

BEST WORLD INTERNATIONAL LIMITED

Company Registration No. 199006030Z

RESPONSE TO SGX-ST QUERY ON RESULTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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 Results Announcement for the quarter ended 30 September 2016 and wishes to provide further information as follows:

SGX’s queries

1. It was disclosed in paragraph 1(b)(i) that “Other Asset” increased to S\$18.7million as at 30 September 2016 from S\$ 7.3 million as at 31 December 2015. It was also disclosed in paragraph 8 that the increase in “Other Asset” was due to higher deposits paid to suppliers. In this regard, please disclose background of the deposits paid to the suppliers.

Company’s responses

The suppliers for our skincare and health care products require Best World to place deposits when purchase orders were placed. Due to the higher number of purchase orders issued during the quarter to cater to a higher fourth quarter demand, higher deposits were made to these suppliers.

SGX’s queries

2. The followings were disclosed in paragraph 8:

(a) Based on Revenue by business segments, Export volume to China continued to improve on the back of increased product demand and as a result, revenue from Export segment increased from S\$4 million in 3Q2015 to S\$18.6million in 3Q2016; and

(b) Based on Revenue by geographical location, “Continuous growth in market demand for the Group’s DR’s Secret line of skincare in China fuelled the improvement of the revenue in 3Q2016. Revenue from China increased from S\$4.8 million in 3Q2015 to S\$19.6 million in 3Q2016”, and “the setup of 9 service centres in Hangzhou and its necessary verification by local authorities and Department of Commerce for Zhejiang Province has been completed”.

In this regard, please:

- (i) provide a breakdown of revenue of S\$ 19.6 million from China for 3Q2016 by business segments;
- (ii) confirm as to whether the revenue from the Export segment was exclusively from China;
- (iii) advise as to what does “DR’s” stand for; and
- (iv) advise as to whether and the exact amount of such revenue, if applicable, the revenue increase in China was related to the setup of service centres in Hangzhou.

Company's responses

- (i) Breakdown of Revenue from China is as follows: Export Segment – S\$ 18.5 million; Manufacturing/Wholesale - S\$1.1 million
- (ii) We confirm that approximately 99.5% of the Export Segment is comprised of export volume to China.
- (iii) The complete name for our skincare brand is “DR’s Secret” and the two words are not to be interpreted separately. We constantly build the DR’s Secret brand to stand for a simple and safe solution for anyone who wishes to be able to effectively resolve their skin problems and achieve healthy, glowing complexion, without the need for makeup.
- (iv) As disclosed in our Results Announcement page 14, while local authorities and the Department of Commerce for Zhejiang Province has completed the verification of the setup of 9 service centres in Hangzhou, as of Results Announcement date on 4th November, Ministry of Commerce (MOFCOM) has not announced the completion of the verification in its website. As a result, we have not commenced direct selling through these 9 service centres. Therefore, the current revenue in China has no relation to the setup of the service centres in Hangzhou.

On Behalf of the Board

Huang Ban Chin
Director and Chief Operating Officer

10 November 2016