entities that was recognised during the year amounted to $678,000 (2016: $582,000). In determining the amount of deferred tax assets to be recognised, cash flow projections based on financial budgets approved by management covering a three-year period were used.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $12,280,000 (2016: $7,773,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for an amount of $10,096,000 (2016: $5,353,000) which will expire between 1 to 5 years (2016: 1 to 5 years).

Details of the unutilised tax losses are as follows:

	Group	
	2017 $'000	2016 $'000
Can be utilised up to:		
2017	-	68
2018	2,053	2,053
2019	1,863	1,863
2020	1,094	1,094
2021	275	275
2022	4,811	-
	10,096	5,353

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2016: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $Nil (2016: $40,000). The deferred tax liability is estimated to be $Nil (2016: $4,000).

11. Earnings per share

Basic earnings per share are calculated by dividing the Group's profit net of tax for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2017 $'000	**2016 $'000**
Profit for the financial year attributable to owners of the Company	55,673	34,569
	2017 No. of shares '000	**2016 No. of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation and diluted earnings per share computation*	550,322	220,184
Effect of bonus share issue (Note 26(a))	-	55,046
Effect of share split (Note 26(a))	-	275,230
	550,322	550,460

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

For comparative purposes, the earnings per ordinary shares for the prior corresponding periods are adjusted retrospectively pursuant to the share split of every one existing ordinary share into two ordinary shares on 25 May 2017.

There are no dilutive potential ordinary shares.

12. Property, plant and equipment

	Freehold land $'000	Leasehold buildings $'000 (Restated)	Plant and equipment $'000	Total $'000 (Restated)
Group				
Cost				
At 1 January 2016	50	662	13,865	14,577
Additions	-	1,600	1,413	3,013
Disposals	-	-	(272)	(272)
Exchange differences	-	(13)	(44)	(57)
At 31 December 2016 and 1 January 2017	50	2,249	14,962	17,261
Additions	-	-	2,673	2,673
Disposals	-	-	(699)	(699)
Exchange differences	1	15	(144)	(128)
At 31 December 2017	51	2,264	16,792	19,107
Accumulated depreciation				
At 1 January 2016	-	120	7,610	7,730
Depreciation for the financial year	-	28	1,649	1,677
Disposals	-	-	(249)	(249)
Exchange differences	-	(2)	(17)	(19)
At 31 December 2016 and 1 January 2017	-	146	8,993	9,139
Depreciation for the financial year	-	1,594	1,580	3,174
Disposals	-	-	(648)	(648)
Exchange differences	-	2	(120)	(118)
At 31 December 2017	-	1,742	9,805	11,547
Net carrying amount				
At 31 December 2017	51	522	6,987	7,560
At 31 December 2016	50	2,103	5,969	8,122

12. Property, plant and equipment (cont'd)

	Plant and equipment $'000
Company	
Cost	
At 1 January 2016	7,034
Additions	115
Disposals	(138)
At 31 December 2016 and 1 January 2017	7,011
Additions	1,081
Disposals	(427)
At 31 December 2017	7,665
Accumulated depreciation	
At 1 January 2016	3,503
Depreciation for the financial year	857
Disposals	(137)
At 31 December 2016 and 1 January 2017	4,223
Depreciation for the financial year	797
Disposals	(427)
At 31 December 2017	4,593
Net carrying amount	
At 31 December 2017	3,072
At 31 December 2016	2,788

The depreciation expense is charged as administrative expenses in profit or loss.

Certain leasehold buildings of subsidiaries at carrying value of $418,000 (2016: $1,997,000) are mortgaged to banks to secure banking facilities granted by the banks (Note 24).

The Group's plant and equipment with carrying value of $20,000 (2016: $26,000) were under finance lease arrangements. The obligations under finance leases are secured by the lessor's charge over the leased assets (Note 24).

13. Investment property

	Group $'000
Statement of financial position	
Cost	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	1,400
Accumulated depreciation	
At 1 January 2016	200
Depreciation for the financial year	18
At 31 December 2016 and 1 January 2017	218
Depreciation for the financial year	18
At 31 December 2017	236
Net carrying amount	
At 31 December 2017	1,164
At 31 December 2016	1,182

	Group	
	2017 $'000	2016 $'000
Statement of profit or loss		
Rental income from investment property	114	105
Direct operating expenses arising from investment property that generated rental income	(12)	(10)

Depreciation expense is charged as administrative expenses in profit or loss.

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The investment property held by the Group as at 31 December 2017 was as follows:

Description and location	Existing use	Tenure	Unexpired lease term
One unit of leasehold property at Block 726 Ang Mo Kio Avenue 6 Singapore 56072	Shop	Leasehold	62 years

13. Investment property (cont'd)

Valuation of investment property

The fair value of the investment property was measured as at 31 December 2017 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Savills Valuation and Professional Services (S) Pte. Ltd., a firm of independent professional valuers in December 2017. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. Details of valuation techniques and inputs used are disclosed in Note 32.

Property pledged as security

The investment property is pledged as security for certain banking facility (Note 24).

14. Other intangible asset

	Group $'000 (Restated)
Cost	
At 1 January 2016	-
Additions	8,737
As at 31 December 2016, 1 January 2017 and 31 December 2017	8,737
Accumulated amortisation	
At 1 January 2016	-
Amortisation for the financial year	94
At 31 December 2016 and 1 January 2017	94
Amortisation for the financial year	386
At 31 December 2017	480
Net carrying amount	
At 31 December 2017	8,257
At 31 December 2016	8,643

Other intangible asset relates to the costs paid to the old tenant to buy out the old tenant's remaining lease of one of the leasehold buildings (Note 12) and the right to lease the land for another 30 years from the lessor during the financial year ended 31 December 2016. This intangible asset is amortised over an estimated useful life of 38 years.

Amortisation expense is charged as administrative expenses in profit or loss.

Other intangible asset at carrying value of $8,257,000 (2016: $8,643,000) is mortgaged to banks to secure banking facilities granted by the banks (Note 24).

15. Intangible assets

	Goodwill $'000	Licenses $'000	Trademarks $'000	Customer relationship $'000	Total $'000
Group					
Cost					
At 1 January 2016	1,016	8,389	840	740	10,985
Additions	-	537	1	-	538
Exchange differences	-	(167)	-	-	(167)
At 31 December 2016 and 1 January 2017	1,016	8,759	841	740	11,356
Additions	-	34	-	-	34
Exchange differences	-	(84)	(1)	-	(85)
At 31 December 2017	1,016	8,709	840	740	11,305
Accumulated amortisation and impairment					
At 1 January 2016	-	2,920	751	296	3,967
Amortisation	-	783	27	148	958
Impairment for the financial year (Note 6)	-	307	-	-	307
Exchange differences	-	(92)	-	-	(92)
At 31 December 2016 and 1 January 2017	-	3,918	778	444	5,140
Amortisation	-	817	7	148	972
Impairment for the financial year (Note 6)	-	65	-	-	65
Exchange differences	-	(57)	(1)	-	(58)
At 31 December 2017	-	4,743	784	592	6,119
Net carrying amount					
At 31 December 2017	1,016	3,966	56	148	5,186
At 31 December 2016	1,016	4,841	63	296	6,216

15. Intangible assets (cont'd)

	Trademarks $'000
Company	
Cost	
At 1 January 2016	606
Additions	4
As at 31 December 2016, 1 January 2017 and 31 December 2017	610
Accumulated amortisation	
At 1 January 2016	565
Amortisation	31
As at 31 December 2016 and 1 January 2017	596
Amortisation	7
As at 31 December 2017	603
Net carrying amount	
At 31 December 2017	7
At 31 December 2016	14

(A) Goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating-units ("CGU"):

	Group	
	2017 $'000	2016 $'000
Best World (China) Pharmaceutical Co., Ltd. ("BWC")	686	686
Best World Lifestyle Sdn. Bhd. ("BWLSB")	324	324
BWL (Thailand) Company Limited ("BWLT")	6	6
	1,016	1,016

Goodwill related to BWLSB and BWLT are not significant.

15. Intangible assets (cont'd)

(A) Goodwill (cont'd)

Impairment testing of goodwill

The recoverable amount of the BWC CGU has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	BWC	
	2017	2016
Discount rate	16.50%	16.40%
Terminal growth rate	3%	3%

Key assumptions used in the value-in-use calculation

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

- Budgeted gross margin – Gross margin is based on average values achieved in the three years preceding the start of the budget period.

- Budgeted sales growth rate and terminal growth rate – The forecasted growth rate is based on industry growth forecasts and not exceeding the average long-term growth rate for the relevant markets of the CGUs.

- Pre-tax discount rate – discount rate represents the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

15. Intangible assets (cont'd)

(B) Licenses

Included in licenses of $3,966,000 as at 31 December 2017 (2016: $4,841,000) was 36 production permits and production formulae with net book value of $3,367,000 as at 31 December 2017 (2016: $4,096,000) which arose from the acquisition of a subsidiary, Best World (China) Pharmaceutical Co., Ltd ("BWC") during the year 2014.

The useful lives of the production permits and production formulae ranges from 10 to 15 years. Amortisation of the production permits and production formulae commenced when the products under the product licenses commenced trading. The recoverable amounts of the intangible assets relating to licenses of BWC have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The key assumptions used for the calculation are disclosed in Note 15(A).

Impairment loss recognised

Included in the Group's licenses were product licenses of Best World Lifestyle (Shanghai) Co. Ltd, whose carrying value has been reduced to its recoverable amount through recognition of an impairment loss of $65,000 (2016: $307,000).

16. Investment in subsidiaries

	Company	
	2017 $'000	2016 $'000
Unquoted equity shares, at cost	12,616	11,046
Impairment losses	(8,952)	(7,753)
	3,664	3,293

16. Investment in subsidiaries (cont'd)

Composition of the Group

Name of subsidiaries and country of incorporation	Principal activities	Cost		Effective percentage of equity held by Group	
		2017 $'000	2016 $'000	2017 %	2016 %
Held by the Company					
Best World Lifestyle Pte. Ltd. [a] (Singapore)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	1,251	1,251	100	100
Avance Living Pte. Ltd. [a] (Singapore)	Distribution of nutritional supplements, personal care products and healthcare equipment	4	4	100	100
Best World Lifestyle Sdn. Bhd. [c] (Malaysia)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	2,234	1,863	100	77.5
PT Best World Indonesia [d] (Indonesia)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	4,978	4,978	80	80
BWL (Thailand) Company Limited [b] [g] (Thailand)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	48	48	49	49
Best World Lifestyle (HK) Company Limited [b] (Hong Kong)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	118	118	100	100
Best World Lifestyle (Taiwan) Co., Ltd [d] (Taiwan)	Distribution of health food, network services, sanitary products, skin care and cosmetic products	94	94	100	100

16. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries and country of incorporation	Principal activities	Cost		Effective percentage of equity held by Group	
		2017 $'000	2016 $'000	2017 %	2016 %
Held by the Company (cont'd)					
BWL Korea Co., Ltd [(f) (i)] (Korea)	Distribution of skin care, health food and equipment	2,438	1,239	100	100
PT BWL Indonesia [(d) (h)] (Indonesia)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	-	-	80	80
BWL Health & Sciences, Inc. [(b)] (Philippines)	Selling and distribution, on wholesale basis of skin care, nutritional supplements and personal care products and health care supplement	765	765	100	100
Best World Vietnam Company Limited [(b)] (Formerly known as Vista Link Company Limited) (Vietnam)	Trading and distribution of skin care and health-related products	649	649	100	100
BWL General Trading LLC [(f) (g)] (Dubai, The United Arab Emirates ("UAE")	General trading including importing, trading and re-exporting of trade goods and products	37	37	49	49
Celcott Investments Pte. Ltd. [(j)] (Singapore)	Investment holding	*	*	100	100
Best World Taiwan Holdings Pte. Ltd. [(j)] (Singapore)	Investment holding (Incorporated in April 2017)	*	*	100	100
		12,616	11,046		

16. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries and country of incorporation	Principal activities	Effective percentage of equity held by Group	
		2017 %	2016 %
Held through Best World Lifestyle Pte. Ltd.			
Best World (China) Pharmaceutical Co., Ltd. (formerly known as Best World (Zhejiang) Pharmaceutical Co. Ltd [d] (People's Republic of China)	Development, manufacture and wholesale of its proprietary brand of dietary supplements, including wholesale, retail and import and export of personal care and skincare and healthcare equipment	100	100
Held through Best World (China) Pharmaceutical Co., Ltd.			
Best World Lifestyle (Shanghai) Co., Ltd. [e] (People's Republic of China)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment. Has not commenced commercial operations	100	100

* Denotes amount less than $1,000.

(a) Audited by Ernst & Young LLP.

(b) Audited by member firms of RSM International.

(c) Audited by Crowe Horwath Malaysia, a member of Crowe Horwath International.

(d) Audited by member firms of Ernst & Young Global in the respective countries.

(e) Audited by Hunan Zhongqiao Sanxiang Certified Public Accountants.

(f) Not audited as the financial result is not significant to the Group.

(g) The Group has accounted for the entity as a subsidiary as the Group controls the relevant activities (including financial and operating policies) of the entity through a shareholders' agreement.

16. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

(h) The entity is not owned by the Group directly or indirectly through subsidiaries, but is consolidated as the Group is able to have control over the entity's relevant activities (including financial and operating policies) by virtue of an agreement with the shareholders of the entity. The Group has 80% effective control over the entity.

(i) During the reporting year 2017, the Group made an additional capital injection of $1,199,000 (representing Korean Won ("KRW") 1,000,000,000)) into the entity to raise its share capital from KRW 1,050,000,000 to KRW 2,050,000,000 by way of capitalization of the amount of $1,199,000 owing by the entity.

(j) Not subject to any statutory requirements under the relevant rules and regulations in their countries of incorporation.

As required by Rule 715(2) of the Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Directors have assessed that the Group did not have subsidiaries with non-controlling interests that are material to the Group as at 31 December 2017 and 2016.

Impairment loss recognised

During the current financial year, an impairment loss of $1,199,000 (2016: $765,000) was recognised to fully write down the carrying value of the investment in BWL Korea Co., Ltd to its recoverable amount because the subsidiary had been persistently making losses.

Movement in impairment losses was as follows:

	Company	
	2017 $'000	2016 $'000
As at 1 January	7,753	6,988
Impairment loss charged to profit or loss	1,199	765
Balance at 31 December	8,952	7,753

Acquisition of NCI, without a change in control

During the current financial year, the Company acquired the remaining 22.5% equity interest in Best World Lifestyle Sdn. Bhd. from its NCI for a cash consideration of $371,000. As a result of this acquisition, Best World Lifestyle Sdn. Bhd. became a wholly-owned subsidiary of the Company. The carrying value of the net assets of Best World Lifestyle Sdn. Bhd. at the acquisition date was $1,838,000 and the carrying value of the additional interest acquired was $413,000. The difference of $42,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Other Reserve" within equity.

16. Investment in subsidiaries (cont'd)

Acquisition of NCI, without a change in control (cont'd)

The following summarises the effect of the change in the Group's ownership interest in Best World Lifestyle Sdn. Bhd. on the equity attributable to owners of the Company:

	Group $'000
Consideration paid for acquisition of NCI	371
Decrease in equity attributable to NCI	(413)
Increase in equity attributable to owners of the Company	(42)

Undertaking to support subsidiaries with deficit position

At the end of the reporting period, the Company has agreed to provide continuing financial support to certain subsidiaries and the net deficit position of these subsidiaries as at 31 December was:

	Company	
	2017 $'000	2016 $'000
Total net deficit position of subsidiaries	15,757	12,882

17. Other receivables, non-current

These relates to loan receivables from subsidiaries which are unsecured and non-interest bearing and are quasi-equity in nature. They are not expected to be settled in the foreseeable future.

18. Other financial assets

	Group and Company			
	Carrying value		Fair value	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current:				
Quoted bonds, classified as held-to-maturity investments, in corporations with fixed interest rate at:				
- 5.33% maturing on 16 April 2018 (effective rate: for 2016: 4.68%), Sri Lanka	–	292	–	294
- 4.50% to 6.50% maturing between 3 May 2018 to 6 October 2019 (effective rate: for 2016: 4.28% to 6.16%), Cayman Island	–	869	–	882
- 3.50% maturing on 21 April 2020 (effective rate: 3.51% (2016: 3.51%)), British Virgin Islands	266	287	268	292
- 4.50% to 4.85% maturing between 31 January 2020 to 5 February 2020 (effective rate: 3.98% - 4.40% (2016: 3.98% to 4.40%)), Singapore	539	586	542	595
	805	2,034	810	2,063
Current:				
Quoted bonds, classified as held-to-maturity investments, in corporations with fixed interest rate at:				
- 5.33% maturing on 16 April 2018 (effective rate: 4.68% (2016: Nil)), Sri Lanka	268	-	268	-
- 4.50% to 6.50% maturing between 3 May 2018 to 4 June 2018 (effective rate: 5.16% to 6.16% (2016: Nil)), Cayman Island	533	-	534	-
	801	-	802	-
Held-for-trading investments:				
- United High Grade Corporate Bond Fund	1,879	-	1,879	-
- United SGD Fund United SGD Fund - AACCUSDH	7,446	-	7,446	-
	10,126	-	10,127	-
Total	10,931	2,034	10,937	2,063

18. Other financial assets (cont'd)

A summary of the nature and maturity dates of the other financial assets as at the end of the reporting period is as follows:

	Group and Company			
	Carrying value		Fair value	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Held-for-trading investments	9,325	-	9,325	-
Held-to-maturity investments	1,606	2,034	1,612	2,063
	10,931	2,034	10,937	2,063

	Group and Company	
	2017 $'000	2016 $'000
Within 1 year	10,126	-
Within 2 to 3 years	805	1,161
After 3 years	-	873
	10,931	2,034

None of the financial assets measured at amortised cost were reclassified to financial assets at fair value during the year.

19. Inventories

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Statement of financial position:				
Finished goods for resale (at lower of cost and net realisable value)	27,639	42,246	19,384	24,569
Raw materials	255	206	-	-
Work-in-progress	41	245	-	-
Materials-in-transit	259	256	-	-
Total inventories	28,194	42,953	19,384	24,569

	Group	
	2017 $'000	2016 $'000
Consolidated statement of profit or loss:		
Inventories recognised as an expense in cost of sales	64,808	47,338
Inclusive of the following charge:		
- Inventories written-off charged to profit or loss included in cost of sales	42	169
- Inventories written-down	406	245

20. Trade and other receivables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Financial assets				
Trade receivables				
Third parties	43,845	23,713	40,571	18,811
Amounts due from subsidiaries	-	-	10,738	27,165
Less: Allowance for impairment	(2,286)	(2,716)	(8,882)	(10,093)
	41,559	20,997	42,427	35,883
Other receivables				
Third parties	3,823	2,646	3,772	2,919
Amounts due from subsidiaries	-	-	10,236	12,147
Less: Allowance for impairment	(255)	(213)	(7,970)	(5,200)
	3,568	2,433	6,038	9,866
Refundable rental deposits	1,977	1,849	1,243	1,243
	47,104	25,279	49,708	46,992

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 (2016: 30) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group and Company has trade receivables amounting to $130,000 and $127,000 (2016: $9,406,000 and $22,590,000) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Less than 60 days	127	4,812	127	12,169
61 to 90 days	-	4,464	-	8,552
Over 90 days	3	130	-	1,869
	130	9,406	127	22,590

20. Trade and other receivables (cont'd)

Trade receivables that are impaired

The Group's and Company's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables - nominal amounts	2,286	2,716	8,882	10,093
Less: Allowance for impairment	(2,286)	(2,716)	(8,882)	(10,093)
	-	-	-	-
Movement in allowance accounts:				
At 1 January	2,716	766	10,093	10,138
(Write back)/charge for the year	(412)	1,865	(1,211)	294
Written off	-	-	-	(339)
Exchange difference	(18)	85	-	-
At 31 December	2,286	2,716	8,882	10,093

These receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. An analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Less than 60 days	218	900	-	381
61 to 90 days	51	-	-	1,666
Over 90 days	2,017	1,816	8,882	8,046
	2,286	2,716	8,882	10,093

Other receivables

Other receivables are normally with no fixed terms and therefore there is no maturity.

Amounts due from subsidiaries are unsecured, non-interest bearing and are to be settled in cash

20. Trade and other receivables (cont'd)

Other receivables that are impaired

The Group's and Company's other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Other receivables - nominal amounts	255	213	7,970	5,200
Less: Allowance for impairment	(255)	(213)	(7,970)	(5,200)
	-	-	-	-
Movement in allowance accounts:				
At 1 January	213	169	5,200	4,390
Charge for the year	42	44	2,770	810
At 31 December	255	213	7,970	5,200

These receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. An analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Over 90 days	255	213	7,970	5,200

21. Other assets

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Advances to suppliers	3,439	8,123	3,191	7,784
Prepayments	883	2,117	178	157
	4,322	10,240	3,369	7,941

As at 31 December 2016, included in the Group's prepayments is value added tax of $826,000 prepaid to the Indonesian Tax Authorities.

22. Cash and bank balances

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank - Not restricted in use[(a)]	72,983	48,721	38,653	21,810
Cash pledged for bank facilities[(b)]	5,136	2,042	1,500	1,500
Cash pledged for security deposits[(c)]	4,109	4,170	-	-
Cash at end of the year	82,228	54,933	40,153	23,310
Interest earning balance	43,592	25,656	35,553	20,744

The rate of interest for the cash on interest earning balances is between 0.1% to 3.1% (2016: 0.2% and 3.9%) per annum.

(a) The balance include bank balances and short term deposits with a maturity of less than 90 days.

(b) This is for fixed deposits ranging from 1 month to 6 years (2016: 1 month to 6 years) maturity pledged to certain banks to secure banking facilities granted to the Group. These banking facilities remain unutilised as at the end of the reporting period (Note 33(b)).

(c) This relates to security deposits with an overseas bank placed by a subsidiary.

22A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2017 $'000	2016 $'000
Cash at end of the year	82,228	54,933
Cash pledged for bank facilities	(5,136)	(2,042)
Cash pledged for security deposits	(4,109)	(4,170)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	72,983	48,721

22B. Non-cash transaction

During the reporting year, the Group and the Company acquired equipment with aggregate cost of $420,000 (2016: $Nil) of which $120,000 (2016: $Nil) were by means of a trade-in allowance.

23. Trade and other payables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade payables				
Third parties and accrued operating expenses	41,046	40,076	23,413	19,878
Other payables				
Third parties	4,880	3,812	290	347
Total trade and other payables	45,926	43,888	23,703	20,225

<u>Trade payables/other payables</u>

These amounts are non-interest bearing. Trade payables are normally settled on 30-day terms while other payables have an average term of one month.

24. Other financial liabilities

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current:				
Bank loans[(i)(ii)] Finance leases	5,359 2	2,630 8	2,674 -	- -
Total current portion	5,361	2,638	2,674	-
Non-current:				
Bank loans[(i)(ii)] Finance leases	2,037 -	4,720 3	- -	- -
Total non-current portion	2,037	4,723	-	-
Total current and non-current	7,398	7,361	2,674	-

<u>Bank loans</u>

The Group's bank loans comprise:

(i) Term loan amounted to $4,722,000 as at 31 December 2017 (2016: $7,350,000) is repayable over 36 monthly instalments, with the final instalment in September 2019. Interest is calculated at a margin over the bank's cost of funds determined by the bank from time to time. The effective interest rate of the loan was 2.0% (2016: 1.8%). The loan is secured by a first legal mortgage over the leasehold property (Note 12), other intangible asset (Note 14) and corporate guarantee by the Company (Note 30).

(ii) Revolving term loan amounted to $2,674,000 as at 31 December 2017 (2016 $Nil) was denominated in USD, bore interest at a margin over the bank's cost of funds. The effective interest rate of the loan was 2.2% (2016: Nil). The amount was fully repaid subsequent to year end.

24. Other financial liabilities (cont'd)

Finance lease liabilities

The Group purchased certain motor vehicle under finance lease agreements. There are no restrictions placed upon the Group by entering into these leases. The finance leases are repayable in full by year 2018 (2016: 2018) and the effective interest rate was 5.69% (2016: 5.69%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Total minimum lease payments 2017 $'000	Present value of payments 2017 $'000	Total minimum lease payments 2016 $'000	Present value of payments 2016 $'000
Group				
Not later than one year	2	2	9	8
Later than one year but not later than five years	-	-	3	3
Total minimum lease payments	2	2	12	11
Less: Amount representing finance charges	-	-	(1)	-
Present value of minimum lease payments	2	2	11	11

A reconciliation of liabilities arising from financial activities is as follows:

			Non-cash changes		
	2016 $'000	Cash flows $'000	Foreign exchange movement $'000	Other $'000	2017 $'000
Group					
Bank loans					
- current	2,630	105	(59)	2,683	5,359
- non-current	4,720	-	-	(2,683)	2,037
Obligations under financial leases					
- current	8	(8)	-	2	2
- non-current	3	(1)	-	(2)	-
Total	7,361	96	(59)	–	7,398

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

25. Other liabilities

Other liabilities comprise provision for restoration costs to be incurred for the Group's and Company's leased units.

Movements in provision for restoration costs during the year are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Balance at 1 January and 31 December	961	961	882	882

It is expected that most of these costs will be incurred upon termination of the leases.

26. Share capital

(a) ***Share capital***

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At beginning of the financial year	275,230	20,618	220,184	20,618
Issuance of bonus shares [(i)]	-	-	55,046	-
Sub-division of each of the ordinary shares into two (2) ordinary shares (2016: Nil) [(ii)]	275,230	-	-	-
Share buy back - held as treasury shares	(371)	-	-	-
At end of the financial year	550,089	20,618	275,230	20,618

[(i)] On 16 September 2016, the Company completed the bonus issue of one (1) new share for every four (4) existing shares following the issuance and allotment of 55,439,143 bonus shares (55,045,893 of ordinary shares and 393,250 of treasury shares) to shareholders. The bonus issue has increased the total number of issued ordinary shares of the Company from 220,183,864 to 275,229,757 shares and the treasury shares from 1,573,000 to 1,966,250 shares.

[(ii)] On 25 May 2017, the Company issued a total of 277,196,007 new ordinary shares (including 1,966,250 treasury shares) by way of share split of each share into two new shares.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

26. Share capital (cont'd)

(b) *Treasury shares*

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
At beginning of the financial year	1,966	(449)	1,573	(449)
Issuance of bonus shares [(a)]	-	-	393	-
Sub-division of each of the treasury shares into two (2) treasury shares (Note 26a(ii))	1,966	-	-	-
Acquired during the financial year [(b)]	371	(431)	-	-
At end of the financial year	4,303	(880)	1,966	(449)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

(a) On 16 September 2016, the Company completed the bonus issue of one (1) new share for every four (4) existing shares following the issuance and allotment of 55,439,143 bonus shares (55,045,893 of ordinary shares and 393,250 of treasury shares) to shareholders. The bonus issue has increased the total number of issued ordinary shares of the Company from 220,183,864 to 275,229,757 shares and the treasury shares from 1,573,000 to 1,966,250 shares.

(b) The Company acquired 371,000 (2016: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $431,000 (2016: Nil) and this was presented as a component within shareholders' equity.

A summary of the share capital held as ordinary shares and treasury shares at the end of the reporting period is as follows:

	Group and Company			
	2017		2016	
	No. of shares '000	$'000	No. of shares '000	$'000
Ordinary shares	550,089	20,618	275,230	20,618
Treasury shares	4,303	(880)	1,966	(449)
	554,392	19,738	277,196	20,169

27. Other reserves

	Group	
	2017 $'000	2016 $'000
Foreign currency translation reserve	1,718	1,563
Other reserve	42	-
Total other reserves	1,760	1,563

27. Other reserves (cont'd)

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Other reserve

Other reserve represents the effects of change in ownership interests in a subsidiary when there is no change in control.

28. Significant transactions with related companies and related parties

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following were significat transactions between the Group and its related parties on rates and terms agreed between the parties during the financial year:

	Group	
	2017 $'000	2016 $'000
With companies related to directors of the Company		
Sale of goods	(67)	(61)
Commission expenses	255	206
Consultancy fee expenses	50	26
Professional fees	-	6
Travel allowances	35	-

(b) *Compensation of key management personnel*

The remuneration of Directors and other members of key management of the Group and of the Company during the financial year are as follows:

	Group	
	2017 $'000	2016 $'000
Short-term employee benefits	13,087	11,060
Central Provident Fund contributions and other pension contributions	219	187
Total compensation paid to key management personnel	13,306	11,247
Short-term employee benefits paid to the key management personnel comprised:		
- Directors of the Company	10,233	8,142
- Other key management personnel	3,073	3,105
	13,306	11,247

29. Commitments

(a) ***Operating lease commitments - as lessee***

The Group has entered into commercial leases on certain premises, motor vehicles and office equipment. These leases have an average tenure of between 1 and 37 (2016: 1 and 38) years with no contingent rent provision included in the contracts. The Group is restricted from subleasing the leased equipment to third parties.

Future minimum lease payable under non-cancellable operating leases at end of the reporting period are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Not later than one year	4,102	3,399	1,247	1,552
Later than one year and not later than five years	5,513	2,293	2,419	235
Later than five years	2,379	2,455	-	-
	11,994	8,147	3,666	1,787

(b) ***Operating lease commitments - as lessor***

The Group has entered into a commercial property lease on its investment property. The non-cancellable lease has a fixed monthly rental charge and a remaining lease term of 13 (2016: 25) months.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017 $'000	2016 $'000
Not later than one year	114	114
Later than one year and not later than five years	10	124
	124	238

(c) ***Capital commitments***

There are no capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements.

30. Contingent liabilities

Guarantees

The Company has provided a corporate guarantee to a bank for a $4,722,000 (2016: $7,350,000) loan (Note 24) taken by a subsidiary.

31. Classification of financial instruments

The following table categories the carrying amounts of financial assets and liabilities recorded at the end of the reporting period:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Loans and receivables:				
Cash and bank balances	82,228	54,933	40,153	23,310
Trade and other receivables	47,104	25,279	49,708	46,992
Total loans and receivables	129,332	80,212	89,861	70,302
Held-to-maturity investments	1,606	2,034	1,606	2,034
Held-for-trading investments	9,325	-	9,325	-
Financial liabilities at amortised cost:				
Trade and other payables	45,926	43,888	23,703	20,225
Other financial liabilities	7,398	7,361	2,674	-
Total financial liabilities at amortised cost	53,324	51,249	26,377	20,225

32. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between the levels of fair value measurements during the financial year.

32. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value by level at the end of the reporting period:

	Group
	2017 $'000
	Quoted prices in active markets for identical instruments (Level 1)
Recurring fair value measurements	
Assets: Other financial assets (Note 18) - Held-for-trading quoted investments	9,325

There are no assets or liabilities carried at fair value as at 31 December 2016.

(c) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2017 and 2016 but for which fair value is disclosed:

	Group			
	2017 $'000			
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
Assets				
Investment property (Note 13)	-	3,100	3,100	1,164
Other financial assets (Note 18)				
- Held-to-maturity quoted investments	1,612	-	1,612	1,606
Liabilities				
Obligations under finance leases (Note 24)	-	2	2	2

32. Fair value of assets and liabilities (cont'd)

(c) ***Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)***

	Group			
	2016 $'000			
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
Assets				
Investment property (Note 13)	-	2,560	2,560	1,182
Other financial assets (Note 18)				
- Held-to-maturity quoted investments	2,063	-	2,063	2,034
Liabilities				
Obligations under finance leases (Note 24)	-	11	11	11

Determination of fair value

(i) Investment property

Description	Valuation techniques	Unobservable inputs	Range
2017			
Investment property	Direct comparison method	Price per square foot	$1,647 to $2,307
2016			
Investment property	Direct comparison method	Price per square foot	$1,536 to $2,261

As at the end of the reporting period, a 10% variation from the estimated price per square foot with all other variables held constant would increase/decrease the fair value of the investment property by $323,000 (2016: $311,000).

(ii) Obligations under finance leases

The fair value is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and leasing arrangements at the balance sheet date.

(d) ***Fair value of financial instruments whose carrying amounts approximate their fair values***

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, amounts due from/(to) subsidiaries (current portion), trade and other payables and other financial liabilities, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

(e) ***Financial instruments whose fair values cannot be reliably measured***

Loans receivables from subsidiaries (Note 17) do not have fixed repayment terms and are repayable only when the cash flows of the borrowers permit. Accordingly, the fair values of these amounts are not determinable with reasonable certainty as the timing of the future cash flows arising from the amounts cannot be estimated reliably.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. Guidelines set up the short and long term objectives and actions to be taken in order to manage the financial risks. Such guidelines include:

- Minimise interest rate, currency, credit and market risk for all kinds of transactions;
- Maximise the use of "natural hedge", favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk;
- All financial risk management activities are carried out and monitored by senior management staff;
- All financial risk management activities are carried out following good market practices;
- When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that credit review, which takes into account qualitative and quantitative factors like business performance and profile of the customers, is performed and approved by the management before credit is granted. Customer's payment profile and credit exposures are monitored on an ongoing basis by the Financial Controller.

Excessive risk concentration

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the statements of financial position.

– an amount of $8,000,000 (2016: $8,000,000) relating to corporate guarantees provided by the Company to a bank on its subsidiary's borrowings.

33. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk (cont'd)***

Credit risk concentration profiles

The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Top 1 customer	40,134	16,553	40,134	16,553
Top 2 customers	40,360	17,159	40,270	16,784
Top 3 customers	40,558	17,391	40,371	16,813

At the end of the reporting period, none of the Group's and Company's trade and other receivables were due from related parties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20 (Trade and other receivables).

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risks arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions. In addition, the Group and Company also maintain surplus cash for future investment opportunities. At the end of the reporting period, approximately 72% (2016: 36%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 100% (2016: Nil) of the Company's loan and borrowings will mature in less than one year at the end of the reporting period.

33. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	Less than one year $'000	One to three years $'000	Total $'000
Group			
2017			
Financial assets:			
Trade and other receivables	47,104	-	47,104
Other financial assets	10,126	805	10,931
Cash and bank balances	82,228	-	82,228
Total undiscounted financial assets	139,458	805	140,263
Financial liabilities:			
Trade and other payables	45,926	-	45,926
Other financial liabilities	5,434	2,053	7,487
Total undiscounted financial liabilities	51,360	2,053	53,413
Total net undiscounted financial assets/(liabilities)	88,098	(1,248)	86,850
2016			
Financial assets:			
Trade and other receivables	25,279	-	25,279
Other financial assets	-	2,034	2,034
Cash and bank balances	54,933	-	54,933
Total undiscounted financial assets	80,212	2,034	82,246
Financial liabilities:			
Trade and other payables	43,888	-	43,888
Other financial liabilities	2,750	4,799	7,549
Total undiscounted financial liabilities	46,638	4,799	51,437
Total net undiscounted financial assets/(liabilities)	33,574	(2,765)	30,809

33. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Less than one year $'000	One to three years $'000	Total $'000
Company			
2017			
Financial assets:			
Trade and other receivables	49,708	-	49,708
Other financial assets	10,126	805	10,931
Cash and bank balances	40,153	-	40,153
Total undiscounted financial assets	99,987	805	100,792
Financial liabilities:			
Trade and other payables	23,703	-	23,703
Other financial liabilities	2,680	-	2,680
Total undiscounted financial liabilities	26,383	-	26,383
Total net undiscounted financial assets	73,604	805	74,409
2016			
Financial assets:			
Trade and other receivables	46,992	-	46,992
Other financial assets	-	2,034	2,034
Cash and bank balances	23,310	-	23,310
Total undiscounted financial assets	70,302	2,034	72,336
Financial liabilities:			
Trade and other payables			
Other financial liabilities	20,225	-	20,225
Total undiscounted financial liabilities	20,225	-	20,225
Total net undiscounted financial assets	50,077	2,034	52,111

33. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Less than one year $'000	One to three years $'000	Total $'000
Group and Company			
2017			
Financial guarantees	4,722	-	4,722
2016			
Financial guarantees	7,350	-	7,350

Undrawn available credit facilities

At the end of the reporting period, the Group has undrawn available credit facilities with certain banks of $29,077,000 (2016: $15,241,000). The undrawn credit facilities are available for operating activities and to settle other commitments. Credit facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided to management to assist them in monitoring the liquidity risk.

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from financial liabilities at floating interest rates which are not significant. The interest rates are disclosed in Note 24 to the financial statements.

Sensitivity analysis for interest rate risk

At the end of the reporting period, a reasonable fluctuation of interest rates with all variables being held constant, do not have a significant impact to the Group's profit or loss.

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Philippine Peso (PHP) and United States Dollar (USD).

33. Financial risk management objectives and policies (cont'd)

(d) ***Foreign currency risk (cont'd)***

At the end of the reporting period, an analysis of the financial assets and financial liabilities denominated in foreign currencies is as follow:

	USD $'000
Group	
2017	
Financial assets:	
Loans and receivables	134
Cash and bank balances	22,073
Total financial assets	22,207
Financial liabilities:	
Trade and other payables	1,644
Other financial liabilities	2,674
Total financial liabilities	4,318
Total net financial assets	17,889
2016	
Financial assets:	
Loans and receivables	18,330
Cash and bank balances	9,305
Total financial assets	27,635
Financial liabilities:	
Trade and other payables	729
Total financial liabilities	729
Total net financial assets	26,906

	PHP $'000	USD $'000	Total $'000
Company			
2017			
Financial assets:			
Loans and receivables	924	2,244	3,168
Cash and bank balances	-	21,701	21,701
Total financial assets	924	23,945	24,869
Financial liabilities:			
Trade and other payables	-	1,644	1,644
Other financial liabilities	-	2,674	2,674
Total financial liabilities	-	4,318	4,318
Total net financial assets	924	19,627	20,551

33. Financial risk management objectives and policies (cont'd)

(d) ***Foreign currency risk (cont'd)***

	USD $'000
Company	
2016	
Financial assets:	
Loans and receivables	19,711
Cash and bank balances	8,804
Total financial assets	28,515
Financial liabilities:	
Trade and other payables	729
Total financial liabilities	729
Total net financial assets	27,786

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Taiwan, People's Republic of China, Malaysia and Indonesia. The Group's net investments are not hedged as currency positions are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in USD and PHP against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(decrease) profit before tax	
	2017 $'000	2016 $'000
Group		
USD - strengthened 10% (2016: 10%)	1,789	2,446
- weakened 10% (2016: 10%)	(1,789)	(2,446)
Company		
USD - strengthened 10% (2016: 10%)	1,963	2,526
- weakened 10% (2016: 10%)	(1,963)	(2,526)
PHP - strengthened 10% (2016: 10%)	92	-
- weakened 10% (2016: 10%)	(92)	-

33. Financial risk management objectives and policies (cont'd)

(e) ***Market price risk***

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest of exchange rates). The Group is exposed to equity price risk arising from its investments in quoted investment funds and are classified as held for trading investments (Note 18). The Group does not have exposure to commodity price risk.

The Group's objective is to preserve capital and generate stable and consistent returns through investments in fixed income securities with the following restrictions on its Investment Portfolio ("Portfolio"):

1. Up to 100% of the Portfolio may be invested into the United SGD Fund;
2. Up to 30% of the Portfolio may be invested into the United High Grade Corporate Bond Fund; and
3. Up to 100% of the Portfolio may be invested or held in cash, cash equivalents and fixed deposits.

The Portfolio is aimed to target returns of 3.0% per annum. Any deviation from this policy is required to be approved by the CEO and Audit Committee. At the end of the reporting period, the entire Portfolio of the Group comprise quoted investment securities.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the price of the shares held had been 10% (2016: Nil%) higher/lower with all other variables held constant, the Group's profit before tax would have been $933,000 (2016: $Nil) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

34. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) The direct selling segment mainly comprises sales to customers through direct selling channels in Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, Vietnam, Philippines, Korea and United Arab Emirates;

(ii) The export segment comprises sales to retail customers at export retail price through retailers in the People's Republic of China and Myanmar; and

(iii) The manufacturing/wholesale segment comprises sales to customers through wholesale channel in the People's Republic of China.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

34. Segment information (cont'd)

	Direct selling $'000	Export $'000	Manufacturing/ wholesale $'000	Unallocated $'000	Group $'000
2017					
Revenue:					
Sales to external customers (Note A)	109,890	106,450	4,535	-	220,875
Results:					
Recurring EBITDA (Note B)	28,234	44,571	(884)	114	72,035
Interest income	15	282	131	-	428
Interest expense	(6)	(33)	-	(117)	(156)
Depreciation	(761)	(696)	(134)	(1,601)	(3,192)
Amortisation	(12)	(6)	(954)	(386)	(1,358)
Segment profit/(loss)	27,470	44,118	(1,841)	(1,990)	67,757
Income tax expense					(12,611)
Profit for the year					55,146
Assets:					
Segment assets (Note C)	53,634	95,045	15,032	-	163,711
Unallocated assets (Note D)					32,065
Total assets					195,776
Liabilities:					
Segment liabilities (Note E)	(24,010)	(23,790)	(1,763)	-	(49,563)
Unallocated liabilities (Note F)					(19,423)
Total liabilities					(68,986)
Other information:					
Additions to property, plant and equipment	1,610	944	119	-	2,673
Additions to intangible assets	4	-	30	-	34

34. **Segment information (cont'd)**

	Direct selling $'000	Export $'000	Manufacturing/ wholesale $'000	Unallocated $'000 (Restated)	Group $'000
2016					
Revenue:					
Sales to external customers (Note A)	142,308	53,793	4,663	-	200,764
Results:					
Recurring EBITDA (Note B)	29,108	24,233	(45)	105	53,401
Interest income	117	71	147	-	335
Interest expense	(11)	(6)	-	(42)	(59)
Depreciation	(1,173)	(339)	(148)	(35)	(1,695)
Amortisation	(69)	(12)	(877)	(94)	(1,052)
Segment profit/(loss)	27,972	23,947	(923)	(66)	50,930
Income tax expense					(16,525)
Profit for the year					34,405
Assets:					
Segment assets (Note C)	74,943	37,827	17,852	-	130,622
Unallocated assets (Note D)					29,562
Total assets					160,184
Liabilities:					
Segment liabilities (Note E)	(34,716)	(8,352)	(1,792)	-	(44,860)
Unallocated liabilities (Note F)					(26,661)
Total liabilities					(71,521)
Other information (as restated):					
Additions to property, plant and equipment	1,162	46	205	1,600	3,013
Additions to non-current other intangible asset	-	-	-	8,737	8,737
Additions to intangible assets	20	2	516	-	538

34. Segment information (cont'd)

Notes:

(A) Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(B) Management reporting system evaluates performances mainly based on a measure of earnings before depreciation, amortisation, interests and income taxes (called "Recurring EBITDA"). This measurement basis excludes the effect of expenditure from the operating segments such as goodwill impairment that are not expected to recur regularly in every reporting year.

(C) Segment assets consist principally plant and equipment, other intangible assets, inventories, trade receivables and cash and cash equivalents.

(D) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2017 $'000	2016 $'000
Deferred tax assets	830	582
Leasehold property	-	1,583
Investment building	1,164	1,182
Other intangible asset	8,257	8,643
Other financial assets	10,931	2,034
Other assets	6,299	12,089
Other unallocated amounts	4,584	3,449
Total	32,065	29,562

(E) Segment liabilities consist principally trade and other payables, other financial liabilities and other liabilities.

(F) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2017 $'000	2016 $'000
Other financial liabilities	(4,722)	(7,350)
Deferred tax liabilities	(3,902)	(2,826)
Income tax payable	(10,799)	(16,485)
Total	(19,423)	(26,661)

34. Segment information (cont'd)

Geographical information

The Group's operations are located in Singapore, Taiwan, People's Republic of China, Indonesia, Philippines, Thailand, Malaysia, Hong Kong, Vietnam, Myanmar, Korea and United Arabs Emirates.

The following tables provide an analysis of the Group's revenue by geographical location of customers, irrespective of the origin of the goods and services:

	Revenue	
	2017 $'000	2016 $'000
Singapore	7,678	7,053
Taiwan	87,961	122,959
People's Republic of China	110,462	57,861
Indonesia	5,317	5,440
Others	9,457	7,451
	220,875	200,764

The following tables provide an analysis of the Group's non-current assets by geographical location in which the assets are located:

	Non Current assets	
	2017 $'000	2016 $'000
Singapore	12,647	14,414
People's Republic of China	6,593	6,765
Malaysia	983	1,022
Taiwan	1,669	1,595
Indonesia	108	166
Others	167	201
	22,167	24,163

Non-current assets information presented above consist of property, plant and equipment, investment property, intangible assets and non-current other intangible asset as presented in the consolidated statement of financial position.

Information about a major customer

Revenue from one major customer amounted to $105,789,000 (2016: $52,998,000), arising from the export segment.

35. Capital management

Capital includes debt and equity items.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2017 and 31 December 2016.

In order to maintain its listing on the Singapore Stock Exchange, the Company has to have share capital with at least a free float of 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the financial year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the financial year.

Management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

As at 31 December 2017, as disclosed in Note 24, the Company has bank borrowing of $2,674,000 (2016: $Nil). The Group has bank borrowings and finance leases totaling to $7,398,000 as at 31 December 2017 (2016: $7,361,000) and these are secured by specific assets. As such, the debt-to adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

36. Dividends

	Group and Company	
	2017 $'000	**2016 $'000**
Declared and paid during the financial year:		
Dividends on ordinary shares		
- Final exempt (one-tier) dividend for 2016: 3.0 (2015: 1.5) cents per share	8,257	3,303
- Interim exempt (one-tier) dividend for 2017: 1.5 (2016: 2.0) cents per share	8,251	4,404
	16,508	7,707
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2017: 2.6 (2016: 3.0) cents per share	14,302	8,257

37. Comparative figures

The financial statements for the financial year ended 31 December 2016 were audited by another firm of Chartered Public Accountants.

The comparative figures have been restated due to recognition of the costs paid to the old tenant to buy out the old tenant's remaining lease term of one of the leasehold buildings (Note 12) and the right to lease the land for another 30 years from the lessor during the financial year ended 31 December 2016 as other intangible asset instead of property, plant and equipment. The effects are as follow:

	As restated S$'000	As previously reported S$'000
Statement of financial position		
Property, plant and equipment	8,122	16,765
Other intangible asset (non-current)	8,643	-
Statement of cash flows:		
Depreciation of property, plant and equipment	1,677	1,771
Amortisation of non-current other intangible asset	94	-
Purchase of property, plant and equipment	(3,013)	(11,750)
Purchase of other intangible asset	(8,737)	-

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 2 April 2018.

MAJOR PROPERTIES OF THE GROUP

Location	Description	Existing use	Tenure of land
Block 726 Ang Mo Kio Avenue 6 #01-4150 Singapore 560726	2-storey building	Investment property	Leasehold land expiring on 1 October 2079
No. 11 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Malaysia	4-storey building	Office and Business Centre	Leasehold land expiring on 5 April 2078
No. 141 Jalan Danga Taman Nusa Bestari Dua 81300 Johor Bahru Malaysia	3-storey building	Office and Business Centre	Freehold land
1 Tuas Basin Link Singapore 638755	2-storey building	Manufacturing and Warehousing	Leasehold land expiring on 15 July 2054

As at 14 March 2018

SHARE CAPITAL

Issued and fully paid-up Share Capital	:	S$20,773,279.883
Class of Shares	:	Ordinary Shares
Voting Rights	:	one vote for every ordinary share (excluding treasury shares)
Number of issued shares excluding treasury shares	:	550,088,514
Number of treasury shares	:	4,303,500
Percentage of treasury shares	:	0.78%

The Company has no *subsidary holdings.

* subsidary holdings - as defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Cap 50.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 14 MARCH 2018

Size Of Shareholdings			No. Of Shareholders	%	No. Of Shares	%
1	–	99	27	1.15	1,046	0.00
100	–	1,000	213	9.08	124,020	0.02
1,001	–	10,000	1,141	48.61	6,414,058	1.17
10,001	–	1,000,000	927	39.50	74,106,856	13.47
1,000,001		and above	39	1.66	469,442,534	85.34
		Total	**2,347**	**100.00**	**550,088,514**	**100.00**

20 LARGEST SHAREHOLDERS AS AT 14 MARCH 2018

	Shareholder's Name	No. Of Shares	%
1	D2 INVESTMENT PTE LTD	192,787,500	35.05
2	DBS NOMINEES PTE LTD	39,305,191	7.15
3	DORA HOAN BENG MUI	31,130,000	5.66
4	DOREEN TAN NEE MOI	31,130,000	5.66
5	MAYBANK KIM ENG SECURITIES PTE LTD	25,177,510	4.58
6	CITIBANK NOMINEES SINGAPORE PTE LTD	20,480,489	3.72
7	MORGAN STANLEY ASIA (SINGAPORE)SECURITIES PTE LTD	17,953,785	3.26
8	HUANG BAN CHIN	15,800,000	2.87
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,657,074	2.12
10	RAFFLES NOMINEES (PTE) LTD	9,248,140	1.68
11	CHEN YAN FENG	7,560,000	1.37
12	PHILLIP SECURITIES PTE LTD	5,558,950	1.01
13	NG SEOW YUEN (HUANG XIAOYAN)	5,455,900	0.99
14	HSBC (SINGAPORE) NOMINEES PTE LTD	5,444,542	0.99
15	RHB SECURITIES SINGAPORE PTE LTD	4,209,350	0.77
16	OCBC SECURITIES PRIVATE LTD	4,190,400	0.76
17	CHIN POH LENG	4,041,400	0.73
18	KGI SECURITIES (SINGAPORE) PTE LTD	3,033,000	0.55
19	CHANG GRACE SHAIN-JOU	3,000,000	0.55
20	WEE KWEE HUAY HELENE	2,763,124	0.50
Total		**439,926,355**	**79.97**

SUBSTANTIAL SHAREHOLDERS As at 14 March 2018

as shown in the Company's Register of Substantial Shareholders

Name of Substantial Shareholders	Shareholding registered in name of substantial shareholders		Other shareholdings in which substantial shareholders are deemed to have an interest	
	No of Shares	% of Issued Shares	No. Of Shares	% of Issued Shares
D2 Investment Pte Ltd	192,787,500	35.05	-	-
Dora Hoan Beng Mui	31,130,000	5.66	193,037,500 (1)	35.08
Doreen Tan Nee Moi	31,130,000	5.66	193,037,500 (2)	35.08

Notes:-

(1) This represents Dr Hoan Beng Mui, Dora's deemed interest of 193,037,500 shares held in the name of the following:-

a) 192,787,500 shares held by D2 Investment Pte Ltd (a 50% owned private limited company); and

b) 250,000 shares held by Li Lihui (an immediate family member)

(2) This represents Dr Tan Nee Moi, Doreen's deemed interest of 193,037,500 shares held in the name of the following:-

c) 192,787,500 shares held by D2 Investment Pte Ltd (a 50% owned private limited company); and

d) 250,000 shares held by Pek Jia Rong (an immediate family member).

PUBLIC SHAREHOLDINGS

Based of the information provided to the Company as at 14 March 2018, approximately 49.27% of the total number of issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

BEST WORLD INTERNATIONAL LIMITED
(Company Registration No. 199006030Z)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Best World International Limited (the "Company") will be held at the Auditorium at 26 Tai Seng Street, #04-01, Singapore 534057 on Monday, 30 April 2018 at 3.00 p.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt dividend of S$0.026 per ordinary share for the financial year ended 31 December 2017. **(Resolution 2)**

3. To approve payment of Directors' fees of S$152,000 for the financial year ended 31 December 2017 (31 December 2016: S$150,224) **(Resolution 3)**

4(a) To re-elect Mr Huang Ban Chin who retires pursuant to Article 93 of the Company's Constitution. **(Resolution 4)**

4(b) To re-elect Mr Chan Soo Sen who retires pursuant to Article 93 of the Company's Constitution. **(Resolution 5)**

Mr Chan Soo Sen will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4(c) To re-elect Mr Chan Pengee, Adrian who retires pursuant to Article 92 of the Company's Constitution. **(Resolution 6)**

Mr Chan Pengee, Adrian will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
(See Explanatory Note 1)

5. To appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to Issue Shares pursuant to the Share Issue Mandate

   "That pursuant to Section 161 of the Companies Act, Chapter 50 (the "Act"), and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit; and

(b)(notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities,

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 8)**

8. Authority to offer and grant share awards and to allot and issue shares under the BWI Performance Share Scheme

"That, pursuant to Section 161 of the Act, the Directors of the Company be and are hereby authorised and empowered to offer and grant awards in accordance with the BWI Performance Share Scheme (the "PSS") and to allot and issue from time to time such number of fully-paid ordinary shares in the capital of the Company ("Shares") as may be required to be issued pursuant to the vesting of awards under the PSS, provided always that the aggregate number of Shares to be allotted and issued pursuant to the PSS, when added to the aggregate number of Shares issued and issuable pursuant to all other share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time." **(Resolution 9)**

9. The Proposed Renewal of the Share Buyback Mandate

"That:-

(a) for the purposes of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act, and otherwise in accordance with all laws, regulations and Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company ("AGM") is held or is required by law to be held;

(ii) the date on which the Share buybacks pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered, excluding any subsidiary holdings and treasury shares, that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier;

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, in the case of a Market Purchase, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period, or in the case of an Off-Market Purchase, preceding the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." **(Resolution 10)**

NOTICE OF BOOK CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members will be closed on 9 May 2018 for the preparation of dividend warrants for the proposed final one-tier tax-exempt dividend of SGD0.026 per share for the financial year ended 31 December 2017.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road, #02-00, Singapore 068898, up to 5.00 p.m. on 8 May 2018 will be registered to determine Shareholders' entitlement to the Dividend. In respect of the shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the Dividend will be paid by the Company to CDP which will distribute the Dividend to holders of the securities accounts.

The proposed final dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 23 May 2018.

BY ORDER OF THE BOARD

Huang Ban Chin

Director and Chief Operating Officer

Singapore

Dated: 13 April 2018

Explanatory Note:

(1) In relation to Ordinary Resolutions 4, 5 and 6 proposed in item 4 above, the detailed information on Messrs Huang Ban Chin, Chan Soo Sen and Chan Pengee, Adrian are set out in the section entitled "Board of Directors" of the Company's 2017 Annual Report.

Mr Huang Ban Chin is an Executive Director of the Company.

Mr Chan Soo Sen has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors. Mr Chan Soo Sen is considered independent by the Board.

Mr Chan Pengee, Adrian has no shareholdings in the Company and its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors. Mr Chan, Adrian is considered independent by the Board.

STATEMENT PURSUANT TO ARTICLE 52 OF THE COMPANY'S CONSITUTION

The effect of the resolutions under the heading "Special Business" in this Notice of the Annual General Meeting is:-

(a) **Ordinary Resolution 8** proposed in item 7 above, if passed, will authorise and empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting to issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

For the purpose of Ordinary Resolution 8, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(b) **Ordinary Resolution 9** proposed in item 8 above, if passed, will empower the Directors of the Company to offer and grant awards pursuant to the PSS and to allot and issue from time to time such number of fully-paid Shares pursuant to the vesting of awards under the PSS, provided always that the aggregate number of Shares (comprising new Shares and/or treasury Shares) to be delivered pursuant to the PSS, when added to the number of new Shares issued and issuable and the number of treasury Shares delivered in respect of all other share schemes or share plans of the Company (if any), shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company (excluding treasury Shares and subsidiary holdings) from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(c) **Ordinary Resolution 10** proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the above Meeting to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Buyback Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to this proposed Ordinary Resolution is set out in the Appendix enclosed together with the Annual Report.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors, who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 26 Tai Seng Street, #05-01, Singapore 534057 not later than 48 hours before the time appointed for the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company(or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BEST WORLD INTERNATIONAL LIMITED
26 Tai Seng Street #05-01 Singapore 534057 Tel +65 6899 0088 Fax +65 6636 1531
www.bestworld.com.sg ir@bestworld.com.sg