

BEST WORLD INTERNATIONAL LIMITED

Company Registration No. 199006030Z

RESPONSE TO SGX-ST QUERY ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Board of Directors of Best World International Limited (“the Company”) refers to the queries raised by Singapore Exchange Securities Trading Limited (“SGX-ST”) on the Annual Report for the year ended 31 December 2014 and wishes to provide further information as follows:

SGX’s queries

- i. Guideline 11.3 of the Code of Corporate Governance 2012 (the “Code”) states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company’s Annual Report. The Board’s commentary should include information needed by stakeholders to make an informed assessment of the company’s internal control and risk management systems. The Board should also comment in the company’s Annual Report on whether it has received assurance from the CEO and the CFO:
 - (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) regarding the effectiveness of the company’s risk management and internal control systems.

As required under Listing Rule 710, please make disclosures as recommended in the Code; in particular, the effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems; or otherwise explain the reason(s) for the deviation.

Company’s response

In addition to page 36 of the annual report on Risk Management and Internal Controls, the Company wishes to provide the below additional information (as underlined below).

Based on the system of internal control established and maintained by the Group, work performed by our 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 and compliance and information technology controls and risk management systems were adequate and effective as at 31 December 2014.

- ii. With reference to the audited consolidated statement of cash flows on page 56 of the Annual Report, please disclose the reasons for the material difference in amounts for the net cash flows used in investing activities of \$6,820,000, as compared to the amount of \$7,117,000 in the announced financial results of the Company dated 27 February 2015.

Company's response

The difference of \$297,000 is mainly due to the acquisition of additional equity interests in our Philippines and Malaysia subsidiaries during the year. As these acquisitions did not result in a loss of control, based on Financial Reporting Standards (FRS) 7: Statement of Cash Flows, these should be classified as Cash Flows from Financing Activities, instead of Cash Flows from Investing Activities in the announcement.

The relevant extracts from FRS 7 are as follows: "Para 42A Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control shall be classified as cash flows from financing activities, unless the subsidiary is held by an investment entity, as defined in FRS 110, and is required to be measured at fair value through profit or loss."

On Behalf of the Board

Huang Ban Chin
Chief Operating Officer

24 April 2015