

BEST WORLD INTERNATIONAL LIMITED

Company Registration No. 199006030Z
(Incorporated in the Republic of Singapore)

PROPOSED JOINT VENTURE WITH PROLIFE BIOBANK PTE. LTD. AND PROPOSED SUBSCRIPTION OF SHARES IN CELCOTT BIOBANK PRIVATE LIMITED

1. INTRODUCTION

The board of directors ("**Board**") of Best World International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that on 13 July 2016, the Company's wholly-owned subsidiary, Celcott Investments Pte. Ltd. ("**CIPL**"), has entered into a joint venture agreement ("**JVA**") with Prolife Biobank Pte. Ltd. ("**JV Partner**") and Celcott Biobank Private Limited ("**JV Company**") relating to the proposed joint venture between CIPL and the JV Partner to invest in the JV Company, which will be engaged in the business of providing stem cell banking services (including dental stem cell banking services, which involves *inter alia* undertaking the collection and processing of the shedded milk teeth for stem cells and the storage of such stem cells) ("**Business**") (the "**Proposed Joint Venture**").

2. INFORMATION ON THE JV PARTNER AND THE JV COMPANY

- 2.1 The JV Partner (Company Registration No. 201214818K) is a company incorporated in Singapore on 15 June 2012 and is currently engaged in the business of marketing dental stem cell banking services to parents who intend to harvest the stem cells from their children's milk teeth, offering various dental stem cell biobanking programmes, and arranging for the collection and processing of the shedded milk teeth for stem cells and the storage of such stem cells by third parties on an outsourced basis ("**Existing Business**").
- 2.2 The JV Company (Company Registration No. 201617882W) is a company incorporated in Singapore on 30 June 2016. The JV Company was incorporated by the JV Partner as the joint venture company for the purposes of the Proposed Joint Venture and has not yet commenced operations. As at the date of this announcement, the issued and paid-up share capital of the JV Company is S\$2.00 comprising of two (2) ordinary shares ("**Shares**"), which are held by the JV Partner.
- 2.3 For the purposes of the Proposed Joint Venture, the JV Partner will be transferring its Existing Business and the assets relating to its Existing Business to the JV Company ("**Business Transfer**"). The unaudited net tangible liability value of the Existing Business and the assets relating to its Existing Business to be transferred to the JV Company pursuant to the Business Transfer, as at 31 March 2016 is approximately S\$90,000.
- 2.4 Based on an independent valuation report dated 12 July 2016 issued by Foo Kon Tan Corporate Finance Pte Ltd as commissioned by the Company ("**Valuation Report**"), the fair value of 100% equity interest of the JV Partner as at 31 March 2016 was estimated to be in the range of S\$14,399,000 (based on the capitalisation of future maintainable earnings method) to S\$15,709,000 (based on the discounted cash flow method).
- 2.5 In arriving at the terms of the Proposed Joint Venture and the value to be attributed to the Existing Business and the assets relating to the Existing Business to be transferred to the JV Company, the Company and the JV Partner took into account the above valuation parameters and the strategic value that the Group will bring to the Proposed Joint Venture, including non-cash contributions such as the Group's distribution networks in 12 countries and its administrative, information technology, finance and governance support functions. Based on arm's length discussions and negotiations and on a "willing buyer-willing seller" basis, the Company and the JV Partner have agreed that:-
- (a) the consideration payable by the JV Company to the JV Partner for the Business Transfer will be S\$2,300,000, which is to be satisfied by the issuance of 2,300,000 new Shares in the capital of the JV Company ("**Consideration Shares**") to the JV Partner; and

- (b) CIPL will subscribe for 2,500,000 new Shares in the capital of the JV Company ("**Subscription Shares**") at S\$2,500,000 ("**Subscription Consideration**").

3. PROPOSED SUBSCRIPTION OF SHARES BY CIPL IN THE JV COMPANY

- 3.1 Under the terms of the JVA, CIPL will subscribe for the Subscription Shares, which shall constitute approximately 52.08% of the enlarged total number of issued Shares of the JV Company immediately following the issuance of the Consideration Shares and the Subscription Shares, at the Subscription Consideration, on the terms and subject to the conditions set out in the JVA ("**Proposed Subscription**").
- 3.2 The Subscription Consideration will be wholly satisfied in cash on the date of completion of the Proposed Subscription ("**Completion Date**"), and will be funded by CIPL's internal resources and bank borrowings.
- 3.3 The Proposed Subscription will be conditional upon, *inter alia*, the following conditions ("**Subscription Conditions**") being fulfilled:-
- (a) the completion of the Business Transfer, on terms satisfactory to CIPL in its sole discretion;
 - (b) the transactions contemplated under the JVA (including without limitation the Proposed Subscription) not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any statute, order, rule, regulation, ruling, directive or request promulgated or made, whether or not having the force of law, by any legislative, executive or regulatory body or authority; and
 - (c) (if required) clearance and approval being granted by the Competition Commission of Singapore in respect of the proposed transactions envisaged under the JVA and if such clearance or approval is granted subject to conditions, such conditions being satisfied on or before the Completion Date.
- 3.4 If any of the Subscription Conditions is not fulfilled, or waived by CIPL in accordance with the JVA, on or before the date falling six (6) months after the date of the JVA (or such later date may be agreed between CIPL, the JV Partner and the JV Company), CIPL shall be entitled to terminate the JVA by written notice to the other parties and no party shall have any claim against the other parties for costs, damages, compensation or otherwise, save for any claim arising from antecedent breaches of the JVA.
- 3.5 Upon the completion of the Business Transfer and the Proposed Subscription, the issued Shares in the capital of the JV Company will be held by CIPL and the JV Partner in the following proportions:-

Name	Number of Shares	Percentage shareholding (approximate)
CIPL	2,500,000	52.08%
JV Partner	2,300,002	47.92%
Total	4,800,002	100%

4. RATIONALE FOR THE PROPOSED JOINT VENTURE AND THE PROPOSED SUBSCRIPTION

As part of its growth strategy, the Company constantly develops new health and wellness-related products and/or services for its independent distributors and member customers in the region. In the recent years, the awareness level of storing one's stem cells for preservation of health and improvement of quality of life is on the rise. The Company recognises this as a good growth opportunity if it is able to leverage on this trend and mobilise its growing number of independent distributors and member customers, who are trained to promote health and wellness products, to subscribe to the JV Company's stem cell banking services and to also actively promote such stem cell banking services to their network as one of the Group's product offerings.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 IN RELATION TO THE PROPOSED SUBSCRIPTION

- 5.1 The relative figures computed on the basis of Rule 1006 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of the Proposed Subscription are as follows:

Rule	Bases of computation	Size of relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value	Not applicable as this is not a disposal
1006(b)	Net profit/(loss) attributable to the assets acquired, compared with the Group's net profits	(1.12)% ⁽¹⁾
1006(c)	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.74% ⁽²⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities are issued by the Company as consideration for an acquisition.

Notes:

- (1) As the JV Company is a newly incorporated entity and has yet to commence operations, it currently has no revenue, profits and assets, save for its issued and paid-up share capital. Accordingly, the figures used to compute the relative figure are based on the JV Partner's latest unaudited accounts for the financial period ended 31 March 2016 ("**1Q2016**"). The relative figure is derived based on (a) the JV Partner's unaudited net loss for 1Q2016 of approximately S\$128,000 and (b) the Group's unaudited net profits for 1Q2016 of approximately S\$5,963,000, and computed on the basis that CIPL will have an approximately 52.08% shareholding in the JV Company upon completion of the Proposed Subscription.
- (2) Based on the consideration for the Proposed Subscription of S\$2,500,000 and the market capitalisation of the Company of approximately S\$338,466,636 (determined by multiplying the existing number of shares in issue excluding treasury shares (ie. 220,183,864 shares) by S\$1.5372, being the weighted average price of the Company's shares transacted on 12 July 2016, being the market day preceding the date of the JVA).
- 5.2 As set out above, the relative figure computed on the basis set out in Rule 1006(b) is in the negative. Rule 1007 of the Listing Manual states that if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction at the discretion of the SGX-ST and the issuer should consult the SGX-ST. Pursuant to the Company's consultations with the SGX-ST, the SGX-ST has informed the Company that Rule 1014 of the Listing Manual is not applicable to the Proposed Subscription. Accordingly, the approval of the Company's shareholders will not be required for the Proposed Subscription.

6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The Proposed Subscription is not expected to have any material impact on the Group's net tangible assets per share and earnings per share for the current financial year ending 31 December 2016.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the directors or controlling shareholders of the Company have any direct or indirect interest in the Proposed Joint Venture and Proposed Subscription.

8. INSPECTION OF DOCUMENTS

Copies of the JVA and the Valuation Report will be made available for inspection during normal business hours at the Company's registered office at 26 Tai Seng Street, #05-01, Singapore 534057 for a period of three (3) months from the date of this announcement.

On Behalf of the Board

Huang Ban Chin
Chief Operating Officer

13 July 2016