

BEST WORLD INTERNATIONAL LIMITED

Company Registration No. 199006030Z

ANNOUNCEMENT IN RESPONSE TO BLOOMBERG ARTICLE

The Board of Directors (the “Board”) of Best World International Limited (“the Company” and together with its subsidiaries, the “Group”) refers to the news article published by Bloomberg on 15 August 2017, “Herbalife, Nu Skin Shares Plunge Over Fears of Chinese Crackdown” and wishes to state the following:

The abovementioned article reported on market concerns of a crackdown by regulators on the market practices of certain direct selling companies due to a statement¹ posted on China’s State Administration for Industry & Commerce (hereinafter “SAIC”) website on 14th August 2017.

The statement by SAIC is widely anticipated in light of the recent news reports on the drowning of a university student^{2a,2b} who allegedly fell victim to a certain pyramid selling scheme’s advertisement posted on a popular recruitment website. The case is still under investigation.

In summary, key points of the SAIC statement include, but are not limited to the following:

1. The clear objective to crackdown on pyramid selling schemes disguised as investment opportunities, job offers, job referrals and recruitment activities, especially those targeted at new graduates;
2. Investigate major recruitment websites and establish clearer legal responsibilities of businesses, organizations and individuals that operate such websites;
3. Businesses, organizations and individuals involved in the dissemination of such false information shall be severely dealt with; and
4. Increase the awareness of pyramid selling schemes amongst students.

For the purpose of clarification, hallmarks of a pyramid scheme are as follows:

1. Companies which profit from act of recruitment and not sale of products or services;
2. Low quality products sold at a high price;
3. Products purchased are not for consumption but as a requirement to participate in the scheme;
4. Products are sold without a reasonable product return guarantee; and
5. High startup/entry fee to participate in the scheme.

In response, the Company would like to highlight that although we hold a direct selling licence, we have not converted our business in China to direct selling yet. Presently all DRs’ Secret, Avance and Optrimax products are available for purchase by customers through DRs’ Secret outlets and workshops. As such, the above SAIC statement has little or no impact to our China business.

¹ “工商总局 教育部 公安部 人力资源社会保障部关于开展以“招聘、介绍工作”为名从事传销活动专项整治工作的通知”, SAIC, http://www.saic.gov.cn/zw/wjfb/lhfw/201708/t20170814_268363.html, dated 14 August 2017

^{2a} “Death of university graduate sparks anger at Chinese pyramid scam gangs”, Reuters, <https://www.reuters.com/article/us-china-society-graduate-idUSKBN1AK0AE>, dated 4 August 2017

^{2b} “李文星误入传销溺亡案 5 人被拘 警方透露其被传销经过”, <http://news.jxntv.cn/2017/0807/8638546.shtml>, JXNTV.CN, dated 7 August 2017

The Company also wishes to highlight that all current preparations for conversion to direct selling are in line with the above SAIC statement. All service outlets set up are subject to verification by local authorities beforehand and are not within or near to any school compound. Our membership criteria, upon conversion to direct selling, shall also not accept students, civil servants, police and military personnel etc.

The Company would like to reiterate that it adheres to strong principles of legal business, transparency and corporate governance and is fully compliant with the rules and regulations of business operations under China's laws.

On Behalf of the Board

Huang Ban Chin
Director and Chief Operating Officer

15 August 2017