

BEST WORLD INTERNATIONAL LIMITED

Company Registration No. 199006030Z

APPLICATION FOR EXTENSION OF TIME TO COMPLY WITH RULE 707(1) OF THE LISTING MANUAL TO HOLD THE ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the “**Board**”) of Best World International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated:

- (a) 23 February 2019, 19 March 2019, 15 July 2019, 12 December 2019, 14 February 2020, 22 March 2020 and 23 July 2020 relating to the independent review of the Export Model and the Franchise Model adopted by the Group in China (the “**Independent Review**”) and the final report issued by PricewaterhouseCoopers Advisory Services Pte Ltd (the “**Independent Accountant**”) setting out its findings of the Independent Review (the “**Report**”);
- (b) 14 February 2020 and 3 March 2020 in relation to the Company’s application to SGX RegCo for an extension of time to hold its annual general meeting (“**AGM**”) in respect of the financial year ended 31 December 2019 (“**FY2019**”) by 30 September 2020; and
- (c) 3 March 2020 and 18 June 2020 in relation to the Company’s application to ACRA (the “**ACRA Application**”) for an extension of time to hold the FY2019 AGM by 30 September 2020 under section 175(1) of the Companies Act, and to lodge its annual return for FY2019 with ACRA by 30 October 2020 under section 197(1) of the Companies Act,

(collectively, the “**Previous Announcements**”). Unless otherwise defined, all capitalised terms used herein shall bear the meanings ascribed to them in the Previous Announcements.

Waiver

The Company is pleased to announce that based on the Company’s submissions and representations to SGX RegCo, SGX RegCo has on 11 September 2020 informed the Company that it has no objection to the Company’s application for an extension of three (3) months to convene the FY2019 AGM by 31 December 2020 with regard to compliance with Rule 707(1) of the Listing Manual (the “**Waiver**”), subject to the following conditions:

- (i) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
- (ii) the Company convening the FY2019 AGM by 31 December 2020.

Shareholders should note that the Waiver will not be effective if any of the above conditions have not been fulfilled. Following the disclosures below, the Company has complied with condition (i) of the Waiver.

Reasons for the Waiver

The Report recommended that Company’s auditors, Ernst & Young LLP (“**EY**”) consider the implications of certain matters, including whether any reclassification or adjustments are necessary to the financial statements for FY2019 to ensure the Company’s records represent a complete and accurate view of its financial affairs. EY,

are in the midst of reviewing the Independent Accountant's findings in the Report and planning the relevant procedures to undertake for the FY2019 audit.

Since the Report was issued, the Company has been working closely with EY and its legal advisors on the matters raised in the Report. In particular, the Company is in discussion with EY on the appropriate accounting treatment of the trade rebates discussed in the Report. In addition, EY is reviewing the sales documents and delivery records maintained by the third-party logistics provider and needs to conduct certain procedures to address the potential sales cut-off issue for FY2019. Given the issues which EY is considering in light of the findings in the Report, EY anticipates that the audit procedures in respect of the Group will only be completed around mid-October 2020. Factoring in discussions with the AC and management to complete the FY2019 audit, it is expected that the audited financial statements will be finalised by November 2020.

SGX RegCo announced on 23 July 2020 that the Company will need to submit a proposal to resume trading that addresses concerns raised on: (i) the Independent Accountant's observations and recommendations; (ii) legality of its sales and distribution model in the China; and (iii) lack of clarity in its financial position. The Company is working on a resumption proposal that will address these matters (the "**Resumption Proposal**"). The Company is planning to submit the Resumption Proposal to SGX RegCo in October 2020, after the Company has aligned with SGX RegCo on the outline of the Resumption Proposal so as to ensure that the Resumption Proposal will address SGX RegCo's key concerns related to the Independent Accountant's findings in the Report, in particular, the risks of contravention of relevant laws and regulations in China. Accordingly, SGX RegCo will be able to review the Resumption Proposal concurrently with the finalisation of the FY2019 audited financial statements.

The Company will continue to devote significant resources to assist EY to assess the accounting matters set out in the Report and complete the FY2019 audit in a timely manner, while simultaneously progressing the Resumption Proposal for submission to SGX RegCo for review.

Application to ACRA

The Company announced on 18 June 2020 that it had received a final response from ACRA on the ACRA Application on 17 June 2020, which stated, amongst others, that the Company had a maximum extension of 60 days to hold the FY2019 AGM by 29 June 2020 and to lodge the annual return by 30 July 2020. In view of the outcome of the ACRA Application, which ACRA has indicated is its final response on the matter, the Company will not be applying to ACRA for a further extension of time to convene the FY2019 AGM and lodge the FY2019 annual return. The Company will focus its efforts on the completion of the FY2019 audit and convening of the FY2019 AGM and will promptly pay the necessary composition amounts imposed by ACRA for the delay in holding the FY2019 AGM and lodging the FY2019 annual return.

Further Announcements

The Company will make further announcements to update Shareholders when the conditions of the Waiver have all been complied with.

BY ORDER OF THE BOARD

Huang Ban Chin
Director and Chief Operating Officer
14 September 2020