

# BEST WORLD INTERNATIONAL LIMITED

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

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## PROPOSED ACQUISITION OF SHARES IN PEDAL PULSES LIMITED

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### 1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Best World International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company and its direct subsidiary, Best World Investments Pte. Ltd. (the “**Purchaser**”) (further details are set out in paragraph 2 below), have on 3 April 2020 entered into the following transaction documents (“**Transaction Documents**”):

- (a) a Sale and Purchase Agreement (“**SPA**”) with Ms Margaret Dabbs (“**Ms Dabbs**”), Mr Ian Richardson (“**Mr Richardson**”) and Mr Jonathan Day (“**Mr Day**”) (collectively, the “**Vendors**”); and
- (b) a Put and Call Option Agreement (“**PCOA**”) and Shareholders’ Agreement (“**SHA**”) with Ms Dabbs and Mr Richardson (collectively, the “**Option Vendors**”),

for the Purchaser to acquire up to 100% of the shares (“**Shares**”) in the issued and paid-up share capital of Pedal Pulses Limited (“**Target**”) (the “**Proposed Acquisition**”). The Company will guarantee the obligations of the Purchaser under the Transaction Documents.

### 2. INFORMATION ON THE PURCHASER

The Company has on 1 April 2020 incorporated the Purchaser, a direct, wholly-owned subsidiary of the Company, in Singapore. The Purchaser is a private company limited by shares and has an issued and paid-up capital of S\$100. Its principal activity is to act as a holding company. The directors of the Purchaser are Dr Dora Hoan Beng Mui, Dr Doreen Tan Nee Moi and Mr Huang Ban Chin, who are also directors of the Company.

### 3. INFORMATION ON THE TARGET GROUP AND THE VENDORS

The Target is a private company limited by shares incorporated in England and Wales on 22 April 2002 trading as Margaret Dabbs London, and is the holding company of Margaret Dabbs Limited, Bare Feet Limited and Margaret Dabbs Europe Limited (together with the Target, the “**Target Group**”). The issued and paid-up share capital of the Target is £11.60 (approximately S\$20.50<sup>1</sup>) comprising 1,160 ordinary shares.

The Target is a premium, direct-to-consumer, British beauty brand combining health and beauty practices in its specialist approach to products and treatments for the feet, hands and legs.

The Target has 2 complementary offerings:

- ❖ first, a premium retail proposition made up of high-quality Margaret Dabbs London products for feet, legs and hands, which are sold internationally; and
- ❖ second, a treatment proposition operating a portfolio of reputable Margaret Dabbs London clinics in the UK and internationally, providing podiatry and beauty services carried out by qualified practitioners.

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<sup>1</sup> For the purpose of this announcement, all currency exchange rate throughout this announcement is £1.00 : S\$1.7672. Such exchange rate has been presented solely for information and should not be construed as representations that the relevant amounts payable under the Transaction Documents have been or could be converted at the rate indicated.

As of the financial year ended 31 December 2019 (“FY2019”), the net tangible asset and the net asset value of the Target Group are approximately £3.5 million and £3.5 million respectively (approximately S\$6.2 million). As the Target Group is not publicly listed and traded, there is no information on its open market value. No independent valuation of the assets of the Target Group was conducted.

Prior to the Proposed Acquisition, Ms Dabbs holds 50%, Mr Richardson holds 45% and Mr Day holds 5% respectively, of the shares in the capital of the Target.

#### 4. RATIONALE FOR THE PROPOSED ACQUISITION

The Group is in the business of distributing premium beauty, skincare and wellness products. As part of the Group’s growth strategy, the Group is constantly seeking opportunities to expand its geographical reach and product offerings.

The Group believes that the Target’s product and service offerings complement the Group’s business. The Proposed Acquisition will provide the Group with a premium beauty brand specialist established in the United Kingdom and Europe, and it is envisaged that the Target Group will serve as a platform for the sale of the Company’s products to the United Kingdom and Europe.

#### 5. INFORMATION ON THE PROPOSED ACQUISITION

##### 5.1 The Proposed Acquisition

The Proposed Acquisition is envisaged as follows:

(1) First Tranche

Pursuant to the SPA, the Vendors will sell and the Purchaser will acquire 579 Shares, representing approximately 49.9% of the issued and paid-up share capital of the Target, comprising of:

- (a) 232 Shares held by Ms Dabbs (representing 20% of the issued and paid-up share capital of the Target);
- (b) 289 Shares held by Mr Richardson (representing approximately 24.9% of the issued and paid-up share capital of the Target); and
- (c) 58 Shares held by Mr Day (representing 5% of the issued and paid-up share capital of the Target),

for an aggregate consideration of approximately £13.9 million (approximately S\$24.6 million) (“**First Tranche Consideration**”).

(2) Second Tranche

Pursuant to the PCOA, the Option Vendors may sell and the Purchaser may acquire, up to all of the remaining 581 Shares (representing approximately 50.1% of the issued and paid-up share capital of the Target) (“**Option Shares**”), comprising 348 Shares held by Ms Dabbs (representing 30% of the issued and paid-up share capital of the Target) and 233 Shares held by Mr Richardson (representing approximately 20.1% of the issued and paid-up share capital of the Target) respectively, via the Put Options and/or Call Options (each defined below) at the Option Price per Option Share (defined below).

Further details are set out in paragraph 5.4 below.

(3) Basis of aggregate consideration for the Proposed Acquisition

The First Tranche Consideration and the Option Price per Option Share were arrived at pursuant to arm’s length negotiations between the Company and the Vendors on a “willing-

buyer-willing-seller” basis, determined by taking into account, *inter alia*, the competitiveness of the auction process, the strategic fit of the Target Group’s business with the Group, the transaction multiples and the structuring of the Proposed Acquisition as a partnership between the Group and the Target Group.

## 5.2 First Tranche Consideration

- (1) Pursuant to the SPA, the First Tranche Consideration shall be the aggregate of:
  - (a) the sum of approximately £13.7 million (approximately S\$24.2 million), being 49.9% of the aggregate equity value of approximately £27.5 million (approximately S\$48.5 million) of the Target as at 31 December 2019 (“**Locked Box Date**”); and
  - (b) the sum of approximately £0.2 million (approximately S\$0.4 million), being 49.9% of the aggregate accrual of value in respect of the Target since the Locked Box Date,and shall be payable in cash by the Purchaser to the Vendors on the completion of the First Tranche.
- (2) The Group intends to fund payment of the First Tranche Consideration with the Group’s internal resources.

## 5.3 Completion of First Tranche

The First Tranche was completed on the date of the SPA.

Pursuant to completion of the First Tranche, the Purchaser holds 49.9%, Ms Dabbs holds 30% and Mr Richardson holds 20.1% respectively, of the shares in the capital of the Target.

## 5.4 Second Tranche

Pursuant to the PCOA, the Option Shares may be acquired by the Purchaser via the exercise of the Put Options or the Call Options, details of which are set out below:

- (1) Put Options: the Purchaser has granted to the Option Vendors put options (“**Put Options**”) to require the Purchaser to purchase from the Option Vendors:
  - (a) up to 174 Option Shares (representing 15% of the issued and paid-up share capital of the Target) during each of the 3 Put Option Periods (defined below), provided that:
    - (i) if the Option Vendors do not exercise a Put Option in respect of the maximum number of Option Shares for a Put Option Period, the Option Vendors may in any subsequent Put Option Period exercise a Put Option for 174 Option Shares plus the balance of the maximum 174 Option Shares which were not sold under the preceding Put Option(s);
    - (ii) in each Put Option Period, Ms Dabbs and Mr Richardson may only sell a maximum of 104 Option Shares and 70 Option Shares respectively; and
    - (iii) the maximum number of Option Shares in aggregate that Ms Dabbs and Mr Richardson may sell during all Put Option Periods shall be 232 Option Shares and 175 Option Shares (representing in aggregate approximately 35.1% of the issued and paid-up share capital of the Target) respectively.

“**Put Option Periods**” mean the following 6-month periods:

- (i) 1 November 2021 to 30 April 2022 (inclusive);
- (ii) 1 November 2022 to 30 April 2023 (inclusive); and
- (iii) 1 November 2023 to 30 April 2024 (inclusive); and

(b) any remaining Option Shares held by the Option Vendors,

during the 6-month period commencing on 1 November 2024 and ending on 30 April 2025 (inclusive), and during each 6-month period commencing on 1 November in each subsequent year and ending on 30 April (inclusive) in the next following year.

(2) Call Options: The Option Vendors have granted to the Purchaser call options (“**Call Options**”) to require the Option Vendors to sell to the Purchaser any of the Option Shares, provided that:

(a) the Purchaser purchases the Option Shares from each Option Vendor on a pro rata basis, unless the Option Vendors agree otherwise; and

(b) the Option Vendors shall not in aggregate hold fewer than 174 Option Shares after the Purchaser exercises the Call Option, unless the Purchaser purchases all the Option Shares then held by the Option Vendors,

during the 1-month period commencing on 1 May 2025 and ending on 31 May 2025 (inclusive), and during each 1-month period commencing on 1 May and ending on 31 May (inclusive) in each subsequent year.

(3) Option Price: The price per Option Share (“**Option Price**”) shall be computed based on the following formula:

$$\text{Option Price per Option Share} = \frac{(A + B)}{C}$$

Where:

“**A**” = 13.7 times of the Target Group’s EBITDA (defined below);

“**B**” = Net Cash, as determined in accordance with the PCOA; and

“**C**” = the total number of Shares in issue at the date of the exercise of the relevant Put Option or Call Option (as may be applicable).

“**EBITDA**” means the consolidated earnings before interest, tax, depreciation and amortisation of the Target Group, as shown in the Target’s applicable annual accounts for the 12-month period prior to the exercise of the relevant Put Option or Call Option (as may be applicable), prepared in accordance with the PCOA.

The aggregate Option Price in respect of the Option Shares to be purchased by the Purchaser shall be payable in cash to the Option Vendors.

(4) The Group intends to fund payment of the aggregate Option Price with the Group’s internal resources.

## 5.5 Board of Directors of the Target

Pursuant to the SHA, the board of directors of the Target (“**Target Board**”) shall initially consist of 4 directors, comprising of the following:

(1) for so long as the Option Vendors hold in aggregate more than 30% of the issued and paid-up share capital of the Target and the Purchaser holds the remaining Shares in issue, the Option Vendors shall be entitled to appoint 2 directors and the Purchaser shall be entitled to appoint 2 directors to the Target Board; and

(2) for so long as the Option Vendors hold in aggregate between 10% to 30% of the issued and paid-up share capital of the Target and the Purchaser holds the remaining Shares in issue, the Option Vendors shall be entitled to appoint 1 director (who shall be Ms Dabbs) and the Purchaser shall be entitled to appoint 3 directors to the Target Board.

## 5.6 Guarantee by the Company

In consideration of the Vendors entering into the Transaction Documents, the Company unconditionally and irrevocably undertakes to each of the Vendors (as may be applicable):

- (1) to procure that the Purchaser will fully and promptly perform and discharge all present and future obligations and liabilities of the Purchaser (the “**Guaranteed Obligations**”) under the Transaction Documents; and
- (2) that, if the Purchaser fails to do so, the Company will itself forthwith (and without the need for any demand) perform and discharge the Guaranteed Obligations and indemnify the Vendors (as may be applicable) against all losses, liabilities, claims, demands, costs, charges and expenses directly or indirectly suffered or incurred by or made against the Vendors (as may be applicable) in connection with or arising out of such failure.

## 6. DISCLOSURE REQUIREMENTS UNDER THE LISTING MANUAL

The Proposed Acquisition constitutes a “discloseable transaction” under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”).

Based on the relative figures computed on the following bases set out in Rule 1006 of the Listing Manual:

Rule 1006	Bases	Relative Figure
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable
(b)	Net profits attributable to the assets to be acquired, compared with the Group’s net profits <sup>(1)</sup>	2.2%
(c)	Aggregate value of the consideration given, compared with the Company’s market capitalisation, based on the total number of issued shares excluding treasury shares <sup>(2)</sup>	5.8%
(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable

Notes:

- (1) Under Rule 1002 of the Listing Manual, “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the unaudited financial statements of the Group and the Target Group for FY2019, the unaudited net profits of the Group is approximately S\$124.9 million, and the pro forma aggregate net profit attributable to the Target is approximately £1.6 million (approximately S\$2.8 million) respectively.
- (2) Under Rule 1002 of the Listing Manual, “market capitalisation” is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement. As at 2 April 2020, the last market day preceding the date of the SPA, the Company’s market capitalisation was approximately S\$863.38 million (determined by multiplying the existing number of shares of the Company in issue, being 544,100,114 shares, by S\$1.5868, being the weighted average price per share transacted on 9 May 2019).

## **7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

The Proposed Acquisition is not expected to have a material effect on the net tangible assets per share or earnings per share of the Group for FY2019, assuming that the Proposed Acquisition had been effected at the end of such financial year.

## **8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, directly or indirectly, in the Proposed Acquisition, other than through their shareholdings in the Company.

## **9. NO SERVICE CONTRACT**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **10. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **11. CAUTIONARY STATEMENT**

Shareholders and potential investors of the Company should exercise caution as there is no certainty that the parties will complete the Proposed Acquisition. In the event of any doubt as to the action they should take, shareholders of the Company should consult their financial, tax, legal or other professional advisers.

## **12. FURTHER ANNOUNCEMENTS**

The Company will make further announcements to keep shareholders informed, as and when there are further material updates and developments in respect of the Proposed Acquisition.

## **13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Transaction Documents will be available for inspection at the Company's registered office at 26 Tai Seng Street, #05-01, Singapore 534057 and the Company's corporate office at 15A Changi Business Park Central 1, EIGHTRIUM #07-02, Singapore 486035, during normal business hours for a period of 3 months from the date of this announcement.

## **BY ORDER OF THE BOARD**

Huang Ban Chin  
Director and Chief Operating Officer  
3 April 2020