



BEST WORLD INTERNATIONAL LTD

(Company Registration: 199006030Z)

Incorporated in the Republic of Singapore

Extraordinary General Meeting 2021

Questions & Answers

No.	Questions from Shareholders	Replies
Ordinary Resolution 1		
1	<p>Ernst & Young (EY) is a top tier auditor vs Nexia TS (mid-level). Would you not think Investors (existing & new) be more sceptical of BWL's financials, policies & operation structures?</p> <p>Going forward, how can BWL allay those concerns?</p> <p>What can Nexia do or help you that E&Y cannot or will not?</p> <p>You did mention cost consideration as one reason for the change of the Auditor. What is the cost savings in dollar terms and in %?</p>	<p>As mentioned in the Appendix Note 2.1 and 2.2, as part of good corporate governance initiatives and the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be appropriate and timely to effect a change of Auditor of the Company, which would enable the Company to benefit from fresh perspectives and views of another professional audit firm, thus enhancing the value of the audit of the Group.</p> <p>Having operations in Singapore, Malaysia, Myanmar and the People's Republic of China, Nexia TS's offices have been ranked among top firms in their respective countries. Nexia TS is also ranked 10th worldwide for their accounting and consulting practices. Several directors of Nexia TS are audit committee members of listed companies in Singapore and have many years of experience in corporate governance and control issues surrounding public interest entities. Nexia TS is a certified public accounting corporation, and a member of the Institute of Singapore Chartered Accountants ("ISCA").</p> <p>Based on the Board's and Audit Committee's assessment, the appointment of Nexia TS will not compromise the quality of the Company's audit.</p> <p>The Group also expects cost savings of approximately S\$113,000 arising from the Proposed Change of Auditor, which is approximately 19% savings based on FY2020 audit fees incurred for the entities previously audited by E&Y.</p>

2	<p>As the external auditor will be changed to Nexia TS, the disclaimer of opinion by E&Y on issues, relationship with the Group's import agent and marketing agent and classification of payments to promotional companies, have been resolved?</p>	<p>These issues will be addressed as part of FY2021 audit. To date, the audit for FY2021 has not commenced and will commence upon the appointment of the new auditors during the upcoming EGM.</p>
Ordinary Resolution 2		
3	<p>Please provide more detail as to the additional control measures the Company intends to take to prevent the recurrence of the administrative oversight that resulted in share-buy backs without Shareholder approval</p>	<p>The Company will formalise a share buyback procedure which include an email template highlighting the number of shares to be repurchased, the validity period of the mandate, as well as a formal written process from the approver to approve the share buyback transaction.</p>
Special Resolution 1		
4	<p>Would you kindly simplify the main motivation behind the amendments of the constitution? Is it for more leeway & flexibility?</p> <p>With the change, how will it help BWL to improve your current situation?</p> <p>Will it help pave the way for re-listing & bring value back to all investors (including your good selves)?</p>	<p>The Company's Constitution was last amended in 2012. The proposed amendments to the Constitution are primarily made to align the Constitution with updates to applicable laws since then, including amendments to the Companies Act (Cap. 50) of Singapore introduced in 2014 and 2017, and the Personal Data Protection Act 2012, in the interests of good corporate governance and greater business flexibility, crucial for long-term business sustainability and accountability.</p> <p>The key changes include, amongst others, the introduction of a multiple-proxies regime to enfranchise indirect investors and CPF investors, provisions addressing the Company's collection, use and disclosure of members' personal data, as well as provisions to facilitate the electronic transmission of notices and documents.</p>

Trading

5	<p>Indicative date to resume trading?</p> <p>What else can be done for trading to be resumed? And if not, why?</p>	<p>With reference to the latest update announcement dated 11 November 2021, the Company believes that the suspension of the trading of the Company's shares will continue until the Group is able to transition to a direct selling model in China, as required by SGX RegCo. In this regard, the Company had sought advice from its China legal counsels to ascertain that its current operations are not in violation of any regulations. However, MOFCOM has not resumed accepting filings for expansion of the coverage of existing direct selling licenses since 2018. Accordingly, the Group is unable at this time to file for the expansion of the coverage of its existing Direct Selling License.</p> <p>In the event MOFCOM resumes the acceptance of filings for expansion of coverage of existing direct selling license, management estimates an approval timeline of 2 years to cover all the key markets today.</p> <p>The Company will make further announcements via SGXNet should there be any developments.</p>
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6	<p>When will the company announce 10% share buyback?</p> <p>What is the Share buyback price?</p>	<p>We are aware that certain shareholders would like to receive an update on the future plans of the Company announced recently on 11 November 2021 particularly in relation to Share buyback. Do keep a look out for our upcoming Equal Access Offer announcement which will be made on SGXNET soon.</p> <p>Shareholders are advised to read the announcements carefully.</p> <p>Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.</p>
7	<p>Any intention to bring Best World private since shares cannot be resumed in the next 2-3 months?</p> <p>BWL mentioned recently about looking at delisting:</p> <p>How is this proceeding?</p> <p>Target date for this to happen?</p> <p>Method use to determine the price for delisting?</p> <p>Price to delist?</p> <p>Did the Board consider engaging Hong Kong / China-based legal and financial advisors that specialize in corporate actions (e.g. fund raising, M&A) from China mainland companies? If not, what are the reasons?</p>	<p>Alpha Advisory Pte Ltd has been appointed by the Company to be its financial advisor in relation to the delisting. In Note 2.3 of our announcement dated 11 November 2021, the proposed plan to the delisting will only take place should the Company obtain external financing to undertake a delisting exercise. There is also no definitive timeline as financing of such this exercise remains uncertain at this time. The Company will provide an update to shareholders on any material developments in relation to the proposed delisting of the Company.</p>

8	<p>Since Update of future plans of the Company on 11 November 2021, what is the level of interest from external parties (e.g. private equity, funds) and what are the challenges encountered for this endeavour, for e.g. has BW been adversely impacted by the trading suspension or disclaimer of opinions or the China regulatory environment?</p>	<p>Preliminary discussion with external parties is ongoing.</p> <p>The Company will provide an update to shareholders on any material developments in relation to the proposed delisting of the Company.</p>
9	<p>Do the trading suspension and /or disclaimer of opinions affect Best World's existing credit(banking) facilitates or obtaining new credit(banking) facilities?</p>	<p>Yes. The Company has faced certain difficulties in obtaining new credit facilities. However, this does not disrupt daily operations as current operations can be funded by internal resources.</p>
Outlook/Strategy		
10	<p>With the "Zero Covid" policy in China which may cause disruptions as mentioned in the announcements, is Best World still seeing strong demand for China franchisees' applications especially for next year (2022) or has the demand for applications somewhat reduced compared to the previous years?</p>	<p>As disclosed in Section 4 of Other Information of the Unaudited Condensed Interim Financial Statements, the Group is already witnessing the effects of the threat brought about by secondary waves of infections especially in our key markets of Taiwan and Malaysia. Furthermore, with the Group's key market of China still maintaining a "Zero COVID" strategy, we foresee continued disruptions in the form of the scaling down or cancellation of marketing events and activities scheduled for the rest of the year. Management's outlook for the next reporting period will still be a cautious one.</p>

Dividends

11	Why has there not been any dividends given out to shareholders? What is the cash conserved for?	As disclosed in Note 21 of the Unaudited Condensed Interim Financial Statements , no dividends have been declared/recommended by the Board for the financial period ended 30 September 2021, in the face of the Group's current circumstances and uncertain business climate, taking into consideration short and medium commitments.
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Others

12	<p>What has the independent directors done, from the beginning of suspension till date, for the interest of minority shareholders?</p> <p>How has it protected the interest of minority shareholders? Management of the company has been paid well, but for shareholders, it has been all risk and no rewards?</p> <p>What do the independent directors and board of directors intend to do to address question above? How will it protect minority shareholders' interest?</p>	<p>For the past few years, on top of overseeing the sustained performance by the company, the Independent Directors / Audit Committee have consistently put in tremendous efforts to engage and deliberate with management and our advisers to address issues since start of suspension, including the completion of the independent review by PwC on 23 July 2020, the submission of a resumption proposal on 8 November 2020, and the recent exploring of share buyback to meet liquidity needs of minority shareholders as announced on 11 November 2021.</p> <p>The Board further announced the intention to delist as an appropriate action as an exit strategy for all shareholders, given the lack of clarity on the timeline on the lifting of suspension due to uncertainty on the timeframe that MOFCOM will be accepting filings.</p>
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