



Our Ref: REG/LC/ET/RQ/Bestworld

13 May 2019

Board of Directors

Best World International Limited
26 Tai Seng Street #05-01
Singapore 534057

Dear Sirs

**BEST WORLD INTERNATIONAL LIMITED (THE "COMPANY", OR TOGETHER WITH ITS
SUBSIDIARIES, THE "GROUP")
NOTICE OF COMPLIANCE (THE "NOTICE")**

1. Singapore Exchange Regulation ("**SGX RegCo**") refers to:
 - (a) The Company's announcement dated 9 May 2019 (Announcement Reference No.: SG190509OTHRYSMOA), titled "Best World International Strongly Refutes Bonitas Research Report"; and
 - (b) The Company's announcement dated 13 May 2019 (Announcement Reference No.: SG190513OTHR7RR), titled "Response to SGX Queries".
2. On 18 February 2019, Business Times published an article titled "Sales of DR's Secret in China: Best World's best-kept secret?" (the "**Article**"). The Article highlighted concerns about (i) the existence of the Franchisees; (ii) veracity of sales arising from the franchise model; and (iii) the legality of the Group's business model in China.
3. On 23 February 2019, the Company issued a clarification announcement in response to the Article.
4. On 19 March 2019, the Company appointed PricewaterhouseCoopers Consulting (Singapore) Pte Ltd ("PwC" or the "Independent Reviewer") as the independent reviewer to address the issues raised in the Article. The scope of work to be performed by the Independent Reviewer was reviewed and approved by the Audit Committee and SGX RegCo.
5. On 24 April 2019, Bonitas Research issued a report alleging that the Group fabricated sales of at least S\$31 million to the Company's primary import agent, 长沙百世特威日用品贸易有限公司 (Changsha Best Commodity Trading Co., Ltd) ("**Changsha Best**") in 2017. The report also raised concerns about the legality of the Group's business model in China and the possible relationship between the Company and Changsha Best ("**Bonitas Report**").

6. On 9 May 2019, the Company issued an announcement to refute the Bonitas Report. In the announcement, the Company confirmed that Changsha Best is an independent third party and none of the Group, the directors, the substantial shareholders of the Company or their associates has any direct or indirect shareholding interests, directorship or management role in Changsha Best.
7. On the same day and subsequent to the Company's announcement of 9 May 2019, Valiant Warriors published an article titled "Best World's Main Import Agent is related to BWL", stating that Koh Kim Chuan, the legal person and shareholder of Changsha Best, appears to be the brother-in-law of the Group's CEO and Managing Director, Dora Hoan.
8. SGX RegCo queried the Company via SGXNET on 9 May 2019 to provide a confirmation of the relationship between Changsha Best, Koh Kim Chuan, the Group and its directors, shareholders and key management (and their associates).
9. On 13 May 2019, the Company confirmed that Koh Kim Chuan, the legal representative and shareholder of Changsha Best, is the brother-in-law of the Group's CEO and Managing Director.
10. The revelation of the relationship between Changsha Best and the Company's CEO and Managing Director raises serious concerns about veracity of the China sales conducted under the Export Model from Financial Years ended 31 December 2015 to 2018 (FY2015 to FY2018) and whether these were conducted on normal commercial terms.
11. In light of the above developments and pursuant to Listing Rules 1405(1)(f) and 1405(1)(k), SGX RegCo requires the Company to do the following:
 - (a) To direct PwC to report solely to SGX RegCo on the scope and all findings pursuant to its independent review;
 - (b) To expand the scope of PwC review to determine the veracity of the Group's sales in China under the Export Model from FY2015 to FY2018 and whether these are conducted on normal commercial terms;
 - (c) To obtain an independent legal opinion on the legality of the Group's sales and distribution business under the franchise model;
 - (d) To procure Changsha Best and other import agents to (i) provide access to or copies (both physical and electronic) of its financial information; accounting and other corporate records (including customer sales records and governmental filings) and (ii) render all reasonable acts of assistance including and not limited to access and contact to the customers, warehouses and delivery service providers (including procuring the warehousing and courier documents) of Changsha Best and other import agents to SGX RegCo, the independent reviewer or any person(s) as directed by the Exchange;
 - (e) To render full cooperation to SGX RegCo, the Independent Reviewer or any person(s) as directed by the Exchange on their requests pursuant to the independent review. This includes request for information and interviews/visits to facilitate the independent review.



12. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by SGX RegCo shall be deemed to be a contravention of the Listing Rules.
13. Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Listing Rules, including any failure to comply with the requirements imposed by SGX RegCo.

Yours faithfully,

June Sim
Senior Vice President
Head, Listing Compliance
Regulation