



THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

We have applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and for quotation of all our ordinary shares of \$0.03 each ("Shares") in the capital of Best World International Limited (the "Company") already issued (including the Vendor Shares (as defined herein)), the new Shares ("New Shares") which are the subject of this Invitation (as defined herein) and the new Shares ("Option Shares") to be issued under the Best World Share Option Scheme (the "Scheme"). Such permission will be granted when we have been admitted to the Official List of the SGX-ST Dealing and Automated Quotation System ("SGX-SESDAQ"). The dealing and quotation of our Shares will be in Singapore dollars.

Acceptance of applications will be conditional upon permission being granted to deal in and for quotation of all our existing issued Shares (including the Vendor Shares), the New Shares and the Option Shares. If permission is not granted for any reason, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim against us, the Vendors or the Manager.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of SGX-SESDAQ is not to be taken as an indication of the merits of the Invitation, the Scheme, our Company, our subsidiaries, our Shares already issued (including the Vendor Shares), the New Shares or the Option Shares.

A copy of this Prospectus, together with a copy of the Application Forms, has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act (Cap. 289), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares already issued (including the Vendor Shares), the New Shares or the Option Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Prospectus.

No Shares shall be allotted and/or allocated on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus.

Best World International Limited

(Incorporated in the Republic of Singapore on 11 December 1990)

Invitation in respect of 28,000,000 ordinary shares of \$0.03 each comprising 25,000,000 New Shares and 3,000,000 Vendor Shares as follows:-

- (1) 2,800,000 Offer Shares at \$0.30 for each Offer Share by way of public offer; and
- (2) 25,200,000 Placement Shares by way of placement, comprising:-
 - (i) 23,000,000 Placement Shares at \$0.30 for each Placement Share; and
 - (ii) 2,200,000 Reserved Shares at \$0.30 for each Reserved Share reserved for our Directors, employees, business associates and those who have contributed to the success of our Group,payable in full on application.

Manager, Underwriter and Placement Agent

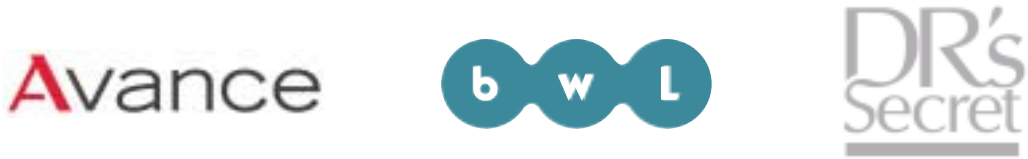


Applications should be received by 12.00 noon on 6 July 2004 or such other time and date as our Company may, in consultation with the Manager, decide, subject to any limitation under all applicable laws.



CORPORATE PROFILE

We are a multi-channel health and lifestyle company specialising in the sourcing, formulating, branding and distribution of a range of more than 100 cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment under our proprietary brands:-



In addition, we distribute a third-party brand of cosmetics and skin care products.

Our Proprietary Brands and Products

Brand	Product Category	Principal Products
Avance	Nutritional supplements	EPA2000, HiGLA, BifiLac, Cal/Mag, One Plus a Day, Actifem, Actimen and NoniCaps
bwL	Nutritional supplements	PhosChol, Super EPA2000, Blackcurrant seed oil, BifiMax Excellent, Super-One-a-Day, DORS, V-Propolis, ImmuGain, CardioZyme and DailyVit Cereal
	Personal care	Dentica
	Healthcare equipment	PUREfLO
DR's Secret ("DRs Seager" in Malaysia)	Skin care	Cleanser, Toner, SkinLight, SkinRecon, Sunscreen, Moisturizer and C15 Essence
DRS	Skin care	Pimple Clear Serum
	Personal care	Intensive Treatment Cream



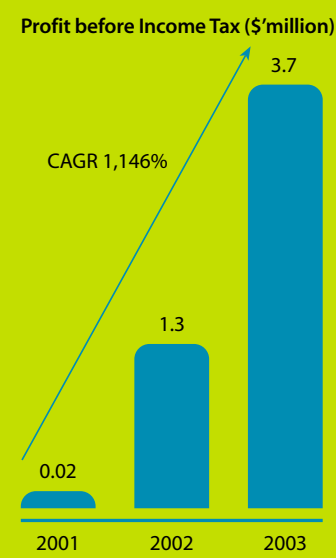
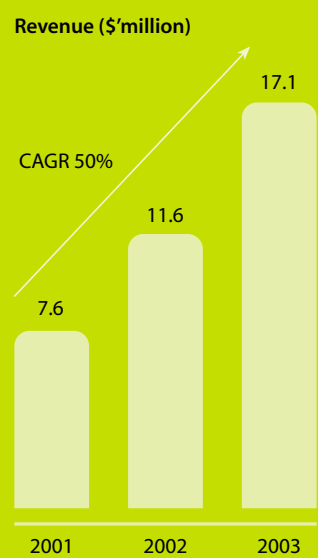
THREE DISTRIBUTION CHANNELS

- **Direct Selling**
 - We have more than 17,000 active members in Singapore and 6,000 active members in Malaysia under our Enterprise Network Programme (ENP), a hierarchical direct selling programme that provides incentives to individual members and distributors to establish their network of contacts and sell our products
- **Retail**
 - We distribute nutritional supplement products under our “Avance” brand through pharmacies and chain stores such as Alexandra Hospital, Watsons, Guardian and other independent pharmacies in Singapore
 - In the PRC, we have entered into an agreement to acquire the “VIGOR” brand of nutritional supplements
- **Export**
 - We also export our products, under our own brands or third-party private labels, to Malaysia, Thailand, Taiwan, Hong Kong and the PRC



FINANCIAL HIGHLIGHTS

Financial year ended 31 December





COMPETITIVE STRENGTHS

- **Established track record**
 - One of the pioneers and a key player in Singapore's direct selling industry
 - Since 1999, we have introduced contemporary brands such as "Avance", "DR's Secret" and "DRs Seager" and re-branded our existing brand, "bwl"
 - Introduced 32 products in the last 3 years
- **Experienced and committed management team**
 - With a combined industry experience of over 60 years, our senior management spearheads our business operations and drives our growth plans
- **Diversified distribution channels**
 - We distribute our products through 3 channels:-
 - Direct selling
 - Retail
 - Export
 - This enables us to lessen our dependency on any one particular distribution channel
- **Strong product focus with emphasis on quality**
 - Avance EPA 2000 fish oil supplement was voted the best selling fish oil in Singapore by Guardian's customers in 2003 and May 2004
- **Focus on brand management**
 - In FY2003, approximately 96.1% of our revenue was derived from products marketed under our own brands
 - Manufacturing of products are outsourced to contract manufacturers and third parties to enable us to focus on brand management
- **Large direct selling distributor network**
 - From FY2001 to FY2003, our ENP membership base has increased by two-fold
 - We currently have over 17,000 and 6,000 active members in Singapore and Malaysia respectively, under our ENP
 - Our distributors can also expand their network overseas through our International Sponsorship Scheme
 - We have 4 business centres and a sales centres strategically located around Singapore

PROSPECTS

- Increase in consumer sophistication and disposable income encourages consumer spending for health, lifestyle and personal grooming products, particularly in developing countries such as Malaysia, Thailand and the PRC
- Rising healthcare costs and longer life expectancy have contributed towards a more pro-active, preventive healthcare approach
- Tapping on technological advancements, we will introduce new products and enhance our packaging capabilities to generate more demand for our products

FUTURE PLANS

- Expand into new geographical markets in Asia Pacific region such as Thailand, Indonesia and Taiwan through our direct selling channel
- Develop our retail and export channels to complement our direct selling channel
- Focus on building the goodwill of our brands and expanding our product range
- Invest in information technology systems
- Enhance our labelling and packaging capabilities
- Develop our training arm to conduct beauty, health and lifestyle enhancement courses



TABLE OF CONTENTS

	Page
CORPORATE INFORMATION	4
DEFINITIONS	6
GLOSSARY OF TECHNICAL TERMS	12
DETAILS OF THE INVITATION	
Listing on SGX-SESDAQ	13
Indicative Timetable for Listing	15
PROSPECTUS SUMMARY	
Overview of our Group	16
Our Invitation	19
RISK FACTORS	21
CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS	28
INVITATION STATISTICS	29
PLAN OF DISTRIBUTION	31
CLEARANCE AND SETTLEMENT	33
CAPITALISATION AND INDEBTEDNESS	34
DILUTION	36
SHARE CAPITAL	
Share Capital	37
Shareholders	39
Significant Changes in Percentage Ownership	40
Vendors	40
Moratorium	41
GROUP STRUCTURE	
Restructuring Exercise	42
Group Structure	44
GENERAL INFORMATION ON OUR GROUP	
History	46
Investments by our Company in PRC and Thailand	47
Business	49
Business Process	52
Quality Control	54

TABLE OF CONTENTS

	Page
Marketing	56
Inventory Management	58
Credit Terms	58
Training and Development	59
Research and Development	60
Insurance	61
Intellectual Property	61
Properties and Other Fixed Assets	63
Seasonality	64
Regulations	64
Major Suppliers	69
Major Customers	70
Competition	71
Competitive Strengths	71
FINANCIAL REVIEW	
Selected Consolidated Financial Information	73
Analysis of Revenue and Profits.	75
Liquidity and Capital Resources.	82
Foreign Exchange Exposure	85
Dividends	85
Exchange Controls	85
Changes in Accounting Policies.	87
PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS	
Prospects	88
Business Strategies and Future Plans.	89
DIRECTORS, MANAGEMENT AND STAFF	
Directors	91
Management	93
Management Reporting Structure	95
Staff.	96
Compensation	96
Service Agreements.	97
Best World Share Option Scheme.	98
Board Practices	101

TABLE OF CONTENTS

	Page
INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS	
Interested Person Transactions	104
Review Procedures for Future Interested Person Transactions	106
Potential Conflict of Interests	107
GENERAL AND STATUTORY INFORMATION	109
INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED	122
UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED	124
ANNEX A	
Extracts of Articles of Association of our Company	A-1
ANNEX B	
Description of Singapore Company Law relating to Shares	B-1
ANNEX C	
Rules of the Best World Share Option Scheme	C-1
ANNEX D	
Taxation.	D-1
ANNEX E	
Independent Auditors' Report on the Consolidated Financial Statements of Best World International Limited.	E-1
ANNEX F	
Terms and Conditions and Procedures for Applications.	F-1

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Dr Doreen Tan Nee Moi Dr Dora Hoan Beng Mui Huang Ban Chin Robson Lee Teck Leng Ravindran s/o Ramasamy Lee Sen Choon	<i>Chairman</i> <i>Group Chief Executive Officer</i> <i>Executive Director</i> <i>Non-Executive Director</i> <i>Independent Director</i> <i>Independent Director</i>
COMPANY SECRETARY	:	Low Mei Mei Maureen, ACIS, LLB (Hons) (London)	
REGISTERED OFFICE AND BUSINESS ADDRESS	:	10 Eunos Road 8 #08-03 Singapore Post Centre Singapore 408600	
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Barbinder & Co Pte Ltd 8 Cross Street #11-00 PWC Building Singapore 048424	
MANAGER, UNDERWRITER, PLACEMENT AGENT AND RECEIVING BANK	:	Oversea-Chinese Banking Corporation Limited 65 Chulia Street #29-02/04 OCBC Centre Singapore 049513	
AUDITORS AND REPORTING ACCOUNTANTS	:	Chio Lim & Associates Certified Public Accountants 18 Cross Street #08-01 Marsh & McLennan Centre Singapore 048423 Partner-in-Charge: Lim Lee Meng (a member of the Institute of Certified Public Accountants of Singapore)	
SOLICITORS TO THE INVITATION	:	Shook Lin & Bok 1 Robinson Road #18-00 AIA Tower Singapore 048542	
LEGAL ADVISERS TO THE COMPANY ON PRC LAW	:	Jin Mao Law Firm 21st Floor Universal Mansion 168 Yu Yuan Road Shanghai 200040 PRC Zhang Ying Law Office 16F Fuxing Building No. 11 Si Ping Xi Road Heping District Tianjin 300052 PRC	

CORPORATE INFORMATION

PRINCIPAL BANKERS	:	United Overseas Bank Ltd 80 Raffles Place UOB Plaza 1 Singapore 049513
		DBS Bank Ltd 6 Shenton Way DBS Building Tower Two Singapore 068809
VENDORS	:	Dr Dora Hoan Beng Mui 201 Tanjong Rhu Road #04-06 Singapore 436917
		Dr Doreen Tan Nee Moi 10 How Sun Walk Singapore 538432

DEFINITIONS

In this Prospectus and the accompanying Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Group companies

“Avance”	:	Avance Living Pte. Ltd. (formerly known as NutriPlus Pte Ltd and Advanced Nutraceutical Pte. Ltd.)
“BWC”	:	Best World China Investments Pte. Ltd.
“BWL”	:	Best World Lifestyle Pte Ltd (formerly known as Best World (S) Pte Ltd and Best World Beauty Pte Ltd)
“BWLSB”	:	Best World Lifestyle Sdn. Bhd. (formerly known as EAP Enterprise Sdn. Bhd.)
“BWL Shanghai”	:	Best World Lifestyle (Shanghai) Co., Ltd
“BWL Thailand”	:	Chada Beauty Care Co., Ltd, to be renamed as BWL Thailand Co., Ltd
“Company” or “BWI”	:	Best World International Limited (formerly known as Best World Trading Pte Ltd and Best World International Pte Ltd)
“Group” or “Proforma Group”	:	Our Company and our subsidiaries following the completion of the Restructuring Exercise
“IBWL”	:	Institute of BWL Pte. Ltd. (formerly known as Universal Nutrition Centre Pte Ltd)

General

“Advanced Nutritional Technology”	:	Advanced Nutritional Technology, Inc., a company incorporated in USA, whose sole owner is Grace Chang Shain-Jou
“ANTS”	:	Advanced Nutritional Technology (S) Pte. Ltd.
“Application Forms”	:	The official printed application forms to be used for the purpose of the Invitation which form part of this Prospectus
“Application List”	:	The list of applications to subscribe for and/or purchase the Invitation Shares
“Associate”	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

DEFINITIONS

		(iii) any company in which he or his immediate family together (directly or indirectly) have an interest of 30% or more
		(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<i>“ATM”</i>	:	Automated teller machine of a Participating Bank
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Prospectus
<i>“Authority”</i>	:	Monetary Authority of Singapore
<i>“AVA”</i>	:	Agri-Food & Veterinary Authority of Singapore
<i>“Bonus Issue”</i>	:	The bonus issue of 1,155,000 ordinary shares of \$1.00 each by way of capitalisation of \$1,155,000 from our Company’s retained profits
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Companies Act”</i>	:	The Companies Act, Chapter 50 of Singapore
<i>“Controlling Shareholder”</i>	:	A person who holds directly or indirectly 15% or more of the nominal amount of all our Shares, or in fact exercises control over our Company
<i>“CPF”</i>	:	The Central Provident Fund
<i>“CRM”</i>	:	Customer Relationship Management
<i>“Directors”</i>	:	The directors of our Company as at the date of this Prospectus
<i>“Dr Dora Hoan”</i>	:	Dr Dora Hoan Beng Mui, our Group Chief Executive Officer
<i>“Dr Doreen Tan”</i>	:	Dr Doreen Tan Nee Moi, our Chairman
<i>“DSAS”</i>	:	Direct Selling Association of Singapore
<i>“Electronic Applications”</i>	:	Applications for the Offer Shares made through an ATM of a Participating Bank in accordance with the terms and conditions of this Prospectus
<i>“ENP”</i>	:	Enterprise Network Programme
<i>“EPS”</i>	:	Earnings per Share
<i>“ERP”</i>	:	Enterprise Resource Planning

DEFINITIONS

<i>“Exclusion Order”</i>	:	Multi-Level Marketing and Pyramid Selling (Excluded Schemes and Arrangements) Order 2000
<i>“Executive Directors”</i>	:	Our executive Directors as at the date of this Prospectus, namely Dr Dora Hoan, Dr Doreen Tan and Huang Ban Chin
<i>“Executive Officers”</i>	:	Our executive officers as at the date of this Prospectus
<i>“FIC”</i>	:	Foreign Investment Committee of Malaysia
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December
<i>“Guardian”</i>	:	The business registered in Singapore as Guardian Health & Beauty and its outlets
<i>“HSA”</i>	:	Health Sciences Authority
<i>“Independent Directors”</i>	:	Our independent Directors as at the date of this Prospectus
<i>“Invitation”</i>	:	The invitation by our Company and the Vendors to the public to subscribe for and/or purchase the Invitation Shares, subject to and on the terms and conditions of this Prospectus
<i>“Invitation Shares”</i>	:	The 28,000,000 shares which are the subject of the Invitation comprising 25,000,000 New Shares and 3,000,000 Vendor Shares
<i>“ISO”</i>	:	International Organisation for Standardisation, a world-wide federation of national standards bodies. Further details are set out under the section entitled “Quality Control” on page 54 of this Prospectus
<i>“ISS”</i>	:	International Sponsorship Scheme
<i>“Issue Price”</i>	:	\$0.30 for each Invitation Share
<i>“Latest Practicable Date”</i>	:	21 May 2004, being the latest practicable date prior to the printing of this Prospectus
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“MDTCA”</i>	:	Ministry of Domestic Trade and Consumer Affairs of Malaysia
<i>“MLM Act”</i>	:	Multi-level Marketing and Pyramid Selling (Prohibition) Act (Chapter 190)
<i>“MNC”</i>	:	Multi-national company
<i>“New Shares”</i>	:	The 25,000,000 new Shares for which our Company invites applications to subscribe pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
<i>“NTA”</i>	:	Net tangible assets

DEFINITIONS

“OCBC Bank”, “Manager”, “Underwriter”, “Placement Agent” or “Receiving Bank”	:	Oversea-Chinese Banking Corporation Limited
“Offer”	:	The invitation by our Company and the Vendors to the public for subscription and/or purchase of the Offer Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
“Offer Shares”	:	The 2,800,000 Invitation Shares which are the subject of the Offer
“Options”	:	The options granted or which may be granted pursuant to the Scheme
“Option Shares”	:	The new Shares which may be allotted and issued pursuant to the Scheme
“Participating Banks”	:	OCBC Bank, DBS Bank Ltd (including POSB) (“DBS”) and United Overseas Bank Limited (“UOB”) Group (comprising UOB and its subsidiary, Far Eastern Bank Limited)
“PER”	:	Price earnings ratio
“Placement”	:	The placement, by the Placement Agent on behalf of our Company and the Vendors, of the Placement Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
“Placement Shares”	:	The 25,200,000 Invitation Shares (including the Reserved Shares), which are the subject of the Placement
“PRC”	:	People’s Republic of China
“R&D”	:	Research and development
“Reserved Shares”	:	The 2,200,000 Placement Shares reserved for our Directors, employees, business associates and those who have contributed to the success of our Group
“Restructuring Exercise”	:	The restructuring exercise undertaken by our Group as described on pages 42 and 43 of this Prospectus
“SCCS”	:	Securities Clearing & Computer Services (Pte) Ltd
“Scheme”	:	Best World Share Option Scheme as described under the section entitled “Best World Share Option Scheme” on pages 98 to 101 of this Prospectus and the rules of which are set out in Annex C of this Prospectus
“Securities Account”	:	Securities account maintained by a Depositor with CDP and does not include a securities sub-account

DEFINITIONS

<i>“Securities and Futures Act”</i>	:	The Securities and Futures Act, Chapter 289 of Singapore
<i>“SGX-SESDAQ”</i>	:	SGX-ST Dealing and Automated Quotation System
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shanghai Best World”</i>	:	Shanghai Best World Cosmetics Co., Ltd
<i>“Shares”</i>	:	Ordinary shares of \$0.03 each in the capital of our Company
<i>“Shareholders”</i>	:	Shareholders of our Company
<i>“Share Consolidation”</i>	:	The consolidation of 3 ordinary shares of \$1.00 each in the authorised and issued and paid-up share capital of our Company into 1 ordinary share of \$3.00 each
<i>“Sub-division of Shares”</i>	:	The sub-division of each ordinary share of \$3.00 each in the authorised and issued and paid-up share capital of our Company into 100 ordinary shares of \$0.03 each
<i>“Taiwan”</i>	:	Taiwan, Republic of China
<i>“Tianjin Best World”</i>	:	Tianjin Best World Esthetique Laboratories Co., Ltd
<i>“USA”</i>	:	United States of America
<i>“Vendors”</i>	:	Dr Dora Hoan and Dr Doreen Tan
<i>“Vendor Shares”</i>	:	The 3,000,000 issued and fully-paid Shares for which the Vendors invite applications to purchase pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
<i>“Watsons”</i>	:	Watson’s Personal Care Stores Pte Ltd and its store outlets
<i>“WHO”</i>	:	World Health Organisation

Currencies, Units and Others

<i>“NZD”</i>	:	New Zealand dollars
<i>“RM” or “MYR”</i>	:	Malaysian Ringgit
<i>“RMB”</i>	:	Chinese Renminbi
<i>“\$” or “SGD” and “cents”</i>	:	Singapore dollars and cents, respectively
<i>“THB” or “Baht”</i>	:	Thai Baht
<i>“US\$” or “USD”</i>	:	United States dollars
<i>“Yen”</i>	:	Japanese Yen

DEFINITIONS

“sq ft”	:	Square feet
“sq m”	:	Square metres
“N.A.”	:	Not applicable
“%” or “per cent”	:	Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Prospectus and the Application Forms to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined in the Companies Act, Securities and Futures Act or any statutory modification thereof and used in this Prospectus and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, Securities and Futures Act (as the case may be) or any statutory modification thereof.

Any reference in this Prospectus or the Application Forms to Shares being allotted and/or allocated to an applicant includes allotment and/or allocation to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus or the Application Forms shall be a reference to Singapore time unless otherwise stated.

Any reference to “we”, “us” and “our” in this Prospectus is a reference to our Company, our Group or any member of our Group as the context requires.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides a description of some of the technical terms and abbreviations commonly found in our industry:

<i>“CPM”</i>	:	Chinese Proprietary Medicine (Any medicinal product in pill, tablet or capsule form for oral consumption, in liquid form for oral consumption or external application and any dosage form used in the system of therapeutics according to the traditional Chinese method)
<i>“dissolution tests”</i>	:	Tests to determine compliance of dissolution requirements of tablets or capsules according to the US Pharmacopiae standards. Dissolution refers to the process of disintegrating a solid form into a homogeneous liquid form
<i>“GMP”</i>	:	Good Manufacturing Practices, a system for ensuring that products are consistently manufactured and controlled according to quality standards. Further details are set out under the section entitled “Quality Control” on page 55 of this Prospectus
<i>“probiotic”</i>	:	A category of food supplements containing active beneficial bacteria ingredients
<i>“ultra-filtration”</i>	:	A process of filtration to a level of up to 0.015 micrometre

DETAILS OF THE INVITATION

LISTING ON SGX-SESDAQ

We have applied to the SGX-ST for permission to deal in and for quotation of all our Shares already issued (including the Vendor Shares), the New Shares and the Option Shares. Such permission will be granted when we have been admitted to the Official List of SGX-SESDAQ. No Shares shall be allotted and/or allocated on the basis of the Prospectus later than 6 months after the date of registration of this Prospectus.

Acceptance of applications will be conditional upon permission being granted by the SGX-ST to deal in and for quotation of all our issued Shares (including the Vendor Shares), the New Shares and the Option Shares. If permission is not granted for any reason, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim against us, the Vendors or OCBC Bank.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of SGX-SESDAQ is not to be taken as an indication of the merits of the Invitation, the Scheme, our Company, our subsidiaries, our Shares already issued (including the Vendor Shares), the New Shares or the Option Shares.

A copy of this Prospectus, together with a copy of the Application Forms, has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares already issued (including the Vendor Shares), the New Shares or the Option Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

We are subject to the provisions of the Securities and Futures Act and the Listing Manual of the SGX-ST regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after the Prospectus is registered but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement or matter in the Prospectus;
- (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or
- (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus, if it had arisen before the Prospectus was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority.

Where the Authority issues a stop order pursuant to Section 242 of the Securities and Futures Act, then:

- (a) in the case where the Invitation Shares have not been issued and/or sold to you, your application of the Invitation Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the stop order, pay you all monies you have paid on account of your application for the Invitation Shares; or
- (b) in the case where the Invitation Shares have been issued and/or sold to you, the issue of the Invitation Shares pursuant to the Invitation shall be deemed to be void and our Company shall, within 14 days from the date of the stop order, pay you all monies you have paid for the Invitation Shares.

Monies paid in respect of your application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim against us, the Vendors or OCBC Bank.

DETAILS OF THE INVITATION

This Prospectus has been seen and approved by our Directors and the Vendors, and they collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and there are no other material facts the omission of which would make any statement in this Prospectus misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation, the Scheme, our Company, our subsidiaries, the New Shares, the Vendor Shares and the Option Shares.

No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendors or OCBC Bank. Neither the delivery of this Prospectus and the Application Forms nor any documents relating to the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our Group or in any statement of fact or information contained in this Prospectus since the date of this Prospectus. Where such material changes occur, we will promptly make an announcement of the same to the SGX-ST and the public and, if required, lodge a supplementary or replacement document pursuant to Section 241 of the Securities and Futures Act and take immediate steps to comply with the requirements of Section 241 of the Securities and Futures Act. All applicants should take note of any such announcement and, upon the release of such announcement and/or documents, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares, or for any other purpose. This Prospectus does not constitute an offer, or invitation or solicitation, to subscribe for and/or purchase the Invitation Shares in any jurisdiction in which such offer or invitation or solicitation is unauthorised or unlawful nor does it constitute an offer or invitation or solicitation to any person to whom it is unlawful to make such an offer or invitation or solicitation. Neither our Company, the Vendors nor OCBC Bank is making any representation to any person regarding the legality of an investment in our Shares by such person under any law or regulation. No information in this Prospectus should be considered as being business, legal or tax advice. Each prospective investor should consult his own professional or other advisors for business, legal or tax advice regarding an investment in the Invitation Shares.

Copies of this Prospectus and the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

and from selected branches of OCBC Bank, members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website <http://www.sgx.com>.

The Application List will open at 10.00 a.m. on 6 July 2004 and will remain open until 12.00 noon on the same day or such other period or periods as our Company may, in consultation with the Manager, decide, subject to any limitation under all applicable laws. Where a supplementary document or replacement document has been lodged with the Authority, the Application List shall be kept open for at least 14 days after the lodgement of the supplementary document or replacement document.

Details of the procedures for application of the Invitation Shares are set out in Annex F of this Prospectus.

DETAILS OF THE INVITATION

INDICATIVE TIMETABLE FOR LISTING

In accordance with the SGX-ST's News Release of 28 May 1993 on the trading of initial public offering shares on a "when issued" basis, an indicative timetable is set out below for the reference of applicants:

Indicative Date and Time	Event
6 July 2004, 12.00 noon	Close of Application List
7 July 2004	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
8 July 2004, 9.00 a.m.	Commence trading on a "when issued" basis
16 July 2004	Last day of trading on a "when issued" basis
19 July 2004, 9.00 a.m.	Commence trading on a "ready" basis
22 July 2004	Settlement date for all trades done on a "when issued" basis and for all trades done on a "ready" basis on 19 July 2004

The above timetable is only indicative as it assumes that the closing of the Application List takes place on 6 July 2004, the date of admission of our Company to the Official List of SGX-SESDAQ will be 8 July 2004, the SGX-ST's shareholding spread requirement will be complied with and the Invitation Shares will be issued and fully paid prior to 8 July 2004. The actual date on which our Shares will commence trading on a "when issued" basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modifications as the SGX-ST may in its discretion decide, including the decision to permit trading on a "when issued" basis and the commencement date of such trading. All persons trading in our Shares on a "when issued" basis, do so at their own risk. **In particular, persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, if applicable, have been allotted and/or allocated with or are otherwise beneficially entitled to. Such persons are exposed to the risk of having to cover their net sell positions earlier if "when issued" trading ends sooner than the indicative date mentioned above. Persons who have net sell positions traded on a "when issued" basis should close their positions on or before the first day of "ready" basis trading.**

In the event of an early or extended closure of the Application List or the shortening or extension of the time period during which the Invitation is open, we will publicly announce the same:

- (i) through a MASNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com>; and
- (ii) in a major Singapore English newspaper such as The Straits Times or the Business Times.

We will provide details of the results of the Invitation through the channels described in (i) and (ii) above.

Investors should consult the SGX-ST announcement on the "ready" trading date on the Internet (at SGX-ST website <http://www.sgx.com>), INTV or newspapers or check with their brokers on the date on which trading on a "ready" basis will commence.

PROSPECTUS SUMMARY

The information contained in this summary is derived from and should be read in conjunction with the full text of this Prospectus. Terms defined elsewhere in this Prospectus have the same meanings when used herein. Prospective investors should carefully consider the information presented in this Prospectus, particularly the matters set out under “Risk Factors”, before buying our Shares.

OVERVIEW OF OUR GROUP

Our Company was incorporated in Singapore as a private company limited by shares under the Companies Act on 11 December 1990 under the name of “Best World Trading Pte Ltd”. We subsequently changed our name to “Best World International Pte Ltd” on 13 September 1996. Pursuant to the Restructuring Exercise as described on pages 42 and 43 of this Prospectus, we became the holding company of our Group.

We are principally engaged in the sourcing, formulating, branding and distribution of a range of health and lifestyle products under our own brands, “bwL”, “Avance”, “DORS”, “DR’s Secret” and “DRs Seager”. Our products may be categorised as cosmetics, skin care, nutritional supplements, personal care and healthcare equipment. We also distribute a range of third-party cosmetics and skin care products under the brand “C’bon”.

We source for formulae or products that meet our specific requirements from our contract manufacturers. In the event that our contract manufacturers are unable to supply a formula or product to meet our specified requirements, we will formulate the product in-house and appoint them to manufacture these products. In addition to our own product initiation efforts, we procure new products for distribution from third party suppliers based on their recommendation and introduction.

Some of the products we distribute are delivered to us in readily distributable form. Products that we order in bulk are sent to our packaging facility for re-packaging before onward distribution via our distribution channels. Upon taking delivery of the products from our contract manufacturers and our suppliers, our products will go through a quality assurance phase. After quality control checks and packaging, our products are distributed via our 3 distribution channels, namely, direct selling, retail and export.

Direct Selling

Direct selling is a process where our products are sold through direct interactions with customers via our formal hierarchical direct selling programme known as ENP. ENP accords benefits and bonuses to ENP members, and these benefits increase as a member is promoted from level to level. Promotion from one level to the next is dependent on the sales volume generated by the member and his downlines within a specific time period. Downlines refer to other ENP participants recruited by an ENP member. Their compensation is derived exclusively from commission earned based on sales of our products and no compensation is earned by recruiting additional participants into the ENP.

Retail

We also distribute nutritional supplement products under our “Avance” brand through pharmacies and chain stores such as the pharmacy at Alexandra Hospital, Watsons, Guardian and other independent pharmacies in Singapore.

PROSPECTUS SUMMARY

Export

Additionally, we export products to distributors, wholesalers and direct sellers in Malaysia, Thailand, Taiwan, Hong Kong and the PRC. Our products are exported either under our own brands or third-party private labels.

Further details are set out under the sections entitled “History” and “Business” on pages 46 and 47 and pages 49 to 51 of this Prospectus respectively.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths are as follows:

- We have an established track record as one of the key players in the direct selling industry in Singapore.
- We have a range of over 100 health and lifestyle products and are committed to delivering high quality products to our customers.
- We have an experienced and committed management team.
- We actively develop and manage our brands.
- We distribute our products through 3 diversified channels, namely, direct selling, retail and export.
- We have a large direct selling distributor network.

Further details are set out under the section entitled “Competitive Strengths” on pages 71 and 72 of this Prospectus.

OUR FINANCIAL PERFORMANCE

The following tables present a summary of the consolidated financial highlights of our Proforma Group and should be read in conjunction with the sections entitled “Financial Review” and “Unaudited Proforma Consolidated Financial Information of Best World International Limited” on pages 73 to 87 and pages 124 to 150 of this Prospectus respectively.

Selected items from the Operating Results of our Proforma Group

	Proforma		
(\$'000)	FY2001	FY2002	FY2003
Revenue	7,579	11,566	17,085
Gross profit	5,229	8,388	12,747
Profit before income tax	24	1,263	3,727
Profit attributable to Shareholders	27	1,128	2,984
EPS ⁽¹⁾ (cents)	0.03	1.13	2.98

Note:

(1) For comparative purposes, EPS for the period under review has been computed based on our profit attributable to Shareholders and the pre-Invitation share capital of 100,000,000 Shares.

PROSPECTUS SUMMARY

Selected items from the Financial Position of our Proforma Group

(\$'000)	Proforma As at 31 December 2003
Current assets	5,928
Property, plant and equipment	2,293
Intangible assets	17
Total assets	8,238
Current liabilities	3,219
Non-current liabilities	1,603
NTA	3,072
NTA per Share ⁽¹⁾ (cents)	3.07

Note:

(1) NTA per Share has been computed based on the NTA of our Group and the pre-Invitation share capital of 100,000,000 shares.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

To enhance our future growth, we intend to embark on the following business strategies and future plans:

- Expand into new geographical markets
- Develop our retail and export channels
- Increase brand management efforts
- Expand our range of products
- Invest in information technology
- Develop our labelling and packaging capabilities
- Develop our training arm

Further details are set out under the section entitled “Business Strategies and Future Plans” on pages 89 and 90 of this Prospectus.

OUR OWNERSHIP STRUCTURE

Following the Invitation, our Group will be substantially owned by our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan each holding an interest of approximately 33.6% in the capital of our Company.

OUR CONTACT DETAILS

Our registered address is 10 Eunos Road 8 #08-03, Singapore Post Centre, Singapore 408600. Our telephone and fax numbers are (65) 6342 0888 and (65) 6748 7970 respectively. Our company registration number is 199006030Z. Our website address is www.bestworld.com.sg. Information contained on our website does not constitute a part of this Prospectus.

PROSPECTUS SUMMARY

OUR INVITATION

Size : 28,000,000 Invitation Shares, comprising 25,000,000 New Shares and 3,000,000 Vendor Shares. The New Shares, upon issue and allotment, will rank *pari passu* in all respects with the existing issued Shares.

Issue Price : \$0.30 for each Invitation Share.

The Issue Price was arrived at after consultation among our Company, the Vendors and OCBC Bank and after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the Invitation Shares.

Purpose of our Invitation : We consider that the listing and quotation of our Shares on SGX-SESDAQ will enhance our public image locally and internationally and enable us to tap the capital markets to fund our business growth. It will also provide members of the public, our employees and business associates of our Group an opportunity to participate in the equity of our Company. The Invitation will also enlarge our capital base for continued expansion of our business.

Use of Proceeds : The net proceeds from the issue of the New Shares (after deducting the estimated issue expenses of \$1.0 million) is estimated to be \$6.5 million. We intend to utilise the net proceeds from the issue of the New Shares as follows:

- (i) approximately \$2.0 million to finance our expansion into new geographical markets in the Asia Pacific region such as Thailand, Indonesia and Taiwan through our direct selling channel;
- (ii) approximately \$1.0 million to fund our capital contribution to the PRC Joint Venture, further details of which are disclosed under the section entitled “Investments by our Company in PRC and Thailand” on pages 47 and 48 of this Prospectus;
- (iii) approximately \$1.5 million for advertising and promotional campaigns to further develop our retail and export channels;
- (iv) approximately \$0.2 million to invest in information technology systems; and
- (v) the balance of approximately \$1.8 million to be used as general working capital of our Group.

Please refer to the section entitled “Business Strategies and Future Plans” on pages 89 and 90 of this Prospectus for further details on (i), (iii) and (iv) above.

Pending the above specific deployment of funds, we may use the funds as working capital or invest in short-term money market instruments as our Directors may, in their absolute discretion, deem fit.

PROSPECTUS SUMMARY

- Reserved Shares** : Of the Placement Shares, 2,200,000 Reserved Shares have been reserved for our Directors, employees, business associates and those who have contributed to the success of our Group. In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy applications made for the Placement Shares at the Issue Price or, in the event of an under-subscription for the Placement Shares, to satisfy applications made by members of the public for the Offer Shares at the Issue Price.
- Listing Status** : Our Shares will be quoted in Singapore Dollars on SGX-SESDAQ, subject to admission of our Company to the Official List of SGX-SESDAQ and permission for dealing in and for quotation of our Shares being granted by the SGX-ST.

RISK FACTORS

Prospective investors should carefully consider and evaluate each of the following considerations and all other information set forth in this Prospectus before deciding to invest in our Shares. To the best of our Directors' and the Vendors' knowledge and belief, all risk factors that are material to investors in making an informed judgement have been set out below. If any of the following considerations and uncertainties develop into actual events, our business, financial conditions, results of operations and prospects could be materially and adversely affected. In such cases, the trading price of our Shares could decline and you may lose all or part of your investment in our Shares.

This Prospectus also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Prospectus.

RISKS FACTORS WHICH APPLY SPECIFICALLY TO THE INDUSTRY AND OUR COMPANY

We are subject to intense competition

The industry in which we operate is highly competitive. We compete on, amongst other things, customer service, price, brand appeal and product quality. Further details are set out under the section entitled "Competition" on page 71 of this Prospectus. We face competition from other direct sellers or retailers who sell similar products. These competitors may lower their prices for similar products or take non-price competitive measures such as increased marketing, which may adversely affect our sales, market share and profitability. There is no assurance that we will be able to compete successfully against our competitors or be able to reduce our cost to match price declines in our products. Accordingly, our sales and profitability would be adversely and materially affected if we are not able to compete effectively.

Our business may be adversely affected if there is a decrease in consumer spending

The demand for our products is dependent, in general, on disposable consumer income and consumer confidence, all of which can affect discretionary consumer spending. Changes in the market and economic conditions of Singapore and the various jurisdictions in which we operate may affect disposable consumer income, consumer confidence and hence discretionary consumer spending. Adverse changes in these factors will lead to a decrease in the demand for our products and our business and financial condition would be adversely and materially affected.

We may not be able to adapt to new scientific discoveries or changes in market trends

We are principally engaged in the distribution of a range of health and lifestyle products, namely cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment. New scientific discoveries in these areas may introduce new alternatives in the market which may affect market trends and consumer demand. There is no assurance that we would be able to adapt to these changes and in such event, our business and financial condition would be adversely and materially affected.

We may be exposed to product liability actions

We are liable for claims if any injury is caused to customers who use or consume our products. Our customers may have allergic reactions or other adverse reactions to our cosmetics and skin care products that are applied externally onto the body, or develop adverse reactions to our formulated nutritional supplements that are consumed. Any injury resulting from the application and/or consumption of our products may subject our Group to product liability suits or settlements. We have product liability insurance for our cosmetics and skin care products. However, we do not have insurance coverage for nutritional supplements as such insurance is currently not widely available locally. We have not been subjected to any product liability claims. However, in the event that we are found liable for injuries or product liability claims in the future and the claims are not covered or fully covered by our insurance policies, our business and financial condition would be materially and adversely affected.

RISK FACTORS

Our business may be affected by loss of business goodwill

Approximately 96.1% of our revenue was derived from sales of products under our own brands for FY2003. In the event that a new and/or existing product produces adverse results, or fails to achieve the level of results as good as that advertised, or the application of which results in internal and/or external injury to our customers, confidence in our brands may be eroded resulting in loss of business goodwill. As a result, our turnover and profitability would be materially and adversely affected. Similarly, if there is negative publicity in respect of the cosmetics and health industries, our business would be adversely affected.

We are dependent on our direct selling channel for sales of our products

We derived approximately 72.3%, 83.6% and 90.6% of our revenue from sales of our products through our direct selling channel for FY2001 to FY2003 respectively. As such, we are dependent on our direct selling channel in promoting sales of our products. The direct selling industry in Singapore is governed by the MLM Act and Exclusion Order. In addition, members of the DSAS are expected to adhere to the practice directions of DSAS, a self regulatory trade association regulating the practices of direct sellers in Singapore, of which we are a member. Further details are set out under the section entitled “Regulations” on pages 64 to 69 of this Prospectus. As a self-regulatory organisation, DSAS is unable to regulate or prevent unethical trade practices of direct sellers which are not DSAS members. There is no assurance that the public image of direct selling will not be tarnished due to poor trade practices or business ethics of other direct sellers that are not DSAS members. When public confidence is affected due to unethical trade practices of a competitor, the promotion and sales of our products through our direct selling channel, our revenue and profitability would be adversely and materially affected.

Additionally, one of the contributing factors to our Group’s success is our trained and motivated pool of distributors for our ENP whom we have equipped with the necessary product knowledge and marketing skills. The loss of a significant number of these distributors without timely and suitable replacement and our inability to recruit and retain similarly trained and motivated distributors for our ENP would have a material and adverse impact on our business.

We are reliant on our key management personnel

Our success is dependent on the continued efforts of our key management team, including our Group Chief Executive Officer, Dr Dora Hoan, our Chairman, Dr Doreen Tan and our Executive Director, Huang Ban Chin. Our Executive Directors are responsible for formulating and implementing our overall business strategy and corporate development and have been instrumental in our growth and expansion. We do not have any key man insurance for our management team. The loss of these key personnel without timely and suitable replacement and our inability to attract and retain qualified and experienced personnel for our management team would have a material and adverse impact on our business.

Our business will be affected if the identities of our contract manufacturers were to be disclosed or if our contract manufacturers terminate their services

We outsource the manufacture of some of our products to contract manufacturers. We have expended significant time and effort in identifying, cultivating and developing relationships with our contract manufacturers. As we work with our contract manufacturers in formulating new products, some of these contract manufacturers have also benefited from our expertise and they possess knowledge of the formulae of our products. We have not entered into any confidentiality agreements with our contract manufacturers because in practice, it would be difficult to ascertain and prove that there is factually any breach of the terms of such agreements. Additionally, such confidentiality agreements would be difficult to enforce and our recourse under such agreements would be limited. In the event there is a leakage of the formulae of our products, there will be an adverse impact on our business. Further, if the identities of our contract manufacturers were known to our competitors, there

RISK FACTORS

is a risk that they may be poached by our competitors to manufacture products with similar formulations for them. As such, disclosure of their identities to our competitors will have an adverse impact on our business and financial performance. In addition, in the event our contract manufacturers terminate their services and we are unable to find timely or suitable replacements, there will be an adverse impact on our business and financial performance. Further details are set out under the section entitled “Major Suppliers” on pages 69 and 70 of this Prospectus.

We rely on our trademarks which are essential to the development of our business

Our trademarks, “bwL”, “Avance”, “DORS”, “DR’s Secret” and “DRs Seager” are of significant value and importance to our brand building efforts and will continue to play a major role in our efforts to market and distribute our products. We have registered some of these trademarks in Singapore, Malaysia and the PRC. As at the date of this Prospectus, we have submitted applications for the registration of these trademarks in other jurisdictions, details of which are set out under the section entitled “Intellectual Properties” on pages 61 to 63 of this Prospectus. There is no assurance that the relevant authorities will approve all our applications. In such an event, we may not be able to sufficiently protect our brand names against any unauthorised use or infringement.

We rely on the respective trademark laws, trade security laws and confidentiality procedures of the countries in which we operate to protect our trademark rights. There is no assurance that these measures of protecting our trademark rights will be effective or that our competitors will not be able to adopt product names or trademarks similar to ours. The prevention of such unauthorised use is difficult and the laws on trademark protection in some countries in which we operate may not be as developed as in other countries. To the extent that these measures are ineffective in protecting our trademark rights and to the extent that we are unable to establish our brand names and corporate identity, our sales and financial performance would be adversely and materially affected.

We may face uncertainties associated with the expansion of our business

In order to expand our business, we intend to explore joint ventures, acquisitions or investment opportunities for businesses complementary to ours. Participation in joint ventures, acquisitions or investments involves numerous risks, including but not limited to, the difficulties in the assimilation of the management, personnel, operations, services, products and performance of the acquired entities or investee companies and the possible diversion of management attention from other business concerns. Successful implementation of this strategy depends on our ability to identify suitable partners and ability to successfully integrate their operations with ours. To the extent that we are unable to identify suitable partners or we are unable to successfully integrate their operations with ours, the performance of our Group following completion of such joint ventures, acquisitions or investments may be adversely affected.

Our business may be affected by shortages or increases in pricing of products

We source our products from contract manufacturers and suppliers. Our purchases are based on our forecasts of customers’ demand and delivery lead-time which may range from 1 to 10 weeks. We do not have any long term contracts with our contract manufacturers and suppliers. In the event we are unable to obtain sufficient quantities of products at reasonable prices or if we are unable to pass on higher purchase costs to our customers through an increase in our selling prices, this could have a material and adverse effect on our business, financial condition and the results of our operations. Additionally, if our contract manufacturers and suppliers are unable to supply the required products on time and we are unable to source these products from alternative contract manufacturers and suppliers on a timely basis, our delivery to our customers would be delayed. As a result, our turnover and profitability would be materially and adversely affected.

RISK FACTORS

We face foreign exchange risks

Our sales are denominated mainly in SGD and our purchases are denominated mainly in USD, SGD, Yen and NZD. Our operating costs are denominated mainly in SGD.

The percentages of our sales and purchases denominated in different currencies are as follows:

(%)	FY2001	FY2002	FY2003
Percentage of sales denominated in			
SGD	97.3	96.7	80.8
Other currencies	2.7	3.3	19.2
	100.0	100.0	100.0
Percentage of purchases denominated in			
USD	84.9	83.7	76.3
SGD	5.5	7.4	6.6
Yen	8.3	5.7	10.5
NZD	0.9	3.1	6.3
Other currencies	0.4	0.1	0.3
	100.0	100.0	100.0

To the extent that our Group's sales and purchases are not naturally matched in the same currency and to the extent that there are timing differences between collections and payments, our Group will be exposed to adverse fluctuations of the various currencies against the SGD. As a result, our Group's earnings may be adversely affected. For example, other things being equal, in a net short position in USD, appreciation in USD against SGD will increase our USD denominated payables when converted to SGD and will have an adverse impact on our earnings.

At present, our Group does not have any formal policy for hedging against foreign exchange exposure. Our Group has not in the past used any financial hedging instruments to manage foreign exchange risk. Our Group may, when necessary, enter into foreign currency forward contracts to hedge against exposure from foreign currency fluctuations. However, there is no assurance that such efforts will successfully hedge against all foreign currency fluctuations. Our Group recorded net foreign exchange gains of approximately \$2,000, \$18,000 and \$69,000 for FY2001, FY2002 and FY2003 respectively.

As our reporting currency is in SGD, the accounts of our foreign subsidiaries will need to be translated to SGD for consolidation purposes. As such, we face translation risk in that any material fluctuation in the foreign currencies will have an effect on our consolidated financial statements which are presented in SGD.

We are subject to exchange control restrictions in the countries in which we operate

Apart from Malaysia, our Group is presently not subject to exchange controls in the jurisdictions in which we operate. We have on pages 86 and 87 of this Prospectus disclosed the exchange controls applicable to our Group's operations. Should the governments in the jurisdictions in which we operate or in which we intend to expand our business tighten or otherwise adversely change their regulations regarding repatriation of their local currency, it may affect our subsidiaries' ability to repatriate profits to us and, accordingly, our earnings, cash flow and ability to pay dividends may also be affected.

RISK FACTORS

We are subject to FIC Guidelines in Malaysia

The Malaysian government has issued guidelines (“FIC Guidelines”) for the regulation of the acquisition of assets or interests, mergers and takeovers of companies and businesses in Malaysia to ensure, *inter alia*, a more balanced Malaysian participation in ownership and control and that net economic benefits are derived in relation to certain matters. Under the FIC Guidelines generally, the approval of the FIC is required for (i) any acquisition of 15% or more of the voting power of a Malaysian company by a single foreign interest or associated group; (ii) any acquisition of an aggregate of 30% or more of the voting power of a Malaysian company by more than one foreign interests; or (iii) any acquisition of assets or interests of a value exceeding RM5 million by Malaysian or foreign interests (except in the case of certain real property transactions where more relaxed guidelines may be applicable). The said RM5 million threshold will be raised to RM10 million when a new set of guidelines are issued, according to a document entitled “New Strategies Towards Stimulating the Nation’s Economic Growth” dated 21 May 2003 available at the website of the Economic Planning Unit of Malaysia. “Foreign interest” is defined to include companies or institutions incorporated outside Malaysia.

The requirement to obtain the approval of the FIC is currently an administrative guideline and does not have the force of law. However, regulatory bodies in Malaysia may require confirmation that we have obtained approval from the FIC in considering whether to grant certain licences or approvals.

Our Company’s acquisition of 60% of the shareholding in BWLSB pursuant to the Restructuring Exercise is subject to the approval of the FIC. We applied for the FIC’s approval on 6 April 2004 for the acquisition of 60% of the issued share capital of BWLSB by our Company and we received the FIC’s no-objection clearance on 21 June 2004. In the event that we have to divest our shareholding in BWLSB for any reason such that BWLSB ceases to be a subsidiary of our Company, our revenue and profitability would be adversely and materially affected.

We are dependent on the political, economic, regulatory and social conditions in the countries in which we operate or intend to expand our businesses

Apart from Singapore, we have sales to countries such as Malaysia, Thailand and Hong Kong. For the past 3 financial years from FY2001 to FY2003, aggregate sales to countries outside Singapore accounted for approximately 23.5%, 15.0% and 24.5% of our total revenue respectively. We intend to continue to expand our business in these countries. As a result, our business and future growth is dependent on the political, economic, regulatory and social conditions in these countries. Any changes in policies implemented by the governments of these countries, currency and interest rates fluctuations, capital restrictions, and changes in duties and taxation that are detrimental to our business could materially and adversely affect our operations, financial performance and future growth.

Additionally, we intend to commence our operations in the PRC and Thailand in the second half of 2004. Further details are set out under the section entitled “Investments by our Company in PRC and Thailand” on pages 47 and 48 of this Prospectus. We are in the process of applying for all the licences and regulatory approvals required for us to conduct our intended operations in these countries, details of which are set out under the section entitled “Regulations” on pages 68 and 69 of this Prospectus. In the event that we encounter difficulties in obtaining such licences and regulatory approvals or if, for any reason, the PRC authorities do not approve our intended incorporation of BWL Shanghai, we may experience a substantial delay in commencing operations or not be able to commence operations in the PRC and Thailand.

RISK FACTORS

We are subject to changes in governmental regulations

We are subject to government rules and regulations, including those relating to the manufacture, distribution and sale of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment. Any changes in such government regulations for example, changes in the requirements of the HSA and laws protecting consumers including advertising laws, may lead to an increase in our business costs. If we are unable to pass on the higher costs to our customers, this could have a negative impact on our business. Difficulties or failure in obtaining the required licences and approvals could delay, or result in our decision not to launch and/or market an existing product. Local authorities may suspend or deny renewal of our existing product licences if they determine that we do not meet applicable standards. Although we have satisfied the licensing requirements for our existing products, there is no assurance that we will be able to maintain these approvals or obtain these approvals for new products. The failure to maintain or renew governmental licences, permits and approvals would materially and adversely affect our operations, financial performance and future growth. Further details are set out under the section entitled “Regulations” on pages 64 to 69 of this Prospectus.

We may face difficulties in collecting trade debts from our customers

As at the Latest Practicable Date, approximately 63% of our trade receivables balance for FY2003 have been collected. Excluding an amount of approximately \$0.6 million owing from Neucor as at 31 December 2003, approximately 90% of our trade receivables balance for FY2003 have been collected. Please refer to the section entitled “Credit Terms” on pages 58 and 59 of this Prospectus for further details. We do not have a general provisioning policy for doubtful debts. We make specific provisions when we are of the view that the collection of an outstanding debt is doubtful. As at 31 December 2003, we do not have any general provisions for doubtful debts. There is no assurance that we will not have to make provisions for doubtful debts in the future. We may encounter customers who have cash flow problems and are unable to pay us on time or at all, in which event, our profitability will be adversely affected by provision and/or write-offs of bad debts.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Future sales of our Shares could adversely affect our Company’s share price

Any future sale or availability of our Shares in the public market can have a downward pressure on our share price. The sale of a significant amount of Shares in the public market after the Invitation, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described under the section entitled “Moratorium” on page 41 of this Prospectus, there will be no restriction on the ability of our substantial Shareholders to sell their Shares either on the SGX-ST or otherwise.

There has been no prior market for our Shares, and the Invitation may not result in an active or liquid market for our Shares

Prior to the Invitation, there has been no public market for our Shares. Therefore, we cannot assure investors that an active public market will develop or be sustained after the Invitation. The Issue Price was arrived at after consultations among our Company, the Vendors and OCBC Bank and after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the Invitation Shares. The Issue Price may not be indicative of prices that may prevail in the trading market after the Invitation. Investors may not be able to sell their Shares at or above the Issue Price. The volatility in the trading price of our Shares may be caused by factors beyond our control and may be unrelated or disproportionate to our financial results.

RISK FACTORS

Control by existing substantial Shareholders may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

After the Invitation, we anticipate that our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan will hold in aggregate approximately 67.3% of our enlarged issued share capital. These Shareholders, if acting together, will be able to significantly influence our corporate actions such as mergers or takeover attempts in a manner that is not in line with the interests of our public Shareholders.

Investors in our Shares will face immediate and substantial dilution in the book value per Share and may experience future dilution

Our Issue Price of 30 cents is substantially higher than our Group's NTA per Share of 7.66 cents (based on the audited NTA of our Group as at 31 December 2003 and adjusted for the Restructuring Exercise, the Share Consolidation, the Sub-division of Shares, the Bonus Issue and estimated net proceeds from the issue of the New Shares). If we were liquidated based on our NTA immediately following this Invitation, each Shareholder subscribing to this Invitation would receive less than the price he paid for his Shares. Further details are set out under the section entitled "Dilution" on page 36 of this Prospectus. In addition, we intend to issue options under our Scheme. To the extent that such options are ultimately exercised and new Shares are issued pursuant to such exercise at below the Issue Price, there will be further dilution to investors participating in the Invitation. Further details of the Scheme are described under the section entitled "Best World Share Option Scheme" on pages 98 to 101 of this Prospectus and in Annex C of this Prospectus where the rules of the Scheme are set out.

Our Share price may be volatile, which could result in substantial losses for investors acquiring our Shares pursuant to the Invitation

The market price of our Shares could be subject to significant fluctuations in response to various factors and events, including the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, our Share price will be under downward pressure if certain of our Directors, management, staff or employees sell their Shares immediately after the Invitation or upon the expiry of the moratorium period, as the case may be.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements contained in this Prospectus that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements and other matters discussed in this Prospectus regarding matters that are not historical fact are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risks and uncertainties are discussed in more detail in this Prospectus, in particular, but not limited to, discussions under the section entitled “Risk Factors” on pages 21 to 27 of this Prospectus.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements. None of our Company, the Vendors, OCBC Bank, our advisers or any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in those forward-looking statements as a result of the risks faced by us. We, the Vendors and OCBC Bank disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the Securities and Futures Act and the Listing Manual of the SGX-ST regarding corporate disclosure. In particular, we are required by Section 241 of the Securities and Futures Act to lodge a supplementary or replacement document in respect of future developments, events or circumstances that occur prior to the close of the Invitation and that are required to be disclosed pursuant to law.

INVITATION STATISTICS

Issue Price	\$0.30
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NTA

NTA per Share based on the proforma consolidated balance sheet of our Group as at 31 December 2003 adjusted for the Share Consolidation, the Sub-division of Shares and the Bonus Issue ("Adjusted NTA"):

- | | |
|--|------------|
| (a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 100,000,000 Shares | 3.07 cents |
| (b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 125,000,000 Shares | 7.66 cents |

Premium of Issue Price over the Adjusted NTA per Share as at 31 December 2003:

- | | |
|--|------------|
| (a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 100,000,000 Shares | 8.77 times |
| (b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 125,000,000 Shares | 2.92 times |

Earnings

Historical net EPS of our Group for FY2003 based on the pre-Invitation share capital of 100,000,000 Shares	2.98 cents
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Historical net EPS of our Group had the Service Agreements set out on pages 97 and 98 of this Prospectus been effected for FY2003 and based on the pre-Invitation share capital of 100,000,000 Shares	2.72 cents
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Price Earnings Ratio

Historical price earnings ratio based on the historical net EPS of our Group for FY2003	10.07 times
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Historical price earnings ratio based on the historical net EPS of our Group had the Service Agreements set out on pages 97 and 98 of this Prospectus been effected for FY2003	11.03 times
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Net Operating Cash Flow⁽¹⁾

Historical net operating cash flow per Share of our Group for FY2003 based on the pre-Invitation share capital of 100,000,000 Shares	3.35 cents
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Historical net operating cash flow per Share of our Group for FY2003 had the Service Agreements set out on pages 97 and 98 of this Prospectus been effected for FY2003 and based on the pre-Invitation share capital of 100,000,000 Shares	3.09 cents
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INVITATION STATISTICS

Price To Net Operating Cash Flow

Historical price to net operating cash flow ratio based on the historical net operating cash flow per Share for FY2003	8.96 times
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Historical price to net operating cash flow ratio based on the historical net operating cash flow per Share had the Service Agreements set out on pages 97 and 98 of this Prospectus been effected for FY2003	9.71 times
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Market Capitalisation

Market capitalisation based on Issue Price of 30 cents per Share and post-Invitation share capital of 125,000,000 Shares	\$37.5 million
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Note:

(1) Net operating cash flow is defined as net profit attributable to Shareholders with depreciation of fixed assets added back.

PLAN OF DISTRIBUTION

The Issue Price was arrived at after consultation among our Company, the Vendors and OCBC Bank and after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the Invitation Shares. The Issue Price is the same for all the Invitation Shares and is payable in full on application.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for subscription and/or purchase at the Issue Price.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, the number of Offer Shares under-subscribed shall be made available to satisfy applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and the number of Placement Shares (including the Reserved Shares) are fully subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and the Vendors, after consultation with OCBC Bank, and approved by the SGX-ST.

Pursuant to the terms and conditions contained in the Management and Underwriting Agreement as disclosed on pages 116 to 118 of this Prospectus, our Company has appointed OCBC Bank to manage the Invitation and underwrite the Offer Shares. In the event of under-subscription, OCBC Bank will be committed to subscribe for and/or purchase and pay for all the unsubscribed Offer Shares. However, OCBC Bank may, at its absolute discretion, appoint one or more sub-underwriters for the Offer Shares.

Placement Shares

In the event of an under-subscription for the Placement Shares (including the Reserved Shares) as at the close of the Application List, the number of Placement Shares under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Pursuant to the terms and conditions contained in the Placement Agreement as disclosed on pages 116 to 118 of this Prospectus, OCBC Bank agreed to subscribe for and/or purchase or procure subscriptions for and/or purchases of the Placement Shares. In the event of under-subscription, OCBC Bank will be committed to subscribe for and/or purchase or procure subscriptions and/or purchases of the unsubscribed Placement Shares. However, OCBC Bank may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers and/or purchasers of Placement Shares (excluding the Reserved Shares) may be required to pay brokerage of up to 1.0% of the Issue Price to the Placement Agent.

Reserved Shares

Of the Placement Shares, 2,200,000 Reserved Shares will be reserved for our Directors, employees, business associates and those who have contributed to the success of our Group, at the Issue Price pursuant to the Invitation in recognition of their past and/or future contributions to our Group. They may accept, dispose of or transfer all or part of their Reserved Shares after our admission to the Official List of SGX-SESDAQ.

PLAN OF DISTRIBUTION

Any Reserved Shares not taken up will be made available first to satisfy other applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares and then to satisfy applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares.

The terms and conditions and procedures for applications are described in Annex F of this Prospectus.

To the best of our knowledge, we are not aware of any person who intends to subscribe for more than 5% of the Invitation. However, through a book building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for more than 5% of the Invitation Shares. If such person(s) were to make an application for more than 5% of the Invitation and subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time.

No Shares shall be allotted and/or allocated on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on SGX-SESDAQ, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through SGX-SESDAQ will be affected in accordance with the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding our Shares in a securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificate(s). Such share certificates will, however, not be valid for delivery pursuant to trades transacted on SGX-SESDAQ, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of \$10.00 for each withdrawal of 1,000 Shares or less and a fee of \$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of \$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of \$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or 0.2% of the prevailing market value of our Shares where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on SGX-SESDAQ must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A deposit fee of \$10.00 and a stamp duty of \$10.00 are payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on SGX-SESDAQ is payable at the rate of 0.05% of the transaction value subject to a maximum of \$200.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST currently at 5.0%.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open an account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the “Unaudited Proforma Consolidated Financial Information of Best World International Limited” on pages 124 to 150 of this Prospectus and the related notes included elsewhere in this Prospectus.

Our Group’s capitalisation and indebtedness as at 31 March 2004 on an actual and adjusted basis were as follows:

(\$'000)	As at 31 March 2004 ⁽¹⁾	As adjusted for the Share Consolidation, Sub-division of Shares and the Bonus Issue, but before adjusting for the proceeds from the issue of the New Shares	As adjusted for the proceeds from the issue of the New Shares and the intended use of such proceeds
Cash and cash equivalents⁽²⁾	1,939	1,939	8,439
Indebtedness			
Current			
Finance leases (secured)	57	57	57
Term loan (secured, guaranteed)	62	62	62
Non-current			
Finance leases (secured)	260	260	260
Term loan (secured, guaranteed)	1,258	1,258	1,258
Total indebtedness⁽³⁾	1,637	1,637	1,637
Shareholders’ equity			
Issued share capital	1,845	3,000	3,750
Share premium	—	—	5,750
Revenue and other reserves	2,221	1,066	1,066
Total shareholders’ equity	4,066	4,066	10,566
Total Capitalisation and Indebtedness	5,703	5,703	12,203

Notes:

- (1) This is computed on the basis that the Restructuring Exercise as described on pages 42 and 43 of this Prospectus has been completed prior to 31 March 2004.
- (2) This excludes fixed deposits of \$22,000 which was pledged to a bank to secure a banker’s guarantee given to a third party namely, our lessor for our business centre in Jurong.
- (3) This excludes 2 term loans of \$1.3 million and approximately \$0.5 million (equivalent to RM1.0 million based on an exchange rate of \$0.4525/RM). The MYR term loan was drawn in May 2004 and we expect to draw on the SGD term loan in July 2004. The SGD term loan will be used to finance our working capital requirements and the purchase of our Ang Mo Kio business centre. Upon the draw down of the SGD term loan, we will repay approximately \$0.8 million of our existing term loans. The MYR term loan will be used for working capital purposes and to finance the purchase of our property in Kuala Lumpur, Malaysia. The term loans are secured on the aforesaid properties, bear interest ranging from 2.65% to 6.0% per annum and are repayable in monthly instalments until 2024 and 2019 respectively. Further details are set out in the sections entitled “Interested Person Transactions” on pages 105 and 106 and “Properties and Other Fixed Assets” on pages 63 and 64 of this Prospectus.

As at 31 March 2004, our outstanding bank borrowings of approximately \$1.6 million consist of finance leases of \$0.3 million and term loans of \$1.3 million. Our finance leases relate to the purchase of motor vehicles and office equipment. Our finance leases are secured on the respective assets and bear interest ranging from 2.6% to 3.3% per annum.

CAPITALISATION AND INDEBTEDNESS

Our term loans comprise a loan of \$0.8 million, which was drawn down in September 1997 to finance our working capital requirements and another loan of \$0.5 million which was drawn down in July 2003 to refinance our properties at 37 Kallang Pudding Road, #05-03/04 Block B Tong Lee Building, Singapore 349315. We will repay the first term loan of \$0.8 million upon the draw down of our new term loan as described above. The term loans bear interest ranging from 3.8% to 5.0% per annum and are repayable in monthly instalments until 2017 and 2018 respectively.

Our term loans are secured by properties and personal guarantees provided by certain of our Directors, details of which are set out under the section entitled “Interested Person Transactions” on page 105 of this Prospectus.

Upon the listing of our Shares on SGX-SESDAQ, we intend to procure the discharge of the aforesaid personal guarantees provided by certain of our Directors. Our Directors are of the view that revisions to the terms and conditions of the banking facilities, if any, are unlikely to be material and would not adversely affect our operations and financial condition. However, in the event that we are unable to procure a discharge of the guarantees or in the unlikely event that the revisions would adversely affect our operations of financial condition, our Directors will continue to provide such guarantees.

As at 31 March 2004, our cash and cash equivalents are held mainly in SGD, MYR and USD.

Capital Commitments

As at the Latest Practicable Date, we have the following operating lease commitments:

	(\$'000)
Due within 1 year	211
Due between 2 to 5 years	131
Total	<u>342</u>

We have also committed to invest an aggregate sum of up to \$2.9 million as capital contribution towards our PRC Joint Venture by the end of 2004. We intend to utilise approximately \$1.0 million of our proceeds from the issue of New Shares to fund part of our capital contribution to the aforesaid joint venture. The balance of up to \$1.9 million will be funded by our internal resources, and if necessary, from external borrowings. Further details are set out under the section entitled “Investments by our Company in PRC and Thailand” on pages 47 and 48 of this Prospectus.

Save as disclosed, there is no material capital investment, the making or divestment of which is in progress.

Contingent Liabilities

As at 31 March 2004, we do not have any contingent liabilities.

Save as disclosed above and in the section entitled “Liquidity and Capital Resources” on pages 82 to 84 and the “Unaudited Proforma Consolidated Financial Information of Best World International Limited” on pages 124 to 150 of this Prospectus, we have no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptances credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

DILUTION

Dilution is the amount by which the Issue Price to be paid by subscribers of our Shares (“New Investors”) in the Invitation exceeds our NTA per Share after the Invitation. Our NTA per Share as at 31 December 2003 after adjusting for the Restructuring Exercise, the Share Consolidation the Sub-division of Shares and the Bonus Issue but before adjusting for the proceeds from the issue of New Shares (“Adjusted NTA”) and based on our pre-Invitation share capital of 100,000,000 Shares was 3.07 cents.

Based on the issue of 25,000,000 New Shares at the Issue Price pursuant to the Invitation and after deducting the estimated issue expenses, the adjusted NTA of our Group as at 31 December 2003 would have been 7.66 cents per Share based on our post-Invitation share capital of 125,000,000 Shares. This represents an immediate increase in NTA per Share of 4.59 cents to our existing Shareholders and an immediate dilution of 22.34 cents per Share to our New Investors. The following table illustrates such dilution on a per Share basis:

	Per Share (cents)
Issue Price	30.00
Adjusted NTA per Share as at 31 December 2003	3.07
Increase in NTA contributed by New Investors	4.59
Adjusted NTA per Share after the Invitation	7.66
Dilution per Share to New Investors	22.34

The following table summarises the total number of Shares issued by us, the total consideration paid to us and the average price per Share paid by our existing Shareholders (after adjusting for the Restructuring Exercise, the Share Consolidation, the Sub-division of Shares and the Bonus Issue), and the New Investors:

	Number of Shares	%	Consideration \$	%	Average price per Share \$
Existing Shareholders	100,000,000	80.0	1,845,000	19.7	0.03
New Investors	25,000,000	20.0	7,500,000	80.3	0.30
Total	125,000,000	100.0	9,345,000	100.0	

SHARE CAPITAL

SHARE CAPITAL

Our Company was incorporated in Singapore as a private company limited by shares under the Companies Act on 11 December 1990 under the name of “Best World Trading Pte Ltd”. We subsequently changed our name to “Best World International Pte Ltd” on 13 September 1996. At the date of incorporation, our authorised share capital was \$100,000 comprising 100,000 ordinary shares of \$1.00 each. The issued and paid-up share capital of our Company was \$2.00 comprising 2 ordinary shares of \$1.00 each.

Our authorised share capital and issued share capital were increased through the years, such that our authorised share capital was \$2,000,000 divided into 2,000,000 ordinary shares of \$1.00 each and our issued share capital was \$1,845,000 divided into 1,845,000 ordinary shares of \$1.00 each immediately prior to the Extraordinary General Meeting referred to below.

At the Extraordinary General Meeting held on 21 May 2004, our Shareholders approved, *inter alia*, the following:

- (a) an increase in the authorised share capital of our Company from \$2,000,000 divided into 2,000,000 ordinary shares of \$1.00 each to \$30,000,000 divided into 30,000,000 ordinary shares of \$1.00 each;
- (b) the bonus issue of 1,155,000 ordinary shares of \$1.00 each by way of capitalisation of \$1,155,000 from our Company’s retained profits;
- (c) the consolidation of 3 ordinary shares of \$1.00 each in the authorised and issued and paid-up share capital of our Company into 1 ordinary share of \$3.00 each;
- (d) the sub-division of each ordinary share of \$3.00 each in the authorised and issued and paid-up share capital of our Company into 100 ordinary shares of \$0.03 each;
- (e) the conversion of our Company into a public limited company and the change of our name to Best World International Limited;
- (f) the adoption of the new Articles of Association of our Company;
- (g) the issue of 25,000,000 New Shares pursuant to the Invitation. The New Shares, when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares;
- (h) pursuant to Section 161 of the Companies Act, our Directors be and are hereby authorised to issue and allot, whether by way of rights, bonus or otherwise (including but not limited to the issue and allotment of shares in the capital of our Company at any time, whether during the continuance of such authority or thereafter, pursuant to offers, agreements or options made or granted by our Company while this authority remains in force), upon such terms and conditions and for such purposes as our Directors may in their absolute discretion deem fit PROVIDED THAT:
 - (i) the aggregate number of shares to be issued pursuant to this resolution shall not exceed 50% of the issued share capital of our Company; and
 - (ii) where Shareholders with registered addresses in Singapore are not given the opportunity to participate in the same on a *pro rata* basis, then the shares to be issued under such circumstances shall not exceed 20% of the issued share capital of our Company,

and for the purpose of this resolution, the percentage of the issued share capital shall be calculated based on the maximum potential share capital at the time this resolution is passed (taking into account the conversion or exercise of any convertible securities and employee share options in issue at the time this resolution is passed, which were issued pursuant to any previous shareholders’ approval), adjusted for any subsequent consolidation or sub-division of our Company’s shares and unless revoked or varied by our Company in general meeting, such authority shall continue in place until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of our Company is required by law or by our Articles to be held, whichever is earlier; and

SHARE CAPITAL

- (i) the establishment of the Best World Share Option Scheme, which comprises options that may be granted in respect of such number of Option Shares representing in aggregate not more than 15% of the total issued share capital of our Company from time to time, the rules of which are set out in Annex C of this Prospectus.

As at the date of this Prospectus, our Company has only one class of Shares, being ordinary shares of \$0.03 each. The rights and privileges of our Shares are stated in the Articles of Association of our Company. There are no founder, management or deferred Shares.

Upon the allotment and issue of the New Shares which are the subject of the Invitation, the resultant issued and paid-up share capital of our Company will be increased to \$3,750,000 comprising 125,000,000 Shares.

Details of the changes to the issued and paid-up share capital of our Company as at 31 December 2003, being the date of the last audited accounts of our Company, and our issued and paid-up share capital immediately after the Invitation are as follows:

	Number of Shares	\$
Issued and fully paid-up ordinary shares of \$1.00 each as at 31 December 2003	1,845,000	1,845,000
Bonus Issue	1,155,000	1,155,000
Sub-total	<u>3,000,000</u>	<u>3,000,000</u>
Share Consolidation	<u>1,000,000</u>	<u>3,000,000</u>
Sub-division of Shares	100,000,000	3,000,000
New Shares to be issued pursuant to the Invitation	<u>25,000,000</u>	<u>750,000</u>
Post-Invitation share capital	<u>125,000,000</u>	<u>3,750,000</u>

The authorised share capital and the shareholders' equity of our Company as at 31 December 2003, before and after adjustments to reflect the increase in authorised share capital, the Restructuring Exercise, the Share Consolidation, the Sub-division of Shares, the Bonus Issue and the Invitation are set out below.

	As at 31 December 2003 \$	After adjusting for the increase in authorised share capital, the Bonus Issue, Share Consolidation, Sub-division of Shares and the Restructuring Exercise \$	After Invitation \$
Authorised share capital			
Ordinary shares of \$1.00 each	2,000,000	—	—
Ordinary shares of \$0.03 each	<u>—</u>	<u>30,000,000</u>	<u>30,000,000</u>
Shareholders' equity			
Issued share capital	1,845,000	3,000,000	3,750,000
Share premium	—	—	5,750,000
Revenue and other reserves	<u>1,351,724</u>	<u>196,724</u>	<u>196,724</u>
Total Shareholders' equity	<u>3,196,724</u>	<u>3,196,724</u>	<u>9,696,724</u>

SHARE CAPITAL

SHAREHOLDERS

Our Shareholders and their respective shareholdings in our Company immediately before and after the Invitation are set out below:

	As at 31 December 2003		After the Bonus Issue, Share Consolidation, Sub- division of Shares, Restructuring Exercise and the Share Transfers		After the Invitation	
	No. of ordinary shares of \$1.00 each	%	No. of Shares	%	No. of Shares	%
Directors						
Dr Dora Hoan	900,000	48.8	43,560,500	43.6	42,060,500	33.6
Dr Doreen Tan	900,000	48.8	43,560,500	43.6	42,060,500	33.6
Huang Ban Chin ⁽¹⁾	45,000	2.4	5,000,000	5.0	5,000,000	4.0
Robson Lee Teck Leng ⁽²⁾	—	—	—	—	—	—
Ravindran s/o Ramasamy ⁽²⁾	—	—	—	—	—	—
Lee Sen Choon ⁽²⁾	—	—	—	—	—	—
Shareholders of 5% or more other than Directors						
Derek Goh Bak Heng ⁽¹⁾	—	—	6,000,000	6.0	6,000,000	4.8
Employees and business associates ⁽¹⁾	—	—	1,879,000	1.9	1,879,000	1.5
Public (including Reserved Shares)	—	—	—	—	28,000,000	22.4
Total	1,845,000	100.0	100,000,000	100.0*	125,000,000	100.0*

* Total does not add up due to rounding.

Notes:

- (1) Please refer to the section entitled “Significant Changes in Percentage Ownership” on page 40 of this Prospectus for details of the transfer of Shares to Huang Ban Chin, our employees and business associates and the sale of Shares to Derek Goh Bak Heng by Dr Dora Hoan and Dr Doreen Tan (collectively the “Share Transfers”).
- (2) Each of our Independent Directors and our Non-Executive Director will be offered 50,000 Reserved Shares, amounting in aggregate to 150,000 Reserved Shares, representing approximately 0.1% of our enlarged issued share capital after the Invitation. Should any of our Independent Directors and our Non-Executive Director accept any or all of the Reserved Shares offered to them, they may hold, dispose of or transfer all or part of their shareholdings in our Company after our admission to the Official List of SGX-SESDAQ.

SHARE CAPITAL

SIGNIFICANT CHANGES IN PERCENTAGE OWNERSHIP

Our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan (“Transferors”) entered into a Share Sale and Purchase Agreement dated 1 April 2004 (“Share Sale Agreement”) with Derek Goh Bak Heng (“Transferee”). The Transferee is an unrelated third party and is a passive equity investor who has no role in the Invitation. Pursuant to the terms of the Share Sale Agreement, the Transferors and the Transferee have on 22 May 2004, completed the transfer of an aggregate of 6,000,000 ordinary shares of \$0.03 each in the capital of our Company (“Sale Shares”), amounting to 6.0% of our issued and paid-up share capital of 100,000,000 Shares. The aggregate consideration for the transfer is calculated based on the product of the number of Sale Shares and the Issue Price. After the Invitation, the shareholding of the Transferee amounts to 4.8% of the enlarged share capital of our Company. The Transferee may hold, dispose of or transfer all or part of his shareholdings in our Company after our admission to the Official List of SGX-SESDAQ.

On 6 April 2004, recognising the importance of retaining and motivating talent critical to the long-term growth of our Group, our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan, transferred for a nominal consideration of \$1.00 an aggregate of 47,250 ordinary shares of \$1.00 each in the capital of our Company to our Executive Director, Huang Ban Chin, after which his shareholding in the capital of our Company increased from 45,000 ordinary shares of \$1.00 each to 92,250 ordinary shares of \$1.00 each, representing 5.0% of our Company’s then issued share capital.

On 22 May 2004, in recognition of the contribution, loyalty and support of our employees and suppliers, our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan, transferred to 41 employees and suppliers, an aggregate of 1,576,000 Shares, representing approximately 1.6% of our pre-Invitation share capital, at a consideration of \$0.06 per Share. Additionally, to acknowledge the continued support of our distributors, and to motivate them to greater loyalty and dedication, our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan, transferred to 26 distributors, an aggregate of 303,000 Shares, representing approximately 0.3% of our pre-Invitation share capital, at a consideration of \$0.24 per Share.

Neither Derek Goh Bak Heng, Huang Ban Chin, nor any of the 41 employees and suppliers and 26 distributors, are associates of any of our Directors or substantial Shareholders. None of them are holding or will be holding Shares as nominees for our Directors or substantial Shareholders.

Save as disclosed above, there has been no significant change in the percentage of ownership of Shares in the last 3 years prior to the Latest Practicable Date.

VENDORS

The names of the Vendors and the number of Vendor Shares which they will be offering pursuant to the Invitation are set out as follows:

Name	Number of Shares held before the Invitation	Number of Vendor Shares offered pursuant to the Invitation	Vendor Shares as a percentage of our Pre-Invitation Share Capital	Number of Shares held after the Invitation
Dr Dora Hoan	43,560,500	1,500,000	1.5%	42,060,500
Dr Doreen Tan	43,560,500	1,500,000	1.5%	42,060,500

SHARE CAPITAL

MORATORIUM

To demonstrate their commitment to our Group, our Executive Directors and substantial Shareholders, Dr Dora Hoan and Dr Doreen Tan who own in aggregate 84,121,000 Shares, representing 67.3% of our enlarged issued share capital after the Invitation, have each undertaken not to realise, dispose of or transfer any part of their individual shareholdings in our Company for a period of 6 months commencing from the date of admission of our Company to the Official List of SGX-SESDAQ and in the 6 months thereafter, not to reduce their respective interests in our Company to below 50% of their original holdings in our Company.

In addition, our Executive Director, Huang Ban Chin, who owns 5,000,000 Shares, representing 4.0% of our enlarged issued share capital after the Invitation, has undertaken not to realise, dispose of or transfer any part of his shareholdings in our Company for a period of 6 months commencing from the date of admission of our Company to the Official List of SGX-SESDAQ.

To demonstrate their commitment to our Group, each of our employees, suppliers and distributors who own in aggregate 1,879,000 Shares pursuant to the Share Transfers, representing 1.5% of our enlarged issued share capital after the Invitation, has undertaken not to realise, dispose of or transfer any part of their individual shareholdings in our Company for a period of 6 months commencing from the date of admission of our Company to the Official List of SGX-SESDAQ.

GROUP STRUCTURE

RESTRUCTURING EXERCISE

To streamline and rationalise the corporate structure of our Group, we undertook a Restructuring Exercise in preparation for our listing on SGX-SESDAQ. The Restructuring Exercise involved the following:

(a) Acquisition of 100% interest in BWL

Our Company acquired 1,150,000 ordinary shares of \$1.00 each, representing 100% of the issued share capital of BWL from Dr Dora Hoan and Dr Doreen Tan for an aggregate cash consideration of \$1,251,316 pursuant to a Share Sale and Purchase Agreement dated 31 December 2003 ("BWL Acquisition"). The acquisition of such BWL shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 31 December 2003 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of BWL as at 31 December 2003 of \$1,251,316. The purchase consideration payable by our Company for the BWL Acquisition was reflected in our financial statements as debts owing by our Company to our Directors ("BWL Acquisition Debt"). Please refer to the section entitled "Unaudited Proforma Consolidated Financial Information of Best World International Limited" on pages 124 to 150 of this Prospectus for more details. Following the aforesaid BWL Acquisition, BWL became our wholly-owned subsidiary.

(b) Capitalisation of Avance

In consideration for an assignment by each of Dr Dora Hoan and Dr Doreen Tan to Avance of the BWL Acquisition Debt, Avance issued 368,000 ordinary shares of \$1.00 each in the share capital of Avance to each of Dr Dora Hoan and Dr Doreen Tan respectively with effect from 31 December 2003. Additionally, to settle debts owing from Avance to Dr Dora Hoan and Dr Doreen Tan ("Avance Debts"), Dr Dora Hoan and Dr Doreen Tan agreed to convert the Avance Debts to capital and consequently, Avance issued 92,000 ordinary shares of \$1.00 each in the share capital of Avance to each of Dr Dora Hoan and Dr Doreen Tan respectively with effect from 31 December 2003. As a result of the capitalisation of Avance as described above, Avance's audited NTA as at 31 December 2003 increased from negative net worth of \$915,627 to a NTA of \$4,373.

(c) Acquisition of 100% interest in Avance

On 22 May 2004, we acquired 1,020,000 ordinary shares of \$1.00 each, representing 100% of the issued share capital of Avance from Dr Dora Hoan and Dr Doreen Tan for a cash consideration of \$4,373. The acquisition of such Avance shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of Avance as at 31 December 2003 of \$4,373, which was arrived at taking into account the capitalisation of Avance as described in the foregoing paragraph (b). Following the aforesaid acquisition, Avance became our wholly-owned subsidiary.

(d) Acquisition of 100% interest in IBWL

On 22 May 2004, we acquired 2 ordinary shares of \$1.00 each, representing 100% of the issued share capital of IBWL from Dr Dora Hoan and Dr Doreen Tan for a cash consideration of \$2,588. The acquisition of such IBWL shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of IBWL as at 31 December 2003 of \$2,588. Following the aforesaid acquisition, IBWL became our wholly-owned subsidiary.

GROUP STRUCTURE

(e) Acquisition of 60% interest in BWLSB

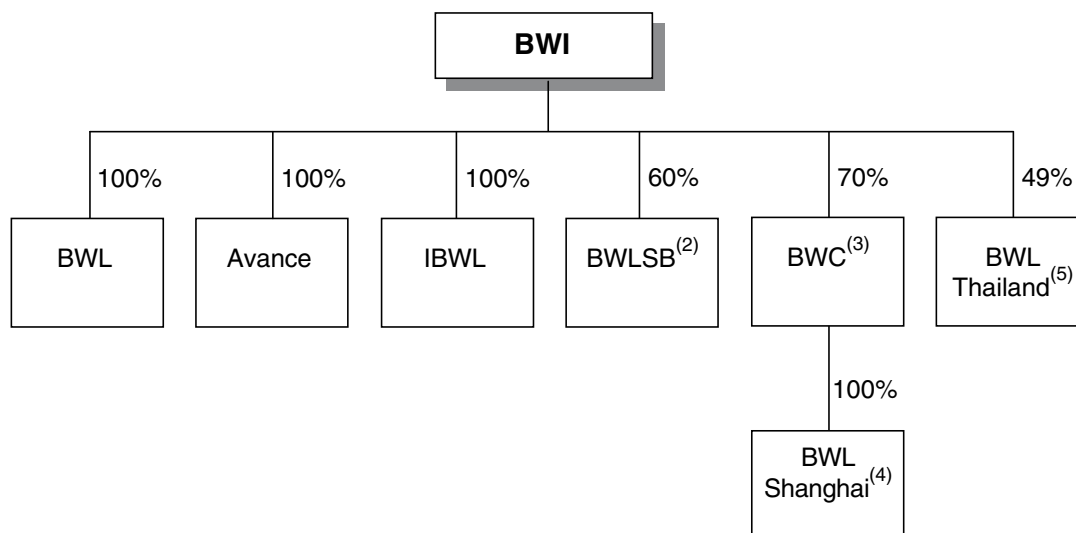
On 22 May 2004, we acquired 1,500,001 ordinary shares of RM1.00 each, representing 60% of the issued share capital of BWLSB (the “Sale Shares”) from an unrelated third party, Ho Wah Chai (the “Vendor”) for a cash consideration of \$489,237 (equivalent to RM1,056,667 based on an exchange rate of \$0.463/RM) (“Cash Consideration”). The acquisition of the Sale Shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of BWLSB as at 31 December 2003 of RM1,761,112. The Cash Consideration was funded from internal resources, and was satisfied by payment to Dr Dora Hoan and Dr Doreen Tan at the Vendor’s direction. The Vendor has renounced his rights to the Cash Consideration in favour of Dr Dora Hoan and Dr Doreen Tan in settlement of prior personal debts owing from him to Dr Dora Hoan and Dr Doreen Tan. Following the aforesaid acquisition, BWLSB became our 60%-owned subsidiary.

On 11 December 2003, we obtained the approval from the MDTCA for the acquisition of up to 70% of the issued share capital of BWLSB by our Company. To comply with the equity guidelines of MDTCA, the issued share capital of BWLSB will be increased to RM5 million by the end of 2004. We will inject a sum of RM1.5 million to maintain our existing 60% shareholding in BWLSB. We intend to invest a further sum of RM300,000 in BWLSB to increase our equity stake in BWLSB by a further 6%, bringing our total equity stake in BWLSB to 66%, and in connection with this investment, we will further inject a sum of RM700,000 to enable our Bumiputra partner to hold a 30% shareholding in BWLSB in compliance with the equity guidelines of MDTCA, which is required for us to hold our direct selling license in Malaysia. We will apply for such approvals as may be necessary such as MDTCA approval and FIC approval when we increase our stake in BWLSB to 66%. The remaining 4% will be held by an unrelated third party, Lee Chai Huat and we have not entered into negotiations with him to acquire his interest in BWLSB. In addition, we received the FIC’s no-objection clearance on 21 June 2004 for the acquisition of 60% of the issued share capital of BWLSB by our Company. Further details are set out under the section entitled “Risk Factors” on page 25 of this Prospectus.

GROUP STRUCTURE

GROUP STRUCTURE⁽¹⁾

Our group structure after the Restructuring Exercise and as at the date of this Prospectus is as follows:



Notes:

- (1) In 1993 and 1994 respectively, our Company entered into joint ventures to incorporate 2 PRC companies, Shanghai Best World and Tianjin Best World, with registered capitals of US\$700,000 and US\$200,000 respectively. Our interest in Shanghai Best World was 60% with the remaining 40% held by Shanghai Hua Yue Enterprise Co., Ltd. Our interest in Tianjin Best World was 50% with the remaining 50% held by Tianjin Jindong High Tech Co., Ltd. We have not renewed their business registration licenses since 1999. Our investments in these companies were written off in FY2002. Please refer to the section entitled "Unaudited Proforma Consolidated Financial Information of Best World International Limited" on pages 124 to 150 of this Prospectus for more details. We have obtained PRC legal opinions from Jin Mao Law Firm and Zhang Ying Law Office who have advised that Shanghai Best World and Tianjin Best World are deemed to have been deregistered upon the non-renewal of their respective business registration licences. Any liabilities that may be payable by our Company in connection with Shanghai Best World and Tianjin Best World will be limited to our Company's proportionate share in the respective registered capitals of Shanghai Best World and Tianjin Best World. We have paid-up in full our respective registered capital contributions in Shanghai Best World and Tianjin Best World. To the best of our knowledge and belief, we are not aware of any present or future unfulfilled liabilities which our Company would be held accountable for in connection with any unpaid debts or obligations of Shanghai Best World and Tianjin Best World.
- (2) We have applied for FIC approval on 6 April 2004 for the acquisition of 60% of the issued share capital of BWLSB by our Company and we received the FIC's no-objection clearance on 21 June 2004. Further details are set out under the section entitled "Risk Factors" on page 25 and "Restructuring Exercise" on pages 42 and 43 of this Prospectus. As disclosed in the section entitled "Restructuring Exercise", we intend to invest a further sum of RM300,000 in BWLSB to increase our equity stake in BWLSB by a further 6%, bringing our total equity stake in BWLSB to 66%.
- (3) BWC was incorporated pursuant to the terms of a joint venture agreement dated 10 March 2004 entered into between our Company, Advanced Nutritional Technology and Grace Chang Shain-Jou, the sole owner of Advanced Nutritional Technology (the "PRC Joint Venture"). BWC was incorporated with an authorised share capital of \$8,000,000 divided into 8,000,000 ordinary shares of \$1.00 each and our Company has subscribed for 70 ordinary shares of \$1.00 each in the share capital of BWC, representing 70% of the issued share capital of BWC, for a cash consideration of \$70. The balance of 30% interest in BWC is held in equal proportion by Grace Chang Shain-Jou and Advanced Nutritional Technology. Advanced Nutritional Technology is one of our major suppliers as disclosed under the section entitled "Major Suppliers" on pages 69 and 70 of this Prospectus.
- (4) We are in the process of incorporating BWL Shanghai through BWC. Please refer to the section entitled "Investments by our Company in PRC and Thailand" on pages 47 and 48 for further details.
- (5) We entered into a Share Sale and Purchase Agreement dated 23 March 2004 to acquire 48,997 ordinary shares of THB10 each ("Thai Shares"), representing approximately 49% of the issued share capital of BWL Thailand, from Chada Tingha for a cash consideration of \$10,530.10 (equivalent to approximately THB245,500 based on an exchange rate of THB23.31/\$). Please refer to the section entitled "Investments by our Company in PRC and Thailand" on pages 47 and 48 for further details. We have on 23 April 2004 completed the transfer of the Thai Shares.

GROUP STRUCTURE

The main operating subsidiaries of our Company are BWL, Avance and BWLSB. The details of each subsidiary of our Company as at the date of this Prospectus are as follows:

Name of company	Date and place of incorporation	Principal activities and place of business	Issued and paid-up share capital/ registered capital	%
BWL	7 May 1990, Singapore	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment; Singapore	\$1,150,000	100.0
Avance	9 December 1997, Singapore	Distribution of nutritional supplement products, personal care products and healthcare equipment; Singapore	\$1,020,000	100.0
IBWL	19 March 1999, Singapore	Conducting beauty, health and lifestyle enhancement courses; Singapore	\$2	100.0
BWLSB	17 December 1998, Malaysia	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment; Malaysia	RM2,500,000	60.0 ⁽¹⁾
BWC	6 April 2004, Singapore	Investment holding company; Singapore	\$100	70.0 ⁽²⁾
BWL Shanghai	In the process of incorporation Shanghai, PRC	Intended: Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment; PRC	Intended: RMB20,000,000	70.0 ⁽³⁾
BWL Thailand	9 October 2003, Thailand	Intended: Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment; Thailand	THB 1,000,000	49.0 ⁽⁴⁾

Notes:

- (1) The balance of 40% interest in BWLSB is held by unrelated third parties, Lee Chai Huat and Zolkefly bin Haron.
- (2) The balance of 30% interest in BWC is held by unrelated third parties, Advanced Nutritional Technology and Grace Chang Shain-Jou, the sole owner of Advanced Nutritional Technology. Advanced Nutritional Technology is one of our major suppliers as disclosed under the section entitled "Major Suppliers" on pages 69 and 70 of this Prospectus.
- (3) We are in the process of incorporating BWL Shanghai through BWC. Please refer to the section entitled "Investments by our Company in PRC and Thailand" on pages 47 and 48 for further details.
- (4) The balance of approximately 51% interest in BWL Thailand is held by an unrelated third party, Sirirat Muangso (as to 50,997 ordinary shares of THB10 each) and 6 other unrelated third parties, namely Tree Ting-Nga, Pha Ting-Nga, Ruthai Ting Nga, Chutimaporn Ting Nga, Bancha Ting Nga and Apichart Patcharakakul each holding 1 ordinary share of THB10 each. As we hold a minority interest of 49% in BWL Thailand, we have entered into a Shareholders' Agreement dated 30 March 2004 ("Shareholders' Agreement") with Sirirat Muangso to regulate our rights in respect of BWL Thailand and to provide that we will have management control of BWL Thailand. Pursuant to the Shareholders' Agreement, we maintain management control over BWL Thailand.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Our Company was incorporated in Singapore as a private company limited by shares under the Companies Act on 11 December 1990 under the name of “Best World Trading Pte Ltd”. We subsequently changed our name to “Best World International Pte Ltd” on 13 September 1996.

Pursuant to the Restructuring Exercise as described on pages 42 and 43 of this Prospectus, we became the holding company of our Group. On 26 May 2004, our Company was converted to a public company and we changed our name to “Best World International Limited”.

Our history can be traced back to 7 May 1990 when our founders, Dr Dora Hoan and Dr Doreen Tan established BWL and set up our first business centre in Changi. Prior to establishing our Group, each of them had over 10 years’ experience in the direct selling, skin care and nutritional supplements industries. In the first few years of our operations, we were principally engaged in the direct selling of Korean, Japanese and French cosmetics and nutritional supplements from the USA. All our products then were sourced from distributors for sale in Singapore.

In the same year, we established our second business centre in Ang Mo Kio as our business grew. In addition to serving as our sales centre, our business centres house training facilities and offices for our key distributors. Over the years, we set up various business centres around the island to cater to our business expansion. Currently, we operate 4 business centres located at Ang Mo Kio, Jurong East, Sun Plaza in Sembawang, and Singapore Post Centre in Eunos, and a sales centre at Tri Star Complex in Geylang Serai.

In 1992, as the volume of our business grew and our customer base expanded, we began to source products directly from overseas manufacturers. We secured exclusive distributorships for a range of cosmetics and skin care products in Singapore and Malaysia. Recognising the importance of marketing in our business expansion plans, our Executive Director, Huang Ban Chin, joined us that year to spearhead our marketing efforts.

In 1993, as part of our efforts to improve our margins and to meet increased business volume, we began to order nutritional supplement products in bulk. Our founders, Dr Dora Hoan and Dr Doreen Tan set up a packaging facility at Tong Lee Building in Kallang Pudding and established ANTS in 1994 to operate the packaging facility. We sub-contracted the packaging of our nutritional supplement products for sale under our proprietary brand, “bwL” to ANTS. Tapping on our packaging capabilities, we extended our distribution channels beyond direct selling into export of packaged nutritional supplements to the Malaysian market. These nutritional supplements were exported either under our own brands or third-party private labels. In 2002, to streamline our business, our Company assumed the business operations of ANTS and ANTS is currently dormant.

Recognising the potential of the PRC market, we made our foray into the PRC through the establishment of joint ventures in 1996. We established a packaging facility in Shanghai, PRC to package skin care products for domestic and export sales. However, as a result of the Asian financial crisis and a ban on direct selling by authorities in the PRC in 1998, we decided to wind down our packaging facility in Shanghai and operations in the PRC and consolidate our operations in Singapore.

In 1996, in a bid to improve the efficacy of our products and complement our existing line of products, we embarked on formulation of our own skin care products. This initiative was spearheaded by our Chairman, Dr Doreen Tan and our Executive Director, Huang Ban Chin. Since then, we have successfully formulated and launched around 50 products for sale under our brands, namely “Avance”, “bwL”, “DR’s Secret” and “DRs Seager”.

BWLSB was set up in 1998. In the same year, it opened its first business centre in Kuala Lumpur and BWLSB obtained a direct selling licence issued by the MDTCA. As its business volume expanded, it opened another business centre in Johor Bahru in 2002. Pursuant to the Restructuring Exercise, we

GENERAL INFORMATION ON OUR GROUP

acquired BWLSB in 2004 and BWLSB serves as our direct selling arm for skin care and nutritional supplement products in Malaysia.

In a bid to expand our distribution channels beyond direct selling and exports, we established Avance in 1999 to tap into the retail market segment. Avance distributes nutritional supplements through pharmacies and chain stores such as the pharmacy at Alexandra Hospital, Watsons, Guardian and other independent pharmacies. In connection with our expansion into the retail market, in 2002, we set up a retail outlet in the Central Business District which was closed in 2003 as we made the strategic decision to focus on sales through pharmacies and chain stores and reduce overheads.

In 2002, following the liberalisation of the direct selling industry in Singapore, we undertook a re-branding exercise and formalised our existing direct selling marketing plans under ENP. ENP is a direct selling programme designed by our Group Chief Executive Officer, Dr Dora Hoan, which provides incentives to individual members and distributors to build up their network of contacts and sell our products. In the same year, we introduced our ISS program, an extension of our ENP, which allows our members and distributors to recruit overseas direct selling members.

In 2003, in response to consumers' increasing needs for preventive health care measures, we introduced a range of healthcare equipment such as ear and digital thermometers. In February 2004, in conjunction with one of our principals, Hyflux Ltd, we launched the ultra-filtration sink-fitted health filter, PUREfLO, which employs the ultra-filtration technology developed by Hyflux Ltd. We are the exclusive distributors for PUREfLO in Singapore, Malaysia and Indonesia.

In 2004, to further expand our retail channel, we expanded our business to PRC and also made our foray into Thailand. Details of our investments in respect of our expansion plans in these regions are set out below in the section entitled "Investments by our Company in PRC and Thailand".

In the last few years, our Executive Directors have received awards in recognition of their contributions to the growth of our Group. In 1998, Dr Dora Hoan, as Group Chief Executive Officer of BWI, was one of the finalists in the 1st Women Entrepreneur Award. In 1999, Dr Dora Hoan and Dr Doreen Tan, as founders of our Group, were among the finalists in the HP-ASME Women Entrepreneur Award. In 2000, our Company obtained the ISO 9002 certification which was upgraded to the ISO 9001 certification in 2003. Further details are set out under the section entitled "Quality Control" on page 54 of this Prospectus. Additionally, our brands have also received recognition. In April 2004, our "bwL" and "Avance" brands were selected as winners of the "Singapore Promising Brand Award 2004". BWL is also a member of the DSAS and BWI is a member of the Health Supplement Industry Association (Singapore). Leveraging on our capabilities and experience, our vision is to be the consumers' premier partner in nutrition and wellness.

INVESTMENTS BY OUR COMPANY IN PRC AND THAILAND

PRC

Our Company entered into an asset sale and purchase agreement dated 16 January 2004, as supplemented by Supplemental Agreement dated 16 February 2004 (the "Vigor Acquisition Agreement") with Chengdu Weige'er Stock Holding Co. Ltd and Chengdu Tonglian Pharmaceutical Co. Ltd to acquire 20 product licences, inventories and all the trade marks in respect of the range of nutritional supplements sold and marketed in the PRC for the past 5 years under the brand "Vigor". The nutritional supplements sold under the brand "Vigor" include multi-vitamins and minerals, vitamin B complex, calcium tablets and shark cartilage. The consideration payable in respect of this acquisition is approximately RMB20 million constituting approximately \$4.2 million based on an exchange rate of RMB4.8/\$ (the "Vigor Consideration"). The Vigor Consideration was arrived at on a willing buyer-willing seller basis, taking into account the cost of registration of the 20 product licences and the estimated realisable value of the inventories. The estimated realisable value was arrived at based on the lower of the book value and the expected selling prices of the inventories as at 19 February 2004, which is the date of our physical stock-take.

GENERAL INFORMATION ON OUR GROUP

In connection with our PRC expansion plan, our Company entered into a joint venture (“PRC Joint Venture”) with Advanced Nutritional Technology, one of our key USA suppliers of nutritional supplements, and Grace Chang Shain-Jou (“Grace Chang”), the sole owner of Advanced Nutritional Technology (collectively, the “JV Partners”). Under the terms of the PRC Joint Venture, our Company will hold 70% of the issued share capital of BWC with the balance 30% interest held equally by the JV Partners. BWC will also establish a wholly foreign owned entity in PRC, BWL Shanghai, which will spearhead our entry into the PRC nutritional supplement market. In accordance with the terms of the PRC Joint Venture, our Company will invest an aggregate sum of up to \$2.9 million (representing approximately 70% of the Vigor Consideration) as our capital contribution towards the joint venture by the end of 2004. We intend to utilise approximately \$1.0 million of our proceeds from the issue of New Shares to fund part of our capital contribution to the PRC Joint Venture. The balance of up to \$1.9 million will be funded by our internal resources, and if necessary, from external borrowings.

On 6 April 2004, our Company, BWC, Chengdu Weige'er Stock Holding Co. Ltd and Chengdu Tonglian Pharmaceutical Co. Ltd entered into an agreement to novate all of our Company's rights, interests and obligations under the Vigor Acquisition Agreement to BWC.

The Vigor Consideration is payable in 3 milestone instalment payments, namely, (i) RMB1 million was paid in February 2004 upon receipt of the inventories; (ii) RMB4 million is payable upon establishment of BWL Shanghai; and (iii) the balance of RMB15 million is payable on completion of transfer of the licences and trademarks.

The Vigor Consideration will be funded in progress instalments firstly by the sale of product inventories by BWC, and the balance thereof to be paid by the parties to the PRC Joint Venture through their respective capital contributions.

To expedite our inroads into the PRC nutritional supplement market, BWC entered into a master distribution agreement (“Agreement”) with Shanghai Yangzhong Technology Co., Ltd (“Yang Zhong”). Under the Agreement, Yang Zhong is appointed as our exclusive distributor for our Vigor brand of nutritional food supplements in the PRC. Yang Zhong has a distribution network of 13 branch offices covering the major cities including, Beijing (北京), Shanghai (上海), Chengdu (成都), Nanjing (南京), Nan Ning (南宁), Harbin (哈尔滨), Changchun (长春), Shenyang (沈阳), Dalian (大连), Qingdao (青岛), Urumqi (乌鲁木齐), Shijiazhuang (石家庄) and Xi'an (西安). Grace Chang owns a 34.0% interest in Yang Zhong.

Thailand

Leveraging on our ISS program, we entered into a Share Sale and Purchase Agreement dated 23 March 2004 to acquire 48,997 ordinary shares of THB10 each (“Thai Shares”), representing approximately 49% of the issued share capital of BWL Thailand, from Chada Tingha for a cash consideration of \$10,530.10 (equivalent to approximately THB245,500 based on an exchange rate of THB23.31/\$). The cash consideration was arrived at on a willing buyer-willing seller basis, taking into consideration the costs incurred by Chada Tingha for the registration of product licences held by BWL Thailand and miscellaneous costs involved in setting up BWL Thailand for the period from the establishment of BWL Thailand to legal completion of the transfer of the Thai Shares in April 2004. Chada Tingha is one of our ENP distributors in Thailand. The acquisition of the Thai Shares is inclusive of all rights and advantages attaching thereto. The balance of approximately 51.0% is held by unrelated third parties. Details of the shareholding structure of BWL Thailand are set out in the section entitled “Group Structure” on page 45 of this Prospectus. BWL Thailand is currently dormant and is expected to commence operations in the second half of 2004.

In connection with this acquisition, we entered into a Shareholders' Agreement dated 30 March 2004 with Sirirat Muangso to regulate our rights in respect of BWL Thailand and to provide that we will have management control over BWL Thailand.

GENERAL INFORMATION ON OUR GROUP

BUSINESS

Principal Activities

We are principally engaged in the sourcing, formulating, branding and distribution of a range of health and lifestyle products. Details of our distribution activities are set out in the section entitled “Distribution Activities”. Some of our products are distributed under our own brands, “bwL”, “Avance”, “DORS”, “DR’s Secret” and “DRs Seager”. Our products may be categorised as cosmetics, skin care, nutritional supplements, personal care and healthcare equipment. We also distribute a range of third-party cosmetics and skin care products under the brand “C’bon”.

Our Products

We currently have an aggregate of more than 100 products which can be categorised as follows:

Product Category	Description
Cosmetics	For beauty enhancement. Products include lipstick, powder, foundation, eye shadow, eyebrow pencil, mascara and rouge.
Skin care	For skin enhancement and treatment. Products include cleansers, toners, moisturisers, masks, anti-ageing cream, eye cream, pimple cream, skin-lightening formulas and nourishing cream/serums.
Nutritional supplements	For supplementary dietary intake. Products include: <ul style="list-style-type: none">• vitamins and minerals;• natural food supplements such as fish oil, blackcurrant seed oil and probiotic products;• slimming products such as meal substitutes in the form of food bars and shakes, fat-burners, starch-blockers; and• other functional supplements to improve cardiovascular functions, digestion and body joints.
Personal care	For lifestyle and hygiene purposes. Products include slimming gels, hand sanitizers, liquid toothpaste, anti-bacterial body wash, hair shampoo and conditioner.
Healthcare equipment	Equipment for promoting a healthy lifestyle. Products include ultra-filtration sink-fitted health filters, ear thermometers and digital thermometers.

GENERAL INFORMATION ON OUR GROUP

The principal products that we distribute under our own brands are:

Brand	Product Category	Principal Products
Avance	Nutritional supplements	EPA2000, HiGLA, BifiLac, Cal/Mag, One Plus a Day, Actifem, Actimen and NoniCaps
bwL	Nutritional supplements	PhosChol, Super EPA2000, Blackcurrant seed oil, BifiMax Excellent, Super-One-a-Day, DORS, V-Propolis, ImmuGain, CardioZyme and DailyVit Cereal
	Personal care	Dentica
	Healthcare equipment	PUREfLO
DR's Secret ⁽¹⁾	Skin care	Cleanser, Toner, SkinLight, SkinRecon, Sunscreen, Moisturizer and C15 Essence
DRS	Skin care	Pimple Clear Serum
	Personal care	Intensive Treatment Cream

Note:

(1) These products are marketed under our brand name "DRs Seager" in Malaysia.

Based on our specific requirements and/or formulation, we source for our products from third-party suppliers or contract manufacturers. We currently have 2 third-party suppliers and about 10 contract manufacturers mainly from USA, Japan and New Zealand.

We also distribute through our direct selling channel a range of third-party cosmetics and skin care products under the brand name C'bon. We have an exclusive distributorship agreement with C'bon Cosmetics Co., Ltd to distribute their products under their brand name. The term of the exclusive distributorship is 10 years commencing 26 January 1997 and the territories covered under the distributorship include Singapore, Malaysia, Brunei, the Philippines, Thailand, Vietnam and Indonesia. Further details of the distributorship is set out in the section entitled "Distribution Activities" on page 51 of this Prospectus.

GENERAL INFORMATION ON OUR GROUP

Distribution Activities

Save for products from C'bon Cosmetics Co., Ltd, our Group undertakes the distribution of products mainly under our own brands. Details of our exclusive distribution arrangements are as follows:

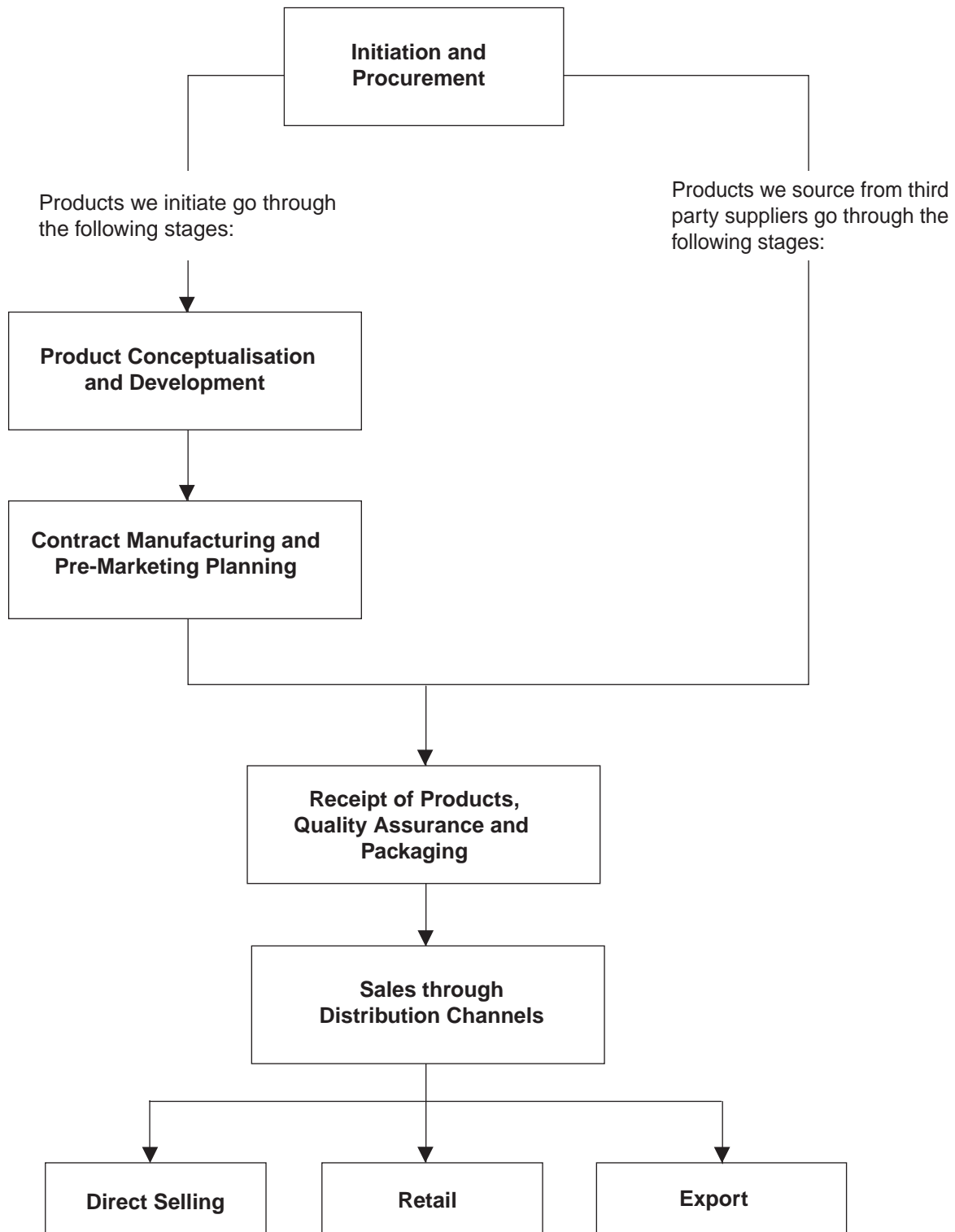
Principal	Term	Products	Territory
Advanced Nutritional Technology	Indefinite unless prior written notice is given to the contrary	Health supplements	Singapore, Malaysia, Brunei, Vietnam and Thailand (certain products are not to be sold in Thailand)
Cedrus Ltd	From 1 April 2003 for an initial period of 24 months, with automatic renewal for a further 24 months unless terminated by either party giving 3 months' notice to the other party	Health supplements	Hong Kong, Indonesia, Malaysia, Singapore, Taiwan and Thailand
Hyflux Ltd	2 years from 21 August 2003; renewal is subject to parties' negotiations	Sink-fitted health filters and replacement ultra-filtration/carbon cartridge	Singapore, Malaysia and Indonesia
Morishita Jintan Co. Ltd	3 years from 1 April 2004, with automatic renewal for another year unless terminated by either party giving 6 months' notice to the other party	Health supplements	Singapore, Malaysia and Indonesia
C'bon Cosmetics Co., Ltd	10 years from 26 January 1997; renewal is subject to parties' negotiations	Cosmetics and skin care products	Singapore, Malaysia, Brunei, the Philippines, Thailand, Vietnam and Indonesia

For the last 3 financial years, our distribution activities accounted for approximately 47% of our profit before income tax. Save for Advanced Nutritional Technology, our other distribution arrangements provide for termination by either party by prior notice to the other on the occurrence of certain prescribed events of default, such as, insolvency, material breach of the agreement or substantial disposal of assets or business.

GENERAL INFORMATION ON OUR GROUP

BUSINESS PROCESS

A diagrammatic representation of our business process is as follows:



GENERAL INFORMATION ON OUR GROUP

Initiation and Procurement

To maintain our competitive edge and enhance our consumer appeal, we continuously innovate and introduce new products as well as improve on the existing formulae and packaging of our products. We anticipate the latest trends in consumer preferences by gathering feedback from our distributors, participating in international trade shows, reviewing trade publications and conducting market research. From time to time, we also initiate new products based on the requirements of our export customers. In addition to our own product initiation efforts, we procure new products from third party suppliers based on their recommendation and introduction.

Product Conceptualisation and Development

Products which we initiate will undergo a product conceptualisation and development phase. In this phase, we source for formulae or products that meet our specific requirements from our contract manufacturers. We select our contract manufacturers based on their experience and expertise. They are required to possess GMP certification or its equivalent. In the event that our contract manufacturers are unable to supply a formula or product to meet our specified requirements, we will formulate the product in-house and appoint them to develop the prototypes for these products. In-house formulation of products is typically carried out by our Chairman, Dr Doreen Tan and our Executive Director, Huang Ban Chin. From time to time, we also collaborate with our contract manufacturers to formulate and develop new products.

The principal guidelines we use in conceptualising a product are the desired effects of the product, the grade of raw materials to be used and the final cost of the product. As part of our product development process, we conduct accelerated stability tests and field trials on the prototypes to determine the efficacy of the products. After several iteration and successful field trials of the prototypes, we will, in consultation with the contract manufacturer, finalise the formulation of the product for production.

Contract Manufacturing and Pre-Marketing Planning

Upon finalisation of the product formula, we will instruct the appointed contract manufacturers to begin mass production of the products based on the agreed and finalised formula. Concurrently, our in-house market communications team will prepare packaging and marketing materials such as print advertisements, mailers, brochures, and commence the planning of our marketing campaigns in anticipation for the launch of our products in the various markets.

Receipt of Products, Quality Assurance and Packaging

Upon taking delivery of the products from our contract manufacturers, our products will go through a quality assurance phase. We accord high priority to quality control. All finished products received from our contract manufacturers and suppliers are subject to our quality control sample inspection. Further details are set out under the section entitled “Quality Control” on pages 54 to 56 of this Prospectus. Our cosmetics, skin care, personal care products and healthcare equipment are delivered in readily distributable form, while most of our nutritional supplement products are ordered in bulk. Such nutritional supplement products are sent to our packaging facility for re-packaging before onward distribution via our distribution channels. Our products are inspected to ensure compliance with all applicable standards as may be imposed by the relevant authorities in the jurisdictions in which we operate. Further details are set out under the section entitled “Regulations” on pages 64 to 69 of this Prospectus.

Sales through Distribution Channels

After quality control checks and packaging, our products are distributed via our 3 distribution channels, namely, direct selling, retail and export.

GENERAL INFORMATION ON OUR GROUP

Direct Selling

Direct selling is a process where our products are sold through direct interactions with customers. Customers can elect to be our VIP customers. As a VIP customer, they are automatically admitted to our ENP as members and are entitled to benefits under our ENP. Our ENP is a hierarchical direct selling programme designed by our Group Chief Executive Officer, Dr Dora Hoan, which accords benefits and bonuses to members. Under our ENP, members who achieve a minimum prescribed sales target will be classified as our distributors. Distributors are members who purchase our products for sale to their own network of contacts, and further develop their network by introducing new VIP customers. The benefits accorded under the ENP increase as the distributor is promoted from level to level. Promotion from one level to the next is dependent on the sales volume generated by the distributor and his downlines within a specific time period. Downlines refer to other ENP participants recruited by the distributor. Their compensation is derived exclusively from commission earned based on sales of our products and no compensation is earned by recruiting additional participants into the ENP. We currently have over 23,000 active members. As a percentage of sales value, our sales commission to our distributors is paid-up to approximately 50% depending on, amongst other things, rank of the distributor and types of products.

Retail

We distribute nutritional supplement products under our “Avance” brand through pharmacies and chain stores such as the pharmacy at Alexandra Hospital, Watsons, Guardian and other independent pharmacies in Singapore.

Export

We also export our products to Malaysia, Thailand, Taiwan, Hong Kong and the PRC. Our products are exported either under our own brands or third-party private labels.

QUALITY CONTROL

Certifications

In recognition of our quality management system, our Company was awarded the ISO 9002 certification in 2000 which was upgraded to the ISO 9001 certification in 2003. ISO 9001 is a set of global quality management standards and guidelines sponsored by ISO that has been adopted in many countries. It is a system for establishing, documenting and maintaining a system for ensuring the quality of the output of a process. Generally, the ISO 9001 certification and audit is carried out once a year by certified bodies such as the Standards, Productivity and Innovation Board or SPRING Singapore. This involves (i) a review of the facility's quality manual and all related documentation to ensure that it meets the standards specified; and (ii) an audit of the facility's process to ensure that the system documented in the quality manual is in place and effective. The ISO 9001 certification is awarded to a company that has put in place a quality system that complies with certain key criteria of the ISO 9001 standards including, *inter alia*, management responsibility, quality policy, management review, documentation requirements, purchasing, product identification and traceability, process control, control of monitoring and measuring devices, control of non-conforming products, corrective and preventive action, handling, storage preservation and delivery, internal quality audit, training, servicing and statistical techniques. With this certification, our customers can be assured that our quality management system conforms to international standards. As at the Latest Practicable Date, save for the quality control audits and regular checks on our products conducted by the relevant authorities which are in the ordinary course of business, our Company is not aware of any investigations that have been made by authorities into our products.

GENERAL INFORMATION ON OUR GROUP

We have obtained a Manufacturer's Licence for CPM from the HSA to package CPM for our packaging facility in Singapore as some of our nutritional supplements are classified as CPM. The Medicines Act (Cap. 176) requires dealers in CPM to obtain a licence to import, sell, manufacture or assemble CPM. This licence, which is GMP equivalent, is administered by the Centre for Pharmaceutical Administration ("CPA"), an agency of HSA. The CPA, amongst other things, inspects and licenses pharmaceutical manufacturers and importers/wholesale dealers in accordance with current international GMP and Good Distribution Practice standards respectively. This ensures the production of good quality medicines and preservation of their quality down the supply chain from the manufacturers to distributors and retailers.

All our cosmetics, skin care, personal care and formulated nutritional supplement products are manufactured and packaged in GMP certified or GMP equivalent facilities. GMP is a system for ensuring that products are consistently produced and controlled according to quality standards. It is designed to provide quality assurance in pharmaceutical production. WHO has established detailed guidelines for good manufacturing practice. Many countries have formulated their own requirements for GMP based on WHO GMP. Compliance with GMP guidelines indicates that the manufacturer has met a minimum standard and criteria to manufacture certain products. GMP guidelines and regulations cover all aspects of production, from the raw materials, premises and equipment to the training and personal hygiene of staff. Under these regulations, the four important considerations during the manufacturing process are: (i) the premises must be maintained in a clean condition, (ii) the manufacturing operation must be carried out using appropriate equipment which are well-maintained, (iii) the personnel involved in the manufacturing operation should be qualified and well-trained, and (iv) proper documentation must be carried out together with an extensive quality control programme.

Quality Control System

Our quality control system entails the following measures:

(i) Incoming Quality Control

We ensure that our contract manufacturers and suppliers possess GMP certification or its equivalent. All in-coming products from our contract manufacturers and suppliers are quarantined in a holding area and inspected to ensure that they conform to our specifications and are accompanied by certificates of analysis. The certificates of analysis certify that the products have met their original specifications and have undergone heavy metal tests, microbial analysis and dissolution tests. Such tests ensure that the content of heavy metals and microbes (such as bacteria and algae) in the products do not exceed permissible levels. For products that are delivered to us in bulk form, we conduct sample tests to ensure that there has been no contamination in transit. Products that do not comply with our requirements are rejected and disposed. Records of these in-coming inspections are maintained to assist us in the evaluation of our contract manufacturers' and suppliers' performance. We hold regular meetings with our contract manufacturers and suppliers for continuous improvement in the areas of quality, timeliness of delivery and price.

(ii) In-process Quality Control

For products delivered to us in bulk form, we package the products for sale in our packaging facility and conduct random tests to ensure that the accurate quantities are packed. On completion of packaging, we conduct random sampling tests on every batch of packaged products to ensure that there is no contamination and damage to the products during the packaging process. During the sampling tests and pending the results of these tests, the entire batch of products is placed under quarantine to ensure that they are not available for distribution from our warehouse.

GENERAL INFORMATION ON OUR GROUP

(iii) Outgoing Quality Control

All outgoing products are matched against orders to ensure that the correct products and quantities are delivered.

Product Quality Assurance

We typically extend to our customers who have purchased our products through ENP, a full cash refund or buy-back guarantee (which can be in the form of cash or products offered in exchange) of up to 60 days. The amount of products rejected by our customers amounted to less than 0.1% of our Group's revenue for each of the last 3 financial years from FY2001 to FY2003.

MARKETING

Our corporate headquarters in Singapore charts our Group's marketing and promotional efforts. Our marketing strategy targets to achieve business growth by forging and maintaining strong business relationships with our customers and distributors.

Our Executive Directors, under the leadership of our Group Chief Executive Officer, Dr Dora Hoan, oversee the overall marketing and business development strategies of our Group. Our Executive Director, Huang Ban Chin is in charge of marketing activities for our retail and export channels while our Executive Officers, Jerry Lu and Cheh Foong Kuan are in charge of marketing activities for our direct selling channel in Singapore and Malaysia respectively. We have a marketing team comprising 33 team members, of whom 20 are in charge of the direct selling channel, 8 are in charge of the retail channel and 5 are in charge of the export channel and marketing support activities.

We believe in focused marketing efforts by targeting our advertising and promotional activities at specific consumer groups. We also work on expanding our marketing efforts to keep abreast of market conditions. A key example of this is our ENP, which is the result of an exercise we undertook in 2002 to formalise our direct selling marketing plans following the implementation of the Exclusion Order which liberalised the direct selling industry in Singapore. Under our ENP, our distributors earn commissions from sales of our products to their customers and by other ENP participants recruited by them. Prior to the Exclusion Order, our distributors earned commissions only from sales of our products to their customers.

Brand Management

We believe that strong branding is essential to effective marketing. In line with our marketing philosophy, we constantly manage our existing brands and develop contemporary brands in order to stay competitive and relevant. Since 1999, we have introduced contemporary brand names, such as "Avance", "DR's Secret" and "DRs Seager". To keep up with latest market trends and consumer taste, we also undertake re-branding exercises when necessary. In 2002, we undertook a re-branding exercise for our direct selling brand "bwL" and retail brand, "Avance". Re-branding exercises generally involve introduction of new contemporary logos and packaging designs to cater to changes in market trend. In April 2004, our "bwL" and "Avance" brands were selected as winners of the "Singapore Promising Brand Award 2004".

We have a dedicated in-house market communications team which was established at the initiation of our Group Chief Executive Officer, Dr Dora Hoan. Our in-house market communications team, comprising 2 team members, complements the efforts of our marketing team, and is led by our Executive Director, Huang Ban Chin. Our market communications team works closely with our marketing team and does pre-marketing planning and preparatory activities such as preparation of packaging and marketing materials, planning of our marketing campaigns in anticipation of the launch of our products into the various markets, positioning of our brands based on our target market segment, providing strategic direction for our marketing activities and management of a group of external public relations and brand consultants who we engage on a retainer basis. Our

GENERAL INFORMATION ON OUR GROUP

expenditure for brand management activities which comprise external consultants' fees net of grants received under the Local Enterprise Technical Assistance Scheme ("LETAS") of \$35,000 for FY2002, amounted to approximately \$90,000, \$118,000 and \$31,000 for FY2001, FY2002 and FY2003 respectively.

Marketing Activities

On a day-to-day basis, the role of our marketing team is to manage customer relationships, provide support to our customers, manage and develop our pool of ENP members by assisting them in the building of business networks and achievement of sales targets. Our marketing efforts for each of our distribution channels are as follows:

Direct selling

For our direct selling channel, we adopt a three-fold marketing strategy. We conduct (i) marketing campaigns; (ii) training programmes; and (iii) promotions and events.

(i) Marketing campaigns

We conduct regular marketing campaigns to promote our products through print advertisements, radio advertisements in both the Chinese and Malay media, newsletters to members on a quarterly basis, promotional mailers, emails and short message system messages to our members. Our campaigns can be based on specific themes, such as our "Boost your immune system" campaign, or product specific such as a range of skin care products.

(ii) Training programmes

We conduct daily product, sales, business and network-building training programmes for our customers and distributors through workshops and classroom training sessions. Our training efforts aim to maintain the interest of our customers in our products and increase product usage among our customers. Our training programmes are planned under the stewardship of our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan. Our training programmes are generally conducted in-house by our Executive Directors, Executive Officers and key distributors at our business centres and from time to time, we also conduct training seminars at external venues.

(iii) Promotions and events

We conduct approximately 2 to 3 promotions and events per month such as gatherings, festive celebrations, annual dinner and dances, conventions and road shows for our ENP members to expand their network of customers. Additionally, we participate in consumer fairs such as "BOSS 2003" and "赚钱点子" 2003 organised by Lianhe ZaoBao.

Retail

For our retail channel, we participate in advertising and promotional campaigns undertaken by our retailers and chain stores as well as initiate advertisements. Examples of such campaigns include Guardian's 31st Anniversary promotion in September 2003. We typically advertise through television and print advertisements or product editorials in newspapers and magazines such as Where Health Begins and Style as well as in Mass Rapid Transit trains. We also undertake on-site promotions where our promoters will be stationed at our retailers' stores to promote our products and product promotions such as twin-pack offers, gift and trial packs. Our "Avance" brand of products are also sold through an on-line sales portal at www.wherehealthbegins.com to tap into a wider consumer market.

GENERAL INFORMATION ON OUR GROUP

Export

To promote sales through our export channel, we provide sales and technical training to sales personnel or buyers of our export customers. We also service our customers by communicating with them so as to understand their needs. This helps us to gather feedback on market reception to our products. In addition, as part of our marketing efforts, we build goodwill by providing related services, such as brand creation, preparation of marketing materials and design of labels and other marketing collaterals to our export customers.

INVENTORY MANAGEMENT

Inventory control is critical because our products have a limited shelf life of approximately 3 years. Consequently, we ensure that the typical age of our products at the time of sale is between 2 to 5 months. We hold additional promotional activities to promote sales of slow moving inventory. Our inventory comprises finished products and bulk products. Our inventory turnover days for FY2001 to FY2003 are as follows:

	FY2001	FY2002	FY2003
Inventory turnover days	201	141	106

Our inventory turnover days declined from FY2001 to FY2003 due to more efficient inventory management. In order to ensure effective and efficient management of our inventory and to minimise stock obsolescence, we employ an ERP software package. Our ERP software allows for integration of the different modules for recording sales, inventory, material purchases and financials. It offers real time information which can be assessed by our Executive Directors and Executive Officers. This allows us to monitor demand for different types of products and assists us in planning the purchases of products and other inventory management decisions based on customers' demand and lead-time for purchases. Our inventories are utilised on a first-in-first-out basis. We carry out regular inventory checks to detect any discrepancy in our ERP software or loss of inventories.

We do not have any general provisioning policy for inventory obsolescence. Our Executive Director, Huang Ban Chin reviews our inventory ageing analysis on a quarterly basis. Obsolete stocks and slow moving items will be written off in accordance with our accounting policy as set out in the "Independent Auditors' Report on the Consolidated Financial Statements of Best World International Limited" in Annex E of this Prospectus. Our write-offs of inventory obsolescence amounted to less than \$0.1 million for each of the last 3 financial years from FY2001 to FY2003. As at 31 December 2003, we do not have any provision for inventory obsolescence as any obsolete inventories were written off directly in the income statements of the respective years. Our Directors are of the opinion that we do not require any provision for inventory obsolescence based on an assessment of the ageing of our inventory as at 31 December 2003.

CREDIT TERMS

For products sold through our direct selling channel, our sales are generally in cash or we may extend credit of up to about 40 days to our distributors. In February 2004, we introduced our bwL-branded credit card issued by a financial institution and intend to gradually phase out the extension of credit to our distributors. For products sold through our retail and export channels, we typically extend credit terms of 60 days. The credit terms granted are determined on a case-by-case basis, taking into account factors such as the size of the transactions, financial background, payment history, credit worthiness and duration of relationship with us.

Our average trade receivables turnover days for FY2001 to FY2003 are as follows:

	FY2001	FY2002	FY2003
Trade receivables turnover days	42	45	42

GENERAL INFORMATION ON OUR GROUP

Our trade receivable turnover days fluctuate in line with the proportion of credit terms extended to our distributors and customers from our retail and export channels. We monitor closely all outstanding debts and conduct monthly follow-up with our debtors. We do not have a general provisioning policy for doubtful debts. We make specific provisions when we are of the view that the collection of an outstanding debt is doubtful. It may be written off when we are certain that the customer is unable to meet its financial obligations. We have not made any provisions for doubtful debts or written off any bad debts for FY2001 and FY2003. In FY2002, we wrote off bad debts of approximately \$30,000. As at the Latest Practicable Date, approximately 63% of our trade receivables balance for FY2003 have been collected. Excluding an amount of approximately \$0.6 million owing from Neucor as at 31 December 2003 ("Neucor Debt"), approximately 90% of our trade receivables balance for FY2003 have been collected. Since April 2004, Neucor has been repaying the Neucor Debt in average weekly instalment payments of approximately \$15,000. As at the Latest Practicable Date, approximately \$0.2 million of the Neucor Debt has been collected. Our Directors do not expect to encounter difficulties in collecting the Neucor Debt. In the meantime, sales to Neucor are conducted on cash terms. As at 31 December 2003, we do not have any general provisions for doubtful debts. Our Directors are of the opinion that we do not require any provision for doubtful debts based on an assessment of the ageing of our outstanding trade debts as at 31 December 2003.

Payment terms granted by our contract manufacturers and suppliers vary depending on, *inter alia*, our relationship with the contract manufacturer or supplier and the size of the transactions. Typical credit terms range from 30 days to 90 days. Included in our trade payables are commissions payable to our distributors. These commissions are paid on a monthly basis and represented an average of approximately 43% of our trade payables for the last 3 financial years from FY2001 to FY2003.

Our average trade payables turnover days for contract manufacturers and suppliers for FY2001 to FY2003 are as follows:

	FY2001	FY2002	FY2003
Trade payables turnover days	188	120	32

Trade payables turnover days for contract manufacturers and suppliers declined from FY2001 to FY2003 due mainly to prompt payments to our contract manufacturers and suppliers in FY2003. In FY2001 and FY2002, we utilised letters of credit and trust receipts to finance our purchases of inventory. As our business volume grew, we were able to repay our trade payables from our cash generated from operations. In addition, we were also extended credit terms by our contract manufacturers and suppliers as our volume of purchases increased.

TRAINING AND DEVELOPMENT

We believe that continual staff training is an important function in ensuring that our staff acquires the necessary knowledge, skills and attitudes to perform their tasks effectively and efficiently. We place emphasis on staff training to ensure high quality of services is provided to our customers.

Our training programmes are established in accordance with the People Developer Standard under the People Developer Initiative launched by the Singapore Workforce Development Agency. The People Developer Standard is a quality standard on human resource development that offers organisations a systematic process to review their people practices, develop staff capability and improve training effectiveness. We review our human resource practices and identify the training needs of our employees so as to actively plan to meet these needs and achieve better business results. Upon analysing the training needs, we develop training plans and implement these training plans through in-house training programmes as well as external programmes. We maintain training records of each employee to monitor the training progress of our employees. Under our training programmes, our employees will receive an average of 40 hours of training in each year.

GENERAL INFORMATION ON OUR GROUP

As part of our in-house training, all our employees are required to undergo orientation programmes to familiarise themselves with our Group's policies and practices. These programmes focus on matters relating to employee conduct, discipline and quality awareness. We also conduct monthly product training to instruct our staff on the different products that we market and also train them on new products.

We also intend to implement a service excellence training programme for our customer service staff by November 2004 to develop and maintain consistency in our level of customer service. This programme aims to outline the elements of excellent customer service and help participants overcome potential communication barriers in order to handle difficult situations or customers professionally. The expenditure to be incurred is not expected to be significant, amounting to less than \$0.1 million for FY2004.

As most of our training is conducted in house, our expenditures incurred for staff training during the last 3 financial years from FY2001 to FY2003 were insignificant, amounting to less than \$0.1 million for each financial year.

RESEARCH AND DEVELOPMENT

Our R&D activities are spearheaded by our Chairman, Dr Doreen Tan who is a qualified nutritionist and our Executive Director, Huang Ban Chin who is a biochemist and microbiologist by training. Together, they are responsible for our Group's product development which involves developing new product concepts and nutritional supplement formulations. Clinical tests and field trials on new products prototypes are used to determine the efficacy of the products and the formulation of the product is finalised only after several iteration and successful field trials of the prototypes.

Over the last 3 financial years from FY2001 to FY2003, we have introduced 32 new products which are set out below:

Name of product	Year product was launched	Name of product	Year product was launched
Skin Care		bwL Nutritional Supplements	
<i>DR's Secret personal skin care line:</i>	2001	ImmuGain	2001
Cleanser		V-Propolis	2002
Toner		DailyVit Cereal	2002
SkinLight		BifiMax Excellent	2002
SkinRecon		EverLife	2002
Sunscreen		CardioZyme	2003
Moisturizer		ENTCare	2003
C15 Essence			
		Avance Nutritional Supplements	
<i>DR's Secret professional care line:</i>	2002	BifiLac	2002
Chamomile Massage Gel		HiGLA	2003
Anti-Spot Whitening Mask			
Sensitive Relaxing Mask		Personal Care	
Anti-Spot Whitening Essential Oil		Virilex Gel	2002
Anti-Sensitive Relaxing Essential Oil		Purafem	2002
Anti-Acne Treatment Essential Oil		Dentica-Liquid Toothpaste	2002
		Hand Sanitizer	2003

GENERAL INFORMATION ON OUR GROUP

Name of product	Year product was launched	Name of product	Year product was launched
<i>DR's Secret professional care line:</i>	2003	Healthcare Equipment	
Soothing Cleanser		Ear Thermometer	2003
Soothing Toner		Digital Thermometer	2003
<i>DR's Secret personal skin care line:</i>	2003		
Sunscreen Matt			
DRS Treatment Intensive Treatment Cream	2003		

As most of our research is conducted in-house or through collaborative efforts with our contract manufacturers, we have not incurred any significant research costs and our research costs amounted to less than \$0.1 million for each of the last 3 financial years from FY2001 to FY2003.

INSURANCE

We maintain the following insurance policies:

Insurance Type	Interest Insured
Inland Floater Insurance covering amongst others, fire and burglary	Furniture, fixtures, fittings, office and business equipment, stocks and materials
Public Liability Insurance	Potential liability in relation to the public who suffers any injury in our Company's premises due to our negligence
Product Liability Insurance	Product liability in relation to skin care products and cosmetics sold and distributed by us
Workmen's Compensation Insurance	Administrative, indoor and outdoor sales staff, drivers, packaging staff
Motor Vehicles Insurance	Motor vehicles

Our Directors believe that the coverage from the above insurance policies is adequate for our existing operations. However, significant damage to our operations, whether as a result of fire or other causes, may still have a material adverse effect on our results of operations or financial condition. Further details are set out under the section entitled "Risk Factors" on page 21 of this Prospectus.

INTELLECTUAL PROPERTY

We believe that our trademarks are an integral part of our Group's focus on branding, and play a significant role in creating brand recognition for our products. As such, we have registered or are in the process of registering various trademarks both in Singapore and overseas. Further details are set out under the section entitled "Risk Factors" on page 23 of this Prospectus.

"bwl"



We registered the "bwl" trademark in 2002 with the Intellectual Property Office of Singapore ("IPOS") for classes 3, 5 and 35, which relate to, *inter alia*, cosmetics, pharmaceutical preparations and health supplements.

GENERAL INFORMATION ON OUR GROUP

We have also registered our “bwL” trademark in 2003 in Indonesia for class 35, which relates to, *inter alia*, cosmetics, skin care products and health supplements.

In addition, we have filed an application for the registration of the “bwL” trademark in 2002 in Malaysia. The application is pending. In 2004, we filed for the registration of the “bwL” trademark in Thailand and Indonesia and the applications are pending.

“AVANCE”



In 2002, we registered the “AVANCE” trademark with IPOS for class 5, in respect of pharmaceutical and medicinal preparations and substances, food supplements, minerals, vitamins and the preparations of vitamins and minerals.

We have also filed an application for the “AVANCE” trademark in Malaysia in 2002 and are currently awaiting official action from the Malaysian Trademark Registry.

“DORS”

DORS

We registered the “DORS” trademark in 1997 with IPOS for class 5, in respect of dietetic substances for nutritional supplement use.

“DR’S SECRET”



We registered the “DR’s Secret” trademark in 2001 with IPOS for class 3, in respect of skin and body care products for professional and home use.

We registered the “DR’s Secret” trademark in the PRC in 2003, in respect of cosmetics, lipsticks, perfumes, cream for whitening, wrinkle prevention cream, skin cleanser, toner, sunscreen and skin reconstruction preparations.

We filed for the registration of the “DR’s Secret” trademark in 2004 in Indonesia and the application is pending.

“DRS SEAGER”

We filed for the registration of the “DRs Seager” trademark in Malaysia in 2004 and are awaiting official action from the Malaysian Trademark Registry.

GENERAL INFORMATION ON OUR GROUP

“PUREfLO”

In April 2004, we filed for the registration of the “PUREfLO” trademark with IPOS for class 11. The application is still pending.

PROPERTIES AND OTHER FIXED ASSETS

We currently own the following properties:

Location	Description	Encumbrances	Floor Area Approximately (sq m)	Use of Property	Net Book Value as at 31 December 2003 (\$'000)
37 Kallang Pudding Road Block B Tong Lee Building #05-03/04 Singapore 349315	Freehold Land	Mortgage in favour of UOB	524.0	Packaging facility/ Warehouse	1,159
Block 726 Ang Mo Kio Avenue 6 #01-4150 Singapore 560726 ⁽¹⁾	Leasehold Land expiring on 1 October 2079	Mortgage in favour of DBS	152.0	Business Centre	—
PM 3309 Lot No. 21458 Mukim Petaling, Batu 7, Jln Sg Besi, Kuala Lumpur ⁽²⁾	Leasehold Land expiring on 5 April 2078	Mortgage in favour of Public Bank Berhad	214.0	Intended: Office and Business Centre	—

Notes:

- (1) We purchased the property in April 2004 for a consideration of \$1.4 million from our Executive Directors, Dr Dora Hoan and Dr Doreen Tan. Further details of the purchase of this property are set out under the section entitled “Interested Person Transactions” on pages 105 and 106 of this Prospectus.
- (2) We purchased the property in March 2004 for a consideration of RM1.5 million.

We currently lease the following properties:

Location	Lessor(s)	Lessee	Tenure	Monthly rental	Floor Area (sq ft)	Use of Property
10 Eunos Road 8 #08-03 Singapore Post Centre Singapore 408600	Singapore Post Limited	BWI	15 January 2003 to 14 January 2006	\$12,207 from 15 January 2003 to 31 May 2004; \$14,467 from 1 June 2004 to 14 January 2006	4,521	Office and Business Centre
Block 353 Jurong East Street 31 #01-105 Singapore 600353	ERA Realty Network Pte Ltd	BWL	1 May 2002 to 30 April 2005	\$3,980	1,700	Business Centre

GENERAL INFORMATION ON OUR GROUP

Location	Lessor(s)	Lessee	Tenure	Monthly rental	Floor Area (sq ft)	Use of Property
970 Geylang Road #01-05 Tri Star Complex Singapore 423492	Chua Teng Quee, Yeo Keng Yong and Tan Chiew Yong	BWL	25 December 2002 to 24 December 2005	\$2,500	516	Sales Centre
30 Sembawang Drive #B1-06 Singapore 757713	Canberra Development Pte Ltd	BWL	1 April 2004 to 31 March 2006	\$4,076	453	Business Centre
51, 5B & 5D Jalan Perdana 10/10 Pandan Perdana 55300, Kuala Lumpur, Malaysia ⁽¹⁾	Valda (M) Sdn Bhd	BWLSB	Monthly	RM4,000	1,647	Office and Business Centre
No. 63A Jalan Pahlawan 1 Taman Ungku Tun Aminah 81300 Skudai Johor Bahru Johor Malaysia	Sinjeksan Travel & Express Sdn Bhd	BWLSB	1 November 2002 to 31 October 2004	RM1,100	1,400	Business Centre

Note:

(1) There is no written lease agreement for the lease of this property as we intend to relocate our office and business centre to our newly acquired property at PM 3309 Lot No. 21458 Mukim Petaling, Batu 7, Jln Sg Besi, Kuala Lumpur. BWLSB currently occupies this property pursuant to a verbal arrangement with the landlords.

In addition to our properties, our other fixed assets consist primarily of plant and equipment, renovation, electrical and fittings and motor vehicles. The aggregate net book value of these other fixed assets as at 31 December 2003 amounted to \$1.1 million. Further details are set out in the “Unaudited Proforma Consolidated Financial Information of Best World International Limited” on pages 124 to 150 of this Prospectus.

SEASONALITY

We have not experienced any significant seasonality in our business in the last 3 financial years from FY2001 to FY2003. However, we generally experience higher sales ahead of major festive seasons such as Christmas, Chinese New Year, Deepavali, Hari Raya Puasa and Hari Raya Haji.

REGULATIONS

Generally, our products are subject to stringent environmental, health and safety laws and regulations. Our Group is subject to all relevant laws and regulations relating to the operation of our business, and protection of human health and the environment in the various jurisdictions we operate. We believe that we are in compliance with all applicable laws, regulations and standards. We identify the main laws, regulations and standards that affect our operations and the relevant regulatory bodies as follows:

GENERAL INFORMATION ON OUR GROUP

Singapore

Regulations governing sale of our products

The direct selling, retail and export of our products which are categorised as cosmetics, skin care and nutritional supplements (to the extent they are classified as CPM, medicinal products or drugs by the HSA) are subject to regulation by the HSA and we would require a relevant licence to be obtained from the HSA for the sale of these products. We have obtained a Wholesale Dealer's Licence for CPM and an Import Licence for CPM. These licences are generally valid for a period of 1 year and are renewable for subsequent periods of 1 year on the application of the holder of the licence to the HSA.

In general, the HSA regulates medicinal and other health-related products under the Medicines Act (Cap. 176), the Poisons Act (Cap. 234), the Sale of Drugs Act (Cap. 282), the Misuse of Drugs Act (Cap. 185) and the regulations thereto. In addition, HSA inspects and licenses pharmaceutical manufacturers and importers/wholesale dealers in accordance with current international GMP and Good Distribution Practice ("GDP") standards respectively. We have obtained a Manufacturer's Licence for CPM which is valid for a period of 1 year and subject to renewal on application.

The Medicines Act (Cap. 176) provides for the licensing of all medicinal products and its manufacturers, wholesalers and importers, thereby ensuring the safety, efficacy and quality of medicinal products consumed in Singapore. The Medicines Act (Cap. 176) requires that an import licence be obtained from the HSA for the import of cosmetics (including skin care products), and a product licence be obtained from the HSA for the sale, supply, and export of cosmetics (including skin care products). These licences are generally valid for a period of 3 years and are renewable for subsequent periods of 3 years or less on the application of the holder of the licence to the HSA. We have obtained an Import Licence for Cosmetic Products and Product Licences for Cosmetic Products.

The Medicines (Cosmetic Products)(Labelling) Regulations 1996 also mandates that full labelling is required for all cosmetics (including skin care products) sold in Singapore. The information required on the labels includes the name of the cosmetics, the list of ingredients, the name and address of the importer or local manufacturer, the batch reference, and any precautions.

Save as described above, the regulatory framework for nutritional supplements is, at the time of this Prospectus, still being developed. Currently, although health supplements are not subject to specialised pre-market approvals and licensing for their marketing and sale in Singapore, dealers (including importers, manufacturers, wholesale dealers) and sellers must ensure that their products comply with the safety and quality requirements contained in the Regulatory Guide for Health Supplements ("Regulatory Guide") issued by the HSA. For example, the Regulatory Guide sets out specific permissible limits for heavy metals and microbial contamination in the nutritional supplements. Additionally, some of our nutritional supplements are considered food products which are subject to regulation by the AVA. The AVA's functions include the regulation of the safety of food supply in Singapore. It regulates agri-food products under legislation such as the Sale of Food Act (Cap. 283) and the regulations thereto. The direct selling, retail and export of our products is therefore subject to regulation by the AVA and we would require a relevant licence to be obtained from the AVA for the sale of some of our products. We have obtained the approval from AVA in respect of our Company's one-time registration to import food products and foodwares.

Regulations Governing Direct Selling

Our direct selling business is governed by the MLM Act and the Exclusion Order. The Exclusion Order, which came into effect on 1 January 2002, distinguishes the legitimate multi-level marketing businesses from businesses which practise illegal marketing schemes such as "pyramid selling", and exempts these legitimate businesses from the MLM Act. The implementation of the Exclusion Order liberalised the direct selling industry and further affirmed the status of our Group as a recognised and legitimate player in the direct selling industry.

GENERAL INFORMATION ON OUR GROUP

We distribute our products through our direct selling channel, and are not engaged in pyramid selling schemes. Please refer to page 54 under the section entitled “Direct Selling” for further details of our ENP. The Exclusion Order clarifies the scope of a prohibited scheme, and sets out schemes or arrangements that are not prohibited. Under the Exclusion Order, schemes or arrangements that satisfy certain terms and conditions including but not limited to the following, will not be considered an illegal pyramid selling scheme or arrangement:

- (i) if an arrangement is such that a person is not required to provide any benefit or acquire any commodity in order to participate in the scheme or arrangement, other than the purchase of sales demonstration equipment or materials at a price not exceeding their cost which are not for resale and for which no commission, bonus or any other advantage will be given to any person;
- (ii) if any benefit received by any promoter of, or participant in, the scheme or arrangement accrues as a result of the sale, lease, licence or other distribution of a commodity to any other person or as a result of the performance of one or more participants in relation to the sale, lease, licence or other distribution of a commodity to any other person;
- (iii) if no benefit is received by any person as a result of the introduction or recruitment of one or more persons to be participants in the scheme or arrangement; and
- (iv) if the commodity is distributed with a full refund or buy-back guarantee that is exercisable by every participant in the scheme or arrangement on reasonable commercial terms and within a period of at least 60 days from the date of distribution of the commodity to the participant.

As we are in compliance with the above terms and conditions, we believe that we are not engaged in prohibited pyramid selling activities.

In addition, as a member of the DSAS, a self-regulatory trade association regulating the practices of direct sellers in Singapore, we abide by a strict Code of Ethics and Conduct (“Code”) prescribed by the DSAS. The Code mandates that no direct seller shall engage in sales or recruiting practices that are unfair, misleading or deceptive, and that the offer of products or services shall be accurate, truthful and complete as to the price, grade, quality, make, value, performance, currency of the model and availability, as the case may be. The Code also requires, amongst other provisions, that customers be given a 7-day cooling off period during which time a prospective customer may cancel the contract of sale without penalty. We have been a member of the DSAS since 10 January 2003. However, as a self-regulatory organisation, DSAS is unable to regulate or prevent unethical trade practices of direct sellers which are not DSAS members. Further details are set out under the section entitled “Risk Factors” on page 22 of this Prospectus.

Malaysia

Regulations governing sale of our products

The products presently sold by us which are categorised as cosmetics, skin care or nutritional supplements are regulated under The Malaysian Control of Drugs and Cosmetics Regulations 1984 (“CDCR”), which sets out certain licensing requirements for the manufacture, sale, supply, import or possession for sale of certain products namely drugs in pharmaceutical dosage form and cosmetics. Under regulation 7(1)(b) of the CDCR, in order to manufacture, sell, supply, import or possess for sale any of the products governed by the CDCR, a licence has to be obtained from the Drug Control Authority (“DCA”) according to the type of business activity which the applicant is engaged in. The products presently sold by us which are regulated under the CDCR are either classified as cosmetics, skin care or nutritional supplements for the purposes of the CDCR and an Import Licence is required to import and sell by wholesale or supply registered products in Malaysia.

We have made applications for product registrations by DCA in respect of registrable nutritional supplements and cosmetics which we intend to sell and are presently awaiting the issuance of the registration certificates by the DCA. As the issuance of the Import Licence is contingent on the

GENERAL INFORMATION ON OUR GROUP

receipt of registration certificates by DCA, the Import Licence will be obtained after the issuance of the registration certificates from DCA. The Import Licence is generally valid for a period of 1 year and an application would have to be made annually for the Import Licence.

Registration requirements for products regulated under the CDCR

Under regulation 7(1)(a) of the CDCR, all products governed by the CDCR must be registered before they may be manufactured, sold, supplied, imported or possessed for sale.

In order to be registered, the product has to satisfy the requirements and standards set out by the DCA, including but not limited to safety, efficacy and quality of the product. Apart from submission of the necessary documentation, a sample of the product also has to be submitted for testing and analysis. Once the product application is accepted, a reference number will be assigned to the product. This reference number will be used to refer to the product's registration status. Upon approval, it will be issued a registration certificate and a registration number (that is, MAL number) will be issued.

As stated above, we have made applications for the registration of products which we intend to sell and which are governed by the CDCR and are presently awaiting the issuance of the registration certificates by the DCA. The period of registration of a product is 5 years or otherwise as specified in the registration certificate. An application for the re-registration of a product would have to be made before the expiry of the current period of registration.

We have not received any order to stop the sale of our products under the CDCR nor have we been subjected to any penalty due to the breach of any legal or statutory provision (including licensing and registration provisions and requirements under the CDCR) for the sale of our products in the course of our business.

Customs regulations

Apart from the CDCR, the import and the procedures relating to the import of products into Malaysia are also regulated by the Malaysian Customs Act 1967 and the various regulations and orders made thereunder such as inter alia, the Customs Regulation 1977 and the Customs Duties Order 1988. Generally, orders such as the Customs Duties Order 1988 and the Customs Duties (Goods of Asean Countries Origin)(Asean Harmonised Tariff Nomenclature And Common Effective Preferential Tariff) Order 2004 set out import duties payable by an importer on certain goods which are imported into Malaysia. Other orders such as the Customs Duties (Exemption) Order 1988 set out exemptions from the payment of duty in relation to certain goods.

Regulations Governing Direct Selling

Companies carrying on any direct sales business in Malaysia would have to obtain a licence under the Direct Sales Act 1993 ("DSA") and companies holding a direct selling licences are regulated by the Ministry of Domestic Trade and Consumer Affairs ("MDTCA"). BWLSB has obtained a Direct Sales Licence. The Direct Sales Licence is generally granted for such number of years as requested by the applicant, subject to a maximum of 5 years. A current holder of the licence need not complete an application form to obtain a new Direct Sales Licence, but would have to provide certain documents such as a copy of the current licence or accounts, and would have to pay the requisite fees to the MDTCA prior to the expiry of the current licence. Under the MDTCA's guidelines, the minimum paid-up capital for a direct selling company with foreign ownership is RM5 million, and the maximum foreign equity shareholding is 70%. The remaining shareholding must comprise at least 30% shareholding held by Bumiputeras. A condition has been imposed in relation to the Direct Sales Licence of BWLSB that the MDTCA would have to approve the shareholders of BWLSB.

GENERAL INFORMATION ON OUR GROUP

PRC

Regulations governing the food products and health food products industry

Our nutritional supplements are governed by the Administrative Means of Health Food (“保健食品管理办法”) in the PRC. Under the Administrative Means of Health Food, with effect from 1 June 1996, relevant permits (“Health Food Permits”) and registrations, such as the “Approval Certificate for Imported Health Foods” (“进口保健食品批准证书”) and “Certificate for Product Inspection” (“产品检验合格证”) issued by the Port Supervision and Inspection Authority of Foods Hygiene and “Approval Certificate for Health Foods” (“保健食品批准证书”) and “Certificate for Product Inspection” issued by the Ministry of Health (“卫生部”), must be obtained in order to import, distribute and sell nutritional supplements in the PRC. Registration for the Health Food Permits are generally a one-time registration although the applicant of such Health Food Permits are subject to review and inspection by the relevant local administration of health authorities depending on their requirements from time to time. Refusal to undergo such inspections or failure of such inspections will result in cancellation of the Health Food Permit and unless cancelled for the foregoing reasons, the Health Food Permits would generally remain in force. In addition, under the Medicine Administrative Law, with effect from 1 December 2001, permits (“Pharmaceutical Permit”) and registrations such as the Licence for Medicine Operation (“药品经营许可证”) issued by the relevant local administrations of medicine must be obtained in order to import, distribute and sell products which are classified under such law as medicinal or pharmaceutical products. The validity period of these Pharmaceutical Permits depends on the terms of the specific permit granted and the permits should be renewed before the expiry date or they lapse. In order to obtain or renew the Health Food Permits and Pharmaceutical Permits, the applicant must satisfy certain hygiene and health controls prescribed according to prevailing health requirements and the relevant provincial authorities.

To the extent that we package our products, we are governed by laws and regulations which regulate the sale of, manufacturing and packaging of products in the food industry including the Law of the People’s Republic of China on Food Hygiene (“中华人民共和国食品卫生法”) (“Law on Food Hygiene”) and Regulation on Plastic Products and Raw Material For Food Use (“食品用橡胶制品卫生管理办法”) (“Regulation on Plastic Products and Raw Material For Food Use”). According to the Law on Food Hygiene, distributors and manufacturers of food products, containers and packaging materials are required to comply with certain hygiene standards and regulations.

Regulations governing direct selling in the PRC

There is a ban on direct selling in the PRC pursuant to the Administration Methods on Circulation of Medicine (Provisional) (“药品流通监督管理办法(暂行)”), which is the governing law for direct selling in the PRC. The regulatory authority for direct selling is the relevant local Supervision Administration. In the event the ban is lifted, should we decide to conduct direct selling in the PRC after we commence operations in the PRC, we will obtain such licences or approvals as may then be required, prior to commencing direct selling activities.

As at the Latest Practicable Date, we have not obtained the above-mentioned licences as we have not commenced operations in the PRC. We will apply for the relevant permits and registrations prior to commencing our operations in the PRC.

Thailand

Regulations governing sale of cosmetics, pharmaceutical and medical products

Sale of cosmetics is governed by the Consumer Protection Act B.E 2522 (“CPA”) and sale of our products to the extent they are classified as pharmaceutical or medical products, is governed by the Drug Act B.E 2510 (“DA”). Both the CPA and the DA set out certain licensing requirements for the sale and supply of cosmetics and pharmaceutical and medical products. Under the CPA, licenses have to be obtained from the Food and Drug Administrative Office (“FDA”) and cosmetics must be registered with the Cosmetic and Hazardous Substance Division, FDA. Under the DA, licenses have to be obtained from the FDA and pharmaceutical and medical products must be registered with the

GENERAL INFORMATION ON OUR GROUP

Pharmaceutical and Drug Division, FDA. Licences from FDA are renewable according to the terms of the specific licence granted. Generally, when applying for a licence from the FDA or applying for renewal of a licence, a description of the contents and ingredients of the product must be submitted to the FDA and, depending on the type of the product, the FDA may also require submission of laboratory test reports. The CPA and the DA also govern the import and the procedures relating to the import of cosmetic and pharmaceutical and medical products into Thailand. Under the CPA and DA, import licenses are required to be obtained. We have obtained product and import licences from the FDA for our cosmetic products which are currently distributed in Thailand.

Regulations governing direct selling

Companies carrying on any direct sales business or multi-level marketing business in Thailand are required to comply with the CPA, together with the Direct Sale and Direct Marketing Act B.E. 2545 ("Direct Sale Act"). They are regulated by the Direct Sale and Direct Marketing Committee ("DSDM Committee") which is a government body empowered by virtue of the Direct Sales Act to amongst others, consider complaints from consumers; relate or publicize information regarding goods and services which may cause damage; control the operation of direct sales business; to stipulate regulations or notifications in relation to direct sales activities under the Direct Sale Act; and to initiate the issuance of Ministerial Regulations pursuant to the Direct Sale Act. By virtue of the Direct Sale Act, any person conducting direct sales or direct marketing is required to register with the Registrar or Secretary of the Consumer Protection Board at the office of Consumer Protection which will be in charge of accepting and processing applications for direct sales and direct marketing. Contravention of the requirements and provisions of the DSDM Committee may attract a penalty of imprisonment of no more than 1 year or fine of no more than 100,000 Baht, or both, as well as a daily penalty of no more than 10,000 Baht per day throughout the duration of such contravention. Additionally, the Registrar shall have the power to revoke the registration license of any operator of direct sales or direct marketing who is in contravention of the Direct Sales Act.

As at the Latest Practicable Date, we have not obtained the registration licence for direct sales or direct marketing as we have not commenced direct sales or direct marketing activities in Thailand. We will apply for the registration licence for direct sales or direct marketing prior to commencing our direct sales or direct marketing activities in Thailand.

MAJOR SUPPLIERS

Our contract manufacturers and suppliers accounting for 5% or more of our total purchases for the last 3 financial years from FY2001 to FY2003 are as follows:

Contract Manufacturer or Supplier	Nature of Purchase	Percentage of total purchases (%)		
		FY2001	FY2002	FY2003
Advanced Nutritional Technology	Nutritional Supplements	36.6	30.1	21.4
Contract Manufacturer 1 ⁽¹⁾	Packaging of skin care products	21.2	25.7	27.0
Contract Manufacturer 2 ⁽¹⁾	Manufacture of skin care products	12.7	15.4	16.2
Contract Manufacturer 3 ⁽¹⁾	Manufacture of skin care products	8.5	10.3	10.8
Morishita Jintan Co Ltd	Nutritional Supplements, personal care products and healthcare equipment	6.0	3.6	9.6

Note:

(1) Members of the same group of companies.

GENERAL INFORMATION ON OUR GROUP

Advanced Nutritional Technology, an American nutritional supplement supplier, is our main supplier for nutritional supplements. The percentage of purchases from Advanced Nutritional Technology declined from FY2001 to FY2003. This is because our purchases of other products such as skin care products and healthcare equipment increased significantly as compared to purchases of nutritional supplements. However, the dollar amount of our purchases from Advanced Nutritional Technology increased from \$0.7 million in FY2001 to \$0.9 million in FY2003.

As we work with Contract Manufacturer 1, 2 and 3 in formulating and packaging skin care products, these contract manufacturers have benefited from our expertise and they possess knowledge of the formulae of our products. If the identity of our contract manufacturers were known to our competitors, there is a risk that they may be poached by our competitors to manufacture products with similar formulations for them. As such, disclosure of their identities to our competitors will have an adverse impact on our business and financial performance. Further details are set out under the section entitled “Risk Factors” on page 22 of this Prospectus. Purchases from these contract manufacturers increased over the last 3 financial years from FY2001 to FY2003 as we purchased more skin care products to cater for the increase in demand for our products.

Morishita Jintan Co Ltd, a Japanese manufacturer of health and lifestyle products, is one of our suppliers for nutritional supplements, personal care products and healthcare equipment. From FY2001 to FY2002, our purchases from Morishita Jintan Co Ltd consist mainly of nutritional supplements and the decline in purchases was due mainly to lower sales volume of nutritional supplements. From FY2002 to FY2003, the increase in purchases from Morishita Jintan Co Ltd was due mainly to purchases of personal care products and health equipment in addition to nutritional supplements.

None of our Directors or substantial Shareholders has any interest, direct or indirect, in any of our suppliers.

MAJOR CUSTOMERS

In FY2003, approximately 90.6% of our sales was to customers through our direct selling channel. The balance of 9.4% was attributable to sales to our customers through our retail and export channels. These customers include distributors, wholesalers, direct sellers, pharmacies and chain stores. Save as disclosed below, none of our customers accounted for more than 5% of our sales for the last 3 financial years from FY2001 to FY2003.

Customer	Percentage of total turnover (%)		
	FY2001	FY2002	FY2003
Neucor Holdings Pte Ltd ⁽¹⁾	9.9	8.3	3.9

Note:

- (1) Our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan each hold an interest of approximately 4.9% and 0.75% in the issued share capital of Neucor Holdings Pte Ltd and its subsidiary, Neucor Alliance Sdn Bhd respectively. None of the other shareholders of Neucor Holdings Pte Ltd and Neucor Alliance Sdn Bhd are related to any of our Directors or substantial Shareholders. They do not hold any directorships or participate in the management of Neucor Holdings Pte Ltd. Further details are set out under the section entitled “Potential Conflict of Interests” on pages 107 and 108 of this Prospectus.

Neucor Holdings Pte Ltd (“Neucor”) is principally engaged in the distribution and sale of products such as nutritional supplements. We supply nutritional supplements to Neucor for export to its subsidiary, Neucor Alliance Sdn Bhd which is engaged in direct selling in Malaysia. Sales to Neucor increased from FY2001 to FY2002 due to higher demand for nutritional supplements in Malaysia. The decline in percentage of total turnover from FY2002 to FY2003 was due mainly to increase in our sales to other customers as our business grew in FY2003.

Save as disclosed above, none of our Directors or substantial Shareholders has any interest, direct or indirect, in any of our customers.

GENERAL INFORMATION ON OUR GROUP

COMPETITION

We face competition from companies who conduct business through direct selling and retailers selling similar products. As our sales through the export channel is relatively small, we are unable to identify any competitors in the export channel. We consider our competitors in the direct selling channel to be Nu Skin Enterprises Singapore Pte Ltd, Amway (Singapore) Pte Ltd and Elken Singapore Pte Ltd. For our retail channel, Global Active Limited (sole franchisee for General Nutrition Companies, Inc in Singapore), Nature's Farm Pte Ltd and Shaklee Healthfood Supplement Distributors compete with us in relation to our skin care and nutritional supplement products.

COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths are as follows:

(i) *Established track record in the direct selling industry in Singapore*

We are one of the pioneers in the direct selling industry in Singapore. Since our incorporation 13 years ago, we have established our track record as one of the key players in the direct selling industry. Our direct selling membership has grown from less than 1,000 members in 1990 to over 17,000 active members as at 31 December 2003. We consider active members as those who have purchased at least \$500 worth of our products within a year. With our experience and knowledge of the direct selling industry, we are able to continuously innovate and develop new brands and products to meet the changing needs of consumers. Since 1999, we have introduced contemporary brand names, such as "DR's Secret" and "DRs Seager" and re-branded our existing brands such as "bWL" used in marketing and distributing our products. Over the last three financial years from FY2001 to FY2003, we have introduced 32 products, further details are set out in the section entitled "Research and Development" on pages 60 and 61 of this Prospectus. Leveraging on our established track record, we believe that we are well poised to expand our business in Singapore as well as venture into new markets.

(ii) *Product focus with emphasis on high quality products*

We focus on health and lifestyle products comprising 5 product categories, namely, cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment. We currently have a range of over 100 products under these 5 product categories. In our continuing efforts to innovate and develop new products, we are focused on responding to the health and well being needs of our consumers. We are committed to delivering high quality products at reasonable prices to our customers. For example, our Avance EPA 2000 fish oil supplement was recognised in 2003 and in May 2004 as the best selling fish oil in Singapore by Guardian's customers based on sales.

(iii) *Experienced and committed management team*

Our continued success is supported by our experienced and committed management team. We have a dedicated management team which spearheads our business operations and drives our growth plans. Their experiences and understanding of the industry in which we operate also enable our Group to develop new products and identify new business opportunities. Our key management team comprises our Group Chief Executive Officer, Dr Dora Hoan, our Chairman, Dr Doreen Tan as well as our Executive Director, Huang Ban Chin. Dr Dora Hoan and Dr Doreen Tan each have over 25 years of experience in the industry and Huang Ban Chin has 14 years of experience in the industry. Our Directors are assisted by our Executive Officers, who have an average of about 10 years of experience each in the industry in which we operate. Further details of our management team's working experience including their achievements are set out under the section entitled "Directors, Management and Staff" on pages 91 to 94 of this Prospectus.

GENERAL INFORMATION ON OUR GROUP

(iv) *Focus on brand management*

We actively develop and manage our brands. In FY2003, approximately 96.1% of our revenue was derived from products marketed under our own brands. We outsource the manufacture of our products to contract manufacturers so that we can focus on management of our brands and at the same time, retain control over the quality of our products through careful monitoring of the performance of our contract manufacturers. We have a dedicated in-house market communications team which works closely with our marketing team to establish the positioning of our brands based on the targeted market segment. Further details on our brand management strategies are set out under the section entitled “Marketing” on pages 56 to 58 of this Prospectus.

(v) *Diversified distribution channels*

When we were established in 1990, we were principally engaged in direct selling of cosmetics and nutritional supplements. As our business in the direct selling industry expanded, we recognised a need to diversify our distribution channels. Tapping on our packaging capabilities and established brand name, we extended our distribution channels into the export segment in 1993 and the retail segment in 1999. We currently distribute our products through 3 channels, namely, direct selling, retail and export which contributed 90.6%, 2.3% and 7.1% respectively of our revenue for FY2003. The diversification of our distribution channels enables us to lessen our dependency on any one particular distribution channel.

(vi) *Large direct selling distributor network*

We have a large network of distributors and we are able to leverage on their extensive network of contacts to further grow the demand for our products. We currently have over 17,000 active members in Singapore under our ENP. Our distributors can also expand their network overseas through our ISS. Additionally, unlike other direct selling companies which typically have one central distribution outlet, we have 4 business centres and a sales centre located strategically around Singapore for the convenience of our distributors. Apart from serving as our sales centres, our business centres support our key distributors by providing training centres and offices to them. We believe that our commitment and support to our distributors has enabled us to build up a large direct selling distributor network. Over the last 3 financial years from FY2001 to FY2003, our membership base has increased by two-fold. In addition, we have 2 business centres in Malaysia with more than 6,000 active members under our ENP, distributing our products in the Malaysian market.

FINANCIAL REVIEW

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the “Unaudited Proforma Consolidated Financial Information of Best World International Limited” on pages 124 to 150 of this Prospectus.

Operating Results of our Proforma Group⁽¹⁾

(\$'000)	Proforma		
	FY2001	FY2002	FY2003
Revenue	7,579	11,566	17,085
Cost of sales	(2,350)	(3,178)	(4,338)
Gross profit	5,229	8,388	12,747
Other operating income	18	86	618
Operating income	5,247	8,474	13,365
Distribution expenses	(2,378)	(3,656)	(5,757)
Administrative expenses	(2,672)	(3,408)	(3,841)
Other credits/(charges)	21	(15)	31
Profit from operations	218	1,395	3,798
Finance costs	(194)	(132)	(71)
Profit before income tax	24	1,263	3,727
Income tax expense	(28)	(161)	(672)
Profit/(Loss) after income tax	(4)	1,102	3,055
Minority interests	31	26	(71)
Profit attributable to Shareholders ⁽²⁾	27	1,128	2,984
EPS ⁽³⁾ (cents)	0.03	1.13	2.98

Notes:

- (1) The financial results of our Proforma Group for the period under review have been prepared on the basis that our Proforma Group has been in existence throughout the period under review.
- (2) Had the service agreements set out on pages 97 and 98 been in place in FY2003, our profit attributable to Shareholders and EPS would have been \$2.7 million and 2.72 cents respectively.
- (3) For comparative purposes, EPS for the period under review has been computed based on our profit attributable to Shareholders and the pre-Invitation share capital of 100,000,000 Shares.

FINANCIAL REVIEW

Financial Position of our Proforma Group⁽¹⁾

(\$'000)	Proforma As at 31 December 2003
CURRENT ASSETS	
Cash and cash equivalents	2,360
Trade receivables	1,967
Other receivables and prepayments	345
Inventories	1,256
Total current assets	5,928
NON-CURRENT ASSETS	
Property, plant and equipment	2,293
Intangible assets	17
Total non-current assets	2,310
Total Assets	8,238
CURRENT LIABILITIES	
Trade payables and accrued liabilities	1,417
Other payables	1,029
Income tax payable	660
Current portion of interest-bearing borrowings	51
Current portion of finance leases	62
Total current liabilities	3,219
NON-CURRENT LIABILITIES	
Deferred tax	40
Interest-bearing borrowings	1,293
Finance leases	270
Total non-current liabilities	1,603
Minority interest	327
Shareholders' equity	3,089
Total Liabilities and Equity	8,238
NTA per Share ⁽²⁾ (cents)	3.07

Notes:

- (1) The financial position of our Group for the period under review has been prepared on the basis that our proforma Group has been in existence throughout the period under review.
- (2) NTA per Share for the period under review has been computed based on the NTA of our Group and the pre-Invitation share capital of 100,000,000 Shares.

FINANCIAL REVIEW

ANALYSIS OF REVENUE AND PROFITS

The following information should be read in conjunction with the “Unaudited Proforma Consolidated Financial Information of Best World International Limited” set out on pages 124 to 150 of this Prospectus and the related notes thereto included elsewhere in this Prospectus.

Overview

Revenue

Our revenue is primarily derived from the sale of a range of health and lifestyle products under our own brands, representing approximately 96.1% of our revenue for FY2003. Our products may be categorised as cosmetics, skin care, nutritional supplements, personal care and healthcare equipment. The balance of our revenue is derived from the distribution of a range of third-party cosmetics and skin care products under the C’bon brand. We sell our products via 3 distribution channels namely, direct selling, retail and export.

Factors affecting our revenue include the following:

- (i) our ability to maintain our competitive advantage in order to compete effectively against our competitors. Further details are set out under the section entitled “Competition” on page 71 of this Prospectus;
- (ii) our ability to recruit and retain distributors under our ENP. Further details are set out under the section entitled “Risk Factors” on page 22 of this Prospectus;
- (iii) our ability to formulate or source for new products as well as manage our existing brands to keep up with new scientific discoveries or changes in market trends. Further details are set out under the section entitled “Risk Factors” on page 21 of this Prospectus;
- (iv) the maintenance of a good public image for our products, brands and the direct selling industry. Further details are set out under the section entitled “Risk Factors” on page 22 of this Prospectus; and
- (v) the effectiveness of marketing campaigns, promotions and events undertaken by our Group. Further details are set out under the section entitled “Marketing” on pages 56 to 58 of this Prospectus.

Cost of Sales

Our cost of sales comprise mainly purchase costs of our inventory, packaging materials as well as freight and handling charges. Our inventory consists of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment. We usually procure our products from our contract manufacturers and third party suppliers. Our cosmetics, skin care and personal care products and healthcare equipment are delivered in readily distributable form while our nutritional supplements are delivered in bulk and packaged for sale at our packaging facility. Our cost of sales would be affected by our ability to maintain and transact at competitive prices with our contract manufacturers or suppliers. In addition, fluctuations in the exchange rate of foreign currencies could affect our cost of sales as some of our purchases are denominated in USD, Yen and NZD. Generally, our unit cost of sales for new products decrease when our sales volume of these new products increase and we enjoy better discounts from our contract manufacturers and suppliers. Packaging consists mainly of bottles and sachets used in the packaging of nutritional supplements delivered in bulk. Packaging and freight and handling charges fluctuate in line with our sales.

FINANCIAL REVIEW

The following table shows on a group basis, the summary of the individual cost components as a percentage of our cost of sales:

Cost of sales	Proforma		
(%)	FY2001	FY2002	FY2003
Inventory cost	94.2	95.5	93.1
Packaging	3.5	2.5	3.0
Freight and handling charges	2.3	2.0	3.9
Total	100.0	100.0	100.0

Operating Expenses and Finance Costs

- (a) Distribution expenses comprise mainly sales commissions paid to our ENP members and distributors based on sales of our products as well as advertising and promotion expenses. As a percentage of sales value, our sales commission to our distributors is paid-up to approximately 50% depending on, amongst other things, rank of the distributor and types of products. We do not pay sales commissions for sales through our retail and export channel.
- (b) Administrative expenses comprise mainly staff costs, rental, depreciation and general administrative expenses.
- (c) Finance costs comprise mainly finance-related expenses, including interest costs.

The following table shows on a group basis, the summary of the individual cost components as a percentage of our operating expenses and finance costs:

Operating expenses and finance costs	Proforma		
(%)	FY2001	FY2002	FY2003
Distribution expenses	45.3	50.8	59.5
Administrative expenses	51.0	47.4	39.7
Finance costs	3.7	1.8	0.8
Total	100.0	100.0	100.0

Segmental Breakdown of Past Performance

Breakdown of Past Performance by Activities

Our segmental revenue by activities is based on the 3 distribution channels through which we distribute our products, namely, direct selling, retail and export. A breakdown of our revenue and profit/(loss) from operations for the last 3 financial years from FY2001 to FY2003 is set out below:

Revenue	Proforma		
(\$'000)	FY2001	FY2002	FY2003
Direct selling	5,477	9,669	15,475
Retail	330	319	399
Export	1,772	1,578	1,211
Total	7,579	11,566	17,085

FINANCIAL REVIEW

Revenue (%)	FY2001	Proforma FY2002	FY2003
Direct selling	72.3	83.6	90.6
Retail	4.4	2.8	2.3
Export	23.4	13.6	7.1
Total	100.0*	100.0	100.0

Profit/(Loss) from operations (\$'000)	FY2001	Proforma FY2002	FY2003
Direct selling	88	1,675	4,016
Retail	(336)	(534)	(460)
Export	466	254	242
Total	218	1,395	3,798

Operating profit/(loss) margin (%)	FY2001	Proforma FY2002	FY2003
Direct selling	1.6	17.3	26.0
Retail	(101.8)	(167.4)	(115.3)
Export	26.3	16.1	20.0
Total	2.9	12.1	22.2

* Total does not add up due to rounding.

Breakdown of Past Performance by Geographical Region

Our segmental revenue by geographical regions is based on the location of our customers according to their delivery addresses. A breakdown of our revenue and profit from operations for the last 3 financial years from FY2001 to FY2003 is set out below:

Revenue (\$'000)	FY2001	Proforma FY2002	FY2003
Singapore	5,795	9,833	12,894
Malaysia	1,682	1,610	3,876
Other countries ⁽¹⁾	102	123	315
Total	7,579	11,566	17,085

Revenue (%)	FY2001	Proforma FY2002	FY2003
Singapore	76.5	85.0	75.5
Malaysia	22.2	13.9	22.7
Other countries ⁽¹⁾	1.3	1.1	1.8
Total	100.0	100.0	100.0

FINANCIAL REVIEW

Profit/(Loss) from operations (\$'000)	FY2001	Proforma FY2002	FY2003
Singapore	(156)	1,120	2,914
Malaysia	368	252	850
Other countries ⁽¹⁾	6	23	34
Total	218	1,395	3,798

Operating profit/(loss) margin (%)	FY2001	Proforma FY2002	FY2003
Singapore	(2.7)	11.4	22.6
Malaysia	21.9	15.7	21.9
Other countries ⁽¹⁾	5.9	18.7	10.8
Total	2.9	12.1	22.2

Note:

(1) Other countries include mainly Thailand, Taiwan, PRC, Hong Kong and Brunei.

Review of Past Performance

FY2001 vs FY2002

Revenue

Our revenue increased by \$4.0 million or 52.6% from \$7.6 million in FY2001 to \$11.6 million in FY2002. This was mainly attributable to increase in sales through our direct selling channel of \$4.2 million. This increase was partially offset by declines in sales through our export channels of \$0.2 million. Sales through our retail channel remained relatively stable. Sales through our direct selling channel increased due mainly to an increase in our distributors in Singapore and Malaysia which generated additional sales volume. Our distributor base increased by approximately 68.8% from approximately 7,700 distributors as to 31 December 2001 to approximately 13,000 distributors as at 31 December 2002 as we formalised our existing direct selling marketing plans under our ENP. Our ENP allowed our distributors to build up their network of contacts and recruit more VIP customers.

Geographically, sales to Singapore increased by \$4.0 million. Sales to Malaysia and other countries remained relatively stable. The increase in sales to Singapore was due mainly to an increase in sales through our direct selling channel in Singapore.

Gross profit

Our gross profit increased by \$3.2 million or 60.4% from \$5.2 million in FY2001 to \$8.4 million in FY2002. The increase was mainly attributable to an increase in our revenue as well as improvement in our gross margin. Our gross margin improved from 69.0% in FY2001 to 72.5% in FY2002 due mainly to lower purchase costs of our inventories and increased volume of nutritional supplements delivered in bulk. We were able to negotiate better discounts from our contract manufacturers and suppliers as our business volume increased. Additionally, the introduction of new products with better margins due to higher product pricing also contributed to the improvement in our gross margin.

FINANCIAL REVIEW

Other operating income

Other operating income increased by \$68,000 or 377.8% from \$18,000 in FY2001 to \$86,000 in FY2002. This increase was due mainly to grants received from PSB Corporation under the LETAS for our participation in the Financial Advisor Consultancy programme and the National Cost of Quality programme in relation to the upgrading of our financial management and quality control systems respectively.

Operating expenses

Our distribution expenses increased by \$1.3 million or 53.7% from \$2.4 million in FY2001 to \$3.7 million in FY2002. This increase was mainly attributable to the increase in our sales commissions of \$0.9 million and increased advertising and promotion expenses of \$0.3 million. The increase in sales commissions was in line with the increase in sales through our direct selling channel. Our advertising and promotion expenses increased due mainly to increased marketing activities undertaken by our Group during our re-branding exercise in FY2002 for our direct selling brand, “bwL”, and our retail brand, “Avance”.

Our administrative expenses increased by \$0.7 million or 27.5% from \$2.7 million in FY2001 to \$3.4 million in FY2002. This increase was due mainly to increases in staff cost and directors’ remuneration of \$0.3 million, depreciation expenses of \$0.1 million, rental expenses of \$0.1 million, travelling expenses of \$0.1 million and professional fees of \$0.1 million. These increases were offset by a decline in miscellaneous expenses of \$0.1 million. The increase in staff cost and directors’ remuneration was mainly attributable to the implementation of our employee incentive scheme in FY2002 and an increase in directors’ fees. Under our employee incentive scheme, our employees receive a fixed monthly bonus if our direct selling channel achieves our monthly sales target. The scheme is meant to incentivise our employees to assist our distributors in meeting their monthly sales target. Further details of the employee incentive scheme are set out in the section entitled “Directors, Management and Staff” on page 97 of this Prospectus. Depreciation expenses increased due mainly to acquisition of fixed assets in FY2002. In FY2002, our rental expenses increased as we rented additional premises for our business centre in Jurong and a retail outlet in the Central Business District, which was closed in FY2003. Travelling expenses increased as we organised more incentive trips for our distributors as reward for achieving higher sales in FY2002. The increase in professional fees was mainly attributable to an external consultant engaged to assist us in our re-branding exercise.

Profit from operations

As a result of the above, our profit from operations increased by \$1.2 million or 539.9% from \$0.2 million in FY2001 to \$1.4 million in FY2002. Our operating profit margin for our direct selling channel improved from 1.6% in FY2001 to 17.3% in FY2002 as we benefited from economies of scale with the increase in sales through our direct selling channel. Our operating loss margin for our retail channel increased from 101.8% in FY2001 to 167.4% in FY2002 due mainly to increased professional fees of approximately \$40,000, rental of approximately \$30,000 and staff salaries of approximately \$80,000. The increase in professional fees was mainly attributable to the re-branding exercise undertaken for our retail brand, “Avance”. Rental and staff salaries increased as we rented a retail store in the Central Business District and hired sales promoters to man the store. Our operating profit margin for our export channel declined from 26.3% to 16.1% due mainly to sales of products to a customer in Malaysia which yielded lower margins.

Our operating margin in Singapore improved from an operating loss margin of 2.7% in FY2001 to an operating profit margin of 11.4% due mainly to the increase in sales achieved through our direct selling channel. Our operating profit margin in Malaysia declined from 21.9% in FY2001 to 15.7% in FY2002 due mainly to higher costs of sales relating to freight and custom charges, as well as competitive pricing. The improvement in our operating profit margin in other countries, from 5.9% in FY2001 to 18.7% in FY2002, was mainly attributable to higher sales of nutritional supplements which

FINANCIAL REVIEW

generally command higher margins as we typically enjoy bulk discounts for products we purchase in bulk and package for sale.

Profit before income tax

Our profit before income tax increased by \$1.2 million or 5,162.5% from \$24,000 in FY2001 to \$1.3 million in FY2002. This increase was mainly attributable to an increase in our profit from operations of \$1.2 million and a marginal decrease in finance cost of \$62,000 as we repaid some overdraft facilities from internal funds.

In preparing our Company's restated financial statements for FY2001 to FY2003 which are set out in Annex E of this Prospectus, adjustments of \$0.8 million were made for the write-off of the cost of investment in Shanghai Best World and the debts due from Shanghai Best World to reflect the impairment of the investment and debts in the relevant financial years. Further details are set out in the "Unaudited Proforma Consolidated Financial Information of Best World International Limited" on pages 124 to 150 of this Prospectus.

Income tax expense

The effective tax rate of our Group of 12.7% for FY2002 was lower than the amount arrived at by applying the statutory income tax rate on profit before income tax due mainly to the utilisation of deferred tax benefits previously not recognised.

FY2002 vs FY2003

Revenue

Our revenue increased by \$5.5 million or 47.7% from \$11.6 million in FY2002 to \$17.1 million in FY2003. This was mainly attributable to increases in sales through our direct selling channel of \$5.8 million and retail channel of \$0.1 million. This increase was partially offset by decline in sales through our export channel of \$0.4 million. The increase in sales through our direct selling channel was mainly attributable to an increase in the number of distributors in Singapore and Malaysia which generated additional sales volume. Our distributor base increased by approximately 76.9% from approximately 13,000 distributors as at 31 December 2002 to approximately 23,000 distributors as at 31 December 2002. The increase in sales through our retail channel was mainly attributable to new orders from existing and new customers. The decline in revenue from sales through our export channel was mainly attributable to lower orders from our export customers in Malaysia.

Geographically, sales to Singapore, Malaysia and other countries increased by \$3.1 million, \$2.3 million and \$0.2 million respectively. The increase in sales to Singapore was due mainly to an increase in sales through our direct selling channel. The increase in sales to Malaysia was due mainly to BWLSB's first full year of direct selling operations under our ENP which was partially offset by a decline in sales to our export customers in Malaysia. The increase in sales to other countries was mainly attributable to higher sales to our customers as a result of new orders of sales in Hong Kong and Brunei.

Gross profit

Our gross profit increased by \$4.4 million or 52.0% from \$8.4 million in FY2002 to \$12.7 million in FY2003. The increase was mainly attributable to the increase in our revenue partially offset by a corresponding increase in cost of sales. Our gross profit margin improved marginally from 72.5% in FY2002 to 74.6% in FY2003.

FINANCIAL REVIEW

Other operating income

Other operating income increased by \$0.5 million or 618.6% from \$86,000 in FY2002 to \$0.6 million in FY2003. This increase was due to year-end trade rebates given by our suppliers for achieving certain minimum purchase quantities. The trade rebates are commercially negotiated. As there are no formal terms in respect of these trade rebates, the existence of these trade rebates in the following year is subject to negotiation.

Operating expenses

Our distribution expenses increased by \$2.1 million or 57.5% from \$3.7 million in FY2002 to \$5.8 million in FY2003. This increase was mainly attributable to the increase in our sales commissions of \$1.9 million and increased advertising and promotion expenses of \$0.1 million. The increase in sales commissions was in line with the increase in sales through our direct selling channel in Singapore and Malaysia. Our advertising and promotion expenses increased due mainly to increased promotional activities undertaken for our retail brand, “Avance”.

Our administrative expenses increased by \$0.4 million or 12.7% from \$3.4 million in FY2002 to \$3.8 million in FY2003. This increase was due mainly to an increase in rental of \$0.2 million, staff cost of \$0.1 million and depreciation of \$0.1 million. The increase in rental and depreciation was mainly attributable to rental incurred and purchases of furniture and fittings, and office equipment mainly in connection with the renovation of our business centres at Singapore Post Centre in Eunos, Ang Mo Kio, our sales centre at Tri Star Complex in Geylang Serai and our packaging facility in Tong Lee Building. Our staff cost increased as we paid more bonuses to our staff under our employee incentive scheme. Further details of the employee incentive scheme are set out in the section entitled “Directors, Management and Staff” on page 97 of this Prospectus.

Profit from operations

As a result of the above, our profit from operations increased by \$2.4 million or 172.3% from \$1.4 million in FY2002 to \$3.8 million in FY2003. Our operating profit margin for our direct selling channel improved from 17.3% to 26.0% due mainly to year-end trade rebates given by our suppliers for achieving certain minimum purchase quantities. Our operating profit margin for our export channel increased from 16.1% to 20.0% due mainly to higher sales of nutritional supplements which generally command higher margins. Our operating loss margin for our retail channel improved from 167.4% to 115.3% as we closed our retail outlet in the Central Business District in line with our management’s decision to sell our retail products through pharmacies and chain stores as well as to reduce overheads. Additionally, we reduced our number of promoters in line with our retail customers’ request to reduce the number of promoters located on-site.

Our operating margin in Singapore improved from 11.4% in FY2002 to 22.6% in FY2003 due mainly to the increase in our operating margin for our direct selling channel and an improvement in our operating loss margin for our retail channel. Operating margin for Malaysia increased from 15.7% in FY2002 to 21.9% in FY2003 due mainly to improved operating margins for our Malaysian direct selling channel. Operating margin for other countries declined from 18.7% in FY2002 to 10.8% in FY2003 as we gave larger trade discounts to customers who purchased in bulk.

Profit before income tax

Our profit before income tax increased by \$2.5 million or 195.1% from \$1.3 million in FY2002 to \$3.7 million in FY2003. This increase was mainly attributable to an increase in our profit from operations of \$2.4 million and a decrease in finance cost of \$61,000 as we refinanced one of our term loans at lower interest rates.

FINANCIAL REVIEW

Income tax expense

The effective tax rate of our Group of 18.0% for FY2003 was lower than the amount arrived at by applying the statutory income tax rate on profit before income tax due mainly to the utilisation of deferred tax benefits previously not recognised.

LIQUIDITY AND CAPITAL RESOURCES

Our sources of funds may be categorised as internal or external. Internal sources of funds refers to cash generated from our operating activities. External sources of funds comprise mainly borrowings from financial institutions, credit granted by our contract manufacturers and suppliers, capital injection and advances from our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan.

Such sources of funds are used to finance our operations. The principal use of these funds are for the payment of inventories, capital expenditure, operating expenses comprising mainly staff cost, distribution and administrative expenses.

As at the Latest Practicable Date, we had unutilised banking facilities of \$3.2 million, comprising overdraft facilities of \$2.0 million, term loan facilities of \$0.9 million, and trade facilities of \$0.3 million. We drew on our MYR term loan in May 2004 and we expect to draw on our SGD term loan in July 2004. Further details of our banking facilities as at 31 December 2003 and at 31 March 2004 can be found in the “Unaudited Proforma Consolidated Financial Information of Best World International Limited” on pages 124 to 150, and under the section entitled “Capitalisation and Indebtedness” on pages 34 and 35 of this Prospectus respectively.

Our Directors are of the opinion that, as at the Latest Practicable Date, after taking into account cash and bank balances, cash flow from operating activities and amounts available under our existing bank facilities, our Group has adequate working capital to meet its present requirements.

We set out below the proforma cash flow summary of our Group for FY2003:

(\$'000)	Proforma FY2003⁽¹⁾
Cash flows from operating activities	
Profit before income tax	3,727
Adjustments for:	
Depreciation	369
Gain on disposal of plant and equipment	(2)
Plant and equipment written off	24
Interest expense	71
Amortisation of intangible assets	2
Operating profit before working capital changes	4,191
Trade receivables	(556)
Other receivables and prepayments	(93)
Inventories	(31)
Trade payables and accrued liabilities	116
Other payables	217
Cash generated from operations	3,844
Interest paid	(71)
Income tax paid	(133)
Net cash from operating activities	3,640

FINANCIAL REVIEW

(\$'000)	Proforma FY2003 ⁽¹⁾
Cash flows from investing activities	
Increase in intangibles assets	(19)
Purchase of plant and equipment	(627)
Increase in cash and cash equivalents (restricted in use) ⁽²⁾	19
Net cash used in investing activities	(627)
Cash flows from financing activities	
Decrease in short-term borrowings	(278)
Decrease in long-term interest-bearing borrowings	(80)
Increase in amount owing to Directors	140
Decrease in finance lease	(50)
Net cash used in financing activities	(268)
Exchange rate changes in consolidating foreign subsidiary	5
Net increase in cash and cash equivalents	2,750
Cash and cash equivalents at beginning of year ⁽³⁾	(414)
Effect of foreign exchange rate adjustments	2
Cash and cash equivalents at end of year⁽³⁾	2,338

Notes:

- (1) The proforma cash flow summary for our Group for the period under review has been prepared on the basis that our proforma Group has been in existence throughout the period under review.
- (2) This refers to fixed deposits pledged to a bank to secure a banker's guarantee given to a third party, namely, our lessor for our business centre in Jurong.
- (3) This refers to cash and bank balances net of overdrafts.

Net cash from operating activities

Operating profit before working capital changes for FY2003 was \$4.2 million. During FY2003, there were increases in trade receivables, other receivables and prepayments, inventories, trade payables and accrued liabilities and other payables. The increase in our trade receivables, inventories and trade payables were due mainly to the increase in our scale of operations as reflected in our increased revenue. The increase in other payables was due mainly to an increase in commissions payable to our distributors in line with the increase in sales through our direct selling channel. The increase in other receivables and prepayments was mainly attributable to the prepayment of professional fees in relation to the Invitation and rental deposits for our business centre at Singapore Post Centre in Eunos. The remaining outflow was due to interest and income tax paid. Net cash from operating activities was \$3.6 million.

FINANCIAL REVIEW

Net cash used in investing activities

In FY2003, our net cash used in investing activities was \$0.6 million due mainly to purchase of plant and equipment during FY2003. The investment in plant and equipment consists of \$0.6 million for furniture, fittings and office equipment mainly in connection with the renovation of our business centres at Singapore Post Centre in Eunos, Ang Mo Kio, our sales centre at Tri Star Complex in Geylang Serai and our packaging facility in Tong Lee Building. We also invested approximately \$50,000 for upgrading our information technology systems as well as the implementation of our ERP system.

Net cash used in financing activities

Net cash used in financing activities for FY2003 was mainly attributable to the repayment of our short-term and long-term interest-bearing borrowings and finance leases. This was partially offset by an increase in amounts owing to Directors in relation to the Restructuring Exercise as described on pages 42 and 43 of this Prospectus.

Capital Investments and Divestments

None of our capital expenditures on and divestments of capital investments in the past 3 financial years from FY2001 to FY2003 and up to the Latest Practicable Date was material on an individual basis. Details of our property, plant and equipment additions and disposals are set out in the “Unaudited Proforma Consolidated Financial Information of Best World International Limited” on pages 124 to 150 of this Prospectus.

We plan to invest an aggregate sum of up to \$2.9 million as capital contribution towards our PRC Joint Venture by the end of 2004. We intend to utilise approximately \$1.0 million of our proceeds from the issue of New Shares to fund part of our capital contribution to the aforesaid joint venture. The balance of up to \$1.9 million will be funded by our internal resources, and if necessary, from external borrowings. Further details are set out under the section entitled “Investments by our Company in PRC and Thailand” on pages 47 and 48 of this Prospectus.

Save as disclosed, there is no material capital investment, the making or divestment of which is in progress.

Operating Lease Commitments

As at the Latest Practicable Date, we have the following operating lease commitments:

	(\$'000)
Due within 1 year	211
Due between 2 to 5 years	131
Total	342

The operating leases relate to our rental agreements for our business and sales centres. Further details are set out under the section entitled “Properties and Other Fixed Assets” on pages 63 and 64 of this Prospectus.

FINANCIAL REVIEW

FOREIGN EXCHANGE EXPOSURE

Accounting treatment of foreign currencies

The functional currency of the Singapore companies in our Group is the Singapore dollar as it reflects the economic substance of the underlying events and circumstances of the entities. Transactions in foreign currencies are recorded in Singapore dollars at rates ruling at the date of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement.

In translating the financial statements of foreign entities in the consolidated financial statements, the assets and liabilities of self-sustaining operations denominated in currencies other than the Singapore dollar are translated at year end rates of exchange and the income and expense items are translated at the average rate of exchange for the year. The resulting translation adjustments are accumulated in a separate component of shareholders' equity until disposal of the entity. Other currency gains and losses are included in the income statement.

Foreign Exchange Exposure

Our sales are denominated mainly in SGD and our purchases are denominated mainly in USD, SGD, Yen and NZD. Our operating costs are mainly denominated in SGD. Any fluctuation in these currencies would impact on our Group's profitability. The percentages of our sales and purchases denominated in different currencies are as follows:

(%)	FY2001	FY2002	FY2003
Percentage of sales denominated in			
SGD	97.3	96.7	80.8
Other currencies	2.7	3.3	19.2
	100.0	100.0	100.0
Percentage of purchases denominated in			
USD	84.9	83.7	76.3
SGD	5.5	7.4	6.6
Yen	8.3	5.7	10.5
NZD	0.9	3.1	6.3
Other currencies	0.4	0.1	0.3
	100.0	100.0	100.0

To the extent that our Group's sales and purchases are not naturally matched in the same currency and to the extent that there are timing differences between collections and payments, our Group will be exposed to adverse fluctuations of the various currencies against the SGD. As a result, our Group's earnings may be adversely affected. For example, other things being equal, in a net short position in USD, appreciation in USD against SGD will increase our USD denominated payables when converted to SGD and will have an adverse impact on our earnings.

At present, our Group does not have any formal policy for hedging against foreign exchange exposure. Our Group has not in the past used any financial hedging instruments to manage foreign exchange risk. Our Group may, when necessary, enter into foreign currency forward contracts to hedge against exposure from foreign currency fluctuations.

FINANCIAL REVIEW

Our net foreign exchange gains are as follows:

	FY2001	FY2002	FY2003
Foreign exchange gains (\$'000)	2	18	69
As a % of profit before income tax	8.3	1.4	1.9

As our reporting currency is in SGD, the accounts of our foreign subsidiaries will need to be translated to SGD for consolidation purposes. As such, we face translation risk in that any material fluctuation in the foreign currencies will have an effect on our consolidated financial statements which are presented in SGD.

DIVIDENDS

No dividends have been paid or proposed by our Company or its subsidiaries for the last 3 financial years from FY2001 to FY2003.

We currently do not have any dividend policy. Past dividends paid are not necessarily reflective of future dividend payments. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

Any declaration and payment of dividends in the future will depend upon, *inter alia*, our Group's operating results, financial conditions, other cash requirements including capital expenditures, the terms of the borrowing arrangements (if any), and other factors deemed relevant by our Directors.

Any final dividend paid by us must be approved by an ordinary resolution of our Shareholders at a general meeting and must not exceed the amount recommended by our Board of Directors. Our Directors may, without the approval of our Shareholders, also declare an interim dividend. We must pay all dividends out of profits or pursuant to Section 69 of the Companies Act which permits us to apply our accumulated profits to pay dividends in the form of shares.

EXCHANGE CONTROLS

We set out below a description of the exchange controls that exist in the jurisdictions in which we operate. We have operations in Singapore and Malaysia. As disclosed in the section entitled "Investments by our Company in PRC and Thailand", we are in the process of expanding our operations to these countries. There are generally no exchange controls in Singapore or Thailand. However, we are subject to the following exchange controls in Malaysia and PRC:

Malaysia

On 1 September 1998, the Malaysian government imposed certain exchange control measures and subsequently pegged the MYR against the USD at USD1:MYR3.80.

The exchange control measures have since been modified. The exchange controls as modified provide that the specific permission of the Controller of Foreign Exchange is required for payments to non-residents in certain specified circumstances. However, general permission has been given which allows Malaysian companies to pay dividends relating to their shares to non-residents of Malaysia. Dividends in MYR to be paid to non-residents must be paid into their External Accounts (ie. MYR accounts maintained by the non-residents with licensed banks in Malaysia).

FINANCIAL REVIEW

MYR funds in External Accounts may be from various sources including sale of MYR assets and income derived from Malaysia and may, among other uses, be converted into foreign currencies (except the currencies of Israel, Serbia and Montenegro) and repatriated. The levy imposed on the repatriation of foreign funds or the profits therefrom in 1998 was completely lifted on 2 May 2001.

Pursuant to the Restructuring Exercise described on page 43 of this Prospectus, BWLSB became our 60%-owned subsidiary. We have not, to date, been paid any dividends by BWLSB. Should the Malaysian government change the relevant regulations, such change may affect the ability of BWLSB to pay dividends to us in future and accordingly, our earnings, cash flows and ability to pay any dividend may also be affected.

Based on the existing regulations, we do not anticipate any material issues arising in connection with the payment of dividends by BWLSB and our repatriation of such dividends and the repatriation of capital and profits.

PRC

The present position under PRC law relating to foreign exchange control, taking into account the promulgation of the recent new regulations and the extent the existing provisions stipulated in previous regulations do not contradict these new regulations, are as follows:

- (a) The State Administration for Foreign Exchange (“SAFE”) regulates the conversion between RMB and foreign currencies. Foreign investment enterprises (“FIEs”) may have their own foreign currency account and are permitted to retain a certain percentage of their recurrent foreign exchange earnings. FIEs are required to obtain Foreign Exchange Registration Certificates, which will allow them to open foreign currency accounts, including “current accounts” and “capital accounts”. Currency translation within the scope of “current account” can be effected without requiring the prior approval of SAFE. However, conversion of currency in the “capital account” requires the approval of SAFE.
- (b) FIEs may require foreign exchange for their ordinary trading activities such as trade services and may purchase foreign exchange using their “current account” from designated foreign exchange banks if the application is supported by proper payment notices or supporting documents.
- (c) FIEs may require foreign exchange for the payment of interest on foreign debts. They can withdraw funds in their “capital account” kept with designated foreign exchange banks, subject to approval from SAFE. Where the amount of the funds in foreign exchange is insufficient, the enterprise may, upon the presentation of the resolutions of the Directors of the particular enterprise, purchase foreign exchange from designated foreign exchange banks.
- (d) FIEs may apply to the Bank of China or other designated foreign exchange banks to remit the profits out of the PRC to the foreign parties to equity or co-operative joint ventures or the foreign investors in wholly foreign-owned enterprises if the requirements provided by the PRC laws, rules and regulations are met. Such profits are commonly paid out of the “capital account”.

The above regulations will apply to our Group when we commence operations in PRC.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies for the last 3 financial years from FY2001 to FY2003. In FY2003, we adopted all applicable new/revised Singapore Financial Reporting Standards (“FRS”) which became effective during FY2001 to FY2003. The adoption of the new/revised FRS has no material impact on our financial results for those years.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

PROSPECTS

Outlook for the health and lifestyle industry and our products

Our Directors believe that the overall outlook for the health and lifestyle industry and the demand for our products is positive based on the following factors:

(i) *Increase in consumer sophistication and disposable income*

With higher levels of education, the global trend of urbanisation and increase in exposure to information, consumers today have become more sophisticated. We believe that consumer sophistication results in consumers becoming more health conscious and paying more attention to personal grooming. Furthermore, our Directors believe that there will be an increase in the levels of disposable income and consumer affluence as a result of higher standards of living in developing countries such as Malaysia, Thailand and the PRC. Our Directors believe that increased consumer sophistication, disposable income and consumer affluence in the markets we operate will continue to drive the demand for our cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment.

(ii) *Trend towards preventive healthcare*

With increase in health care costs in most countries and longer life span, consumers have become increasingly aware of the need to take a pro-active approach in managing their health and well-being. We believe that this has fuelled the trend for consumers to invest in preventive healthcare. Our Directors believe that this trend augurs well for the demand for our nutritional supplements, personal care products and healthcare equipment.

(iii) *Advancement in technology*

With the advancement in technology, we are able to introduce new products as well as innovative forms of packaging and presentation to target specific consumer needs at economically feasible costs of production. For example, the ultra-filtration membrane technology used for the healthcare equipment, PUREfLO, otherwise employed in industrial applications such as NEWater production, is now available for household use. We are also able to capitalise on advancement in technology to introduce innovative forms of packaging and presentation for our products. Leveraging on our technical know-how, we expect to continue to introduce new products and enhance our packaging capabilities to meet the healthcare needs of consumers, thereby generating increases in demand for our products.

In view of the factors discussed above, our Directors believe that barring any unforeseen circumstances, the growth prospects for our Group's business are favourable. Additionally, we have 3 distribution channels which gives us flexibility in marketing our products as we can tap into any of these channels for our future expansion. This also allows us to diversify our revenue base from each channel and cushion any negative impact on any of the distribution channels.

Trend Information of our Group

Based on our Directors' knowledge and experience in the health and lifestyle industry and the current trend to date, our Directors do not expect sharp fluctuations in the selling prices of our products. Our cost of sales comprise mainly purchase price of products, packaging and freight costs. Based on the current trend to date, our Directors are of the view that our cost of sales will remain relatively stable in FY2004. Generally, our unit cost of sales for new products decrease when our sales volume of these new products increase and we enjoy better discounts from our contract manufacturers and suppliers. As our business expands, we expect our inventory levels to increase albeit at a moderate rate as we will continue to exercise prudent inventory management. Further details are set out under the section entitled "Inventory Management" on page 58 of this Prospectus.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

BUSINESS STRATEGIES AND FUTURE PLANS

To enhance our future growth, we intend to embark on the following business strategies and future plans:

(i) *Expand into new geographical markets*

We intend to expand into new geographical markets in the Asia Pacific region such as Thailand, Indonesia and Taiwan through our direct selling channel. We are optimistic about the outlook for our direct selling market as public perception in the Asia Pacific region improves through increased regulation and governance of direct selling practices. We envisage that our expansion into these new markets will be made through our ISS which we adopted for our expansion into Thailand in April 2004. Through the ISS, we are able to leverage on our distributors' network in our targeted geographical markets to establish our direct selling network in those markets. Further details on our ISS are set out under the section entitled "History" on page 47 of this Prospectus. Our distributors in these targeted markets may also participate in the training programmes we currently offer to our distributors in Singapore. Further details are set out under the section entitled "Marketing" on page 57 of this Prospectus. We also intend to develop training programmes for our management staff to equip them with knowledge of the corporate practices and latest information on business trends in our target markets. We intend to utilise approximately \$2.0 million of our proceeds from the issue of New Shares for expansion into new geographical markets as set out in the section entitled "Prospectus Summary" on page 19 of this Prospectus.

(ii) *Develop our retail and export channels*

We derived approximately 72.3%, 83.6% and 90.6% of our revenue from sales of our products through our direct selling channel for the last 3 financial years from FY2001 to FY2003 respectively. The balance was contributed by our retail and export channels. We plan to further develop our retail and export channels to increase our revenue generated from sales of our products through these channels so as to complement our direct selling channel. For our retail channel, we intend to further promote our retail brand, "Avance", in Singapore through increased advertising and promotional campaigns, as well as appoint retail distributors in Hong Kong. We intend to utilise approximately \$1.5 million of our proceeds from the issue of New Shares for advertising and promotional campaigns as set out in the section entitled "Prospectus Summary" on page 19 of this Prospectus.

In developing our PRC business presence, we will leverage on our exclusive distribution arrangement with Yang Zhong to market our "Vigor" brand of products through their distribution network of 13 branch offices covering the major cities including Beijing (北京), Shanghai (上海), Chengdu (成都), Nanjing (南京), Nan Ning (南宁), Harbin (哈尔滨), Changchun (长春), Shenyang (沈阳), Dalian (大连), Qingdao (青岛), Urumqi (乌鲁木齐), Shijiazhuang (石家庄) and Xi'an (西安). In future, we intend to introduce our other brands of cosmetics, skin care, nutritional supplements, personal care and healthcare equipment to the PRC market. Further details are set out in the sections entitled "Investments by our Company in PRC and Thailand" on pages 47 and 48 of this Prospectus.

To develop our export channel, we intend to continue participating in international trade fairs, for example, international exhibitions such as "Cosmoprof Asia" which was held in Hong Kong in 2002.

(iii) *Increase brand management efforts*

We believe that strong branding is essential to effective marketing. In line with our marketing philosophy, we constantly manage our existing brands and develop new contemporary brands in order to stay competitive and relevant. We intend to continue to build on the goodwill of our

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

brands through increased advertising and promotional activities. This is to raise general public awareness of our brands and to counter increased market competition.

(iv) *Expand our range of products*

We intend to expand our range of products across all our 5 product categories, namely, cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment, to meet specific market needs as well as to capitalise on the current trend towards preventive health practices. For example, in February 2004, in conjunction with one of our principals, Hyflux Ltd, we launched the new healthcare equipment product, PUREfLO, an ultra-filtration sink-fitted health filter which uses ultra-filtration technology developed by Hyflux Ltd to filter water up to 0.015 micrometre thereby removing bacteria and viruses. We also intend to collaborate with our contract manufacturers to leverage on their expertise to expand our range of products.

(v) *Invest in information technology*

We intend to invest in information technology systems such as CRM software. Through CRM software, we aim to increase customer retention by tracking the usage patterns of our customers, customising our marketing efforts and developing focused marketing initiatives to target specific market segments. We also intend to customise our existing software which supports our ENP and ISS and if necessary, develop new modules to meet the operational requirements of our new geographical markets. We intend to use approximately \$0.2 million of the proceeds from the issue of New Shares to invest in information technology systems as set out in the section entitled “Prospectus Summary” on page 19 of this Prospectus.

(vi) *Develop our labelling and packaging capabilities*

We currently have a packaging facility to package bulk nutritional supplements for sale under our own brands and third party private labels. We have obtained a Manufacturer’s Licence for CPM issued by HSA (a GMP equivalent certification) for our packaging facility. We intend to further develop our labelling and packaging capabilities to meet changing consumer preferences. From time to time, we will introduce new presentation and packaging ideas for our products. For example, in 2003, we introduced an innovative form of packaging and presentation by utilising a customised packing machine to pack different types of nutritional supplements in a sachet for a single dose of consumption.

(vii) *Develop our training arm*

We intend to develop the training arm of our Group and to conduct beauty, health and lifestyle enhancement courses. Our Company has been granted Approved Training Centre (“ATC”) status by the Singapore Workforce Development Agency. As an ATC, we are certified as having the qualified facilities and assessors to conduct training courses. In order to be eligible for grants by the Singapore Workforce Development Agency, the course must be an approved training course endorsed by SPRING Singapore. We intend to obtain such endorsement for our courses and to offer courses through IBWL to our distributors and the general public.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group.

The particulars of our Directors are as follows:

Name	Age	Address	Principal Occupation
<u>Executive Directors</u>			
Dr Doreen Tan	49	10 How Sun Walk Singapore 538432	Chairman
Dr Dora Hoan	50	201 Tanjong Rhu Road #04-06 Singapore 436917	Group Chief Executive Officer
Huang Ban Chin	36	13 Jalan Basong Singapore 759447	Executive Director
<u>Non-Executive Director</u>			
Robson Lee Teck Leng	36	22 Woodlands Crescent #04-37 Singapore 738082	Advocate and solicitor
<u>Independent Directors</u>			
Ravindran s/o Ramasamy	44	93 Loyang View Singapore 507188	Advocate and solicitor
Lee Sen Choon	53	8B West Coast Walk Singapore 127154	Certified Public Accountant

Information on the business and working experience of our Directors is set out below:

Dr Doreen Tan, our Chairman, is one of the founders of our Group. As our Chairman, she is responsible for managing the overall business operations of our Group, with particular focus on product development and training. Dr Tan has more than 25 years of experience in the direct selling and healthy lifestyle industries. Prior to founding our Group, she was a distributor in various direct selling companies operating in Singapore from 1978 to 1990. She concurrently set up and ran her own beauty and hair school from 1980 to 1990. She also has extensive experience in health supplement product knowledge and in the beauty line, and has built up a wide network of contacts in the beauty and health care lines. In 1997, Dr Tan was elected as Research Associate in Biological Medicine, and was conferred a Fellowship by the Faculty of Occidental Institute Research Foundation, British Columbia, Canada. Dr Tan was one of the finalists in the ASME-HP Woman Entrepreneur Award in 1999. She holds a degree in Applied Nutrition from the American Academy of Nutrition and has an Honorary Ph.D from the Kennedy Western University, USA.

Dr Dora Hoan, our Group Chief Executive Officer, is one of the founders of our Group. She is in charge of the overall management of our Group's operations. She is responsible for charting the strategic directions of our Group as well as the development of our business including our overseas expansion. Dr Hoan is in charge of our Group's human resource management and is responsible for the formulation of human resource policies in the areas of recruitment, compensation, training and employee relations. She is also in charge of public relations for our Group and is our key spokesperson. She has more than 25 years of experience in the direct selling and healthy lifestyle industries. Prior to founding our Group, she was involved in the marketing functions in various direct selling companies operating in Singapore from 1978 to 1990. She is an active member of the Association of Small and Medium Enterprises (ASME) and was its President from 2001 to 2002. She is the Chairperson of the organising committee for the Singapore Promising Brand Award, an annual

DIRECTORS, MANAGEMENT AND STAFF

event co-organised by ASME and Lianhe Zaobao since 2002. In 1998, she was one of the finalists of the 1st Women Entrepreneur of the Year Award. She was also one of the finalists in the ASME-HP Woman Entrepreneur Award in 1999. Dr Hoan previously served in the community as Vice Chairperson of the Braddell Heights Citizens' Consultative Committee. She graduated from the then Nanyang University with a Bachelor Degree in Arts in 1975 and obtained a Masters Degree in Business Administration from the National University of Singapore in 1997 and a Ph.D in Business Administration from the Western Pacific University, USA in 2002. She was also awarded an Honorary Ph.D from Kennedy Western University, USA.

Huang Ban Chin, our Executive Director, is responsible for the business and product development of our Group. He is also in charge of overseeing our Group's day-to-day operations, marketing activities for our retail and export channels and financial management functions. He is a biochemist and microbiologist and he has 14 years of experience in the direct selling and healthy lifestyle industries. Upon graduation from the National University of Singapore in 1992 with a Bachelor of Science degree, he joined our Group as Marketing Manager to spearhead our marketing efforts. In 1994, he was promoted to the position of Director of our Group as his job responsibility expanded to include overseeing the day-to-day operations and internal control processes of our Group. He assumed his current position in 2003. He is currently pursuing a Masters in Business Administration from the Nanyang Technological University.

Robson Lee Teck Leng, appointed as our Non-Executive Director on 24 May 2004, is a practising lawyer with more than 10 years of experience in capital markets and corporate finance legal work. He is currently an Equity Partner in the law firm of Shook Lin & Bok. He is a Director of the Board of Directors of the Singapore Chinese High School, and Vice-Chairman of the Hwa Chong Alumni Association. Mr Lee has been appointed Member of the Board of Governors for The Chinese High School and Member of the College Management Committee for Hwa Chong Junior College by the Ministry of Education. Mr Lee is the Chairman of the Audit Committee of Qian Hu Corporation Limited, and a member of its Nominating and Remuneration Committees. He is the Chairman of the Nominating Committee of Serial System Ltd, and a member of its Audit and Remuneration Committees. Mr Lee is also the Chairman of the Remuneration Committee of Sim Lian Group Limited, and a member of its Audit and Nominating Committees. Mr Lee holds an LLB (Hons) from the National University of Singapore.

Ravindran s/o Ramasamy, appointed as our Independent Director on 24 May 2004, is a director in the law firm of Straits Law Practice LLC. He has been in practice for more than 17 years, and has experience in many areas of the law, including criminal and civil litigation. He currently specialises in banking and corporate law. Mr Ravindran obtained an LLB (Hons) from the National University of Singapore in 1985, and a Masters in Law (LLM) from the National University of Singapore in 1991. Mr Ravindran is a Member of Parliament for Marine Parade Group Representative Constituency.

Lee Sen Choon, appointed as our Independent Director on 24 May 2004, is currently a partner of Messrs Lee Seng Chan & Co., a public accounting firm in Singapore. He has more than 20 years of experience in accounting, auditing, taxation and corporate secretarial work. Mr Lee is the Treasurer of the Board of Directors and a member of the Board of Governors of The Chinese High School. He is also the Treasurer of the Hwa Chong Alumni Association, and a member of the School Advisory Committee of Xingnan Primary School. Mr Lee is a member of the Institute of Chartered Accountants in England and Wales, and a practising member of the Institute of Certified Public Accountants of Singapore. Mr Lee holds a Bachelor of Science degree (Hons) from the then Nanyang University and has a post-graduate diploma in Management Studies from the University of Salford, United Kingdom.

Dr Dora Hoan and Dr Doreen Tan are also our substantial Shareholders. None of our Directors is related by blood or marriage to one another or to our substantial Shareholders.

DIRECTORS, MANAGEMENT AND STAFF

The list of present and past directorships of each of our Directors held in the 5 years preceding the date of this Prospectus can be found in the section entitled “General and Statutory Information” on pages 109 and 110 of this Prospectus.

MANAGEMENT

Our Directors are assisted by a team of experienced and qualified Executive Officers who are responsible for the various functions of our Group. The particulars of our Executive Officers are as follows:

Name	Age	Address	Principal Occupation
Koh Hui	26	Block 558 Yishun Avenue 6 #03-20 Singapore 768965	Finance Manager
Koh Koon Choo	46	19 Bedok Reservoir View #14-02 Singapore 478935	Regional Distributors Accounts Manager
Ho Li Min	35	Block 562, Ang Mo Kio Avenue 3 #06-3493 Singapore 560562	Marketing Communications Manager
Lu Shih Chieh @ Jerry Lu	38	Block 628 Bedok Reservoir Road #07-1666 Singapore 470628	General Manager, BWL
Cheh Foong Kuan	45	103 Jalan Hujan Bubuk Overseas Union Garden 58200 Kuala Lumpur	General Manager, BWLSB

Information on the business and working experience of our Executive Officers is set out below:

Koh Hui, our Finance Manager, is responsible for the overall management of our Group’s financial reporting, internal control and accounting processes. She is also responsible for the operational internal audit functions of our Group and reports to our Executive Director, Huang Ban Chin who oversees the financial management of our Group. She joined us in 2003 and has about 4 years of experience in audit and accounting. Prior to joining us, she was with Ernst & Young, an international accounting firm, as a Senior Auditor. She joined Arthur Andersen in 2000 as a Staff Accountant and was subsequently promoted to Senior Auditor when Ernst & Young and Arthur Andersen merged. She holds a Bachelor Degree in Accountancy from the Nanyang Technological University, and is a member of the Institute of Certified Public Accountants of Singapore.

Koh Koon Choo, our Regional Distributors Accounts Manager, heads our Regional Accounting Support Department and is primarily responsible for co-ordinating and monitoring the activities and accounts of our distributors and members of our ENP. In addition, she undertakes the human resource function of our Group, which includes payroll and staff recruitment. She joined our Group in 1991 as an Accounts Executive and was promoted to Administrative and Accounts Manager in 1994. She was promoted to her current position in 2003. Prior to joining our Group in 1991, she was employed in the field of finance and accounting for more than 5 years. From 1987 to 1998, she was an Accounts Executive with Mode Circle Pte Ltd, a direct seller of beauty products, where she was responsible for maintaining the financial accounts of the company. After obtaining diplomas in hair dressing, she became a beauty instructor at Mode Circle Pte Ltd in 1998. In 1989, she joined Nai Tin Pte Ltd, a liferaft service and ship equipment supplier, as an Accounts Executive, where she oversaw the accounting and bookkeeping function. She holds a Diploma in Business Administration from PSB International Management Academy.

DIRECTORS, MANAGEMENT AND STAFF

Ho Li Min, our Marketing Communications Manager, is responsible for formulating our advertising and promotional programmes and overseeing our brand management efforts. She joined our Group in 2003 and has over 10 years of experience in the marketing and promotion of lifestyle products in the direct selling industry. Prior to joining us, she was with Neucor Holdings Pte Ltd and its Malaysian subsidiary, Neucor Alliance (M) Sdn Bhd as a Merchandising Manager responsible for product development and merchandising of its in-house brands. From 1993 to 1996, she was with Mode Circle Sdn Bhd, a direct seller in Malaysia, as an Assistant Marketing Manager where she headed the company's creative department. She holds a Bachelor of Science Degree from the National Taiwan University and has a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

Lu Shih Chieh @ Jerry Lu, our General Manager of BWL, is responsible for overseeing the direct selling activities and the day-to-day operations of BWL. He joined us in 1995 as a Marketing Manager and was involved in the general marketing functions of our Group. In 1997, he was promoted to the position of Assistant General Manager where his job scope was expanded to include overseeing the day-to-day operations of BWL. In 2003, he was promoted to his current role as General Manager of BWL. He has over 8 years of experience in the direct selling industry. He holds a Bachelor Degree in Commerce (Information System) from Curtin University of Technology in Perth, Australia.

Cheh Foong Kuan, our General Manager of BWLSB, is responsible for overseeing our Group's day-to-day operations in Malaysia. She has more than 20 years of experience in the direct selling industry in Malaysia. From 1982 to 1999, she held various managerial positions with direct sellers in Malaysia, namely Mode Circle Sdn Bhd, Peeres Americ Sdn Bhd, Best Creation (M) Sdn Bhd and Neucor Alliance (M) Sdn Bhd, where she was primarily responsible for operational and public relations functions. From 1999 to 2000, she was the General Manager of EAP Enterprise Sdn. Bhd., a direct seller of nutritional supplements in Malaysia, responsible for setting up the company's direct selling network in Malaysia. From 2000 to 2001, she was a Senior Manager (Operations) in Autoair Healthcare Management Sdn Bhd, a direct seller dealing in healthcare management in Malaysia, where she was responsible for its operations support division, administration and public relations. She holds a London Chamber of Commerce and Industry certification in Intermediate and Advance Bookkeeping, an Institute of Administration Management Diploma and an Executive Private Secretaryship Diploma and certification from the United Kingdom.

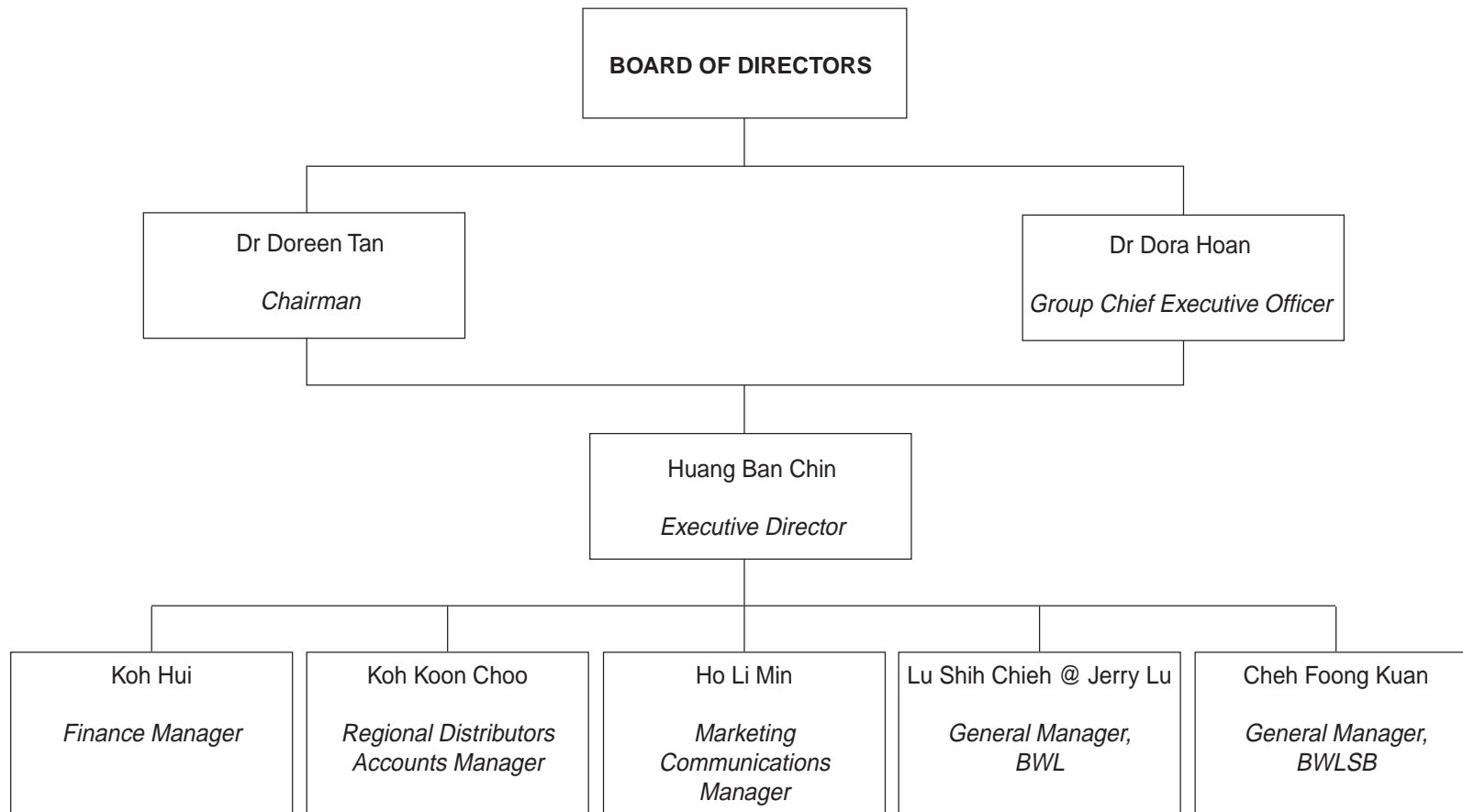
None of our Executive Officers is related by blood or marriage to one another, our Directors or our substantial Shareholders.

None of our Executive Officers has any present or past directorships over the 5 years preceding the date of this Prospectus.

DIRECTORS, MANAGEMENT AND STAFF

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is set out below:



DIRECTORS, MANAGEMENT AND STAFF

STAFF

A breakdown of our staff strength by geographical locations and activities as at the end of the last 3 financial years from FY2001 to FY2003 is as follows:

Geographical Location	As at 31 December		
	2001	2002	2003
Singapore	52	58	55
Malaysia	2	2	8
Total number of full time employees	54	60	63

Activities	As at 31 December		
	2001	2002	2003
Frontline sales positions	6	8	13
Marketing positions	35	37	32
Packaging, store and other support positions	13	15	18
Total number of full time employees	54	60	63

We do not experience any significant seasonal fluctuations in our number of employees. There has been no significant change in the number of employees for the last three financial years.

We do not employ a significant number of temporary employees. However, from time to time, when the need arises, we may employ contract workers to cope with increases in workload at our packaging facility or temporary promoters for sales campaigns at our retailers' outlets.

Our employees are not unionised. The relationship between management and employees is good and there has been no industrial dispute with our employees since we commenced operations.

COMPENSATION

Directors

The compensation paid or payable by our Group to each of our Directors for services rendered to us in all capacities for FY2002, FY2003 and estimated compensation for FY2004, in bands of \$250,000 per annum, were or are as follows:

Directors	FY2002	FY2003	FY2004 ⁽¹⁾
Dr Doreen Tan	Band I	Band I	Band II
Dr Dora Hoan	Band I	Band I	Band II
Huang Ban Chin	Band I	Band I	Band I
Robson Lee Teck Leng	—	—	Band I
Ravindran s/o Ramasamy	—	—	Band I
Lee Sen Choon	—	—	Band I

Legend:

Band I : Compensation of between \$0 to \$250,000 per annum

Band II : Compensation of between \$250,001 to \$500,000 per annum

Note:

(1) The compensation for FY2004 is estimated and does not include performance bonuses payable.

DIRECTORS, MANAGEMENT AND STAFF

Employees

The compensation paid or payable by our Group to each of our top 5 (in terms of amount of compensation) employees (not being Directors) for services rendered to us for FY2002, FY2003 and estimated compensation for FY2004 were or are less than \$250,000 per annum.

Pension or retirement benefits

Save for CPF, we do not set aside or accrue any pension or retirement benefits for any of our employees.

Employee Incentive Scheme

Since July 2001, our Group has implemented an incentive scheme named the Employee Incentive Scheme ("EIS") to provide an added form of compensation for our employees. All our full time confirmed employees are automatically entitled to participate in the EIS. Under the EIS, our employees each receive a pre-determined incentive payment based on the monthly sales level achieved by the respective companies in our Group. In order for any incentive payment to be awarded, a minimum pre-determined sales target has to be achieved. The incentive payments awarded under the EIS increase in proportion to the increase in our Group's sales. Our Directors believe that the EIS is a transparent and fair way of rewarding our employees as it encourages our employees to work together to achieve higher sales for our Group.

In addition to the EIS, our marketing staff are entitled to cash incentives which are commensurate with their respective business centre's sales performance.

Our Executive Directors who currently participate in the EIS shall cease to participate in the EIS upon entering into their respective Service Agreements with our Company, further details of which are set out below in the section entitled "Service Agreements".

SERVICE AGREEMENTS

On 20 May 2004, our Company entered into separate service agreements (the "Service Agreements") with our Group Chief Executive Officer, Dr Dora Hoan, our Chairman, Dr Doreen Tan and our Executive Director, Huang Ban Chin (the "Executives") which will take effect from the date of admission of our Company to the Official List of SGX-SESDAQ (or such other date as may be agreed between our Company and the respective Executive). The appointment of each of the Executives is subject to the admission of our Company to the Official List of SGX-SESDAQ.

The terms of the appointment for Dr Dora Hoan, Dr Doreen Tan and Huang Ban Chin are for three (3) years each, unless otherwise terminated by either party giving not less than 6 months' written notice or salary in lieu. We may also terminate their respective Service Agreements if any of them is convicted or otherwise found guilty of any offence involving fraud or dishonesty or serious misdemeanour, becomes bankrupt or otherwise acts to the prejudice of our Company. The Service Agreements cover the terms of employment, specifically salaries, bonuses and benefits.

Pursuant to the terms of the respective Service Agreements, Dr Dora Hoan, Dr Doreen Tan and Huang Ban Chin are entitled to a monthly salary of \$28,000, \$28,000 and \$10,000 respectively.

DIRECTORS, MANAGEMENT AND STAFF

The Executives are each entitled to a fixed bonus of an amount equivalent to 1 month of their basic salary. They are each also entitled to an annual incentive bonus which shall be computed based on our audited aggregate net profit before taxation (excluding extraordinary items and before paying the incentive bonus) (“Group PBT”) for that financial year. The incentive bonus will be based on a percentage of our Group PBT as set out in the table below and will be payable after the consolidated financial statements of our Group for each financial year has been audited:

Name	Range of Group PBT			
	Below \$3 million	Between \$3 million and \$5 million	Amount in excess of \$5 million and less than \$7 million	Amount in excess of \$7 million
Dr Dora Hoan	Nil	1.0%	2.0%	4.0%
Dr Doreen Tan	Nil	1.0%	2.0%	4.0%
Huang Ban Chin	Nil	0.5%	1.0%	2.0%

Our Group Chief Executive Officer, Dr Dora Hoan, and our Chairman, Dr Doreen Tan are each also entitled to the sole use of a motor car. All reasonable travelling, hotel and other out of pocket expenses incurred by our Executives in the discharge of their duties pursuant to the Service Agreements will be borne by our Company. Such expenses include, but are not limited to petrol, car park charges, electronic road pricing, road tax and car insurance.

The Executives have agreed, *inter alia*, that for the duration of the appointments under the respective Service Agreements, the Executives shall not directly or indirectly be engaged or interested in any other business, trade or occupation, without the consent of our Company. Furthermore, for a period of 6 months after the respective appointments are terminated under the Service Agreements, the Executives shall not (a) be connected in any manner directly or indirectly in any business which is in competition with that conducted by our Group; (b) cause any of our customers not to deal with us; (c) solicit for himself or any person other than us the business of any of our supplier or customer; or (d) persuade any of our employees to leave our employment. The Executives are also bound under the Service Agreements not to disclose confidential information or trade secrets of our Group.

Our Group has also entered into various letters of employment with our Executive Officers. Such letters typically provide for the salary payable to the Executive Officers, their working hours, annual leave, medical benefits, grounds of termination and certain restrictive covenants.

Save for the above, there are no existing or proposed service contracts entered or to be entered into by our Directors.

Had the Service Agreements been in effect from 1 January 2003, the aggregate remuneration for the Executives would have been approximately \$1.0 million and our profit attributable to Shareholders would have been approximately \$2.7 million instead of approximately \$3.0 million.

BEST WORLD SHARE OPTION SCHEME

Our Company has also adopted the Best World Share Option Scheme which was approved by the Shareholders at an Extraordinary General Meeting held on 21 May 2004. As at the Latest Practicable Date, no options have been issued pursuant to the Scheme. The Scheme will provide an opportunity for our Employees and Executive Directors to participate in the equity of our Company. The rules of the Scheme (the “Rules”) are set out in Annex C of this Prospectus. The Scheme conforms to the requirements as set out in Chapter 8, Part VIII of the SGX-ST Listing Manual. Terms used in this section, unless otherwise defined, have the same meaning as contained in the Rules and/or this Prospectus.

DIRECTORS, MANAGEMENT AND STAFF

A. Objective of the Scheme

The Scheme is a share incentive scheme. The purpose of the Scheme is to provide an opportunity for the Executive Directors and Employees of our Group to participate in the equity of our Company so as to motivate them to greater dedication, loyalty and higher standards of performance. The Scheme is proposed on the basis that it is important to acknowledge and secure future contribution by the Executive Directors and Employees, which is essential to the well-being and prosperity of our Group. Our Company, by adopting the Scheme, will give these categories of persons a real and meaningful stake in our Company and this will help to achieve the following objectives:

- (a) the motivation of Participants to optimise performance standards and efficiency and to maintain a high level of contribution;
- (b) to make total employee remuneration sufficiently competitive to recruit and retain key employees whose contributions are important to the long term growth and prosperity of our Group;
- (c) to align the interests of employees with the interests of the Shareholders of our Company;
- (d) the attainment of harmonious employer/staff relations, as well as the strengthening of working relationships with them; and
- (e) the development of a participatory style of management which promotes greater commitment and dedication amongst the employees and instils loyalty and a stronger sense of identification with the long term prosperity of our Group.

B. Eligibility

The Scheme allows participation, at the absolute discretion of the Committee, (i) confirmed full time employees of our Company and/or its subsidiaries who have attained the age of 21 years on or before the Offering Date; (ii) directors of our Company and/or its subsidiaries who perform an executive function; and employees who qualify under (i) above and are seconded to an Associated Company or any other company outside our Group in which our Company and/or our Group has an equity interest and who, in the absolute discretion of the Committee, is selected to participate in the Scheme, provided that none of the participants shall be undischarged bankrupts. Employees or Executive Directors who are either Controlling Shareholders or their associates are not eligible to participate in the Scheme.

We recognise that where our Employees and Executive Directors have participated in the Scheme, they would be in a position to contribute to the development and success of our Group. Only those who are likely to contribute to the development and success of our Group will be selected to participate in the Scheme.

C. Limitations under the Scheme

The aggregate number of Shares over which Options may be granted on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the Scheme, shall not exceed 15% of the issued Shares of our Company on the day preceding that date. Our Directors believe that the size of the Scheme is reasonable, taking into account the nature of our business in the industry, the contributions of our Employees and Executive Directors and our share capital.

Subject to the paragraph B on eligibility above, the aggregate number of Shares in respect of which Options may be offered to a participant under the Scheme shall be subsequently determined at the discretion of the Committee, who shall take into account criteria such as the rank and responsibilities within our Group, performance, years of service and potential for future development of that participant, and the general performance of our Group.

DIRECTORS, MANAGEMENT AND STAFF

D. Exercise Price

The Exercise Price for each Share in respect of which an Option is exercisable shall be determined by reference to a price equal to the average of the last dealt price(s) for a Share, as determined by reference to the official list or any other publication by the SGX-ST, for the last 5 Market Days immediately preceding the Offering Date. In no event shall the Exercise Price be less than the nominal value of a Share. Where the Exercise Price is less than the nominal value of a Share, the Exercise Price shall then be the nominal value, whichever the higher.

E. Option Period

Each Option shall be exercisable, in whole or in part, during the Option Period. The Option Period shall commence on (and include) the first anniversary of the Offering Date and expire on (and include) the day immediately preceding the tenth anniversary of the Offering Date, such other period as may be determined by the Committee, or such other period as may be prescribed under any relevant law, regulation or rule of the SGX-ST from time to time. Any Option granted and accepted by a Participant but not exercised within the Option Period in accordance with the Rules shall lapse and determine.

In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the Scheme until such time as it shall lapse in accordance with the Scheme.

F. Duration of the Scheme

The Scheme shall continue to be in force at the discretion of the committee administering the Scheme, subject to a maximum period of ten years commencing from the Adoption Date, provided always that the Scheme may continue beyond the above stipulated date with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

On the termination of the Scheme, no further Options may be granted by our Company pursuant to the Scheme.

G. Cost to our Company for granting Options under the Scheme

The grant of Options under the Scheme will not have an impact on our Company's profitability based on the Financial Reporting Standards (FRS) currently applied, as neither our Company nor our Group would expend any cash outlay at the time of such grant of Options, as compared to the payment of cash bonuses. However, any Options granted to subscribe for new Shares in our Company have a fair value at the time of the grant. The fair value is an estimate of the amount that a willing buyer would pay a willing seller for the Option on the date of grant.

Under the Scheme, Options are granted to grantees at a nominal consideration of \$1.00. Insofar as such Options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to our Company represented by the reduced amount our Company would have received from the relevant grantee. This reduced amount that our Company would have received is the difference between the fair value of the Shares at the time of the grant and the Exercise Price of the Options granted. The quantum of this reduced amount will depend on various factors such as the length of the option period. If however, such costs were to be recognised, it would have to be charged to our Company's profit and loss account at the time Options are granted, thereby reducing the profits of our Group.

Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the net tangible assets of our Company and its share capital will grow.

DIRECTORS, MANAGEMENT AND STAFF

Our Company's cost of granting Options is therefore that the impact from the issue and allotment of new Shares upon the exercise of Options on our net tangible asset per Share will be accretive if the Exercise Price is above the net tangible asset per Share, but dilutive otherwise. This cost or impact however will materialise only upon the actual exercise of the relevant Options.

Measured against the aforementioned costs of granting the Options is the desirable effect of the Scheme to attract, recruit, retain and motivate directors and employees which could in the long term yield greater returns for our Company and our Shareholders.

H. SGX-ST Requirements

Our company shall disclose the following in our annual report:

- (a) the names of the members of the Committee administering the scheme; and
- (b) the information required in the table below for the following participants:
 - (i) Directors of the Company; and
 - (ii) Participants, other than those in (i) above, who receive 5% or more of the total number of options available under the Scheme:

Name of Participant	No. of Options granted during financial year under review (include Exercise Price)	Aggregate Options granted since commencement of the Scheme to the end of the financial year under review	Aggregate Options exercised since commencement of the Scheme to the end of the financial year under review	Aggregate Options outstanding as at the end of the financial year under review
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- (c) an appropriate negative statement that the participants who are Controlling Shareholders or their associates, directors and employees of the parent company and its subsidiaries are not eligible to participate in the Scheme and that all Options granted are not at a discount.

BOARD PRACTICES

Term of office

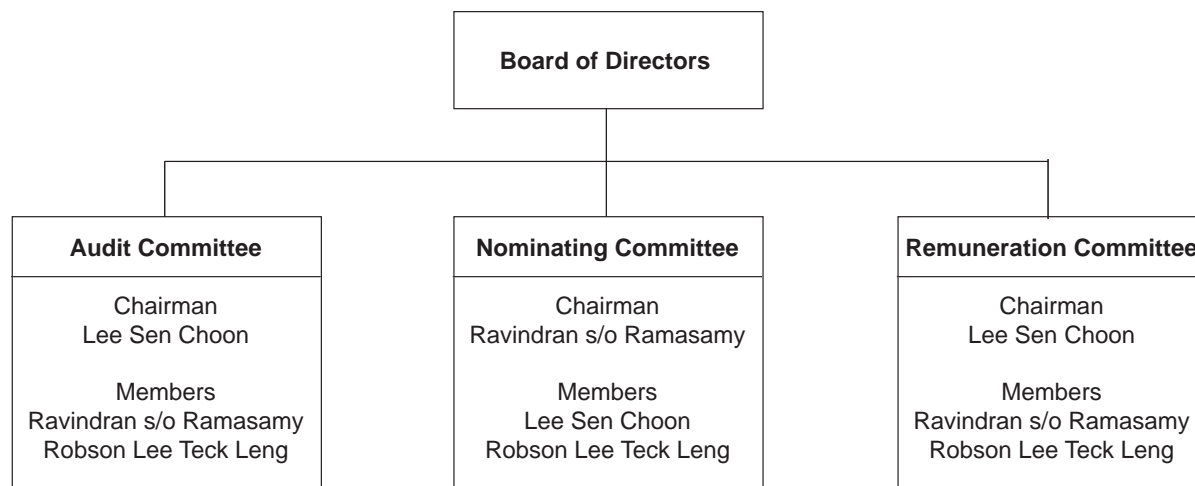
The period of which each of our Directors has served in office in our Company as at the Latest Practicable Date are as follows:

Name	Date of commencement	Period served in office
Dr Doreen Tan	11 December 1990	14 years
Dr Dora Hoan	11 December 1990	14 years
Huang Ban Chin	13 September 1994	10 years
Robson Lee Teck Leng	24 May 2004	—
Ravindran s/o Ramasamy	24 May 2004	—
Lee Sen Choon	24 May 2004	—

Our Group's business and operations are currently under the management of our Group Chief Executive Officer, Dr Dora Hoan, our Chairman, Dr Doreen Tan and our Executive Director, Huang Ban Chin.

DIRECTORS, MANAGEMENT AND STAFF

Our Directors recognise the importance of good corporate governance and the provision of high standards of accountability to our Shareholders. Accordingly, our Directors have established an Audit Committee, a Nominating Committee and a Remuneration Committee, the details of which are set out below:



Audit Committee

Our Audit Committee comprises our 2 Independent Directors, Ravindran s/o Ramasamy and Lee Sen Choon, and our Non-Executive Director, Robson Lee Teck Leng. The Chairman of our Audit Committee is Lee Sen Choon.

Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group. Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically and perform the following functions:

- review with the external auditors the audit plan, their evaluation of our system of internal accounting controls, their letter to management and our management's response;
- review the semi-annual and annual financial statements before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- review the internal control procedures and ensure co-ordination between the external auditors and our management, and review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management, where necessary);
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

DIRECTORS, MANAGEMENT AND STAFF

- (f) review interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- (g) review potential conflict of interests, if any;
- (h) undertake such other reviews and projects as may be requested by our Board, and will report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- (i) generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall communicate and review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating units and/or financial position.

Nominating Committee

Our Nominating Committee comprises our 2 Independent Directors, Ravindran s/o Ramasamy and Lee Sen Choon, and our Non-Executive Director, Robson Lee Teck Leng. The Chairman of our Nominating Committee is Ravindran s/o Ramasamy. Our Nominating Committee is responsible for the re-nomination of Directors (including Independent Directors of our Company) taking into consideration each Director's contribution and performance. Our Nominating Committee is also charged with the responsibility of determining annually whether a Director is independent and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

Under our Articles of Association, at least one third of our Company's directors are required to retire from office at every Annual General Meeting of our Company. Every Director must retire from office at least once every 3 years. A retiring Director is eligible and may be nominated for re-election. Further details on the appointment and retirement of our Directors can be found in Annex A of this Prospectus.

Each member of our Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his performance, independence or re-nomination as Director.

Remuneration Committee

Our Remuneration Committee comprises our 2 Independent Directors, Ravindran s/o Ramasamy and Lee Sen Choon, and our Non-Executive Director, Robson Lee Teck Leng. The Chairman of our Remuneration Committee is Lee Sen Choon. Our Remuneration Committee will recommend to our Board of Directors a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each Executive Director and our Chairman and Group Chief Executive Officer. The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire Board of Directors. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances and bonuses, options and benefits in kind shall be covered by our Remuneration Committee. Each member of our Remuneration Committee shall abstain from voting on any resolution in respect of his remuneration package.

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

INTERESTED PERSON TRANSACTIONS

Save as disclosed below and under the section entitled “Restructuring Exercise” on pages 42 and 43 of this Prospectus on transactions relating to (i) the acquisition of 100% interest in BWL by our Company; (ii) the acquisition of 100% interest in Avance by our Company; (iii) the acquisition of 100% interest in IBWL by our Company; and (iv) the acquisition of 60% interest in BWLSB by our Company, there are no other interested person transactions undertaken by our Group within the last 3 financial years from FY2001 to FY2003 and up to the Latest Practicable Date.

Past Interested Person Transactions

Amounts owing to our Directors

Our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan (for the purpose of this paragraph, referred to as our “Executive Directors”) made advances to our Company from time to time to finance our working capital requirements. In FY2002, our Executive Directors also made advances to BWLSB for working capital purposes.

The advances made to our Company were unsecured and repayable on demand. The advances made to BWLSB were unsecured and had no fixed terms of repayment. These advances to our Group were extended interest-free for each of the 3 financial years from FY2001 to FY2003. In addition, the amounts owing to our Directors in FY2003 included the cash consideration payable of approximately \$1.7 million in respect of the Restructuring Exercise, as described on page 42 of this Prospectus.

The aggregate amounts owing to our Directors by our Group for FY2001 to FY2003 were as follows:

(’000)	FY2001	FY2002	FY2003
Amounts owing to our Directors by:			
BWL	\$158	\$52	\$701
BWLSB	RM223	—	—

As at the Latest Practicable Date, the amounts owing to our Directors by BWL amounted to approximately \$25,000. The largest amounts outstanding during the last 3 financial years from FY2001 to FY2003 were approximately \$1.7 million and RM0.2 million for our Company and BWLSB respectively. We intend to repay the balance amounts owing by BWL to our Directors from our future operating cash flows. The amount owing to our Directors by BWLSB was set off against an amount due from our Directors to BWLSB in FY2002, details of which are set out below. We do not intend to obtain further advances from our Directors in future.

Amounts owing from our Directors

In FY2002, the amounts due to BWLSB were in respect of advances made by BWLSB to our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan. The amounts owing were unsecured, interest-free and had no fixed terms of repayment.

The aggregate amounts owing from our Directors to our Group for FY2001 to FY2003 were as follows:

(RM’000)	FY2001	FY2002	FY2003
Amounts owing from our Directors to BWLSB	4	697	—

The largest amount outstanding during the last 3 financial years from FY2001 to FY2003 was approximately RM0.9 million. In FY2002, the amount owing from our Directors was partially set off against an amount due from our Directors to BWLSB as described above. As at 31 December 2003, the balance of the amounts owing from our Directors to BWLSB has been fully repaid. We do not intend to make further advances to our Directors in future.

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Transactions with BE Shop Sdn Bhd

BE Shop Sdn Bhd (“BE Shop”) was jointly owned by our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan in equal proportion. BE Shop was principally engaged in the distribution of skin care products to beauty saloons in Malaysia. Our Company sold skin care products to BE Shop. Our sales to BE Shop amounted to approximately \$0.4 million for each of FY2001 and FY2002. As part of our Group’s rationalisation exercise, BE Shop started to wind down its operations in October 2002 and has been dormant since the end of 2002. Our Group Chief Executive Officer, Dr Dora Hoan and Chairman, Dr Doreen Tan are in the process of winding up BE Shop. The transactions with BE Shop were transacted on an arm’s length basis.

Personal Guarantees provided by our Executive Directors

Our Executive Directors have provided personal guarantees to secure banking and financing facilities for our Group. Details of the personal guarantees are listed below:

Financial institution	Facilities guaranteed/secured	Facilities granted to	Personal guarantees provided by
UOB	General banking and financing facilities of up to \$1.5 million	BWI	Dr Dora Hoan, Dr Doreen Tan and Huang Ban Chin
DBS	General banking and financing facilities of up to \$1.3 million	BWL	Dr Dora Hoan and Dr Doreen Tan
Public Bank Berhad	Fixed loan and overdraft facilities amounting to RM600,000 and RM400,000 respectively	BWLSB	Dr Dora Hoan and Dr Doreen Tan

Subsequent to the Invitation, our Executive Directors intend to obtain the release and discharge of the above guarantees from the respective financial institutions. In the event that they are unable to procure the discharge of the above guarantees, our Executive Directors will continue to provide such guarantees.

Transactions between ANTS and our Company

In the past, we sub-contracted the packaging of our products to ANTS. ANTS is jointly owned by our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan with interests of 50% each. ANTS operated a packaging facility and was principally engaged in the packaging of cosmetics, skin care and nutritional supplement products for our Group. As we supplied the raw materials required for the packaging of our products, ANTS charged our Group for the relevant labour and overhead costs and the aggregate fees paid to ANTS amounted to approximately \$46,000 and \$44,000 in FY2001 and FY2002 respectively. The transactions with ANTS were transacted on an arm’s length basis. In FY2002, our Company assumed the business operations of ANTS and ANTS is currently dormant. We do not intend to enter into any further transactions with ANTS in future.

Lease of premises from Dr Dora Hoan and Dr Doreen Tan

Since 1990, we have been renting premises for our business centre at Ang Mo Kio (“Property”). As at 31 March 2004, the Property was jointly owned by Dr Dora Hoan and Dr Doreen Tan. The rental fees paid to Dr Dora Hoan and Dr Doreen Tan in FY2001, FY2002 and FY2003 were approximately \$60,000, \$77,000 and \$72,000 respectively. From 1 January 2004 to the Latest Practicable Date, the rental fees paid to Dr Dora Hoan and Dr Doreen Tan amounted to approximately \$34,000. The rental was determined according to the prevailing market rates for similar properties and transacted on an arm’s length basis.

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

In April 2004, this arrangement was discontinued as we entered into a sale and purchase agreement with Dr Dora Hoan and Dr Doreen Tan for the purchase of the Property. Pursuant to the sale and purchase agreement, we purchased the Property for a consideration of \$1.4 million. Further details are set out under the section entitled “Properties and Other Fixed Assets” on page 63 of this Prospectus. The consideration was determined according to the valuation for the Property conducted by an independent professional valuer which valued the Property at \$1.4 million as at 16 February 2004.

On-going Interested Person Transaction

Legal services provided by Shook Lin & Bok

Robson Lee Teck Leng, our Non-Executive Director, is the partner-in-charge from Shook Lin & Bok, which will be receiving a fee of approximately \$0.2 million from us for legal services rendered in connection with the Invitation and other legal matters. He will be offered 50,000 Reserved Shares as a Non-Executive Director of our Company in recognition of his future contributions to our Group. From time to time, Shook Lin & Bok have provided professional legal services to our Group. The aggregate amounts of fees paid to Shook Lin & Bok for professional legal services rendered to our Group in the last three financial years and up to the Latest Practicable Date are as follows:

(\$'000)	FY2001	FY2002	FY2003	From 1 January 2004 to the Latest Practicable Date
Fees paid for professional legal services rendered	—	14	—	—

The professional fees paid to Shook Lin & Bok in respect of professional legal services provided are comparable to prevailing market rates and on normal commercial terms. After our listing on SGX-SESDAQ, all future transactions with Shook Lin & Bok will be conducted in accordance with such guidelines as described under the section entitled “Review Procedures for Future Interested Person Transactions” below and Chapter 9 of the SGX-ST Listing Manual, so as to ensure that these transactions will be carried out on an arm’s length basis and shall not be on terms that are more favourable than if they were transacted with a non-interested person.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future interested person transactions will be properly documented and submitted to our Audit Committee for periodic review to ensure that they are carried out on an arm’s length basis, on normal commercial terms and are not prejudicial to the interests of our Shareholders. Our Audit Committee will adopt the following procedures when reviewing interested person transactions:

- (a) when engaging the services of an interested person, we will obtain 2 other quotations from unrelated third parties for comparison, to ensure that the interests of minority Shareholders are not prejudiced. The fee for services shall not be higher than the most competitive fee of the 2 other quotations from unrelated third parties. In determining the most competitive fee, all pertinent factors, including but not limited to the nature of the service, experience and expertise of the service provider, quality, delivery time and track record will be taken into consideration; and
- (b) the Director interested in the transaction will not be consulted in the selection process and will not be given the quotations received from the other service providers.

Our Audit Committee will review all interested person transactions, if any, at least semi-annually to ensure that they are carried out at arm’s length and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. If any member of our Audit Committee has an interest in a transaction, he will abstain from participating in the review and approval process in relation to that transaction. Furthermore, if, during these reviews, our Audit Committee believes that the guidelines and procedures as stated above are not sufficient to ensure

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

that the interests of minority Shareholders are not prejudiced, our Audit Committee will adopt new or more appropriate guidelines and procedures.

In addition, our Audit Committee will include the review of interested person transactions as part of its standard procedures when examining the adequacy of internal controls. Our Audit Committee will also ensure that the prevailing rules and regulations of the SGX-ST (in particular Chapter 9 of the SGX-ST Listing Manual) are complied with. As required by Clause 9(e) of Appendix 2.2 of the SGX-ST Listing Manual, our Company adopted a set of new Articles of Association which requires a director to abstain from voting in any contract or arrangement in which he has a personal material interest. We will comply with the provisions of Chapter 9 of the Listing Manual and all relevant laws and regulations in respect of all future interested persons transactions and if necessary, and we will seek our Shareholders' approval for such transactions.

POTENTIAL CONFLICT OF INTERESTS

Neucor Holdings Pte Ltd ("Neucor") and its subsidiary, Neucor Alliance Sdn Bhd ("Neucor Alliance")

Our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan are currently passive investors in Neucor and Neucor Alliance. Each of them holds approximately 4.9% and 0.75% of the issued share capital of Neucor and Neucor Alliance respectively. Neucor is principally engaged in the distribution and sale of products including nutritional supplement products, and Neucor Alliance is primarily engaged in direct selling in Malaysia. The businesses of Neucor and Neucor Alliance are similar to our Group's business. Neucor is one of our major customers and we have been supplying nutritional supplement products to Neucor for export to Neucor Alliance, in Malaysia. In addition, we advertised our products under our brand name, "Avance", in Neucor's magazine, "WhereHealthBegins" and through its online portal at www.wherehealthbegins.com in FY2003. The advertising fees paid to Neucor in FY2003 amounted to approximately \$10,000. We did not renew the advertising contract in 2004. Further details are set out under the section entitled "Major Customers" on page 70 and "Marketing" on page 57 of this Prospectus. The amounts transacted with Neucor and Neucor Alliance for FY2001, FY2002 and FY2003 were approximately \$0.7 million, \$1.0 million and \$0.7 million respectively. The selling prices of our products to Neucor were determined on normal commercial terms on an arm's length basis after taking into consideration various factors such as volume of transactions, tenure of business relationship and customers' credit standing.

Our Directors are of the view that there is no conflict of interests between our Group and Neucor or Neucor Alliance as Dr Dora Hoan and Dr Doreen Tan each and in aggregate are not controlling shareholders in Neucor or Neucor Alliance; and neither Dr Dora Hoan nor Dr Doreen Tan participates in the management of Neucor or Neucor Alliance. They are not directors of Neucor or Neucor Alliance and they do not have any executive or management functions in Neucor or Neucor Alliance, and are not involved in the day-to-day operations or management of Neucor or Neucor Alliance. Dr Dora Hoan and Dr Doreen Tan have given undertakings to our Company that they will not serve in any executive position or be involved in the management or business of Neucor or Neucor Alliance so long as each of them is an Executive Director or a Controlling Shareholder of our Company. Further, Dr Dora Hoan and Dr Doreen Tan have also undertaken not to increase their respective interests in Neucor and in Neucor Alliance.

Advanced Nutritional Technology (M) Sdn Bhd ("ANSB")

Our Group Chief Executive Officer, Dr Dora Hoan and our Chairman, Dr Doreen Tan are directors of ANSB. Each of them holds 15% of the issued share capital of ANSB. ANSB was engaged in the business of distribution of skin care and nutritional supplements in Malaysia. ANSB has been dormant since 2001. Accordingly, our Directors are of the view that there is no conflict of interests between our Group and ANSB. Further, Dr Dora Hoan and Dr Doreen Tan have undertaken not to maintain their equity interests in ANSB should ANSB be engaged in businesses that compete with our Company.

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

As Directors, Dr Dora Hoan and Dr Doreen Tan are bound by their fiduciary duties to act in the best interests of our Group. Should a conflict of interest situation arise for each of them as Director vis-à-vis a shareholder of Neucor, each of them is required to disclose such matters of conflict of interests and to abstain from voting on such matters. In addition, our Audit Committee, which is made up of our Independent Directors, will review such matters pertaining to potential conflict of interests.

Save as disclosed above and in the section entitled “Interested Person Transactions” on pages 104 to 106 of this Prospectus, none of our Directors, Executive Officers, Substantial Shareholders and Controlling Shareholders or their Associates has any material interest, direct or indirect, in:

- (a) any company carrying out the same business;
- (b) any enterprise or company that is our Group’s customer or supplier of goods or services; and
- (c) any transaction to which we are a party.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. The name, address, age and principal occupation of each of our Directors and Executive Officers are set out on pages 91 and 93 of this Prospectus.
2. Information on the business and working experience of each of our Directors and Executive Officers are set out on pages 91 to 94 of this Prospectus.
3. The present and past directorships of each of our Directors held in the 5 years preceding the date of this Prospectus, excluding that held in our Company, are set out below:

Name	Present Directorships	Past Directorships
Dr Doreen Tan	<u>Group companies</u>	<u>Group companies</u>
	Avance	Nil
	BWC	
	BWL	
	IBWL	
	BWLSB	
Dr Dora Hoan	<u>Other companies</u>	<u>Other companies</u>
	ANTS	BE Shop.com Pte Ltd ⁽¹⁾
	ANSB	Shanghai Best World ⁽²⁾
	BE Shop Sdn Bhd	Tianjin Best World ⁽²⁾
Huang Ban Chin	<u>Group companies</u>	<u>Group companies</u>
	BWC	Nil
	<u>Other companies</u>	<u>Other companies</u>
	Nil	ANTS
		Shanghai Best World ⁽²⁾
		Tianjin Best World ⁽²⁾

GENERAL AND STATUTORY INFORMATION

Name	Present Directorships	Past Directorships
Robson Lee Teck Leng	<u>Group companies</u> Nil <u>Other companies</u> Hwa Chong International School Qian Hu Corporation Limited Serial System Ltd Sim Lian Group Limited Singapore Chinese High School Visionex Pte Ltd	<u>Group companies</u> Nil <u>Other companies</u> Alpine Microsystems Pte Ltd
Ravindran s/o Ramasamy	<u>Group companies</u> Nil <u>Other companies</u> McKanala Consultancy Pte Ltd Network Inter Business Services Pte Ltd Onyx Asia Holdings Pte Ltd RGC Holdings Pte Ltd Serial System Ltd Straits Law Practice LLC	<u>Group companies</u> Nil <u>Other companies</u> Cascade Building Products Pte Ltd Enviro-Pro Singapore Pte Ltd Innovax Systems Pte Ltd Mars Multi Media Pte Ltd Surice Trading Private Limited Tele-Centre Services Pte Ltd The Sifas Performing Arts Company Limited Ultra.com Pte Ltd
Lee Sen Choon	<u>Group companies</u> Nil <u>Other companies</u> Hor Kew Corporation Limited LSC & Brothers Pte Ltd LSC Management Consultants Pte Ltd Leta Enterprise Sdn Bhd Ming Hwa Industry Sdn Bhd Shanghai LSC Management Consultants Co., Ltd Shanghai Welfare Group Co., Ltd Singapore Chinese High School Spiral Holdings Sdn Bhd Transco Sdn Bhd	<u>Group companies</u> Nil <u>Other companies</u> Nil

Notes:

- (1) This company was struck off the register of the Registry of Companies and Businesses in 2003.
- (2) Shanghai Best World and Tianjin Best World were deregistered. Please refer to the section entitled "Group Structure" on page 44 of this Prospectus for further details.

GENERAL AND STATUTORY INFORMATION

4. None of our Executive Officers has any present or past directorships over the 5 years preceding the date of this Prospectus.
5. Save as disclosed in the sections under the headings “Shareholders” and “Group Structure” on pages 39 and 44 of this Prospectus respectively and in paragraph 14 below, none of our Directors or Executive Officers has any shareholding interests in our Company or any of our subsidiaries as at the date of this Prospectus.
6. None of our Directors and Executive Officers:
 - (a) has at any time during the last 10 years, had a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner;
 - (b) has at any time during the last 10 years, had a petition under any law of any jurisdiction filed against a corporation of which he was a director or key executive for the winding up of that corporation on the ground of insolvency;
 - (c) has any unsatisfied judgement against him;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment for 3 months or more, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such breach;
 - (f) has at any time during the last 10 years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has he been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any corporation;
 - (h) has ever been disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
 - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;
 - (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - (ii) any corporation or partnership which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership.

GENERAL AND STATUTORY INFORMATION

7. The aggregate remuneration and emoluments paid to our Directors for services rendered in all capacities to our Group for FY2003 amounted to approximately \$0.6 million. The aggregate estimated remuneration and emoluments payable to our Directors (excluding any estimated amount of profit sharing or performance bonus) under the arrangements in force as at the Latest Practicable Date, including the Service Agreements referred to on pages 97 and 98 of this Prospectus, for FY2004 are estimated to be approximately \$0.8 million.
8. Save as disclosed on page 92 of this Prospectus under the section “Directors, Management and Staff”, none of our Directors and Executive Officers is related by blood or marriage to one another nor are they so related to any of our substantial Shareholders.
9. None of our Directors and Executive Officers was appointed pursuant to an arrangement or understanding with any of our customers or suppliers.
10. Save for the Best World Share Option Scheme (details of which are set out on pages 98 to 101 of this Prospectus), no person has been, or is entitled to be, given an option to subscribe for any Shares in or debentures of our Company or any of our subsidiaries.
11. Save as disclosed under the heading “Service Agreements” on pages 97 and 98 of this Prospectus, there are no existing or proposed service contracts between our Directors and our Company or any of our subsidiaries.
12. There is no shareholding qualification for our Directors in our Articles of Association.
13. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or in shares or otherwise, by any person to induce him to become, or qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
14. The interests of our Directors and substantial Shareholders in our Shares as at the Latest Practicable Date and as recorded in the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Companies Act are as follows:

	Number of Shares registered in the names of Directors and substantial Shareholders	%	Number of Shares in which the Directors and substantial Shareholders are deemed to have an interest	%
Directors				
Dr Doreen Tan	43,560,500	43.6	—	—
Dr Dora Hoan	43,560,500	43.6	—	—
Huang Ban Chin	5,000,000	5.0	—	—
Substantial Shareholder (other than Directors)				
Derek Goh Bak Heng	6,000,000	6.0	—	—

GENERAL AND STATUTORY INFORMATION

SHARE CAPITAL

15. As at the date of this Prospectus, there is only one class of shares in the capital of our Company. The rights and privileges attached to our Shares are stated in our Articles of Association. There are no founder, management or deferred shares. The Shares owned by our Directors and substantial Shareholders are not entitled to any different voting rights from the Invitation.
16. Save as disclosed under the heading “Shareholders” on page 39 of this Prospectus and in paragraph 14 above, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly.
17. There is no known arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.
18. There has not been any public takeover offer, by a third party in respect of our Shares or by our Company in respect of the shares of another corporation, which has occurred during the last and current financial year.
19. Save as disclosed below and in the section entitled “Share Capital” on pages 37 and 38 of this Prospectus, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries within the 3 years prior to the date of lodgement of this Prospectus.

Date of Issue	Number of Shares Issued and Allotted	Par Value	Consideration	Purpose of Issue	Resultant Issued Share Capital
Our Company					
28 December 2001	150,000	\$1.00	\$150,000 in cash	Issuance pursuant to subscription by Dr Dora Hoan	\$1,695,000
28 December 2001	150,000	\$1.00	\$150,000 in cash	Issuance pursuant to subscription by Dr Doreen Tan	\$1,845,000
21 May 2004	1,155,000	\$1.00	\$1,155,000 by way of capitalisation of retained profits	Issuance pursuant to Bonus Issue	\$3,000,000
Avance					
17 September 2001	49,999	\$1.00	\$49,999 in cash	Issuance pursuant to subscription by Dr Dora Hoan	\$50,001
17 September 2001	49,999	\$1.00	\$49,999 in cash	Issuance pursuant to subscription by Dr Doreen Tan	\$100,000
31 December 2003	368,000	\$1.00	\$368,000 satisfied by assignment of debts to Avance by Dr Dora Hoan	Capitalisation pursuant to Restructuring Exercise	\$468,000

GENERAL AND STATUTORY INFORMATION

Date of Issue	Number of Shares Issued and Allotted	Par Value	Consideration	Purpose of Issue	Resultant Issued Share Capital
31 December 2003	368,000	\$1.00	\$368,000 satisfied by assignment of debts to Avance by Dr Doreen Tan	Capitalisation pursuant to Restructuring Exercise	\$836,000
31 December 2003	92,000	\$1.00	\$92,000 satisfied by settlement of debts owing by Avance to Dr Dora Hoan	Capitalisation pursuant to Restructuring Exercise	\$928,000
31 December 2003	92,000	\$1.00	\$92,000 satisfied by settlement of debts owing by Avance to Dr Doreen Tan	Capitalisation pursuant to Restructuring Exercise	\$1,020,000
BWLSB⁽¹⁾					
6 February 2002	1,500,000	RM1.00	RM1,500,000 in cash	Issuance pursuant to subscription by Ho Wah Chai	RM2,500,000
BWC					
6 April 2004	70	\$1.00	\$70	Investment contribution pursuant to the PRC Joint Venture	\$70
6 April 2004	15	\$1.00	\$15	Investment contribution pursuant to the PRC Joint Venture	\$85
6 April 2004	15	\$1.00	\$15	Investment contribution pursuant to the PRC Joint Venture	\$100

Note:

(1) Our Company intends to invest a further sum of RM300,000 in BWLSB to increase our equity stake in BWLSB by a further 6%, bringing our total equity stake in BWLSB to 66%. Further details are set out in the section entitled "Restructuring Exercise" on page 43 of this Prospectus.

20. Save as disclosed above, no shares or debentures were issued or agreed to be issued by our Company or our subsidiaries for cash or for a consideration other than cash during the last 3 years preceding the date of lodgment of this Prospectus.
21. There are no shares in the Company that are held by or on behalf of our Company or by our subsidiaries.

GENERAL AND STATUTORY INFORMATION

MEMORANDUM AND ARTICLES OF ASSOCIATION

22. (a) The nature of our Company's business is stated on pages 49 to 51 of this Prospectus. Our objects can be found in Clause 3 of our Memorandum of Association which is available for inspection at our registered office in accordance with the paragraph under the heading "Documents Available for Inspection" on page 121 of this Prospectus.
- (b) An extract of our Articles of Association providing for, *inter alia*, transferability of shares, directors' voting rights, borrowing powers of directors and dividend rights are set out in Annex A of this Prospectus. The Articles of Association of our Company is available for inspection at our registered office in accordance with the paragraph under the heading "Documents Available for Inspection" on page 121 of this Prospectus.

MATERIAL CONTRACTS

23. The following contracts, not being contracts entered into in the ordinary course of business of our Company and our subsidiaries (as the case may be), have been entered into by our Company and our subsidiaries (as the case may be) within the 2 years preceding the date of lodgment of this Prospectus and are or may be material:
- (a) Share Sale and Purchase Agreement dated 31 December 2003 between our Company, Dr Dora Hoan and Dr Doreen Tan, pursuant to which our Company acquired 100% of the fully paid and issued share capital of BWL for a cash consideration of \$1,251,316 as part of the Restructuring Exercise, details of which are set out on page 42 of the Prospectus.
- (b) Asset Sale and Purchase Agreement dated 16 January 2004 between our Company, Chengdu Weige-er Stock Holding Co. Ltd and Chengdu Tonglian Pharmaceutical Co. Ltd (collectively the "Parties"), as supplemented by the Supplemental Agreement dated 16 February 2004 between the Parties (collectively the "Vigor Agreement"), pursuant to which our Company acquired 20 product licences, inventory and all the trade marks in respect of the range of nutritional supplements sold and marketed in the PRC under the brand "Vigor". Further details are set out under the section entitled "Investments by our Company in PRC and Thailand" on pages 47 and 48 of this Prospectus.
- (c) Joint Venture Agreement dated 10 March 2004 between our Company, Advanced Nutritional Technology and Grace Chang Shain-Jou, pursuant to which the parties undertook the business of selling, marketing and distributing nutritional supplements, cosmetics and skin care products in certain specified major cities of the PRC. Further details are set out under the section entitled "Investments by our Company in PRC and Thailand" on pages 47 and 48 of this Prospectus.
- (d) Share Sale and Purchase Agreement dated 23 March 2004 between our Company, Sirirat Muangso and Chada Tingha, pursuant to which our Company acquired 48,997 ordinary shares of 10 Baht each, representing approximately 49% of the issued share capital of BWL Thailand, from Chada Tingha for a cash consideration of \$10,530.10. Further details are set out under the section entitled "Investments by our Company in PRC and Thailand" on pages 47 and 48 of this Prospectus.
- (e) Agreement dated 6 April 2004 between our Company, BWC, Chengdu Weige-er Stock Holding Co. Ltd and Chengdu Tonglian Pharmaceutical Co. Ltd pursuant to which our Company assigned our rights and interests under the Vigor Agreement to BWC. Further details are set out under the section entitled "Investments by our Company in PRC and Thailand" on page 48 of this Prospectus.
- (f) Master Distribution Agreement between BWC and Shanghai Yangzhong Technology Co. Ltd ("Yangzhong"), signed by BWC on 7 April 2004, pursuant to which Yangzhong was appointed as BWC's distributor in the PRC to set up a distribution network chain to market and sell our Group's nutritional supplements under the "Vigor" brand in certain specified major cities in the PRC.

GENERAL AND STATUTORY INFORMATION

- (g) Shareholders' Agreement dated 30 March 2004 between our Company, BWL Thailand and Sirirat Muangso to regulate the affairs of BWL Thailand and pursuant to which, we maintain management control over BWL Thailand.
- (h) Sale and Purchase Agreement dated 1 April 2004 between BWL, Dr Dora Hoan and Dr Doreen Tan pursuant to which BWL acquired the property at Block 726 Ang Mo Kio Avenue 6, #01-4150, Singapore 560726, for a consideration of \$1.4 million.
- (i) Share Sale and Purchase Agreement dated 20 May 2004 between our Company, Dr Dora Hoan and Dr Doreen Tan, pursuant to which our Company acquired 100% of the fully paid and issued share capital of Avance for a cash consideration of \$4,373 as part of the Restructuring Exercise, details of which are set out on page 42 of the Prospectus.
- (j) Share Sale and Purchase Agreement dated 20 May 2004 between our Company, Dr Dora Hoan and Dr Doreen Tan, pursuant to which our Company acquired 100% of the fully paid and issued share capital of IBWL for a cash consideration of \$2,588 as part of the Restructuring Exercise, details of which are set out on page 42 of the Prospectus.
- (k) Share Sale and Purchase Agreement dated 20 May 2004 between our Company and Ho Wah Chai, pursuant to which our Company acquired 60% of the fully paid and issued share capital of BWLSB for a cash consideration of \$489,237 (equivalent to RM1,056,667 based on the exchange rate of RM1:\$0.463), as part of the Restructuring Exercise, details of which are set out on page 43 of the Prospectus.
- (l) Management and Underwriting Agreement dated 28 June 2004 made between our Company, the Vendors, and OCBC Bank referred to in paragraph 25 below.
- (m) Placement Agreement dated 28 June 2004 made between our Company, the Vendors and OCBC Bank referred to in paragraph 25 below.
- (n) The Depository Agreement dated 28 June 2004 made between our Company and CDP pursuant to which CDP agreed to act a central depository for the Company's securities for trades in the securities of the Company through SGX-SESDAQ.

LITIGATION

24. To the best of our knowledge and belief, having made all reasonable enquiries, there are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had, in the last 12 months before the date of lodgment of this Prospectus with the Authority, a material effect on our financial position or profitability.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

25. (a) Pursuant to the management and underwriting agreement dated 28 June 2004 ("Management and Underwriting Agreement"), our Company and the Vendors appointed OCBC Bank to manage the Invitation and underwrite the Offer Shares for a commission of 2.25% of the Issue Price for each Offer Share, payable by our Company and the Vendors in the proportion in which the number of Invitation Shares offered by each of them pursuant to the Invitation bears to the total number of Invitation Shares.

OCBC Bank will receive a management fee from our Company for its services rendered in connection with the Invitation, payable by our Company.

- (b) Pursuant to the placement agreement dated 28 June 2004 ("Placement Agreement"), OCBC Bank agreed to subscribe and/or purchase or procure subscriptions for and/or purchasers of the Placement Shares for a placement commission of 1.5% of the Issue Price for each Placement Share, payable by our Company and the Vendors in the proportion in which the number of Invitation Shares offered by each of them pursuant to the Invitation bears to the total number of Invitation Shares.

GENERAL AND STATUTORY INFORMATION

- (c) Brokerage will be paid by our Company and the Vendors in the proportion in which the number of Invitation Shares offered by each of them pursuant to the Invitation bears to the total number of Invitation Shares to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of accepted applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at the ATMs of the relevant Participating Banks, at the rate of 0.25% of the Issue Price for each Offer Share and 1.0% of the Issue Price for each Placement Share. Subscribers and/or purchasers of Placement Shares (excluding the Reserved Shares) may be required to pay a brokerage of up to 1.0% of the Issue Price to the Placement Agent.
- (d) Save as aforesaid, no commission, discount, or brokerage, has been paid or other special terms granted within the 2 years preceding the date of this Prospectus or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company.
- (e) The Management and Underwriting Agreement may be terminated by the Underwriter at any time on or before the closing of the Application List on the occurrence of certain events including:
 - (i) any adverse change or crisis or any development likely to lead to an adverse change or crisis in national or international political, financial, monetary or economic conditions (including but without limitation to conditions in the stock market, foreign exchange market, conditions with respect to interest rates and money markets, in Singapore or any other jurisdiction) or a combination of any such changes or development or crisis, or deterioration thereof and any such conditions which in the opinion of OCBC Bank (exercised in good faith) would:
 - (aa) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore; or
 - (bb) be likely to prejudice the success or the subscription or offer of the Invitation Shares; or
 - (cc) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement; or
 - (dd) be likely to have an adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole; or
 - (ee) be such that no reasonable underwriter would have entered into the Management and Underwriting Agreement; or
 - (ff) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for OCBC Bank to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement; or
 - (ii) any change or introduction, or any prospective change or introduction of any legislation, regulation, policy, directive, order, guideline, request or interpretation or application thereof, by any government body in Singapore or elsewhere, the Securities Industry Council of Singapore, the SGX-ST or the Authority, whether or not having the force of law, which, in the opinion of OCBC Bank:
 - (aa) adversely affects or is likely to adversely affect the listing and quotation of the Shares on SGX-SESDAQ; or the business, operations, financial condition, performance or prospects of our Company or our Group; or
 - (bb) results or is likely to result in the success of the Invitation being prejudiced; or

GENERAL AND STATUTORY INFORMATION

- (iii) the issue of a stop order by the Authority in accordance with Section 242 of the Securities and Futures Act (notwithstanding that a supplementary or replacement prospectus is subsequently registered with the Authority pursuant to Section 241 of the Securities and Futures Act); or
 - (iv) any statement contained in the Prospectus or Application Forms relating hereto has become untrue, incorrect or misleading in any material aspect or matters have arisen or have been discovered which would, if this Prospectus was to be issued at that time, constitute a material omission of such information, and/or the Company fails to lodge a supplementary or replacement prospectus within a reasonable time after being notified of such a material misrepresentation or omission or fails to take such steps as OCBC Bank may reasonably require to inform investors of the lodgement of such supplementary or replacement prospectus.
- (f) In the event that the Management and Underwriting Agreement is terminated, our Company and the Vendors reserve the right, at our absolute discretion, to cancel the Invitation.
- (g) The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

MISCELLANEOUS

26. As at the date of this Prospectus, all the corporations which are, by virtue of Section 6 of the Companies Act, deemed to be related to our Company are BWL, Avance, IBWL, BWLSB, BWC and BWL Thailand.
27. The time of opening of the Application List is set out on page 14 of this Prospectus.
28. The amount payable on application is \$0.30 for each Invitation Share. There has been no previous issue of Shares by our Company or offer for sale of its Shares to the public within the 2 years proceeding the date of this Prospectus.
29. Application monies received by our Company in respect of all successful applications (including successfully balloted applications which are subsequently rejected) will be placed in a separate non-interest bearing account with OCBC Bank (the "Receiving Bank"). There is no sharing arrangement between the Receiving Bank and our Company or the Vendors in respect of interest or revenue or any other benefit in respect of the deployment of application monies in the inter-bank monies market, if any. Any refund of the application monies to unsuccessful or partially successful applicants will be made without any interest or share of such revenue or other benefit arising therefrom.
30. Save as disclosed on pages 47 and 48 under the section entitled "Investments by our Company in PRC and Thailand" and page 63 under the section entitled "Properties and Other Fixed Assets", no property has been purchased or acquired or proposed to be purchased or acquired by our Group which is to be paid for, wholly or partly, out of the proceeds of the Invitation or the purchase or acquisition of which has not been completed at the date of this Prospectus, other than property the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of our Company or our subsidiaries, such contract not being made in contemplation of the Invitation nor the Invitation in consequence of the contract.

GENERAL AND STATUTORY INFORMATION

31. In the opinion of our Directors, there are no minimum amounts which must be raised by the issue of the New Shares.
32. The estimated amount of the expenses in relation to the issue of the New Shares and the application for listing is \$1.0 million, including the underwriting commission, placement commission, brokerage, management, audit and legal fees, advertising and printing expenses, as well as fees payable to the SGX-ST and the Authority. Save for the underwriting commission, placement commission and brokerage to be borne by our Company and the Vendors as set out in paragraph 25 above, the issue expenses will be borne by our Company. A breakdown of these estimated expenses is as follows:

	\$'000
Listing fees	10
Professional fees	452
Underwriting commission, placement commission and brokerage	197
Miscellaneous expenses	341
Total estimated expenses	<u>1,000</u>

33. Save as disclosed under the section entitled “Interested Person Transactions” on page 104 of this Prospectus, no amount of cash or securities or benefit has been paid or given to any promoter within the 2 years preceding the date of this Prospectus or is proposed or intended to be paid or given to any promoter at any time.
34. Save as disclosed under the headings “Capitalisation and Indebtedness” and “Liquidity and Capital Resources” on pages 34 to 35 and pages 82 to 84 respectively of this Prospectus, our Directors are not aware of any event which has occurred since the end of the period covered by the audited financial statements of the Group, that is, 31 December 2003, which may have a material effect on the financial information provided on pages 124 to 150 of this Prospectus.
35. Save as disclosed under the headings “Risk Factors”, “Liquidity and Capital Resources” and “Prospects, Business Strategies and Future Plans” on pages 21 to 27, 82 to 84 and 88 to 90 respectively of this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:
- (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in a material way;
 - (b) material commitments for capital expenditures;
 - (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.

GENERAL AND STATUTORY INFORMATION

36. We currently have no intention of changing the auditors of our Group after the listing of our Company on SGX-SESDAQ.

Details including the names, addresses and professional qualifications (including membership in a professional body) of the auditors of the various companies in our Group for the last 3 financial years from FY2001 to FY2003 are as follows:

Company	Period	Name, Membership and Address	Professional Body	Partner-in-charge/ Professional Qualification
BWI, BWL, Avance, IBWL	FY2003	Chio Lim & Associates Certified Public Accountants 18 Cross Street #08-01 Marsh & McLennan Centre Singapore 048423	Institute of Certified Public Accountants of Singapore	Lim Lee Meng/ Certified Public Accountant
	FY2001 and FY2002	Chan Leng Leng & Co Certified Public Accountants 20 Kramat Lane #03-08 United House Singapore 228773	Institute of Certified Public Accountants of Singapore	Chan Leng Leng/ Certified Public Accountant
BWLSB	FY2003	Horwath Kuala Lumpur Office Chartered Accountants Level 16, Tower C Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur, Malaysia	Malaysian Institute of Accountants	Onn Kien Hoe/ Chartered Accountant
	FY2001 and FY2002	Ng & Partners Chartered Accountants Room 402, Bangunan Loke Yew No 4 Jalan Mahkamah Persekutuan, 50050 Kuala Lumpur, Malaysia	Malaysian Institute of Accountants	Ng Hong Chong/ Chartered Accountant

CONSENTS

37. The Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion of the Independent Auditors' Report on the Unaudited Proforma Consolidated Financial Information of Best World International Limited for FY2001 to FY2003 and the Independent Auditors' Report on the Consolidated Financial Statements of Best World International Limited for FY2001 to FY2003 and their name, address and professional qualification and references thereto in the form and context in which they appear in this Prospectus and to act in such capacities in relation to this Prospectus.
38. The Manager, the Underwriter, the Placement Agent, the Solicitors to the Invitation, the Share Registrar, the Receiving Bank and the Principal Bankers do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based, and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus. The Legal Advisers to the Company on PRC Law have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion of their names and legal opinions in relation to Shanghai Best World and Tianjin Best World in the form and context in which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND THE VENDORS

39. This Prospectus has been seen and approved by our Directors and the Vendors. They collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no other material facts the omission of which would make any statements herein misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation, our Company and our subsidiaries.

DOCUMENTS AVAILABLE FOR INSPECTION

40. Copies of the following documents may be inspected at the registered office of our Company at 10 Eunos Road #08-03, Singapore Post Centre, Singapore 408600, during normal business hours for a period of 6 months from the date of registration of this Prospectus:
- (a) the Memorandum and Articles of Association of our Company;
 - (b) the material contracts referred to on pages 115 and 116 of this Prospectus;
 - (c) the letters of consent referred to on page 120 of this Prospectus;
 - (d) the Service Agreements referred to on pages 97 and 98 of this Prospectus;
 - (e) the Independent Auditors' Report on the Unaudited Proforma Consolidated Financial Information of Best World International Limited as set out on pages 122 and 123 of this Prospectus; and
 - (f) the Independent Auditors' Report on the Consolidated Financial Statements of Best World International Limited as set out in Annex E of this Prospectus.

**INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED PROFORMA
CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

28 June 2004

The Board of Directors
Best World International Limited
10 Eunos Road 8
#08-03 Singapore Post Centre
Singapore 408600

Dear Sirs

We report on the unaudited Proforma consolidated financial information of the Best World International Limited (the "Company") set out on pages 124 to 150 of this Prospectus dated 28 June 2004, which has been prepared for illustrative purposes only and are based on certain assumptions and after making certain adjustments to show what:

- (a) the financial results of the Company and its subsidiaries (collectively referred to as the "Group" or "Proforma Group") for the financial years ended 31 December 2001, 2002 and 2003 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the periods reported on;
- (b) the financial position of the Proforma Group as of the date of the balance sheet as at 31 December 2003 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place on the respective dates; and
- (c) the cash flow of the Proforma Group for the financial year ended 31 December 2003 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since 1 January 2003.

The unaudited Proforma consolidated financial information, because of their nature, may not give a true picture of the Proforma Group's actual financial position or results.

The unaudited Proforma consolidated financial information is the responsibility of the Directors of the Company. Our responsibility is to express an opinion on the unaudited Proforma consolidated financial information based on our work.

We carried out our procedures in accordance with Singapore Statement of Auditing Practice: SAP24 on "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing unaudited Proforma consolidated financial information to the audited financial statements of the entities of the Proforma Group, considering the evidence supporting the adjustments and discussing the unaudited Proforma consolidated financial information with the Directors of the Company.

In our opinion:

- (a) the unaudited Proforma consolidated financial information has been properly prepared:
 - (i) in a manner consistent with both the format of the financial statements and the accounting policies of the Proforma Group, which are in accordance with Singapore Financial Reporting Standards; and
 - (ii) on the bases set out on section A of the unaudited Proforma consolidated financial information;

**INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED PROFORMA
CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

- (b) each material adjustment made to the information used in the preparation of the unaudited Proforma consolidated financial information is appropriate for the purpose of preparing such financial information.

Yours faithfully,

Chio Lim & Associates
Certified Public Accountants
Singapore

Lim Lee Meng
Partner-in-charge

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

You should read the following unaudited Proforma consolidated financial information in conjunction with the audited consolidated financial statements of the Company and its subsidiaries for the financial years ended 31 December 2001, 2002 and 2003 and notes thereto as set out on pages E-3 to E-28 in this Prospectus.

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION

The unaudited Proforma consolidated financial information as set out on pages 124 to 150 in the Prospectus have been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments to show what:

- (a) the financial results of the Proforma Group for the financial years ended 31 December 2001, 2002 and 2003 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the periods reported on;
- (b) the financial position of the Proforma Group as of the date of the balance sheet as at 31 December 2003 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place on that date; and
- (c) the cash flow of the Proforma Group for the financial year ended 31 December 2003 would have been if the Group structure as of the date of lodgement of the Prospectus had been in place since 1 January 2003.

The unaudited Proforma consolidated financial information is not necessarily indicative of the operations or cashflows or the related effects of the financial position that would have been attained in the event the Proforma Group actually existed earlier. Accordingly, because of their nature, the unaudited Proforma consolidated financial information may not give a true picture of the Proforma Group's actual financial position or results.

The unaudited Proforma consolidated financial information for the financial years ended 31 December 2001, 2002 and 2003 were prepared from:

- (a) the audited financial statements of Best World International Limited, Best World Lifestyle Pte Ltd, Avance Living Pte. Ltd. and Institute of BWL Pte. Ltd. for the financial years ended 31 December 2001, 2002 and 2003, which were prepared in accordance with Singapore Financial Reporting Standards; and
- (b) the audited financial statements of Best World Lifestyle Sdn. Bhd. for the financial years ended 31 December 2001, 2002 and 2003 which were prepared in accordance with International Financial Reporting Standards.

The unaudited Proforma consolidated financial information has been prepared in accordance with Singapore Financial Reporting Standards and the accounting policies of the Proforma Group set out in Section F on pages 136 to 138 of this Prospectus and shows:

- (a) the Proforma Balance Sheet of the Proforma Group as at 31 December 2003;
- (b) the Proforma Statement of Changes in Equity and Proforma Cash Flow Statement of the Proforma Group for the financial year ended 31 December 2003; and
- (c) the Proforma Income Statements for the financial years ended 31 December 2001, 2002 and 2003.

Chio Lim & Associates, Singapore, was appointed statutory auditors of Best World International Limited, Best World Lifestyle Pte Ltd, Avance Living Pte. Ltd. and Institute of BWL Pte. Ltd. from the financial year ended 31 December 2003. Horwath, Malaysia, a member firm of Horwath International of which Chio Lim & Associates, Singapore, is a member, was appointed statutory auditors of Best World Lifestyle Sdn. Bhd. from the financial year ended 31 December 2003.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

Other firms of auditors who audited the financial statements of the Company and subsidiaries for the period under review are as follows:

	Auditors	Financial year
Best World International Limited (formerly known as Best World Trading Pte Ltd)	Chan Leng Leng & Co	For the financial years ended 31 December 2001 and 2002 ⁽¹⁾
Name of subsidiaries:		
Best World Lifestyle Pte Ltd (formerly known as Best World (S) Pte Ltd and Best World Beauty Pte Ltd)	Chan Leng Leng & Co	For the financial years ended 31 December 2001 and 2002 ⁽²⁾
Avance Living Pte. Ltd. (formerly known as NutriPlus Pte Ltd and Advanced Nutraceutical Pte. Ltd.)	Chan Leng Leng & Co	For the financial years ended 31 December 2001 and 2002 ⁽²⁾
Institute of BWL Pte. Ltd. (formerly known as Universal Nutrition Centre Pte Ltd)	Chan Leng Leng & Co	For the financial years ended 31 December 2001 and 2002 ⁽²⁾
Best World Lifestyle Sdn. Bhd. (formerly known as EAP Enterprise Sdn. Bhd.)	Ng & Partners	For the financial years ended 31 December 2001 and 2002 ⁽³⁾

Notes:

- (1) For the purpose of this Prospectus, Chio Lim & Associates was engaged to re-audit the financial statements of the entity for the financial years ended as mentioned above, and certain restatements and reclassifications were made to these financial statements.
- (2) For the purpose of this Prospectus, Chio Lim & Associates have reviewed the audited financial statements of these entities for the financial years ended as mentioned above.
- (3) For the purpose of this Prospectus, Horwath, Malaysia was engaged as auditors for the financial statements of Best World Lifestyle Sdn. Bhd., for the financial years ended as mentioned above and to render an opinion that the financial statements were prepared in accordance with International Financial Reporting Standards. There were no material restatements arising from the audit compared to the audited statutory financial statements.

The auditors' report for the financial statements of Best World Lifestyle Pte Ltd, Avance Living Pte. Ltd. and Institute of BWL Pte. Ltd. for the financial years ended 31 December 2001, 2002 and 2003 were not subject to qualification. The auditors' report issued by Horwath, Malaysia for the financial statements of Best World Lifestyle Sdn. Bhd. for the financial years ended 31 December 2001, 2002 and 2003 were not subject to qualification.

The auditors' report for the financial statement of the Company for the financial years ended 31 December 2002 and 2003 were not subject to qualification.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

The auditors' report dated 20 March 2002 of the statutory audit of the Company for the financial year ended 31 December 2001 issued by Chan Leng Leng & Co was qualified in respect of its doubtful debts and the carrying value of its joint venture investment, Shanghai Best World Cosmetic Co. Ltd, and the qualification were, as follows:

"As stated in Note 5, no provision for diminution in value of investment for the joint venture investment in Shanghai Best World Cosmetic Co. Ltd, China, amounting to \$650,554 as the financial statements had not been made available for our examination. No consolidation of accounts is prepared as required by Section 201A of the Companies Act.

No provision for doubtful debts on non-trade balances amounting to \$101,565 are made in the financial statements of the said company mentioned in the preceding paragraph."

The auditors' report dated 31 May 2004 of the re-audit of the Company's financial statements for the financial year ended 31 December 2001 issued by Chio Lim & Associates was not subject to any qualification.

Adjustments [see A(4)] were made in the Proforma financial statements and are correctly compiled from the source documentation and correctly included under the appropriate financial statements caption.

(1) Background Information

The Company was incorporated in Singapore on 11 December 1990 under the Company Act as a private company limited by shares under the name "Best World Trading Pte Ltd". On 13 September 1996, the name of the Company was changed to "Best World International Pte Ltd". In connection with the conversion into a public company limited by shares, the Company changed its name to "Best World International Limited" on 26 May 2004.

As at 31 December 2003, the authorized share capital was \$2,000,000 comprising 2,000,000 ordinary shares of \$1.00 each and the issued and paid-up share capital was \$1,845,000 comprising 1,845,000 ordinary shares of \$1.00 each.

At an extraordinary general meeting held on 21 May 2004, the shareholders approved, *inter alia*, the following:

- (a) an increase in the authorised share capital of the Company from \$2,000,000 divided into 2,000,000 ordinary shares of \$1.00 each to \$30,000,000, divided into 30,000,000 ordinary shares of \$1.00 each;
- (b) the bonus issue of 1,155,000 ordinary shares of \$1.00 each by way of capitalisation of \$1,155,000 from our Company's retained profits;
- (c) the consolidation of 3 ordinary shares of \$1.00 each in the authorised and issued and paid-up share capital of the Company into 1 ordinary shares of \$3.00 each;
- (d) the sub-division of each ordinary share of \$3.00 in the authorised and issued and paid-up share capital of the Company into 100 ordinary shares of \$0.03 each;
- (e) the conversion of the Company into a public limited company and the change of name to Best World International Limited;
- (f) the adoption of the new Articles of Association of the Company;

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

- (g) the issue of 25,000,000 New Shares pursuant to the Invitation. The New Shares when fully paid, allocated and issued will rank *pari passu* in all respects with the existing issued Shares of the Company;
- (h) pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to issue and allot, whether by way of rights, bonus or otherwise (including but not limited to the issue and allotment of shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to offers, agreements of options made or granted by the Company while this authority remains in force), upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that:
 - (i) the aggregate number of shares to be issued pursuant to the resolution shall not exceed 50% of the issued share capital of the Company; and
 - (ii) where Shareholders with registered addresses in Singapore are not given the opportunity to participate in the same on a *pro rata* basis, then the shares to be issued under such circumstances shall not exceed 20% of the issued share capital of the Company,

and for the purpose of the resolution, the percentage of the issued share capital shall be calculated based on the maximum potential share capital at the time this resolution is passed (taking into account the conversion or exercise of any convertible securities and employee share options in issue at the time this resolution is passed, which were issued pursuant to any previous shareholders' approval), adjusted for any subsequent consolidation or sub-division of the Company's shares and unless revoked or varied by our Company in general meeting, such authority shall continue in place until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law or by the Articles to be held, whichever is earlier; and

- (i) the establishment of the Best World Share Option Scheme, which comprises options that may be granted in respect of such Number of Option Shares representing in aggregate not more than 15% of the total issued share capital of the Company from time to time, the rules of which are set out in Annex C of this Prospectus.

As at the date of this Prospectus, the Company has only one class of shares in the capital of the Company, being ordinary shares of \$0.03 each. The rights and privileges of the Company's shares are stated in the Articles of Association of the Company. There are no founder, management or deferred shares.

Upon the allotment and issue of the New Shares which are the subject of the invitation, the resultant issued and paid-up share capital of the Company will increase to \$3,750,000 comprising 125,000,000 shares.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

(2) Restructuring Exercise

To streamline and rationalise the corporate structure of the Group, the Company undertook a Restructuring Exercise in the preparation for its listing on SGX-SESDAQ.

The Restructuring Exercise involved the following:

(a) Acquisition of 100% interest in Best World Lifestyle Pte Ltd ("BWL")

The Company acquired 1,150,000 ordinary shares of \$1.00 each, representing 100% of the issued share capital of BWL from Dr Dora Hoan and Dr Doreen Tan for an aggregate cash consideration of \$1,251,316 pursuant to a Sale and Purchase Agreement dated 31 December 2003. ("BWL Acquisition"). The acquisition of such BWL shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 31 December 2003 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited net tangible assets ("NTA") of BWL as at 31 December 2003 of \$1,251,316. The purchase consideration payable by the Company for the BWL Acquisition was reflected in the Proforma financial information as debts owing by the Company to the Directors ("BWL Acquisition Debt").

(b) Capitalisation of Avance Living Pte. Ltd. ("Avance")

In consideration for an assignment by each of Dr Dora Hoan and Dr Doreen Tan to Avance of the benefits of the BWL Acquisition Debt, Avance issued 368,000 ordinary shares of \$1.00 each in the share capital of Avance to each of Dr Dora Hoan and Dr Doreen Tan respectively with effect from 31 December 2003. Additionally, to debts owing from Avance to Dr Dora Hoan and Dr Doreen Tan ("Avance Debts"), Dr Dora Hoan and Dr Doreen Tan agreed to convert the Avance Debts to capital and consequently, Avance issued 92,000 ordinary shares of \$1.00 each in the share capital of Avance to each of Dr Dora Hoan and Dr Doreen Tan respectively with effect from 31 December 2003. As a result of the capitalisations of Avance as described above, Avance's audited NTA as at 31 December 2003 increased from negative net worth of \$915,627 to a NTA of \$4,373.

(c) Acquisition of 100% interest in Avance Living Pte. Ltd. ("Avance")

On 22 May 2004, the Company acquired 1,020,000 ordinary shares of \$1.00 each, representing 100% of the issued share capital of Avance from Dr Dora Hoan and Dr Doreen Tan for a cash consideration of \$4,373. The acquisition of such Avance shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of Avance as at 31 December 2003 of \$4,373, which was arrived at after taking into account the capitalisation of Avance as described in the foregoing paragraph (b). Following the aforesaid acquisition, Avance became a wholly-owned subsidiary of the Company.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

(d) Acquisition of 100% interest in Institute of BWL Pte. Ltd. ("IBWL")

On 22 May 2004, the Company acquired 2 ordinary shares of \$1.00 each, representing 100% of the issued share capital of IBWL from Dr Dora Hoan and Dr Doreen Tan for a cash consideration of \$2,588. The acquisition of such IBWL shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of IBWL as at 31 December 2003 of \$2,588. Following the aforesaid acquisition, IBWL became a wholly-owned subsidiary of the Company.

(e) Acquisition of 60% interest in Best World Lifestyle Sdn. Bhd. ("BWLSB")

On 22 May 2004, the Company acquired 1,500,001 ordinary shares of RM1.00 each, representing 60% of the issued share capital of BWLSB (the "Sale Shares") from an unrelated third party, Ho Wah Chai (the "Vendor") for a cash consideration of \$489,237 (equivalent to RM1,056,667 based on an exchange rate of \$0.463/RM) ("Cash Consideration"). The acquisition of the Sale Shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of BWLSB as at 31 December 2003 of RM1,761,112. The Cash Consideration was funded from internal resources, and was satisfied by payment to Dr Dora Hoan and Dr Doreen Tan at the Vendor's direction. The Vendor has renounced his rights to the Cash Consideration in favour of Dr Dora Hoan and Dr Doreen Tan in settlement of prior personal debts owing from him to Dr Dora Hoan and Dr Doreen Tan. Following the aforesaid acquisition, BWLSB became a 60% owned subsidiary of the Company.

On 11 December 2003, the Company obtained the approval from the Ministry of Domestic Trade Affairs and Consumer of Malaysia ("MDTCA") for the acquisition of up to 70% of the issued share capital of BWLSB by the Company. To comply with the equity guidelines of MDTCA, the issued share capital of BWLSB will be increased to RM 5 million by the end of 2004. The Company will inject a sum of RM 1.5 million to maintain its existing 60% shareholding in BWLSB. The Company intends to invest a further sum of RM300,000 in BWLSB to increase its equity stake in BWLSB by a further 6% bringing its total equity stake in BWLSB to 66%, and in connection with this investment, it will further inject a sum of RM700,000 to enable the Bumiputra partner to hold a 30% shareholding in BWLSB in compliance with the equity guidelines of MDTCA, which is required for the Company to hold its direct selling license in Malaysia. The Company will apply for such approvals as may be necessary such as MDTCA approval and Foreign Investment Committee of Malaysia ("FIC") approval when it increases its stake in BWLSB to 66%. The remaining 4% will be held by an unrelated third party, Lee Chai Huat and the Company has not entered into negotiations with him to acquire his interest in BWLSB. In addition, the Company has received no objection clearance from the FIC on 21 June 2004 for the acquisition of 60% of the issued share capital of BWLSB by the Company. Further details are set out under the section entitled "Risk Factors" on pages 21 to 27 of this Prospectus.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

(3) The Proforma Group

The Company has the following subsidiaries and joint venture companies as at the date of this Prospectus:

Name of subsidiaries and principal activities	Date and place of incorporation and operations	Effective percentage of equity held by the Group	Issued and paid-up capital
Best World Lifestyle Pte Ltd Distribution of cosmetics, skincare, nutritional supplements, personal care products and healthcare equipment.	7 May 1990 Singapore	100%	S\$1,150,000
Avance Living Pte. Ltd. Distribution of nutritional supplements products, personal care products and healthcare equipment.	9 December 1997 Singapore	100%	S\$1,020,000
Institute of BWL Pte. Ltd. Provision of courses for beauty therapy. Dormant.	19 March 1999 Singapore	100%	S\$2
Best World Lifestyle Sdn. Bhd. Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipments.	17 December 1998 Malaysia	60%	RM2,500,000
Best World China Investments Pte. Ltd. (a) Investment holding company	6 April 2004 Singapore	70%	S\$100
Best World Lifestyle (Shanghai) Co., Ltd (a) (b) Intended: Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipments.	In the process of incorporation People's Republic of China	70%	Intended: RMB20,000,000
Chada Beauty Care Co., Ltd (to be renamed BWL Thailand Co., Ltd) (a) (d) Intended: Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipments.	9 October 2003 Thailand	49%	THB1,000,000

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

- (a) These companies that are incorporated/acquired after 31 December 2003. As the companies have not commenced commercial operations prior to 31 December 2003, they are not included in the Proforma Group for the purpose of the Proforma financial information.
- (b) The Company is in the process of incorporating Best World Lifestyle (Shanghai) Co., Ltd.
- (c) In 1993, and 1994 respectively, the Company entered into joint ventures to incorporate 2 People's Republic of China ("PRC") companies, Shanghai Best World Cosmetics Co., Ltd ("Shanghai Best World") and Tianjin Best World Esthetique Laboratories Co., Ltd ("Tianjin Best World"), with registered capitals of US\$700,000 and US\$200,000 respectively. Its interest in Shanghai Best World was 60% with the remaining 40% held by Shanghai Hua Yue Enterprise Co., Ltd. The Company's interest in Tianjin Best World was 50% with the remaining 50% held by Tianjin Jindong High Tech Co., Ltd. The companies have not renewed their business registration licenses since 1999. The Company's investment in these companies were written off in FY2002. The Company has obtained PRC legal opinions from Jin Mao Law Firm and Zhang Ying Law Office who have advised that Shanghai Best World and Tianjin Best World are deemed to have been deregistered upon the non-renewal of their respective business registration licences. Consequently, they have been excluded from the Proforma Group for the purpose of the Proforma financial information.
- (d) The balance of approximately 51% interest in BWL Thailand Co., Ltd are held by an unrelated third party, Sirirat Muangso (as to 50,997 ordinary shares of THB10 each) and 6 other unrelated third parties, namely Tree Ting-Nga, Pha Ting-Nga, Ruthai Ting Nga, Chutimaporn Ting Nga, Bandcha Ting Nga and Apichart Patcharalakakul each holding 1 ordinary share of THB10 each. As the Company holds a minority interest of 49% in BWL Thailand Co., Ltd, it has entered into a Shareholders' Agreement dated 30 March 2004 ("Shareholders Agreement") with Sirirat Muangso to regulate its rights in respect of BWL Thailand and to provide that the Company will have management control of BWL Thailand Co., Ltd. Pursuant to the Shareholders Agreement, the Company will maintain management control over BWL Thailand Co., Ltd.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

A. BASES FOR THE PREPARATION AND PRESENTATION OF THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

(4) Proforma Adjustments

The material adjustments made to the information used in the preparation of the unaudited proforma consolidated financial information are as follows:

Income statement

	2001 \$'000	2002 \$'000	2003 \$'000
<u>Revenue</u>			
Per aggregation of audited financial statements ⁽¹⁾	10,107	13,897	23,801
Elimination of inter-company sales and purchases	(2,528)	(4,303)	(6,716)
Reclassification of sales rebates paid to distributors from sales to expenses to conform with presentation for financial year ended 31 December 2001 and 2003	—	1,972	—
Per financial information of the Proforma Group	<u>7,579</u>	<u>11,566</u>	<u>17,085</u>
<u>Profit before income tax</u>			
Per aggregation of audited financial statements ⁽¹⁾	103	1,311	3,613
Elimination of unrealised profit arising from intercompany sales and purchases	(19)	(35)	12
Depreciation adjustment arising from restatement of rate of depreciation ⁽²⁾	(4)	(2)	—
Recording of travelling expenses on accrual basis	(56)	(11)	76
Gain on translation of intercompany balance of foreign subsidiary	—	—	26
Per financial information of the Proforma Group	<u>24</u>	<u>1,263</u>	<u>3,727</u>
<u>Income tax</u>			
Per aggregation of audited financial statements ⁽¹⁾	—	161	700
Underprovision in prior year taxation due to error	28	—	(28)
Per financial information of the Proforma Group	<u>28</u>	<u>161</u>	<u>672</u>

Notes:

- (1) Audited financial statements refer to the audited financial statements of the Company as set out on pages E-3 to E-28 of this Prospectus, the statutory audited financial statements of the Best World Lifestyle Pte Ltd, Avance Living Pte. Ltd. and Institute of BWL Pte. Ltd. in the Proforma Group, prepared in accordance with Singapore Financial Reporting Standards and the audited financial statements of Best World Lifestyle Sdn. Bhd., prepared in accordance with International Financial Reporting standards.
- (2) The Proforma Group restate the rates of depreciation of certain plant and equipment so as to align them with the rates of depreciation of other plant and equipment.

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

B. PROFORMA BALANCE SHEET

	Notes	As at 31 December 2003 \$'000
ASSETS		
Current assets:		
Cash and cash equivalents	F2	2,360
Trade receivables	F3	1,967
Other receivables and prepayments	F4	345
Inventories	F5	1,256
Total current assets		<u>5,928</u>
Non-current assets:		
Property, plant and equipment	F6	2,293
Intangible assets	F7	17
Total non-current assets		<u>2,310</u>
Total assets		<u><u>8,238</u></u>
LIABILITIES AND EQUITY		
Current liabilities:		
Trade payables and accrued liabilities	F8	1,417
Other payables	F9	1,029
Income tax payable		660
Current portion of interest-bearing borrowings	F10	51
Current portion of finance leases	F11	62
Total current liabilities		<u>3,219</u>
Non-current liabilities:		
Deferred tax	F20	40
Interest-bearing borrowings	F10	1,293
Finance leases	F11	270
Total non-current liabilities		<u>1,603</u>
Minority Interests		<u>327</u>
Shareholders' equity		<u>3,089</u>
Total liabilities and equity		<u><u>8,238</u></u>

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

C. PROFORMA INCOME STATEMENTS

		Financial year ended 31 December		
	Notes	2001 \$'000	2002 \$'000	2003 \$'000
Revenue	F13	7,579	11,566	17,085
Cost of Sales		(2,350)	(3,178)	(4,338)
Gross Profit		5,229	8,388	12,747
Other Operating Income	F14	18	86	618
Operating income		5,247	8,474	13,365
Distribution cost		(2,378)	(3,656)	(5,757)
Administrative cost		(2,672)	(3,408)	(3,841)
Other credits/(charges)	F17	21	(15)	31
Profit from operations		218	1,395	3,798
Finance costs	F18	(194)	(132)	(71)
Profit before income tax	F19	24	1,263	3,727
Income tax expense	F20	(28)	(161)	(672)
Profit/(loss) after income tax		(4)	1,102	3,055
Minority interests		31	26	(71)
Profit attributable to shareholders		27	1,128	2,984
Earnings per share (cents)	F21	0.03	1.13	2.98

D. PROFORMA STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	2003 \$'000
Balance at beginning of year	930
Net profit for year	2,984
Foreign exchange translation adjustment	2
Increase in issued capital of Avance Living Pte. Ltd.	920
Adjustment for acquisition of subsidiaries ⁽¹⁾	(1,747)
Balance at end of year	3,089

Note:

- (1) As part of the Restructuring Exercise, Best World International Limited will acquire 100% of Best World Lifestyle Pte Ltd, Avance Living Pte. Ltd. and Institute of BWL Pte. Ltd. and 60% of Best World Lifestyle Sdn. Bhd. for a total cash consideration of \$1,747,514 determined based on the net tangible assets of the respective companies as at 31 December 2003. This represents adjustments made to account for the effect of the acquisition on the shareholders' equity of the Proforma Group.

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

E. PROFORMA CONSOLIDATED STATEMENT OF CASHFLOW

Financial year ended 31 December 2003

	2003 \$'000
Cash flows from operating activities:	
Profit before income tax	3,727
Adjustments for:	
Depreciation	369
Gain on disposal of plant and equipment	(2)
Plant and equipment written off	24
Interest expense	71
Amortisation of intangible assets	2
Operating profit before working capital changes	4,191
Trade receivables	(556)
Other receivables and prepayments	(93)
Inventories	(31)
Trade payables and accrued liabilities	116
Other payables	217
Cash generated from operations	3,844
Interest paid	(71)
Income tax paid	(133)
Net cash from operating activities	3,640
Cash flows from investing activities:	
Increase in intangible assets	(19)
Purchase of plant and equipment	(627)
Increase in cash and cash equivalents (restricted in use)	19
Net cash used in investing activities	(627)
Cash flows from financing activities:	
Decrease in short-term borrowings	(278)
Decrease in long-term interest-bearing borrowings	(80)
Increase in amount owing to directors	140
Decrease in finance lease	(50)
Net cash used in financing activities	(268)
Exchange rate changes in consolidating foreign subsidiary	5
Net increase in cash and cash equivalents	2,750
Cash and cash equivalents at beginning of year (Note F12)	(414)
Effect of foreign exchange rate adjustments	2
Cash and cash equivalents at end of year (Note F12)	2,338

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been consistently applied in the preparation of the unaudited proforma consolidated financial information set out in this Prospectus are as follows:

GENERAL — The Company is incorporated in Singapore. The proforma consolidated financial information are expressed in Singapore dollars. They are drawn up in accordance with the Singapore Financial Reporting Standards

The principal activities of the Company are those of investment holding and the distribution of nutritional supplement products, personal care products and healthcare equipment.

The registered office address and place of business of the Company is 10 Eunos Road 8 #08-03 Singapore Post Center Singapore 408600. The Company is domiciled in Singapore.

ACCOUNTING CONVENTION — The unaudited Proforma consolidated financial information are prepared in accordance with the historical cost convention.

BASIS OF PRESENTATION — The consolidation accounting method is used for the unaudited proforma consolidated financial statements which include the financial information made up to 31 December each year of the Company and of those companies in which it holds, directly or indirectly through subsidiaries, over 50 percent of the shares and voting rights. All significant intercompany balances and transactions have been eliminated on consolidation. The results of the investees acquired or disposed of during the financial year are consolidated from the respective dates of acquisition or up to the dates of disposal. On disposal the attributable amount of unamortised goodwill is included in the determination of the gain or loss on disposal.

GOODWILL — Goodwill or negative goodwill arising on acquisition is based on the purchase method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, acquired as at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line method over its useful life to reflect the best estimate of the period during which future economic benefits are expected to flow to the acquirer.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

MINORITY INTERESTS — Minority interests are stated at the appropriate proportion of the post acquisition values of the identifiable assets and liabilities of the subsidiary.

REVENUE RECOGNITION — Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction (including future costs) can be measured reliably. Interest income is recognised on a time-proportion basis using the effective interest rate.

INVENTORIES — Inventories are measured at the lower of cost (first in first out basis) and net realisable value.

FOREIGN CURRENCY TRANSACTIONS — The functional currency is the Singapore dollar as it reflects the economic substance of the underlying events and circumstances of the entity. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

FOREIGN CURRENCY FINANCIAL STATEMENTS — In the translating the financial statements of a foreign entity for incorporation in the proforma consolidated financial statements, assets and liabilities of self-sustaining overseas subsidiaries denominated in currencies other than Singapore dollars are translated at the year end rates of exchange and the income and expenses items are translated at average rates of exchange for the year. The resulting translation adjustments are accumulated in a separate component of shareholders' equity until the disposal of the entity. Other currency gain or loss are included in the income statement. The financial statements of foreign operations are restated in terms of the functional currency unit current at the balance sheet date before they are translated into the presentation currency.

INCOME TAX — The income taxes are accounted using the asset and liability method which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurement of current and deferred tax liabilities and assets are based on provisions of the enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

NON-CURRENT ASSETS — Non-current assets, such as property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the net book value of these assets may not be recoverable. Impairment losses are determined based on the difference between fair value, which would generally approximate estimated future cash flows discounted at the Proforma Group's cost of capital or where appropriate the sale value, and net book value.

RETIREMENT BENEFITS COSTS — Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. Contributions made to government managed retirement benefit plans such as the Central Provident Fund in Singapore which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

PROPERTY, PLANT AND EQUIPMENT — Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on gross carrying amounts in equal annual instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:

Freehold buildings	—	2%
Plant and equipment	—	20%

Depreciation is not provided on freehold land.

Fully depreciated assets still in use are retained in the financial statements.

The useful life of an item of property, plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods are adjusted.

FINANCE LEASES — A finance lease is recognised as an asset and as liability in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased asset or, if lower, at the present value of the lease payments based on the interest rate implicit in the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations. The assets are depreciated as owned depreciable assets.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

INTANGIBLE ASSETS — Acquired intangible assets are carried at acquisition cost less accumulated amortisation and any accumulated impairment losses. The depreciable amount of an intangible asset is allocated on a systematic basis over the best estimate of its useful life. The useful lives of franchises, intellectual property and similar rights and assets, and licenses, patents and software are between 3 and 10 years. If necessary, special amortisation is effected which is set aside if the reasons for this cease to exist.

LIABILITIES AND PROVISIONS — A liability and provision is recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. It is measured at the amount payable.

ACCOUNTING ESTIMATES — The preparation of the proforma consolidated financial information in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS — The carrying values of cash, accounts receivable, other current assets, accounts payable and other current liabilities approximate their fair market values due to the short-term maturity of these instruments. The fair market value of long-term borrowing was not determined because the book values approximate market value.

CASH — Cash in the cash flow statements include cash and cash equivalents less bank overdrafts if any.

RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS

CREDIT RISK ON FINANCIAL ASSETS — Financial assets that potentially subject the Proforma Group to concentrations of credit risk consist principally of cash, cash equivalents and trade and other accounts receivable. The Directors believe that the financial risks associated with these financial instruments are minimal. The Proforma Group places its cash with high credit quality institutions. The Proforma Group performs ongoing credit evaluation of its debtors' financial condition and maintains provision for doubtful receivables based upon the expected collectibility of all accounts receivable. There is no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers.

OTHER RISKS ON FINANCIAL INSTRUMENTS — The Proforma Group monitors its interest, foreign exchange risks, and changes in fair values from time to time and any gains and losses are included in the income statement. The Proforma Group is exposed to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. The Proforma Group is also exposed to changes in foreign exchange rates and liquidity of businesses. The Proforma Group does not utilise forward contracts or other arrangements to minimise these risks. At 31 December 2003, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

1. RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. They include associates.

Some of the Proforma Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial information. The balances are without fixed repayment terms and interest unless stated otherwise.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial information, this item includes the following:

	2001 \$'000	2002 \$'000	2003 \$'000
Sales	435	404	—
Packing expense	46	44	—
Rental expense	60	77	72
	<u>60</u>	<u>77</u>	<u>72</u>

2. CASH AND CASH EQUIVALENTS

	2003 \$'000
Not restricted in use	2,338
Restricted ^(a)	22
	<u>2,360</u>
Analysis of above amount by foreign currency:	
Malaysian Ringgit	<u>1,113</u>

Note:

(a) This is for fixed deposit pledged to a bank to secure banker's guarantee given to a third party.

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

3. TRADE RECEIVABLES

	2003
	\$'000
Outside parties	1,972
Less: Provision for doubtful trade debts	(5)
	<u>1,967</u>
Movement in provision for doubtful trade debts:	
Balance at beginning and end of year	<u>5</u>
Analysis of above amount by foreign currency:	
Malaysian Ringgit	400
United States Dollar	<u>18</u>
Concentration of debtors:	
Top 1 debtor	598
Top 2 debtors	<u>715</u>

The average credit period taken by customers is approximately 42 days. A provision is made for estimated irrecoverable amounts from customers. This provision is determined by reference to past default experience. The Directors consider that the carrying amount of trade receivables approximates to their fair value. Short duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant.

4. OTHER RECEIVABLES AND PREPAYMENTS

	2003
	\$'000
Other receivables	40
Deposits	211
Prepayments	<u>94</u>
	<u>345</u>

5. INVENTORIES

	2003
	\$'000
Finished goods and goods for resale, at cost	<u>1,256</u>

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land \$'000	Freehold Buildings \$'000	Plant and equipment \$'000	Total \$'000
Cost:				
At beginning of year	847	400	2,169	3,416
Additions	—	—	627	627
Disposals	—	—	(92)	(92)
Foreign exchange adjustments	—	—	4	4
At end of year	847	400	2,708	3,955
Accumulated depreciation:				
At beginning of year	—	80	1278	1,358
Additions	—	8	361	369
Disposals	—	—	(66)	(66)
Foreign exchange adjustments	—	—	1	1
At end of year	—	88	1,574	1,662
Net book value:				
As at 31 December 2003	847	312	1,134	2,293

7. INTANGIBLE ASSETS

	Trade-marks & licences 2003 \$'000
Cost:	
Addition and at end of year	19
Accumulated amortization:	
Amortisation for the year and at end of year	(2)
Net book value at end of year	17

8. TRADE PAYABLES AND ACCRUED LIABILITIES

	2003 \$'000
Outside parties and accrued liabilities	1,417
Analysis of above amount by foreign currency:	
United States Dollar	60
Japanese Yen	34

The average credit period taken by the Proforma Group to settle payables is about 32 days.

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

9. OTHER PAYABLES

	2003
	\$'000
Director of the Company (Note F1)	701
Other payables	328
	<u>1,029</u>

10. INTEREST-BEARING BORROWINGS

	2003
	\$'000
Bank loans (secured)	1,344
	<u>1,344</u>
The bank loans (secured) are repayable as follows:	
Amount due within a year	51
Non-current portion	1,293
	<u>1,344</u>
	<u>1,344</u>
The non-current portion is repayable as follows:	
Due within 2 to 5 years	204
After 5 years	1,089
	<u>1,293</u>
Total non-current portion	<u>1,293</u>

The Singapore Dollar bank loans are secured by joint and several guarantees from directors, legal charges on the Company's property and a property owned by the Directors. The bank loans are repayable over 15 to 20 years from May 1996. The interest rates range from 3.8% to 5.0% per year. The fair values of the bank loans are not determined because the book values approximate the fair values.

11. OBLIGATIONS UNDER FINANCE LEASES

		2003	
	Minimum payments	Finance charges	Present value
	\$'000	\$'000	\$'000
Minimum lease payments payable:			
Due within one year	74	(12)	62
Due within 2 to 5 years	290	(47)	243
Due after 5 year	32	(5)	27
Total	396	(64)	332
Net book value of plant and equipment under finance leases			336

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

It is the Proforma Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 5 to 7 years. The rate of interest for finance leases during the financial year was about 2.6% to 3.3% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Lease obligations are denominated in Singapore Dollar. The fair value of the lease obligations approximates to their carrying amount. The obligations under finance leases are secured by the lessor's charge over the leased assets.

12. CASH AND CASH EQUIVALENTS IN THE CASHFLOW STATEMENTS

	2002	2003
	\$'000	\$'000
Cash	350	2,338
Bank overdrafts	(764)	—
	<u>(414)</u>	<u>2,338</u>

13. REVENUE

	2001	2002	2003
	\$'000	\$'000	\$'000
Sales of goods	<u>7,579</u>	<u>11,566</u>	<u>17,085</u>

14. OTHER OPERATING INCOME

	2001	2002	2003
	\$'000	\$'000	\$'000
Rebates from Supplier	—	—	463
Interest income from non-related parties	18	1	—
Rental income	—	20	2
Sundry income	—	65	153
	<u>18</u>	<u>86</u>	<u>618</u>

15. STAFF COSTS

	2001	2002	2003
	\$'000	\$'000	\$'000
Staff costs including directors	1,462	1,619	1,754
Contributions to defined contribution plan	<u>221</u>	<u>237</u>	<u>231</u>
Total staff costs	<u>1,683</u>	<u>1,856</u>	<u>1,985</u>

16. NUMBER OF EMPLOYEES

	2001	2002	2003
Number of employees at end of year including directors	<u>54</u>	<u>60</u>	<u>63</u>

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

17. OTHER CREDITS/(CHARGES)

	2001	2002	2003
	\$'000	\$'000	\$'000
Bad debts recovered/(written off)	20	(30)	—
Deposit written off	—	—	(12)
Foreign exchange adjustment gain	2	18	69
Plant & equipment written off	(1)	(3)	(24)
Gain on disposal of plant and equipment	—	—	(2)
	<u>21</u>	<u>(15)</u>	<u>31</u>

18. FINANCE COSTS

	2001	2002	2003
	\$'000	\$'000	\$'000
Interest expense to non-related companies	194	132	71
	<u>194</u>	<u>132</u>	<u>71</u>

19. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes, this item includes the following charges:

	2001	2002	2003
	\$'000	\$'000	\$'000
Auditors' remuneration:			
— Company's auditors	6	7	19
— other auditors	1	1	4
Other fees paid to auditors			
— Company's auditors	2	2	1
— other auditors	1	1	1
Directors' remuneration	446	568	582
Amortisation of intangible assets	—	—	2
Cost of purchases	1,946	3,117	4,068
Change in inventories	(121)	70	(31)
Depreciation	110	244	369
	<u>1,946</u>	<u>3,117</u>	<u>4,068</u>

**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF
BEST WORLD INTERNATIONAL LIMITED**

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

20. INCOME TAX

	2001	2002	2003
	\$'000	\$'000	\$'000
Current	28	135	658
Deferred	—	26	14
	<u>28</u>	<u>161</u>	<u>672</u>
Total income tax expense	<u>28</u>	<u>161</u>	<u>672</u>

The income tax expense in 2001, 2002 and 2003 varied from the amount of income tax expense determined by applying the Singapore income tax rate of 24.5%, 22% and 22% respectively, to profit before income tax as a result of the following differences:

	2001	2002	2003
	\$'000	\$'000	\$'000
Income tax expense at the statutory rate	6	277	820
Non-allowable items	15	30	11
Underprovision in prior year	28	—	—
Difference in tax rate	(5)	(4)	10
Changes in tax rate	—	18	—
Tax exemptions	(14)	(11)	(24)
Other items less than 3% each	(9)	2	4
Deferred tax assets valuation allowance	7	(151)	(149)
	<u>28</u>	<u>161</u>	<u>672</u>
Total income tax expense	<u>28</u>	<u>161</u>	<u>672</u>

The net deferred tax amount in the balance sheet is as follows:

	2003
	\$'000
Deferred tax liabilities:	
Excess of net book value of property, plant and equipment	(40)
Total deferred tax liabilities	<u>(40)</u>
Deferred tax assets:	
Tax losses carry forwards	178
Unabsorbed wear and tear allowance	6
Total deferred tax assets	<u>184</u>
Net total of deferred tax assets	144
Deferred tax assets valuation allowance	(184)
Balance	<u>(40)</u>

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

An allowance is made to the extent that it is not probable that taxable profit will be available against which the unused tax loss carryforwards can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Where provision for deferred tax arising from temporary differences has been offset against the above tax loss carryforwards, such provision for deferred tax will be required to be set up when the tax losses are utilised in the future.

At 31 December 2003, the temporary differences arising in connection with interests in subsidiaries are insignificant.

There is no income tax consequences of dividends to shareholders of the Company.

21. EARNINGS PER SHARE

Earnings per share for the financial years ended 31 December 2001, 2002 and 2003 have been calculated based on the profit attributable to the shareholders of the Company and on the basis that at the end of each financial year, the issued share capital of the Company comprised 100,000,000 ordinary shares of \$0.03 each which represents the pre-invitation share capital of the Company.

22. CAPITAL COMMITMENTS

	2003 \$'000
Authorised and contracted for	95
Authorised but not yet contracted for	54
	<u>54</u>

In addition to the above capital commitments, the Proforma Group also has other commitments relating to investments in subsidiaries and purchases of properties. Please refer to Note F24 for details.

23. OPERATING LEASE COMMITMENTS

The commitments in respect of non-cancellable operating leases contracted for at the reporting date but not recognized as liabilities, are payable as follows:

	2003 \$'000
Not later than 1 financial year	234
Later than 1 financial year but not later than 5 financial years	201
	<u>201</u>
Rental expense for the year	322
	<u>322</u>

Operating lease payments represent rental payable for certain office premise and retail outlets. The lease rental terms are negotiated for an average term of 3 years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increase are not included in the above amounts.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

24. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2003:

- (a) The Company entered into an asset sale and purchase agreement dated 16 January 2004, as supplemented by Supplemental Agreement dated 16 February 2004 (the “Vigor Acquisition Agreement”) with Chengdu Weige’er Stock Holding Co. Ltd and Chengdu Tonglian Pharmaceutical Co. Ltd to acquire 20 product licences, inventories and all the trade marks in respect of the range of nutritional supplements sold and marketed in the PRC for the past 5 years under the brand “Vigor”. The nutritional supplements sold under the brand “Vigor” include multi-vitamins and minerals, vitamin B complex, calcium tablets and shark cartilage. The consideration payable in respect of this acquisition is approximately RMB20 million constituting approximately \$4.2 million based on an exchange rate of RMB4.8/\$1 (the “Vigor Consideration”). The Vigor Consideration was arrived at on a willing buyer-willing seller basis, taking into account the cost of registration of the 20 product licenses and the estimated realisable value of the inventories. The estimated realisable value was carried at based on the lower of the book value and the expected selling prices of the inventories as at 19 February 2004, which is the date of the physical stock-take.

In connection with this, the Company has also entered into a joint venture (“PRC Joint Venture”) with Advanced Nutritional Technology, one of the Company’s key USA suppliers of nutritional supplements, and Grace Chang Shain-Jou (“Grace Chang”) (collectively, the “JV Partners”), the sole owner of Advanced Nutritional Technology Inc. Under the terms of the PRC Joint Venture, the Company will hold 70% of the issued share capital of Best World China Investments Pte Ltd (“BWC”) with the balance of 30% interest held equally by the JV Partners. BWC will also establish a wholly foreign owned entity in PRC, Best World Lifestyle (Shanghai) Co., Ltd which will spearhead the Company’s entry into the PRC nutritional supplement market. In accordance with the terms of the PRC Joint Venture, the Company will invest an aggregate sum of up to \$2.9 million (representing 70% of the Vigor Consideration) as the capital contribution towards the joint venture by end of 2004. The Company intends to utilise approximately \$1.0 million of its proceeds from the issue of New Shares to fund part of its capital contribution to the PRC Joint Venture. The balance of up to \$1.9 million will be funded by its internal resources, and if necessary, from external borrowings.

On 6 April 2004, the Company, BWC, Chengdu Weige’er Stock Holding Co. Ltd and Chengdu Tonglian Pharmaceutical Co. Ltd entered into an agreement to novate all of the Company’s rights interest and obligations under Vigor Acquisition Agreement to BWC.

The Vigor Consideration is payable in 3 milestone instalment payments, namely, (i) RMB1 million was paid in February 2004 upon receipt of inventories; (ii) RMB4 million is payable upon establishment of BWL Shanghai; and (iii) the balance of RMB15 million is payable on completion of transfer of the licenses and trademark.

The Vigor Consideration will be funded in progress instalments firstly by the sale of product inventories by BWC and the balance thereof to be paid by the parties to the PRC Joint Venture through their respective capital contributions.

- (b) The Company has entered into a Share Sale and Purchase Agreement dated 23 March 2004 to acquire 48,997 ordinary shares of THB10 each “Thai Shares”, representing approximately 49% of the issued share capital of BWL Thailand, from Chada Tingha for a cash consideration of \$10,530.10 (equivalent to approximately THB245,500 based on an exchange rate of THB23.31/\$1). The Company has on 23 April 2004 completed the transfer of the Thai Shares.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

- (c) On 11 December 2003, the Company obtained the approval from the Ministry of Domestic Trade Affairs and Consumer of Malaysia ("MDTCA") for the acquisition of up to 70% of the issued share capital of BWLSB by the Company. To comply with the equity guidelines of MDTCA, the issued share capital of BWLSB will be increased to RM 5 million by the end of 2004. The Company will inject a sum of RM 1.5 million to maintain its existing 60% shareholding in BWLSB. The Company intends to invest a further sum of RM300,000 in BWLSB to increase its equity stake in BWLSB by a further 6% bringing its total equity stake in BWLSB to 66%, and in connection with this investment, it will further inject a sum of RM700,000 to enable the Bumiputra partner to hold a 30% shareholding in BWLSB in compliance with the equity guidelines of MDTCA, which is required for the Company to hold its direct selling license in Malaysia. The Company will apply for such approvals as may be necessary such as MDTCA approval and Foreign Investment Committee of Malaysia ("FIC") approval when it increases its stake in BWLSB to 66%. The remaining 4% will be held by an unrelated third party, Lee Chai Huat and the Company has not entered into negotiations with him to acquire his interest in BWLSB. In addition, the Company has received no objection clearance from the FIC on 21 June 2004 for the acquisition of 60% of the issued share capital of BWLSB by the Company.
- (d) The Company's subsidiary Best World Lifestyle Pte Ltd has purchased a property in April 2004 for a consideration of \$1.4 million from its directors, Dr Dora Hoan and Dr Doreen Tan.
- (e) The Company's subsidiary, Best World Lifestyle Sdn. Bhd. has purchased a Malaysia property in March 2004 from a third party for a consideration of RM1.5 million (\$0.7 million).

25. SEGMENTAL INFORMATION

Business Segments

For management purposes, the Group's operating businesses are organised according to their nature of activities. These are grouped into the following three market segments and form the basis on which the Group reports its primary segment:

- (a) Direct Selling segment. This segment comprises sales to customers through direct selling channel in Singapore and Malaysia;
- (b) Retail segment. This segment comprises sales to retail customers through retailers in Singapore; and
- (c) Export segment. This segment comprises the sales to overseas distributors.

Segment results includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Where costs cannot be directly attributable to a market segment, they were allocated based on revenue to each market segment.

Segment assets consist principally of trade receivables that are directly attributable to a segment.

Unallocated items comprise cash and cash equivalents, other receivables and prepayments, inventories, property, plant and equipment, short-term borrowings, trade payables and accrued liabilities, other payables, income tax payable, long-term borrowings, finance leases, deferred tax, other credits/(charges) and finance costs.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

The following tables present the segment for each of three years covered under this report:

Business segments

	2001 \$'000					2002 \$'000					2003 \$'000				
	Direct Selling	Retail	Export	Elimination	Total	Direct Selling	Retail	Export	Elimination	Total	Direct Selling	Retail	Export	Elimination	Total
Revenue															
External sales and services	5,477	330	1,772	—	7,579	9,669	319	1,578	—	11,566	15,475	399	1,211	—	17,085
Inter-segment sales and services	2,279	204	—	(2,483)	—	4,089	213	—	(4,302)	—	6,566	150	—	(6,716)	—
	<u>7,756</u>	<u>534</u>	<u>1,772</u>	<u>(2,483)</u>	<u>7,579</u>	<u>13,758</u>	<u>532</u>	<u>1,578</u>	<u>(4,302)</u>	<u>11,566</u>	<u>22,041</u>	<u>549</u>	<u>1,211</u>	<u>(6,716)</u>	<u>17,085</u>
Segment results	67	(336)	466		197	1,688	(534)	256		1,410	3,967	(436)	236		3,767
Other credits/(charges)	21	—	—		21	(13)	—	(2)		(15)	49	(24)	6		31
Profit from operations	88	(336)	466		218	1,675	(534)	254		1,395	4,016	(460)	242		3,798
Finance costs					(194)					(132)					(71)
Profit before income tax					24					1,263					3,727
Income tax expenses					(28)					(161)					(672)
Profit/(loss) after income tax					<u>(4)</u>					<u>1,102</u>					<u>3,055</u>
Other information:															
Depreciation	90	1	19		110	199	19	26		244	322	20	27	—	369
Capital additions — unallocated															627
Balance sheet															
Segment assets											1,345	162	816	—	2,323
Unallocated assets															<u>5,915</u>
Total Proforma Group assets															<u>8,238</u>
Segment liabilities											1,040	—	—	—	1,040
Unallocated liabilities															<u>3,782</u>
Total Proforma Group liabilities															<u>4,822</u>

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF BEST WORLD INTERNATIONAL LIMITED

F. NOTES TO PROFORMA CONSOLIDATED FINANCIAL INFORMATION (*cont'd*)

Geographical segments

The Group's operations are located in Singapore and Malaysia. The Group's direct selling and retail division operates in Singapore and Malaysia. The export division operates in Singapore and sell to customers located in countries such as Thailand, Taiwan, People's Republic of China, Hong Kong and Brunei.

The following table provides an analysis of the Group revenue by geographical market which is analysed based on the location of each individual customer:

	Revenue		
	2001	2002	2003
	\$'000	\$'000	\$'000
Singapore	5,795	9,833	12,894
Malaysia	1,682	1,610	3,876
Other countries ⁽¹⁾	102	123	315
	<u>7,579</u>	<u>11,566</u>	<u>17,085</u>

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of Segment assets	Additions to property, plant and equipment
	2003	2003
	\$'000	\$'000
Singapore	6,543	619
Malaysia	1,695	8
	<u>8,238</u>	<u>627</u>

Note:

(1) Other countries comprise mainly Thailand, Taiwan, People's Republic of China, Hong Kong and Brunei.

G. DIVIDENDS

No dividends has been paid, declared or recommended by the Company or any of its subsidiaries within the Proforma Group for the years under review.

H. AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company and the Proforma Group have been prepared for any period subsequent to 31 December 2003.

ANNEX A

EXTRACTS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

The following provisions of the Articles of Association of the Company relate to: (a) a directors' power to vote on a proposal, arrangement or contract in which the director is materially interested; (b) the directors' power, in the absence of an independent quorum, to vote compensation to themselves or any members of their body; (c) borrowing powers exercisable by the directors and how such borrowing powers can be varied; (d) retirement or non-retirement of directors under an age limits requirement; (e) number of shares, if any, required for director's qualification; and (f) directors' remuneration, are as follows:

Article 75

Subject as hereinafter provided, the Directors, all of whom shall be natural persons, shall not be less than two nor more than nine in number. The Company may by Ordinary Resolution from time to time vary the maximum number of Directors.

Article 76

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.

Article 77

The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 79

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

Article 80

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

ANNEX A

Article 81

A Director may be party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 82

- (A) The Directors may from time to time appoint one or more of their body to be the Chairman or Deputy Chairman of the Company (whether such appointment is executive or non-executive in nature) or to be the holder of any executive office under the Company or under any other company in which the Company is in any way interested on such terms and for such period as they may (subject to the provision of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.
- (B) The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (C) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Article 86

The remuneration of a Managing Director shall from time to time be fixed by the Directors and may subject to these presents be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 88

The Company may by Ordinary Resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy. Without prejudice thereto the Directors shall also have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with these presents. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Article 89

At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. For the avoidance of doubt, each Director shall retire at least once every three years. A Director holding the office of Managing Director or Joint Managing Director shall be taken into account in determining the number of Directors to retire.

ANNEX A

Article 90

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for re-election.

Article 91

The Company at the meeting at which a Director retires under any provision of these presents may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:

- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) where the default is due to the moving of a resolution in contravention of the next following Article; or
- (d) where such Director has attained any retiring age applicable to him as Director.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

Article 92

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this provision shall be void.

Article 93

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any General Meeting unless not less than eleven clear days and not more than forty-two days (inclusive of the date on which the notice is given) before the date appointed for the meeting there shall have been lodged at the Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, Provided that in the case of a person recommended by the Directors for election, not less than nine clear days' notice shall be necessary and notice of each and every such person shall be served on the members at least seven days prior to the meeting at which the election is to take place.

ANNEX A

Article 94

The office of a Director shall be vacated in any of the following events, namely:

- (a) if he shall become prohibited or disqualified by the Statutes or any other law from acting as a Director; or
- (b) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer; or
- (c) if he shall become bankrupt or have a receiving order made against him or shall make arrangement or composition with his creditors generally; or
- (d) if he becomes of unsound mind, or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or
- (e) is absent, for more than six months and without leave of the Directors, from meetings of the Directors held during that period; or
- (f) if he is removed by the Company in General Meeting pursuant to these presents.

Article 95

The Company may in accordance with and subject to the provisions of the Statutes, by Ordinary Resolution of which special notice has been given, remove any Director from office (notwithstanding any provision of these presents or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a Director so removed from office, and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last appointed a Director.

Article 96

- (A) Any Director may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person (other than another Director or a person who has already been appointed alternate for another Director) to be his alternate Director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by a majority of the Directors, shall have effect only upon and subject to being so approved.
- (B) The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director concerned (below called "his principal") ceases to be a Director.
- (C) An alternate Director shall (except when absent from Singapore) be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his principal is not personally present and generally at such meeting to perform all functions of his principal as a Director, and for the purposes of the proceedings at such meeting the provisions of these presents shall apply as if he (instead of his principal) were a Director. If his principal is for the time being absent from Singapore or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. To such extent as the Directors may from time to time determine in relation to any committees of the Directors, the foregoing provisions of this paragraph shall also apply *mutatis mutandis* to any meeting of any such committee of which

ANNEX A

his principal is a member. An alternate Director shall not (save as aforesaid) have any power to act as a Director nor shall he be deemed to be a Director for any other purposes of these presents.

- (D) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct, provided that any fees payable to him shall be deducted from his principal's remuneration.

Article 100

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Article 108

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The provisions in the Articles of Association relating to the rights, preferences and restrictions attaching to each class of our shares, including: (a) dividend rights, including the time limit after which dividend entitlement lapses and an indication of the party in whose favour this entitlement operates; (b) voting rights, including whether directors stand for re-election at staggered intervals and the impact of that arrangement where cumulative voting is permitted or required; (c) rights to share in our Company's profits; (d) rights to share in any surplus in the event of liquidation; (e) redemption provisions; (f) sinking fund provisions; (g) liability to further capital calls by our Company; and (h) any provision discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares, are as follows:

Article 4(A)

Subject to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot (with or without conferring a right of renunciation) or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that:

- (a) no shares shall be issued to transfer a controlling interest in the Company without the specific prior approval of the Company in General Meeting; and
- (b) no shares shall be issued at a discount or options granted over unissued shares except in accordance with the Act.

ANNEX A

Article 8

- (A) The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum and Articles and the rights attaching to shares of a class other than ordinary shares shall be expressed. In the event of preference shares being issued, the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.
- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Article 9

- (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third in nominal value of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.
- (B) The provisions in Article 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.
- (C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

Article 18

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed and may be made payable by instalments.

ANNEX A

Article 19

Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

Article 21

Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article 23

The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish *pro tanto* the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.

Article 42

A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:

- (a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;
- (b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;
- (c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and

ANNEX A

- (d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

Article 46

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

Article 59

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (a) the chairman of the meeting; or
- (b) not less than two members present in person or by proxy and entitled to vote; or
- (c) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid-up equal to not less than one-tenth of the total sum paid on all the shares conferring that right,

Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.

Article 60

Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

Article 61

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

ANNEX A

Article 62

A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

Article 63

Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, on a show of hands every member who is present in person or by proxy shall have one vote, the chairman of the meeting to determine which proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any meeting of the Company.

Article 64

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

Article 65

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

Article 66

No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

Article 67

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

Article 68

On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

ANNEX A

Article 69

- (A) A member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, Provided that if a member shall nominate two proxies then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (B) A proxy need not be a member of the Company.

Article 70

- (A) An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:
 - (a) in the case of an individual member, shall be signed by the member or his attorney duly authorised in writing; and
 - (b) in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorized officer of the corporation.
- (B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.

Article 71

An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

Article 72

An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to speak at the meeting.

Article 73

A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

ANNEX A

Article 74

Any corporation which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorized shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorized is present thereat.

Article 122

The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

Article 124

If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 125

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

Article 126

No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes or, pursuant to Section 69 of the Act and in the form of stock dividends, out of the share premium account. Any dividend unclaimed after six (6) years from the date of declaration shall be made forfeit and revert to the Company.

Article 129

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

ANNEX A

Article 130

The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Article 132

If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

Article 133

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares.

Article 134

The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 4(A)), capitalize any sum standing to the credit of any of the Company's reserve accounts as representing profits available for distribution under the provisions of the Statutes or, pursuant to Sections 69 or 70 of the Act, the Company's share premium account or capital redemption reserve, by appropriating such sum to the persons registered as the holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on the date of the resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares or (subject to any special rights previously conferred on any shares or class of shares for the time being issued) unissued shares of any other class not being redeemable shares, for allotment and distribution credited as fully paid-up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalization, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorize any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

Article 146

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members *in specie* or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may

ANNEX A

determine how such division shall be carried out as between the members of different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

The provisions in the Articles of Association relating to the manner in which annual general meetings and extraordinary general meetings of shareholders are convoked, including the conditions of admission, are as follows:

Article 42

A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:

- (a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;
- (b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;
- (c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and
- (d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

Article 47

An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

Article 48

The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

ANNEX A

Article 49

Any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereinafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Extraordinary General Meeting shall be given to the Designated Stock Exchange.

Article 50

- (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business ("special business") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

Article 52

Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

The provisions in the Articles of Association relating to the rights to own Shares, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on their Shares, are as follows:

Article 5

- (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which

ANNEX A

the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).

- (B) The Company may, notwithstanding Article 5(A) above, authorize the Directors not to offer new shares to members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such members on such terms and conditions as the Company may direct.

Article 35

- (A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange on which the shares in the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid-up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- (B) The Directors may decline to register any instrument of transfer unless:
- (a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;
 - (b) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
 - (c) the instrument of transfer is in respect of only one class of shares.

Article 43

Except as required by the Statutes or law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

ANNEX A

The provision of our Articles of Association that would have an effect of delaying, deferring or preventing a change in control of our Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving our Company is as follows:

Article 4(A)

Subject to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot (with or without conferring a right of renunciation) or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that:

- (a) no shares shall be issued to transfer a controlling interest in the Company without the specific prior approval of the Company in General Meeting; and
- (b) no shares shall be issued at a discount or options granted over unissued shares except in accordance with the Act.

ANNEX B

DESCRIPTION OF SINGAPORE COMPANY LAW RELATING TO SHARES

The following statements are brief summaries of the rights and privileges of shareholders conferred by the laws of Singapore and the Articles of Association (the “Articles”) of our Company.

These statements summarise the material provisions of the Articles but are qualified in entirety by reference to the Articles.

Ordinary Shares

All of the ordinary shares are in registered form. The Company may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase its own ordinary shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own ordinary shares.

New Ordinary Shares

New ordinary shares may only be issued with the prior approval in a general meeting of the Shareholders of the Company. The aggregate number of shares to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of its issued share capital for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to its Shareholders may not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of its issued share capital for the time being. The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is earlier. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new ordinary shares are under the control of the Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the register of shareholders of the Company and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as shareholders of the Company. The Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any ordinary share or other rights for any ordinary share other than the absolute right thereto of the registered holder of that ordinary share or of the person whose name is entered in the depository register for that ordinary share. The Company may close the register of shareholders for any time or times if it provides the Accounting and Corporate Regulatory Authority at least 14 days’ notice and the SGX-ST at least 10 clear market days’ notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. The Company typically closes the register to determine shareholders’ entitlement to receive dividends and other distributions.

ANNEX B

Transfer of Ordinary Shares

There is no restriction on the transfer of fully paid ordinary shares except where required by law or the listing rules or the rules or by-laws of any stock exchange on which the Company is listed. The Board of Directors may decline to register any transfer of ordinary shares which are not fully paid shares or ordinary shares on which the Company has a lien. Ordinary shares may be transferred by a duly signed instrument of transfer in a form approved by any stock exchange on which the Company is listed. The Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. The Company will replace lost or destroyed certificates for ordinary shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that the Board of Directors may require.

General Meetings of Shareholders

The Company is required to hold an annual general meeting every year. The Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10% of the issued share capital of the Company may call a meeting. Unless otherwise required by law or by the Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and the Articles, a change of the corporate name and a reduction in the share capital, share premium account or capital redemption reserve fund. The company must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every shareholder who has supplied the Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in the Articles, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles, on a show of hands, every shareholder present in person and by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

ANNEX B

Dividends

The Company may, by ordinary resolution of its shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by the Board of Directors. The Company must pay all dividends out of its profits; however, the Company may capitalise its share premium account and apply it to pay dividends, if such dividends are satisfied by the issue of shares to shareholders of the Company. See “Bonus and Rights Issue”. The Board of Directors may also declare an interim dividend without the approval of its shareholders. All dividends are paid pro rata among the shareholders in proportion to the amount paid-up on each shareholder’s ordinary shares, unless the rights attaching to an issue of any ordinary share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by the Company to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge the Company from any liability to that shareholder in respect of that payment.

Bonus and Rights Issues

The Board of Directors may, with approval by the shareholders at a general meeting, capitalise any reserves or profits (including profit or moneys carried and standing to any reserve or to the share premium account) and distribute the same as bonus shares credited as paid-up to the shareholders in proportion to their shareholdings. The Board of Directors may also issue rights to take up additional ordinary shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which the Company is listed.

Takeovers

The Companies Act and the Singapore Code on Takeovers and Mergers regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting shares in the Company must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Takeovers and Mergers. “Parties acting in concert” include a company and its related and associated companies, a company and its directors (including their close relatives), a company and its pension funds and employee share schemes, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial advisor and its client in respect of shares held by the financial advisor and shares in the client held by funds managed by the financial advisor on a discretionary basis. An offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six months. A mandatory takeover offer is also required to be made if a person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1% of the voting rights.

Liquidation or Other Return of Capital

If the Company liquidates or in the event of any other return of capital, holders of ordinary shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

ANNEX B

Indemnity

As permitted by Singapore law, the Articles provide that, subject to the Companies Act, the Board of Directors and officers shall be entitled to be indemnified by the Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. The Company may not indemnify directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company.

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by the Articles on the rights of non-resident shareholders to hold or vote ordinary shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of the Company, as they think fit to remedy any of the following situations:

- (a) the affairs of the Company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or
- (b) the Company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of the affairs of the Company in the future;
- (c) authorise civil proceedings to be brought in the name of, or on behalf of, the Company by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority shareholder’s shares by the other shareholders or by the Company and, in the case of a purchase of shares by the Company, a corresponding reduction of its share capital;
- (e) provide that the Memorandum of Association or the Articles be amended; or
- (f) provide that the Company be wound up.

ANNEX C

RULES OF THE BEST WORLD SHARE OPTION SCHEME

1. NAME OF THE SCHEME

The Scheme shall be called the “Best World Share Option Scheme”.

2. DEFINITIONS

2.1 Unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Acceptance Period”	The period within which an Option may be accepted, as described in Rule 7
“Act”	The Companies Act, Chapter 50 of Singapore as amended or modified from time to time
“Adoption Date”	The date on which the Scheme is adopted by the Company in an extraordinary general meeting
“Aggregate Subscription Cost”	The total amount payable for the Shares to be subscribed for on the exercise of an Option, including the aggregate Exercise Price for such Shares and the relevant CDP Charges described under Rule 19
“Associated Company”	A Company in which at least 20% but not more than 50% of its shares are held by the Company or our Group and over which the Company has control
“Auditors”	The auditors for the time being of the Company
“Board”	The board of directors for the time being of the Company
“CDP”	The Central Depository (Pte) Limited
“CPF”	Central Provident Fund
“Committee”	A committee comprising directors of the Company, duly authorised and appointed by the Board to administer the Scheme
“Company”	Best World International Limited, a Company incorporated in Singapore
“Controlling Shareholder”	An group Employee or an Associated Company Employee who, in relation to the Company, holds directly or indirectly 15% or more of the nominal amount of all the Shares or in fact has control of the Company’s affairs
“Depository Agent”	An entity registered as a depository agent with the CDP for the purpose of maintaining securities sub-accounts for its own account and for the account of others
“Executive Director”	A director who is a full-time employee of the Company and who performs an executive function
“Employee”	An executive director of any member of our Group, or a full-time employee of any member of our Group, who is selected by the Committee to participate in the Scheme in accordance with Rule 4.

ANNEX C

“Exercise Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 8.1.
“Grantee”	A person to whom an offer of an Option is made
“Group”	The Company and its subsidiaries
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Offering Date”	The date on which an Option is granted pursuant to Rule 6
“Option”	The right to subscribe for Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 8
“Option Period”	The period for the exercise of an Option, which is the period commencing on (and including) the first anniversary of the Offering Date and expiring on (and including) the day immediately preceding the tenth anniversary of the Offering Date or such other period determined by the Committee or prescribed under any relevant law, regulation or rule of the SGX-ST from time to time
“Participant”	The holder of an Option
“Rules”	The rules of the Scheme, as the same may be amended from time to time
“Scheme”	The Best World Share Option Scheme, as modified or altered from time to time
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“SGX Sesdaq”	SGX-ST Dealing and Automated Quotation System
“Shareholders”	The registered holders of the Shares or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
“Shares”	Fully-paid ordinary shares of \$0.03 each in the capital of the Company
“\$”	Singapore dollars
“%”	Per centum

2.2 For the purposes of the Scheme:

- (a) in relation to a Company (including, where the context requires, the Company), “control” means the capacity to dominate decision-making directly or indirectly, in relation to the financial and operating policies of that Company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15% or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder; and
- (c) in relation to a Controlling Shareholder, its “associate” has the meaning assigned to it in the Listing Manual.

ANNEX C

- 2.3 Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act and used in these Rules shall have the meaning assigned to it under the Act.
- 2.4 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.
- 2.5 Any reference to a time of day shall be a reference to Singapore time.

3. OBJECTIVES OF THE SCHEME

The Scheme is a share incentive scheme. The purpose of the Scheme is to provide an opportunity for the Executive Directors and Employees of our Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance. The Scheme is proposed on the basis that it is important to acknowledge and secure the future contribution by the Executive Directors and Employees, which is essential to the well-being and prosperity of our Group, made respectively by these categories of persons. The Company, by adopting the Scheme, will give these categories of persons a real and meaningful stake in the Company at no direct cost to its profitability and will help to achieve the following objectives:

- (a) the motivation of Participants to optimise performance standards and efficiency and to maintain a high level of contribution;
- (b) to make total employee remuneration sufficiently competitive to recruit and retain key employees whose contributions are important to the long term growth and prosperity of our Group;
- (c) to align the interests of employees with the interests of the Shareholders of the Company;
- (d) the attainment of harmonious employer/staff relations, as well as the strengthening of working relationships with them; and
- (e) the development of a participatory style of management which promotes greater commitment and dedication amongst the employees and instils loyalty and a stronger sense of identification with the long term prosperity of our Group.

4. ELIGIBILITY

- 4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the Scheme at the absolute discretion of the Committee:
- (a) confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the Offering Date;
 - (b) Executive Directors of the Company and/or its subsidiaries; and
 - (c) employees who qualify under sub-paragraph (a) above and are seconded to an Associated Company or any other Company outside our Group in which the Company and/or Group has an equity interest, and who, in the absolute discretion of the Committee is selected to participate in the Scheme.

For the purposes of paragraph 4.1(c) above, the secondment of an employee to another Company shall not be regarded as a break in his employment or his having ceased employment as a full-time employee of our Group by reason only of such secondment.

- 4.2 Employees who are either Controlling Shareholders or their associates are not eligible to participate in the Scheme.

ANNEX C

- 4.3 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within our Group, or by any Associated Company or otherwise.
- 4.4 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS UNDER THE SCHEME

- 5.1 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the Scheme, shall not exceed 15% of the issued Shares of the Company on the day preceding that date.
- 5.2 Subject to Rule 4, the aggregate number of Shares in respect of which Options may be offered to an Employee for subscription in accordance with the Scheme shall be determined at the discretion of the Committee which shall take into account criteria such as the rank and responsibilities within our Group, performance, years of service and potential for future development of the Employee, and the general performance of our Group provided that any grant of Options to any one Employee together with Options already granted to such Employee under the Scheme, represents 5% or more of the total number of Options available to the Employees must be approved by independent Shareholders. A separate resolution must be passed for each such Employee and to approve the aggregate number of Options to be made available for grant to all Employees.

6. DATE OF GRANT

- 6.1 The Committee may, subject as provided in Rule 12, grant Options at any time, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Options may only be granted on or after the second Market Day from the date on which the aforesaid announcement is released.
- 6.2 The Letter of Offer to grant the Option shall be in, or substantially be in, the form set out in Schedule C-1A, subject to such modification including but not limited to, imposing restrictions on the number of Options that may be exercised within the Option Period as set out in Rule 9.1, or as the Committee may from time to time determine.

7. ACCEPTANCE OF OPTIONS

- 7.1 An Option shall be personal to the Participant to whom it is granted and shall not be transferred, assigned (other than to a Participant's personal representative on the death of that Participant), charged, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.
- 7.2 The closing date for the acceptance for the grant of any Option under this Rule 7 shall be within thirty (30) days from the Offering Date of that Option, and not later than 5pm on the thirtieth (30th) day of the Offering Date. The grant of an Option must be accepted by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule C-2B and accompanied by payment of \$1.00 as consideration, subject to such modification as the Committee may from time to time determine.
- 7.3 The Employee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Employee shall accept the offer in multiples of 1,000 Shares. The Committee shall within fifteen (15) Market Days of receipt of the Acceptance Form and consideration acknowledge receipt of the same.

ANNEX C

- 7.4 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 7 or any Exercise Notice given pursuant to Rule 11 which does not strictly comply with the terms of the Scheme.
- 7.5 If a grant of an Option is not accepted in the manner as provided in Rule 7.2, such offer shall, upon the expiry of the Acceptance Period, automatically lapse and become null and void and of no effect.
- 7.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant participant shall have no claim whatsoever against the Company.

8. EXERCISE PRICE

- 8.1 Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion by reference to a price equal to the average of the last dealt price(s) for a Share, as determined by reference to the official list or any other publication published by the SGX-ST, for the last five (5) Market Days immediately preceding the Offering Date of that Option.
- 8.2 In no event shall the Exercise Price be less than the nominal value of a Share. Where the Exercise Price (as determined under Rule 8.1) is less than the nominal value of a Share, the Exercise Price shall then be the nominal value.

9. RIGHTS TO EXERCISE OPTIONS

- 9.1 Subject as provided in this Rule 9 and Rule 10 and any other conditions as may be introduced by the Committee from time to time, each Option shall be exercisable, in whole or in part, during the Option Period. The Option Period shall commence on (and include) the first anniversary of the Offering Date and expire on (and include) the day immediately preceding the tenth anniversary of the Offering Date, or such other period determined by the Committee or prescribed under any relevant law, regulation or rule of the SGX-ST from time to time.
- 9.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the Scheme until such time as it shall lapse in accordance with the Scheme.
- 9.3 An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:
- (a) subject to Rules 9.4 and 9.5, upon the Participant ceasing to be in the full-time employment of the Group for any reason whatsoever; or
 - (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
 - (c) in the event of any misconduct on the part of the Participant as determined in the Committee's discretion; or
 - (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Option granted to a Participant shall so lapse on the grounds that any of the objectives of the Scheme (as set out in Rule 3) have not been met.

For the purpose of Rule 9.3(a), the Participant shall be deemed to have ceased to be so employed as of the date of his notice of resignation of employment or the cessation of his employment/appointment, whichever is earlier, with our Group.

- 9.4 If a Participant ceases to be employed by our Group by reason of his:
- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

ANNEX C

- (b) redundancy;
- (c) retirement before the legal retirement age with the consent of the Committee; or
- (d) any other reason approved in writing by the Committee;

he may exercise any unexercised Options within the relevant Option Period.

- 9.5 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the discretion of the Committee, be exercised by the duly appointed personal representatives of the Participant within such period after his death as may be determined by the Committee in its absolute discretion (but before the expiration of the Option Period in respect of that Option), and upon the expiration of such period, the Option shall lapse. Such exercise shall, at the discretion of the Committee, either be in full or only in respect of such Shares comprised in that Option for which the Participant would have been entitled to exercise. The Committee may, in exercising such discretion, allow the Option to be exercised at any time, notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Option Period in respect of such Option.

10. TAKE-OVER AND WINDING UP OF THE COMPANY

- 10.1 Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Participant and/or including those Participants holding Options which are not yet exercisable pursuant to provisions under Rule 9.1, shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and (if so required) the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Option Period relating thereto); or
- (b) the date of expiry of the Option Period relating thereto,

whereupon the Option then remaining unexercised shall lapse and become null and void.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 9, remain exercisable until the expiry of the Option Period relating thereto.

- 10.2 If under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another Company or companies, each Participant (including Participants holding Options which are not yet exercisable pursuant to provisions under Rule 9.1) shall be entitled, notwithstanding Rule 9 but subject to Rule 10.5, to exercise any Option then held by him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon the Option shall lapse and become null and void.

ANNEX C

- 10.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 10.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Participants (including Participants holding Options which are not yet exercisable pursuant to provisions under Rule 9.1) shall be entitled, within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto), to exercise any unexercised Option, after which such unexercised Option shall lapse and become null and void.
- 10.5 If in connection with the making of a general offer referred to in Rule 10.1 or the scheme referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, in assessment of what is fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 10.
- 10.6 To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.

11. EXERCISE OF OPTIONS

- 11.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in, or substantially in, the form set out in Schedule C-3C, subject in each case to such modification as the Committee may from time to time determine. Such notice must be accompanied by a remittance for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, the relevant documentation required by the Committee and the Aggregate Subscription Cost.
- 11.2 All payments shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 11.3 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Memorandum and Articles of Association of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Shares and within five (5) Market Days from the date of the allotment of the relevant Shares, despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.
- 11.4 The Company shall, as soon as practicable after such allotment, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of such Shares.
- 11.5 Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that particular Participant which is maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank accordingly.

ANNEX C

- 11.6 Shares allotted and issued on exercise of an Option shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, on the Record Date for which falls on or before the relevant exercise date of the Option, and shall in all other respects rank in pari passu with other existing Shares then in issue. "Record Date" means the date fixed by the Company for purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 11.7 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

12. VARIATION OF CAPITAL

- 12.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution) shall take place:

- (a) the Exercise Price for the Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the nominal value, class and/or number of Shares comprised in the Option so far as unexercised; and/or
- (c) the nominal amount, class and/or number of Shares over which Options may be granted under the Scheme,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

- 12.2 Unless the Committee considers an adjustment to be appropriate:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities; or
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

- 12.3 Notwithstanding the provisions of Rule 12.1:

- (a) no such adjustment shall be made if as a result, the Exercise Price shall fall below the nominal amount of a Share and if such adjustment would, but for this paragraph (a), result in the Exercise Price being less than the nominal amount of a Share, the Exercise Price payable shall be the nominal amount of a Share;
- (b) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (c) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

ANNEX C

- 12.4 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and the nominal value, class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

13. ADMINISTRATION OF THE SCHEME

- 13.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.
- 13.2 The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit, including but not limited to imposing restrictions on the number of Options that may be exercised within the Option Period as set out in Rule 9.1.
- 13.3 Any decision of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final and binding (including any disputes as to the interpretation of the Scheme or any rule, regulation, procedure thereunder or as to any rights under the Scheme).

14. NOTICES AND ANNUAL REPORT

- 14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 14.3 The Company shall disclose the following in its annual report:
- (a) the names of the members of the Committee administering the scheme; and
 - (b) the information required in the table below for the following participants:
 - (i) Directors of the Company; and
 - (ii) Participants, other than those in (i) above, who receive 5% or more of the total number of Options available under the Scheme:

Name of Participant	No. of Options granted during financial year under review (include Exercise Price)	Aggregate Options granted since commencement of the Scheme to the end of the financial year under review	Aggregate Options exercised since commencement of the Scheme to the end of the financial year under review	Aggregate Options outstanding as at the end of the financial year under review
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- (c) an appropriate negative statement that the participants who are Controlling Shareholders or their associates, directors and employees of the parent Company and its subsidiaries are not eligible to participate in the Scheme and that all Options granted are not at a discount.

ANNEX C

15. MODIFICATIONS TO THE SCHEME

- 15.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three quarters in nominal amount of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options; and
 - (b) the definitions of “Group”, “Associated Company”, “Controlling Shareholder”, “Participant”, “Committee”, “Option Period” and “Exercise Price” and the provisions of Rules 4, 5, 6, 7, 8, 10, 11.1, 11.6, 12, 13 and this Rule 15 shall not be altered to the advantage of Participants except with the prior approval of the Company’s Shareholders in general meeting; and
 - (c) no listing or quotation of new shares issued pursuant to any modification or alteration shall be made without the prior approval of the SGX-ST, or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.
- 15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Committee may at any time by resolution (and without other formality) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.
- 15.4 Employees who are also Shareholders and are eligible to participate in the Scheme must abstain from voting on any resolution relating to the participation of, or grant of Options to the Employees. Shareholders who are eligible to participate in the Scheme must abstain from voting on any resolution relating to the Scheme (other than a resolution relating to the participation of, or grant of, Options to the Employees).
- 15.5 The Scheme may be terminated at any time by the Committee or by ordinary resolution of the Company in general meeting and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder but the then existing rights of Participants and/or Grantees under the scheme shall not be affected.

16. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

17. DURATION OF THE SCHEME

- 17.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Company’s Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

ANNEX C

17.2 The Scheme may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

17.3 The expiry or termination of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 7.2, whether such Options have been exercised (whether fully or partially) or not.

18. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

19. COSTS AND EXPENSES

19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent, or CPF investment account with a CPF agent bank (collectively, the "CDP Charges").

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX Sesdaq in accordance with Rule 11.4 (and any other stock exchange on which the Shares are quoted or listed).

21. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

22. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

23. GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

ANNEX C

SCHEDULE C-1A

BEST WORLD SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date: _____

PRIVATE AND CONFIDENTIAL

To: Name
Designation
Address

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Committee of the Board of Directors of Best World International Limited (the "Company") to participate in the Best World Share Option Scheme (the "Scheme").

Accordingly, an offer is hereby made to grant you an Option (as defined in the Scheme), in consideration of the payment of a sum of \$1.00, to subscribe for and be allotted Shares in the capital of the Company at the price of \$● per ordinary share. The Option shall be subject to the terms of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of \$1.00 not later than 5 p.m. on the day ● of ● 2004 failing which this offer will forthwith lapse.

Yours faithfully

For and on behalf of
Best World International Limited

ANNEX C

SCHEDULE C-2B

BEST WORLD SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

To: The Company Secretary
Best World International Limited
10 Eunos Road 8 #08-03
Singapore Post Centre
Singapore 408600

Closing Time and Date for Acceptance of Option	:	_____
No. of Shares in respect of which Option is offered	:	_____
Exercise Price per Share	:	\$ _____
Total Amount Payable on Acceptance of Option (exclusive of the relevant CDP charges)	:	\$ _____

I have read your Letter of Offer dated _____ ("Offer Date") and agree to be bound by the terms thereof and of the Best World Share Option Scheme stated therein.

I hereby accept the Option to subscribe for _____ Shares in the capital of Best World International Limited (the "Shares") at \$● per Share and enclose *cash/banker's draft/cashiers'/postal order for \$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "CDP charges").

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

ANNEX C

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

1. Option must be accepted in full or in multiples of 1,000 Shares.
2. The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

ANNEX C

SCHEDULE C-3C

BEST WORLD SHARE OPTION SCHEME

EXERCISE NOTICE

To: The Company Secretary
Best World International Limited
10 Eunos Road 8 #08-03
Singapore Post Centre
Singapore 408600

Total Number of ordinary shares of \$0.03 each
(the "Share") at \$● per Share under an
Option granted on _____ (the
"Offer Date") :

Number of Shares previously allotted and
issued thereunder :

Outstanding balance of Shares which may be
allotted and issued thereunder :

Number of Shares now to be subscribed :

1. Pursuant to your Letter of Offer dated _____ (the "Offer Date") and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in Best World International Limited (the "Company") at \$● per Share.

*2. I hereby request the Company to allot and issue to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("CDP") to the credit of my *Securities Account with CDP/* Securities Sub-Account with a CDP Depository Agent specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the "CDP charges") in respect thereof:

*(a) Direct Securities Account Number : _____

*(b) Securities Sub-Account Number : _____

Name of CDP Depository Agent : _____

I enclose a *cheque/cashier's order/bank draft/postal order no. _____ for \$_____ in payment for the subscription of \$_____ for the total number of the said Shares and the CDP charges of \$_____.

I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the Best World Share Option Scheme and the Memorandum and Articles of Association of the Company.

3. I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

ANNEX C

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

1. An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof; and
2. The form entitled "Exercise Notice" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".

ANNEX D

TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of our Shares. Prospective purchasers of our Shares should consult their own tax advisors concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

The following discussion describes the material Singapore income tax, capital gains tax, stamp duty and estate duty consequences of the purchase, ownership and disposal of our Shares.

Income Tax

General

Singapore resident taxpayers, which include individuals who are residing in Singapore and companies which are controlled or managed in Singapore, are subject to Singapore income tax on:

- (a) income that is accrued in or derived from Singapore;
- (b) foreign income received or deemed to be received in Singapore. On 28 February 2003, the Finance Minister announced in the Financial Year 2003 Budget that all foreign-sourced income in the form of dividend, branch profits and services income (derived from jurisdictions with “headline” tax rates of at least 15%) would be exempt from tax from 1 June 2003, subject to certain conditions; and
- (c) foreign income received by individuals from the Year of Assessment 2005. On 27 February 2004, the Finance Minister announced in the Financial Year 2004 Budget that all foreign-sourced income received by resident individuals will be tax-exempt from the year of assessment 2005.

A company will be resident in Singapore if the control and management of its business is exercised in Singapore. A company will usually be regarded as being resident in Singapore if the company’s board of directors meets in Singapore to discuss overall management policy and high-level business matters in relation to the business of the company. An individual will be resident in Singapore if he resides in Singapore (except for temporary absences from Singapore) or if he is physically present or exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the calendar year preceding the year of assessment.

Non-resident corporate taxpayers, subject to certain exceptions, are also subject to Singapore income tax on:

- (a) income that is accrued in or derived from Singapore; and
- (b) foreign income received or deemed to be received in Singapore.

The corporate tax rate in Singapore is 22% with certain exemptions for the first \$100,000 of chargeable income for the years of assessment 2003 and 2004. The tax rate has been reduced to 20% from the year of assessment 2005. Non-resident individuals, subject to certain exceptions, are subject to Singapore income tax only on income accruing in or derived from Singapore. Subject to any applicable tax treaty, non-resident taxpayers are subject to a withholding tax of 20% in respect of income derived from technical or management services provided in Singapore, or generally 15% in the case of interest, royalty and rental of movable property if such interest, royalty or rental is not derived by the non-resident from any trade or business carried on in Singapore and is not effectively connected with any permanent establishment in Singapore of the non-resident person. The withholding tax rate for royalty received by non-resident will be reduced to 10% with effect from 1 January 2005.

ANNEX D

Gains on disposal of the Shares

Singapore currently does not have a capital gains tax regime. However, gains may be considered to be of an income nature and subject to tax if they arise from activities which the Inland Revenue Authority of Singapore ("IRAS") regards as carrying on of a trade in Singapore.

Any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as carrying on a trade of dealing in our Shares in Singapore, in which case, the disposal profits would be taxable as trading income.

Dividend Distributions

Dividends, either in cash or in any other form, received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax.

Shareholders are taxed in Singapore on the gross amount of dividends (that is, the cash amount of the dividend plus the amount of corporate tax paid by our Company on the profits out of which those dividends are paid). Under Singapore's dividend imputation system, the tax paid by our Company at the prevailing corporate rate of 20% is deemed to be paid by our Shareholders and thus, our Shareholders receive dividends net of the tax paid by our Company. The corporate tax paid or deemed to be paid by our Company will be available to holders of our Shares as a tax credit to offset the income tax liability on their overall income subject to Singapore income tax (including the gross amount of dividends).

When dividends are paid to our Shareholders, pursuant to Singapore's dividend imputation system, our Shareholder will receive, in addition to the net dividend, a tax credit based on the dividend amount received. The tax credit will reflect the amount of tax paid or deemed to be paid by our Company on the profits from which the dividend income is declared by our Company and received by our Shareholder. The tax credit would be used to offset our Shareholder's tax liability. If the amount of Singapore tax payable by our Shareholder is less than the tax credit, our Shareholder will be entitled to a refund on the difference from the IRAS.

With effect from 1 January 2003, Singapore has replaced the existing dividend imputation system with a one-tier system where dividend income is only taxed once at the company level. Dividends received by our shareholders will be tax-exempt under the new system. However, there is a five-year transition period for a Singapore resident company to shift to the one-tier system. Income derived from sources other than dividend income will be assessed accordingly by IRAS.

A Shareholder who is not a tax resident of Singapore will be taxed at the same rate on which the credit is computed. Consequently, non-resident Shareholders will not need to pay any further Singapore tax on dividends received.

Dividends declared out of tax-exempt profit by our Company will be exempted from tax in the hands of Shareholders who are Singapore tax residents. This would also, in general, be applicable to foreign Shareholders.

However, foreign Shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Where our Company receives foreign dividends for which a tax credit has been allowed, the dividend payments from these foreign dividends to the holders of our Shares will be exempt from tax. The tax credit could be obtained pursuant to a double taxation treaty with one of Singapore's treaty partners or it could be unilaterally granted under the Singapore Income Tax Act. Where the credit is available under any of the options above, a special account is to be created for the purposes of ensuring that the payment of exempt dividends is restricted to the amount of the dividends for which foreign tax credit has been allowed.

ANNEX D

Stamp duty

No stamp duty is payable on the allotment or holding of our shares.

Stamp duty is payable on an instrument of transfer of our Shares at the rate of \$0.20 for every \$100 or any part thereof of the consideration for our Shares. The purchaser is liable for stamp duty, unless otherwise agreed. However, no stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Also, no stamp duty is payable on contract notes sent by brokers or agents to their principal.

Estate Duty

Singapore estate duty is imposed on the value of immovable property situated in Singapore and owned by individuals who are not domiciled in Singapore. Singapore estate duty is imposed on the value of immovable property situated in Singapore (subject to exemption limits) and on certain movable property, wherever it may be, owned by individuals who are domiciled in Singapore. Our Shares are considered to be movable property situated in Singapore as our Company is a company incorporated in Singapore.

Accordingly, shares held by an individual are subject to Singapore estate duty upon such individual's death, if such individual is domiciled in Singapore. Singapore estate duty is payable to the extent that the value of the shares aggregated with other dutiable assets in Singapore exceeds \$600,000. Any excess beyond \$600,000 will be taxed at 5% on the first \$12,000,000 of the individual's Singapore dutiable assets and thereafter at 10%. It should be noted that certain assets, although dutiable, are not included in this aggregation. For example, dwelling houses are assessed separately and subject to a different exemption limit.

Individuals, whether or not domiciled in Singapore, should consult their own tax advisors regarding the Singapore tax and estate duty consequences of their ownership of our Shares.

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ANNEX E

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BEST WORLD INTERNATIONAL LIMITED

28 June 2004

The Board of Directors
Best World International Limited
10 Eunos Road 8 #08-03,
Singapore Post Centre
Singapore 408600.

Dear Sirs

We have audited the accompanying financial statements of Best World International Limited (formerly known as Best World International Pte Ltd and or “the Company”) and its subsidiary (“the Group”) as set out on pages E-3 to E-28 comprising the consolidated balance sheet as at 31 December 2001, 2002, 2003 and the related consolidated income statements, changes in equity and cash flows for each of the financial years ended 31 December 2001, 2002, and 2003 and the notes thereon. The consolidated financial statements are the responsibility of the Company’s directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The statutory consolidated financial statements for the financial years ended 31 December 2001 and 2002 were audited by other auditors. The other auditors’ report dated 30 May 2003 for the year ended 31 December 2002 was an unqualified opinion. The other auditors’ report dated 20 March 2002 was qualified as disclosed in Note 30 . Chio Lim & Associates were appointed as statutory auditors of the Company from the financial year ended 31 December 2003.

For the purpose of the prospectus and requirements under the Singapore Exchange Securities Trading Limited Listing Manual, Chio Lim & Associates are engaged as auditors to re-audit the financial statements for the financial years ended 31 December 2001 and 2002.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 31 December 2001, 2002 and 2003, and of the results, changes in equity and cash flows of the Group for the financial years ended 31 December 2001, 2002 and 2003.

We have also audited the adjustments, described in Note 29 that were applied to restate 2001 and 2002 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

ANNEX E

This report has been prepared for inclusion in the Prospectus of Best World International Limited dated 28 June 2004 for the invitation of 28,000,000 ordinary shares of \$0.03 each in the Company, comprising 25,000,000 New Shares and 3,000,000 Vendor Shares, for which we act as Reporting Accountants. No audited financial statements of the Group or Company have been prepared for any period subsequent to 31 December 2003.

Yours faithfully

Chio Lim & Associates
Certified Public Accountants
Singapore

Lim Lee Meng
Partner-in-charge

ANNEX E

CONSOLIDATED BALANCE SHEETS As at 31 December

	Notes	2003 \$'000	2002 \$'000 (restated)	2001 \$'000 (restated)
ASSETS				
Current assets:				
Cash and cash equivalents	4	1,236	—	—
Trade receivables	5	2,110	1,181	1,193
Other receivables and prepayments	6	454	803	735
Inventories	7	1,197	1,099	1,120
Income tax recoverable		—	—	28
Total current assets		<u>4,997</u>	<u>3,083</u>	<u>3,076</u>
Non-current assets:				
Investments in joint venture companies	8	—	—	—
Property, plant and equipment	9	2,132	1,466	1,223
Intangible assets	10	17	—	—
Total non-current assets		<u>2,149</u>	<u>1,466</u>	<u>1,223</u>
Total assets		<u><u>7,146</u></u>	<u><u>4,549</u></u>	<u><u>4,299</u></u>
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	11	—	1,042	1,406
Trade payables and accrued liabilities	12	1,393	383	637
Other payables	13	245	100	276
Income tax payable		660	108	—
Current portion of interest-bearing borrowings	14	51	104	104
Current portion of finance leases	15	62	29	—
Total current liabilities		<u>2,411</u>	<u>1,766</u>	<u>2,423</u>
Non-current liabilities:				
Interest-bearing borrowings	14	1,293	1,319	1,424
Finance leases	15	270	161	—
Deferred tax liabilities	24	40	26	—
Total non-current liabilities		<u>1,603</u>	<u>1,506</u>	<u>1,424</u>
Capital and reserves:				
Issued capital	16	1,845	1,845	1,845
Reserves		<u>1,287</u>	<u>(568)</u>	<u>(1,393)</u>
Total equity		<u>3,132</u>	<u>1,277</u>	<u>452</u>
Total liabilities and equity		<u><u>7,146</u></u>	<u><u>4,549</u></u>	<u><u>4,299</u></u>

See accompanying notes to financial statements.

ANNEX E

CONSOLIDATED INCOME STATEMENTS

Year ended 31 December

	Notes	2003 \$'000	2002 \$'000 (restated)	2001 \$'000 (restated)
Revenue	17	7,915	5,880	4,255
Cost of sales		(4,293)	(3,117)	(2,338)
Gross profit		3,622	2,763	1,917
Other operating income	18	784	64	—
Distribution costs		(372)	(295)	(70)
Administrative expenses		(1,627)	(1,436)	(1,145)
Other credits/(charges)	19	38	18	2
Profit from operations		2,445	1,114	704
Finance cost	20	(65)	(128)	(184)
Profit before income tax	21	2,380	986	520
Income tax expense	24	(525)	(161)	—
Net profit for the year		1,855	825	520

See accompanying notes to financial statements.

ANNEX E

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December

	Issued Capital \$'000	Accumulated (Losses)/Profits \$'000	Total \$'000
Balance at 31 December 2000	1,545	(1,913)	(368)
Issue of share capital	300	—	300
Net profit for the year	—	520	520
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2001	1,845	(1,393)	452
Net profit for the year	—	825	825
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2002	1,845	(568)	1,277
Net profit for the year	—	1,855	1,855
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2003	<u>1,845</u>	<u>1,287</u>	<u>3,132</u>

See accompanying notes to financial statements.

ANNEX E

CASH FLOW STATEMENTS

Year ended 31 December

	Notes	2003 \$'000	2002 \$'000 (restated)	2001 \$'000 (restated)
Cash flows from operating activities:				
Profit before income tax		2,380	986	520
Adjustments for:				
Depreciation expense		174	95	41
Property, plant and equipment written-off		3	—	—
Gain on disposal of fixed assets		1	—	—
Amortisation of intangible assets		2	—	—
Interest expense		65	128	184
Operating profit before working capital changes		2,625	1,209	745
Trade receivables		(500)	12	(156)
Other receivables and prepayments		537	(68)	(308)
Inventories		17	21	57
Trade payables and accrued liabilities		698	(254)	261
Other payables		(9)	(71)	55
Cash generated from operations		3,368	849	654
Interest paid		(65)	(128)	(184)
Income tax paid		(133)	—	—
Net cash from operating activities		3,170	721	470
Cash flows from investing activities				
Net cash outflow from acquisition of subsidiary	25	(468)	—	—
Increase in intangible assets		(18)	—	—
Purchase of plant and equipment	25	(462)	(132)	(17)
Increase in cash and cash equivalents (restricted in use)		(22)	—	—
Net cash used in investing activities		(970)	(132)	(17)
Cash flows from financing activities				
Issue of shares		—	—	300
Increase/(decrease) in bills payable		(278)	71	(93)
Decrease in interest-bearing borrowings		(79)	(105)	(102)
Increase/(decrease) in amount owing to directors		153	(105)	(150)
Decrease in finance leases	25	(18)	(15)	(3)
Net cash used in financing activities		(222)	(154)	(48)
Net increase in cash		1,978	435	405
Cash at beginning of year (overdrawn)		(764)	(1,199)	(1,604)
Cash at end of year (overdrawn)	25	<u>1,214</u>	<u>(764)</u>	<u>(1,199)</u>

See accompanying notes to financial statements.

ANNEX E

NOTES TO FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in Singapore. The registered office of the Company is 10 Eunos Road 8 #08-03 Singapore Post Centre Singapore 408600. The Company is domiciled in Singapore.

The financial statements are expressed in Singapore dollars. They are drawn up in accordance with the Singapore Financial Reporting Standards.

The principal activities of the Company are those of investment holding and the distribution of nutritional supplement products, personal care products and healthcare equipment. The principal activities of the subsidiary are disclosed below.

Details of the subsidiary at balance sheet dates are as follows:

Name of subsidiary, country of incorporation, place of operation and principal activities	Cost in books of Company			Percentage of equity held by Group		
	2003	2002	2001	2003	2002	2001
	\$'000	\$'000	\$'000	%	%	%
Bestworld Lifestyle Pte Ltd ^{(1) (2)} Singapore Distribution of nutritional supplement products, personal care products and healthcare equipment	1,251	—	—	100	—	—

Notes:

(1) Audited by Chio Lim & Associates, a member of Horwath International

(2) Acquired by the Company on 31 December 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION — The financial statements are prepared in accordance with the historical cost convention.

BASIS OF PRESENTATION — The consolidation accounting method is used for the consolidated financial statements which include the financial statements made up to 31 December each year of the Company and of those companies in which it holds, directly or indirectly through subsidiaries, over 50 percent of the shares and voting rights. All significant intercompany balances and transactions have been eliminated on consolidation. The results of the investees acquired or disposed of during the financial year are consolidated from the respective dates of acquisition or up to the dates of disposal. On disposal the attributable amount of unamortised goodwill is included in the determination of the gain or loss on disposal.

GOODWILL — Goodwill or negative goodwill arising on acquisition is based on the purchase method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition. Goodwill is carried at cost less any accumulated amortisation and any accumulated impairment losses. It is amortised on the straight-line method over its useful life to reflect the best estimate of the period during which future economic benefits are expected to flow to the acquirer.

ANNEX E

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

REVENUE RECOGNITION — Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction (including future costs) can be measured reliably.

INVENTORIES — Inventories are measured at the lower of cost (first-in-first-out method) and net realisable value.

PROPERTY, PLANT AND EQUIPMENT — Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on gross carrying amounts in equal annual instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:

Freehold buildings	2%
Plant and equipment	20%

Depreciation is not provided for freehold land.

Fully depreciated assets still in use are retained in the financial statements.

The useful life of an item of property, plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods are adjusted.

INTANGIBLE ASSETS — Acquired intangible assets are carried at acquisition cost less accumulated amortisation and any accumulated impairment losses. The depreciable amount of an intangible asset is allocated on a systematic basis over the best estimate of its useful life. The useful lives of franchises, intellectual property at similar rights and assets and licenses, patents and software are between 3 to 10 years. If necessary, special amortisation is effected which is set aside if the reasons for this cease to exist.

NON-CURRENT ASSETS — Non-current assets, such as plant and equipment and investments are reviewed for impairment whenever events or changes in circumstances indicate that the net book value of these assets may not be recoverable. Impairment losses are determined based on the difference between fair value, which would generally approximate estimated future cash flows discounted at the Company's cost of capital or where appropriate the sale value, and net book value.

FOREIGN CURRENCY TRANSACTIONS — The functional currency is the Singapore dollar as it reflects the economic substance of the underlying events and circumstances of the entity. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement.

ANNEX E

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

INCOME TAX — The income taxes are accounted using the asset and liability method which requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statement or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

RETIREMENT BENEFITS COSTS — Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. Contributions made to government managed retirement benefit plan such as the Central Provident Fund in Singapore which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

FINANCE LEASES — A finance lease is recognised as an asset and as liability in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased asset or, if lower, at the present value of the lease payments based on the interest rate implicit in the lease. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are allocated to each lease term so as to produce a constant rate of charge on the remaining balance of the obligations. The assets are depreciated as owned depreciable assets.

ACCOUNTING ESTIMATES — The preparation of financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LIABILITIES AND PROVISIONS — A liability and provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. It is measured at the amount payable.

CASH — Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts, if any.

FAIR VALUE OF FINANCIAL INSTRUMENTS — The carrying values of cash, accounts receivable, other current financial assets, short-term borrowings, accounts payable and other current financial liabilities approximate their fair values due to the short-term maturity of these instruments. The fair market value of long-term debt was not determined as there are no significant items as at the end of the year.

RISK MANAGEMENT POLICIES FOR FINANCIAL STATEMENTS

CREDIT RISK ON FINANCIAL ASSETS — Financial assets that are potentially subject to concentrations of credit risk consist principally of cash, cash equivalents and trade and other accounts receivable. The directors believe that the financial risks associated with these financial instruments are minimal. The Group places its cash and cash equivalents with high credit quality institutions. The Group performs ongoing credit evaluation of its debtors' financial condition and maintains a provision for doubtful accounts receivable based upon the expected collectibility of all accounts receivable. There is no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers.

ANNEX E

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

OTHER RISKS ON FINANCIAL INSTRUMENTS — The Group monitors its interest, foreign exchange risks, and changes in fair values from time to time and any gains and losses are included in the income statement. The Group is exposed to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. The Group is also exposed to changes in foreign exchange rates and liquidity of businesses. The Group does not utilise forward contracts or other arrangements to minimise these risks. At 31 December 2001, 2002 and 2003 there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

3. RELATED PARTIES TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and or directors or management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decision.

Some of the Company's transactions and arrangements and terms thereof are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The balances are without fixed repayment terms and interest unless stated otherwise.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	2003	2002	2001
	\$'000	\$'000	\$'000
Revenue	6,693	4,700	2,982
Packaging expense	—	44	46
Management fee income	254	—	—
	<u>254</u>	<u>—</u>	<u>—</u>

4. CASH AND CASH EQUIVALENTS

	2003	2002	2001
	\$'000	\$'000	\$'000
Restricted in use ^(a)	22	—	—
Not restricted in use	1,214	—	—
	<u>1,236</u>	<u>—</u>	<u>—</u>

Note:

(a) This is for fixed deposit pledged to a bank to secure banker's guarantee given to a third party.

ANNEX E

5. TRADE RECEIVABLES

	2003 \$'000	2002 \$'000	2001 \$'000
Outside parties	1,436	509	175
Related parties (Note 3)	678	672	1,018
	<u>2,114</u>	<u>1,181</u>	<u>1,193</u>
Less provision for doubtful debts	(4)	—	—
	<u>2,110</u>	<u>1,181</u>	<u>1,193</u>
Movement in provision:			
Arising from acquisition of subsidiary	4	—	—
Balance at end of year	<u>4</u>	<u>—</u>	<u>—</u>
Analysis of above amount by foreign currency:			
United States Dollars	<u>17</u>	<u>15</u>	<u>3</u>

The average credit periods taken by customers is about 77 days (2002: 74 days, 2001: 102 days). A provision is made for estimated irrecoverable amounts from the customers. This provision is determined by reference to past default experience. The carrying amount of trade receivables approximates to their fair value. Short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant.

	2003 \$'000	2002 \$'000	2001 \$'000
Concentration of customers:			
Top 1 customer	598	471	450
Top 2 customers	1,048	827	643
Top 3 customers	<u>1,276</u>	<u>936</u>	<u>835</u>

6. OTHER RECEIVABLES AND PREPAYMENTS

	2003 \$'000	2002 \$'000	2001 \$'000
Deposits	176	59	14
Related parties (Note 3)	151	718	720
Other receivables	34	3	—
Prepayments	<u>93</u>	<u>23</u>	<u>1</u>
	<u>454</u>	<u>803</u>	<u>735</u>

ANNEX E

7. INVENTORIES

	2003	2002	2001
	\$'000	\$'000	\$'000
Finished goods for resale, at cost	1,197	1,099	1,120

8. INVESTMENT IN JOINT VENTURE COMPANIES

	2003	2002	2001
	\$'000	\$'000	\$'000
Unlisted equity shares at cost	651	651	651
Less amount written off	(651)	(651)	(651)
	—	—	—

The joint venture companies are listed below:

Name of joint venture companies, place of incorporation and operations and principal activities	Cost in books of Company			Effective percentage of equity held by Group		
	2003	2002	2001	2003	2002	2001
	\$'000	\$'000	\$'000	%	%	%
Shanghai Best World Cosmetics Co. Ltd People's Republic of China Production and distribution of cosmetics and skin care products. Dormant.	651	651	651	60	60	60
Tianjin Best World Esthetique Laboratories Co. Ltd. People's Republic of China Distribution of natural nutritional and health products, disinfectants chemical products and the development, production, sale and provision of after-sales services of relevant medical equipment. Dormant.	—	—	—	50	50	50
	651	651	651			

The financial statements of Shanghai Best World Cosmetics Co. Ltd and Tianjin Best World Esthetique Laboratories Co. Ltd are not audited as both companies have not renewed their business registration licenses, and have been dormant during 2001, 2002 and 2003. The Company has obtained legal opinions from lawyers in the People's Republic of China, and was advised that these companies are deemed to have been deregistered upon the non-renewal of their respective business licenses.

ANNEX E

9. PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Total \$'000
Cost:				
At 31 December 2000	847	400	510	1,757
Additions	—	—	17	17
At 31 December 2001	847	400	527	1,774
Additions	—	—	338	338
At 31 December 2002	847	400	865	2,112
Additions	—	—	462	462
Arising from acquisition of subsidiary	—	—	1,068	1,068
Write offs	—	—	(15)	(15)
At 31 December 2003	847	400	2,380	3,627
Accumulated depreciation:				
At 31 December 2000	—	64	446	510
Depreciation for 2001	—	8	33	41
At 31 December 2001	—	72	479	551
Depreciation for 2002	—	8	87	95
At 31 December 2002	—	80	566	646
Depreciation for 2003	—	8	166	174
Arising from acquisition of subsidiary	—	—	687	687
Write offs	—	—	(12)	(12)
At 31 December 2003	—	88	1,407	1,495
Net book value:				
At 31 December 2001	847	328	48	1,223
At 31 December 2002	847	320	299	1,466
At 31 December 2003	847	312	973	2,132

Certain items are under finance lease agreements (see Note 15).

The freehold land and building are mortgaged to a bank to secure credit facilities given by the banks (Note 11 and 14).

ANNEX E

10. INTANGIBLE ASSETS

	Trade-marks and licences 2003 \$'000
Cost:	
Additions during 2003	19
At 31 December 2003	19
Accumulated amortisation:	
Amortisation for 2003	(2)
At 31 December 2003	(2)
Net book value:	
At 31 December 2003	17

11. SHORT-TERM BORROWINGS

	2003 \$'000	2002 \$'000	2001 \$'000
Bills payable (secured)	—	278	207
Bank overdrafts (secured)	—	764	1,199
	—	1,042	1,406

Bank overdrafts and bills payable facilities are secured by joint and several guarantees by directors and the legal mortgage of the Company's property and a property owned by the directors.

The bank overdraft facilities bear interest rate between 6.0% to 6.25% per year.

12. TRADE PAYABLES AND ACCRUED LIABILITIES

	2003 \$'000	2002 \$'000	2001 \$'000
Outside parties and accrued liabilities	1,393	383	637
Analysis of above amount by foreign currencies:			
United States Dollars	60	475	701
Japanese Yen	35	—	4

The average credit period taken by the Group to settle payables is about 93 days (2002: 77 days; 2001: 131 days).

ANNEX E

13. OTHER PAYABLES

	2003	2002	2001
	\$'000	\$'000	\$'000
Directors (Note 3)	206	53	158
Other payables	39	47	118
	<u>245</u>	<u>100</u>	<u>276</u>

14. INTEREST-BEARING BORROWINGS

	2003	2002	2001
	\$'000	\$'000	\$'000
Bank loans (secured)	1,344	1,423	1,528
The borrowings are repayable as follows:			
Current portion	51	104	104
Non-current portion	1,293	1,319	1,424
	<u>1,344</u>	<u>1,423</u>	<u>1,528</u>
The non-current portion is repayable as follows:			
Due within 2 to 5 years	204	417	418
After 5 years	1,089	902	1,006
Total non-current portion	<u>1,293</u>	<u>1,319</u>	<u>1,424</u>

The Singapore dollar bank loans are secured by joint and several guarantees from directors and legal charges on the Company's property and a property owned by the directors. The bank loans are repayable over 15 to 20 years from May 1996. The interest rates ranged from 3.8% to 5.0% per year. The fair values of the bank loans was not determined because the book values approximate the fair values.

15. OBLIGATIONS UNDER FINANCE LEASES

2003	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
Minimum lease payments payable:			
Due within one year	74	(12)	62
Due within 2 to 5 years	290	(47)	243
Due after 5 years	32	(5)	27
Total	<u>396</u>	<u>(64)</u>	<u>332</u>
Net book value of plant and equipment under finance leases			<u>336</u>

ANNEX E

15. OBLIGATIONS UNDER FINANCE LEASES *(cont'd)*

2002	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
Minimum lease payments payable:			
Due within one year	35	(6)	29
Due within 2 to 5 years	140	(22)	118
Due after 5 years	52	(9)	43
Total	<u>227</u>	<u>(37)</u>	<u>190</u>
Net book value of plant and equipment under finance leases			<u>227</u>

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is about 5 to 7 years. The rate of interest for finance leases is about 2.6% to 3.3% per year. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All leases obligations are denominated in Singapore dollar. The fair value of the lease obligations approximates to their carrying amount. The obligations under finance leases are secured by the lessor's charge over the leased assets.

16. ISSUED CAPITAL

	2003 \$'000	2002 \$'000	2001 \$'000
Authorised: 2,000,000 ordinary shares of \$1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Issued and fully paid: 1,845,000 ordinary shares of \$1 each	<u>1,845</u>	<u>1,845</u>	<u>1,845</u>

17. REVENUE

	2003 \$'000	2002 \$'000	2001 \$'000
Sale of goods	<u>7,915</u>	<u>5,880</u>	<u>4,255</u>

18. OTHER OPERATING INCOME

	2003 \$'000	2002 \$'000	2001 \$'000
Management fee	254	—	—
Rebates from suppliers	463	—	—
Consultancy income	—	6	—
Miscellaneous	67	58	—
	<u>784</u>	<u>64</u>	<u>—</u>

ANNEX E

19. OTHER CREDITS/(CHARGES)

	2003	2002	2001
	\$'000	\$'000	\$'000
Bad debts written off-trade	—	(9)	—
Bad debts recovered-trade	—	—	20
Foreign exchange gain/(loss)	40	27	(18)
Plant and equipment written off	(3)	—	—
Gain on disposal of plant and equipment	1	—	—
	<u>38</u>	<u>18</u>	<u>2</u>

20. FINANCE COST

	2003	2002	2001
	\$'000	\$'000	\$'000
Interest expense to non-related companies	<u>65</u>	<u>128</u>	<u>184</u>

21. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges/(credits):

	2003	2002	2001
	\$'000	\$'000	\$'000
Directors' remuneration	465	465	465
Auditors' remuneration	6	2	2
Other fees paid to auditors	—	1	1
Depreciation expense	174	95	41
Amortisation of intangible assets	2	—	—
Changes in inventories	(17)	(21)	(57)
Purchases during the year	<u>4,008</u>	<u>2,772</u>	<u>2,306</u>

22. STAFF COSTS

	2003	2002	2001
	\$'000	\$'000	\$'000
Staff costs including directors	833	934	708
Contributions to defined contribution plan	<u>81</u>	<u>100</u>	<u>72</u>
Total staff costs	<u>914</u>	<u>1,034</u>	<u>780</u>

ANNEX E

23. NUMBER OF EMPLOYEES

	2003	2002	2001
Number of employees at end of year including directors	44	14	13

24. INCOME TAX

	2003 \$'000	2002 \$'000	2001 \$'000
Current	531	136	—
Deferred	(6)	25	—
Total income tax expense	525	161	—

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rates of 24.5%, 22.0%, 22.0% for 2001, 2002 and 2003, respectively to profit before income tax as a result of the following differences:

	2003 \$'000	2002 \$'000	2001 \$'000
Income tax expense at the statutory rate	524	217	127
Non-allowable (taxable) items	(11)	21	10
Tax exemption	(11)	(12)	—
Underprovision in prior years	28	—	—
Other items less than 3% each	(5)	7	—
Utilisation of tax losses	—	(72)	(137)
	525	161	—

The net deferred tax amount in the balance sheet is as follows:

	2003 \$'000	2002 \$'000	2001 \$'000
Deferred tax liabilities:			
Excess of net book value of plant and equipment	(40)	(26)	(29)
Total deferred tax liabilities	(40)	(26)	(29)
Deferred tax assets:			
Tax loss carryforwards	—	—	80
Foreign exchange adjustments	—	—	2
Total deferred tax assets	—	—	82
Net total of deferred tax (liabilities)/asset	(40)	(26)	53
Deferred tax valuation allowance	—	—	(53)
Balance	(40)	(26)	—

ANNEX E

24. INCOME TAX (cont'd)

An allowance is made to the extent that it is not probable that taxable profit will be available against which the unused tax loss carryforwards can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Where provision for deferred tax arising from temporary differences has been offset against the above tax loss carryforwards, such provision for deferred tax will be required to be set up when the tax losses are utilised in the future.

There is no income tax consequences of dividends to shareholders of the Company.

There is no temporary differences arising in connection with interests in subsidiary.

25. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

	2003	2002	2001
	\$'000	\$'000	\$'000
Cash and bank balances (not restricted in use)	1,214	—	—
Bank overdrafts	—	(764)	(1,199)
Cash and cash equivalents at end of year	<u>1,214</u>	<u>(764)</u>	<u>(1,199)</u>

NON-CASH TRANSACTIONS — Additions to plant and equipment during 2002 amounting to \$205,400, were financed by new finance leases.

ACQUISITION OF SUBSIDIARIES

The Company acquired Best World Lifestyle Pte Ltd on 31 December 2003. The transaction was accounted for by the purchase method of accounting.

The fair values of net assets acquired are as follows:

	2003
	\$'000
Cash and cash equivalents	783
Trade receivables	429
Other receivables	962
Inventories	115
Plant and equipment	381
Trade payables and accrued liabilities	(1,084)
Income tax payable	(154)
Finance leases	(160)
Deferred taxation	(21)
Consideration	1,251
Less cash taken over	(783)
Net cash outflow on acquisition	<u>468</u>

ANNEX E

26. OPERATING LEASE COMMITMENTS

At the balance sheet date the commitments in respect of operating leases with a term of more than one year were as follows:

	2003	2002	2001
	\$'000	\$'000	\$'000
Within one year	233	—	—
Within 2 to 5 years	201	—	—
	<u>434</u>	<u>—</u>	<u>—</u>
Rental expense for the year	<u>145</u>	<u>—</u>	<u>—</u>

Operating lease payments represent rentals payable for certain of its office premises and rental outlets. The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

27. CAPITAL COMMITMENTS

	2003	2002	2001
	\$'000	\$'000	\$'000
Authorised and contracted for	162	—	—
Authorised but not yet contracted for	<u>54</u>	<u>—</u>	<u>—</u>

In addition to the above capital commitment, the Group also have other commitments relating to its investment in subsidiaries and purchases of properties. Please refer to Note 28 for details.

28. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2003:

- (a) On 22 May 2004, the Company acquired 1,020,000 ordinary shares of \$1.00 each, representing 100% of the issued share capital of Avance Living Pte. Ltd. ("Avance") from Dr Dora Hoan and Dr Doreen Tan for a cash consideration of \$4,373. The acquisition of such Avance shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of Avance as at 31 December 2003 of \$4,373. Following the aforesaid acquisition, Avance became a wholly-owned subsidiary of the Company.
- (b) On 22 May 2004, the Company acquired 2 ordinary shares of \$1.00 each, representing 100% of the issued share capital of Institute of BWL Pte. Ltd. ("IBWL") from Dr Dora Hoan and Dr Doreen Tan for a cash consideration of \$2,588. The acquisition of such IBWL shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of IBWL as at 31 December 2003 of \$2,588. Following the aforesaid acquisition, IBWL became a wholly-owned subsidiary of the Company.

ANNEX E

28. SUBSEQUENT EVENTS (*cont'd*)

- (c) On 22 May 2004, the Company acquired 1,500,001 ordinary shares of RM1.00 each, representing 60% of the issued share capital of Best World Lifestyle Sdn. Bhd. ("BWLSB") (the "Sale Shares") from an unrelated third party, Ho Wah Chai (the "Vendor") for a cash consideration of \$489,237 (equivalent to RM1,056,667 based on an exchange rate of \$0.463/RM) ("Cash Consideration"). The acquisition of the Sale Shares was inclusive of all rights and advantages attaching thereto and is deemed effective as at 1 January 2004 and thereafter. The purchase consideration was determined on a willing buyer-willing seller basis, taking into account the audited NTA of BWLSB as at 31 December 2003 of RM1,761,112. The Cash Consideration was funded from internal resources, and was satisfied by payment to Dr Dora Hoan and Dr Doreen Tan at the Vendor's direction. The Vendor has renounced his rights to the Cash Consideration in favour of Dr Dora Hoan and Dr Doreen Tan in settlement of prior personal debts owing from him to Dr Dora Hoan and Dr Doreen Tan. Following the aforesaid acquisition, BWLSB became a 60% owned subsidiary of the Company.

On 11 December 2003, the Company obtained the approval from the Ministry of Domestic Trade Affairs and Consumer of Malaysia ("MDTCA") for the acquisition of up to 70% of the issued share capital of BWLSB by the Company. To comply with the equity guidelines of MDTCA, the issued share capital of BWLSB will be increased to RM5 million by the end of 2004. The Company will inject a sum of RM1.5 million to maintain its existing 60% shareholding in BWLSB. The Company intends to invest a further sum of RM300,000 in BWLSB to increase its equity stake in BWLSB by a further 6% bringing its total equity stake in BWLSB to 66%, and in connection with this investment, it will further inject a sum of RM700,000 to enable the Bumiputra partner to hold a 30% shareholding in BWLSB in compliance with the equity guidelines of MDTCA, which is required for the Company to hold its direct selling license in Malaysia. The Company will apply for such approvals as may be necessary such as MDTCA approval and Foreign Investment Committee of Malaysia ("FIC") approval when it increases its stake in BWLSB to 66%. The remaining 4% will be held by an unrelated third party, Lee Chai Huat and the Company has not entered into negotiations with him to acquire his interest in BWLSB. In addition, the Company has received no objection clearance from the FIC on 21 June 2004 for the acquisition of 60% of the issued share capital of BWLSB by the Company.

- (d) The Company entered into an asset sale and purchase agreement dated 16 January 2004, as supplemented by Supplemental Agreement dated 16 February 2004 (the "Vigor Acquisition Agreement") with Chengdu Weige'er Stock Holding Co. Ltd and Chengdu Tonglian Pharmaceutical Co. Ltd to acquire 20 product licences, inventories and all the trade marks in respect of the range of nutritional supplements sold and marketed in the PRC for the past 5 years under the brand "Vigor". The nutritional supplements sold under the brand "Vigor" include multi-vitamins and minerals, vitamin B complex, calcium tablets and shark cartilage. The consideration payable in respect of this acquisition is approximately RMB20 million constituting approximately \$4.2 million based on an exchange rate of RMB4.8/\$1 (the "Vigor Consideration"). The Vigor Consideration was arrived at on a willing buyer-willing seller basis, taking into account the cost of registration of the 20 product licenses and the estimated realisable value of the inventories. The estimated realisable value was carried as based on the lower of the book value and the expected selling prices of the inventories as at 19 February 2004, which is the date of the physical stock-take.

ANNEX E

28. SUBSEQUENT EVENTS (*cont'd*)

In connection with this, the Company has also entered into a joint venture ("PRC Joint Venture") with Advanced Nutritional Technology, one of the Company's key USA suppliers of nutritional supplements, and Grace Chang Shain-Jou ("Grace Chang") (collectively, the "JV Partners"), the sole owner of Advanced Nutritional Technology Inc. Under the terms of the PRC Joint Venture, the Company will hold 70% of the issued share capital of Best World China Investments Pte Ltd ("BWC") with the balance of 30% interest held equally by the JV Partners. BWC will also establish a wholly foreign owned entity in PRC, Best World Lifestyle (Shanghai) Co., Ltd which will spearhead the Company's entry into the PRC nutritional supplement market. In accordance with the terms of the PRC Joint Venture, the Company will invest an aggregate sum of up to \$2.9 million (representing 70% of the Vigor Consideration) as the capital contribution towards the joint venture by end of 2004. The Company intends to utilise approximately \$1.0 million of its proceeds from the issue of New Shares to fund part of its capital contribution to the PRC Joint Venture. The balance of up to \$1.9 million will be funded by its internal resources, and if necessary, from external borrowings.

On 6 April 2004, the Company, BWC, Chengdu Weige'er Stock Holding Co. Ltd and Chengdu Tonglian Pharmaceutical Co. Ltd entered into an agreement to novate all of the Company's rights interest and obligations under Vigor Acquisition Agreement to BWC.

The Vigor Consideration is payable in 3 milestone instalment payments, namely, (i) RMB1 million was paid in February 2004 upon receipt of inventories; (ii) RMB4 million is payable upon establishment of BWL Shanghai; and (iii) the balance of RMB15 million is payable on completion of transfer of the licenses and trademark.

The Vigor Consideration will be funded in progress instalments firstly by the sale of product inventories by BWC and the balance thereof to be paid by the parties to the PRC Joint Venture through their respective capital contributions.

- (e) The Company has entered into a Share Sale and Purchase Agreement dated 23 March 2004 to acquire 48,997 ordinary shares of THB10 each, representing approximately 49% of the issued share capital of Chada Beauty Care Co., Ltd (to be renamed BWL Thailand Co., Ltd), from Chada Tingha Nga for a cash consideration of \$10,530.10 (equivalent to approximately THB245,500 based on an exchange rate of THB23.31/\$1). The Company has on 23 April 2004 completed the transfer of the Thai Shares.
- (f) The Company's subsidiary Best World Lifestyle Pte Ltd has purchased a Singapore property in April 2004 for a consideration of \$1.4 million from its directors, Dr Dora Hoan and Dr Doreen Tan.
- (g) The Company's subsidiary, Best World Lifestyle Sdn. Bhd. has purchased a Malaysia property in March 2004 from a third party for a consideration of RM1.5 million (\$0.7 million).
- (h) At an extraordinary general meeting held on 21 May 2004, the shareholders approved, *inter alia*, the following:
 - (i) an increase in the authorised share capital of the Company from \$2,000,000 divided into 2,000,000 ordinary shares of \$1.00 each to \$30,000,000, divided into 30,000,000 ordinary shares of \$1.00 each;
 - (ii) the bonus issue of 1,155,000 ordinary shares of \$1.00 each by way of capitalisation of \$1,155,000 from our Company's retained profits;
 - (iii) the consolidation of 3 ordinary shares of \$1.00 each in the authorised and issued and paid-up share capital of the Company into 1 ordinary shares of \$3.00 each;

ANNEX E

28. SUBSEQUENT EVENTS (*cont'd*)

- (iv) the sub-division of each ordinary share of \$3.00 in the authorised and issued and paid-up share capital of the Company into 100 ordinary shares of \$0.03 each;
- (v) the conversion of the Company into a public limited company and the change of name to Best World International Limited;
- (vi) the adoption of the new Articles of Association of the Company;
- (vii) the issue of 25,000,000 New Shares pursuant to the Invitation. The New Shares when fully paid, allocated and issued will rank *pari passu* in all respects with the existing issued Shares of the Company;
- (viii) pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to issue and allot, whether by way of rights, bonus or otherwise (including but not limited to the issue and allotment of shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to offers, agreements of options made or granted by the Company while this authority remains in force), upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that:
 - (1) the aggregate number of shares to be issued pursuant to the resolution shall not exceed 50% of the issued share capital of the Company; and
 - (2) where Shareholders with registered addresses in Singapore are not given the opportunity to participate in the same on a *pro rata* basis, then the shares to be issued under such circumstances shall not exceed 20% of the issued share capital of the Company,

and for the purpose of the resolution, the percentage of the issued share capital shall be calculated based on the maximum potential share capital at the time this resolution is passed (taking into account the conversion or exercise of any convertible securities and employee share options in issue at the time this resolution is passed, which were issued pursuant to any previous shareholders' approval), adjusted for any subsequent consolidation or sub-division of the Company's shares and unless revoked or varied by our Company in general meeting, such authority shall continue in place until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law or by the Articles to be held, whichever is earlier; and

- (xi) the establishment of the Best World Share Option Scheme, which comprises options that may be granted in respect of such Number of Option Shares representing in aggregate not more than 15% of the total issued share capital of the Company from time to time, the rules of which are set out in Annex C of this prospectus.

29. STATEMENT OF PRIOR YEAR ADJUSTMENTS

The financial statements for the years ended 31 December 2001 and 31 December 2002 have been restated as a result of:

- (a) the restatement in useful lives of certain plant and equipment to align with the useful lives of the Company's other plant and equipment; and
- (b) adjustments for the write off of cost of investment in joint venture company, Shanghai Best World Cosmetic Co. Ltd and non-trade debt due from Shanghai Best World Cosmetic Co. Ltd to reflect the impairment of the investment and debt in the relevant financial years.

ANNEX E

29. STATEMENT OF PRIOR YEAR ADJUSTMENTS (*cont'd*)

The restatements are as follows:

	As previously reported \$'000	Restatement adjustment \$'000 (a)	\$'000 (b)	As restated \$'000
<u>2001</u>				
Accumulated losses brought forward	1,071	89	753	1,913
Advances to joint venture company	101	—	(101)	—
Amounts due from joint venture company	1	—	(1)	—
Investment in joint venture company	651	—	(651)	—
Property, plant and equipment	1,311	(88)	—	1,223
Profit before income tax	519	—	1	520
Depreciation expense	42	—	(1)	41
<u>2002</u>				
Accumulated losses brought forward	552	88	753	1,393
Property, plant and equipment	1,547	(81)	—	1,466
Profit before income tax	226	7	753	986
Depreciation expense	102	(7)	—	95

30. COMPARATIVE FIGURES AND PRESENTATION

The financial statements for the years ended 31 December 2001 and 31 December 2002 were audited by other auditors (other than Chio Lim & Associates). The other auditors' report dated 20 March 2002 for the year ended 31 December 2001 was subject to the following qualification:

“As stated in Note 5, no provision for diminution in value of investment for the joint venture investment in Shanghai Best World Cosmetic Co. Ltd, China amounting to \$650,554 as the financial statements had not been made available for our examination. No consolidation of accounts is prepared as required by Section 201A of the Companies Act.

No provision for doubtful debts on non-trade balances amounting to \$101,565 are made in the financial statements of the said company mentioned in the preceding paragraph.”

The other auditors' report dated 30 May 2003 for the year ended 31 December 2002 expressed an unqualified opinion on those financial statements.

Chio Lim & Associates were appointed as statutory auditors of the Company from the year ended 31 December 2003.

ANNEX E

30. COMPARATIVE FIGURES AND PRESENTATION (cont'd)

The financial statements for 2001, 2002 and 2003 are properly drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The statutory financial statements for 2001 and 2002 were drawn up in accordance with the provisions of the Companies Act, Cap. 50 and the Statements of Accounting Standards in Singapore ("SAS"). There were no differences between FRS and SAS for Best World International Limited Group except for (a) the requirements to present the consolidated cash flow statement and (b) present segmental information because Best World International Limited is in the process of issuing securities to the public. There were no subsidiaries in 2001 and 2002.

Chio Lim & Associates have audited the adjustments, described in Note 29, that were applied to restate 2001 and 2002 financial statements. Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. The reclassifications included the following:

	After reclassification	Before reclassification	Difference
<u>2001</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Short-term borrowings	1,406	1,200	206
Trade payables and accrued liabilities	637	946	(309)
Other payables	276	173	103
<hr/>			
<u>2002</u>			
Administrative expenses	1,436	1,415	21
Write off of debts from joint venture	—	5	(5)
Bad debts written off-trade	9	4	5
Sales	5,880	5,859	21
Short-term borrowings	1,042	764	278
Trade payables and accrued liabilities	383	689	(306)
Other payables	100	72	28
<hr/>			

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 May 2004.

32. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group's operating businesses are organised according to their nature of activities. These are grouped into the following three market segments and form the basis on which the Group reports its primary segment:

- (a) Direct Selling segment. This segment comprises sales to customers through direct selling channel in Singapore and Malaysia;
- (b) Retail segment. This segment comprises sales to retail customers through retailers in Singapore; and
- (c) Export segment. This segment comprises the sales to overseas distributors.

ANNEX E

32. SEGMENTAL INFORMATION (*cont'd*)

Segment results includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Where costs cannot be directly attributable to a market segment, they were allocated based on revenue to each market segment.

Segment assets consist principally of trade receivables that are directly attributable to a segment.

Unallocated items comprise cash and cash equivalents, other receivables and prepayments, inventories, property, plant and equipment, short-term borrowings, trade payables and accrued liabilities, other payables, income tax payable, long-term borrowings, finance leases, deferred tax, other credits/(charges) and finance costs.

ANNEX E

32. SEGMENTAL INFORMATION (cont'd)

The following tables present the segment for each of three years covered under this report:

Business segments

	2003 \$'000				2002 \$'000				2001 \$'000			
	Direct Selling	Retail	Export	Total	Direct Selling	Retail	Export	Total	Direct Selling	Retail	Export	Total
Revenue												
External sales and services	6,554	150	1,211	7,915	4,089	213	1,578	5,880	2,279	204	1,772	4,255
Segment results	2,423	(252)	236	2,407	1,151	(303)	248	1,096	147	91	464	702
Other credits/(charges)	32	—	6	38	11	1	6	18	1	1	—	2
Profit from operations	2,455	(252)	242	2,445	1,162	(302)	254	1,114	148	92	464	704
Finance costs				(65)				(128)				(184)
Profit before tax				2,380				986				520
Income tax expenses				(525)				(161)				—
Profit after income tax				<u>1,855</u>				<u>825</u>				<u>520</u>
Other information:												
Depreciation	144	3	27	174	67	3	25	95	22	2	17	41
Capital additions — unallocated				462				338				17
<u>Balance sheet</u>												
Segment assets	880	228	1,002	2,110	216	356	609	1,181	642	151	400	1,193
Unallocated assets				5,036				3,368				3,106
Total Group assets				<u>7,146</u>				<u>4,549</u>				<u>4,299</u>
Segment liabilities — unallocated				4,014				3,272				3,847
Total Group liabilities				<u>4,014</u>				<u>3,272</u>				<u>3,847</u>

ANNEX E

32. SEGMENTAL INFORMATION (cont'd)

Geographical segments

The Group's operations are located in Singapore. The Group's direct selling and retail division operates in Singapore. The export division operates in Singapore and sell to customers located in countries such as Thailand, Taiwan, People's Republic of China, Hong Kong and Brunei.

The following table provides an analysis of the Group revenue by geographical market which is analysed based on the location of each individual customer:

	Sales revenue		
	2003	2002	2001
	\$'000	\$'000	\$'000
Singapore	5,510	4,291	2,528
Malaysia	2,089	1,467	1,625
Other countries ⁽¹⁾	316	122	102
	<u>7,915</u>	<u>5,880</u>	<u>4,255</u>

Note:

(1) Other countries comprise mainly Thailand, Taiwan, People's Republic of China, Hong Kong and Brunei.

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of Segment assets			Additions to property, plant and equipment		
	2003	2002	2001	2003	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	7,146	4,549	4,299	462	338	17

ANNEX F

TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATIONS

Applications are invited for the subscription and/or purchase of the Invitation Shares at the Issue Price subject to the following terms and conditions:

1. **YOUR APPLICATION FOR THE INVITATION SHARES MUST BE MADE IN LOTS OF 1,000 SHARES AND HIGHER INTEGRAL MULTIPLES THEREOF. APPLICATIONS FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of Offer Shares Application Forms or by way of Electronic Applications through ATMs of the Participating Banks. Applications for the Placement Shares (other than Reserved Shares) may only be made by way of Placement Shares Application Forms. Applications for Reserved Shares may only be made by way of Reserved Shares Application Forms. **APPLICANTS MAY NOT USE CENTRAL PROVIDENT FUND ("CPF") FUNDS TO APPLY FOR THE INVITATION SHARES.**
3. **You are allowed to submit only one application in your own name for either the Offer Shares or the Placement Shares (other than Reserved Shares). If you are submitting an application for Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and shall be rejected.**

If you (not being an approved nominee company) have submitted an application in your own name, you should not submit any other application whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and shall be rejected.

If you have made an application for Placement Shares (other than Reserved Shares), you should not make any application for Offer Shares by way of an Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected.

Joint or multiple applications shall be rejected. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at our discretion.

If you have made an application for Reserved Shares using the Reserved Shares Application Form, you may submit one separate application for the Offer Shares in your own name either by way of an Application Form or by way of an Electronic Application or submit one separate application for Placement Shares (other than Reserved Shares) provided that you adhere to the terms and conditions of this Prospectus. Such separate applications shall not be treated as multiple applications.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP and applicants whose addresses (furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) bear post office box numbers.

ANNEX F

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification. Applications made by way of an Application Form in the name(s) of an approved nominee company or approved nominee companies must comply with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if your application is by way of an Application Form), or you will not be able to complete your Electronic Application (if your application is by way of an Electronic Application). If you have an existing Securities Account but fail to provide your Securities Account number or provide an incorrect Securities Account number in section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address stated in the Application Form or, in the case of an Electronic Application, in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.**
9. **We and the Vendors reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn or improper form of remittance. We and the Vendors further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus, the instructions set out in the Application Forms or the instructions for the Electronic Applications and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
10. We and the Vendors reserve the right to reject or accept any application or to accept any application in part, or to scale down or ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company and the Vendors will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of acceptance, due consideration will be given to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

ANNEX F

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted and/or allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by us. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allotted and/or allocated to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.
12. In the event that our Company lodges a supplementary or replacement prospectus pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Invitation, and the Invitation Shares have not been issued and/or sold, we will (as required by law) at our Company's sole and absolute discretion either:
- (a) within 7 days of the lodgement of the supplementary or replacement prospectus, give you a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to withdraw your application; or
 - (b) deem your application as withdrawn and cancelled and (as well as on behalf of the Vendors) refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the lodgement of the supplementary or replacement prospectus.

In the event that at any time of the lodgement, the Invitation Shares have already been issued and/or sold but trading has not commenced, we will (as required by law) at our Company's sole and absolute discretion either:

- (a) within 7 days of the lodgement of the supplementary or replacement prospectus, give you a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to return the Invitation Shares; or
- (b) deem the issue and/or sale of the Invitation Shares as void and (as well as on behalf of the Vendors) refund your payment for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom) within 7 days from the lodgement of the supplementary or replacement prospectus.

Additional terms and instructions applicable upon the lodgment of the supplementary or replacement prospectus, including instructions on how you can exercise the option to withdraw your application or return the Invitation Shares allotted and/or allocated to you, may be found in such supplementary or replacement prospectus.

Where an applicant has notified us within 14 days from the date of lodgment of the supplementary or replacement prospectus of his wish to exercise his option under the Securities and Futures Act to withdraw his application or return the Invitation Shares allotted and/or allocated to him, we shall (as well as on behalf of the Vendors) pay to him all monies paid by him on account of his application for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, within 7 days from the receipt of such notification.

ANNEX F

13. By completing and delivering an Application Form and, in the case of an Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM in accordance with the provisions herein, you:
- (a) irrevocably offer to subscribe for and/or purchase the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such Invitation Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and our Memorandum and Articles of Association;
 - (b) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those set out in the ATMs of the Participating Banks, the terms and conditions set out in this Prospectus shall prevail;
 - (c) agree that the aggregate Issue Price for the Invitation Shares applied for is due and payable to our Company and/or the Vendors; and
 - (d) warrant the truth and accuracy of the information provided in your application.

14. In the event of an under-subscription for Offer Shares as at the close of the Application List, the number of Offer Shares under-subscribed shall be made available to satisfy applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

In the event of an under-subscription for Placement Shares (including the Reserved Shares) as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List. Any Reserved Shares not taken up will be made available first to satisfy other applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares and then to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares.

In the event of an over-subscription for Offer Shares and the number of Placement Shares (including the Reserved Shares) are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and the Vendors, after consultation with OCBC Bank, and approved by the SGX-ST.

In the event of an under-subscription for Offer Shares and/or Placement Shares as at the close of the Application List, the number of Offer Shares and/or Placement Shares under-subscribed shall be subscribed by the Underwriter and/or the Placement Agent respectively.

In all the above instances, the basis of allotment and/or allocation of the Invitation Shares as may be decided by our Company and the Vendors, after consultation with OCBC Bank, and approved by the SGX-ST, in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and by advertisement in a generally circulating daily press.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted and/or allocated to you pursuant to your application, to authorised operators.
16. Acceptance of applications will be conditional upon, *inter alia*, our Company and the Vendors being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation of all the existing Shares and the New Shares on the Official List of SGX-SESDAQ; and

ANNEX F

- (b) the Management and Underwriting Agreement and the Placement Agreement referred to on pages 116 to 118 of this Prospectus have become unconditional and have not been terminated; and
 - (c) the Authority has not served a stop order which directs that no or no further Shares to which this Prospectus relates be allotted or allocated.
17. In the event that a stop order in respect of the Invitation Shares is served by the Authority or other competent authority, and
- (a) the Invitation Shares have not been issued and/or sold, we will (as required by law) deem all applications as withdrawn and cancelled and we shall (as well as on behalf of the Vendors) refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the stop order; or
 - (b) the Invitation Shares have been issued and/or sold but trading has not commenced, the issue and/or sale of the Invitation Shares will (as required by law) deemed to be void; and:
 - (i) in the case where the Invitation Shares have been issued, we shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the stop order; or
 - (ii) in the case where the Invitation Shares have been sold, (a) we will, on behalf of the Vendors, inform you to return such documents to our Company within 14 days from the date of the stop order; and (b) we will refund the application monies (without interest or share of revenue or other benefit arising therefrom) to you within 7 days from the receipt of those documents (if applicable) or the date of the stop order, whichever is later.
- This shall not apply where only an interim stop order has been served.
- In the event that an interim stop order in respect of the Invitation Shares is served by the Authority or other competent authority, no Invitation Shares shall be issued and/or sold to you until the Authority revokes the interim stop order.
18. The Authority is not able to serve a stop order in respect of the Invitation Shares if the Invitation Shares have been issued and/or sold, listed on a securities exchange and trading in them has commenced.
19. No application will be held in reserve.
20. This Prospectus is dated 28 June 2004. No Shares will be allotted and/or allocated on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus.
21. Additional terms and conditions for applications by way of Application Forms are set out on pages F-6 to F-9 of this Prospectus.
22. Additional terms and conditions for applications by way of Electronic Applications are set out on pages F-9 to F-14 of this Prospectus.
23. Any reference to “you” or the “applicant” in this section shall include a person applying for the Offer Shares by way of an Offer Shares Application Form or by way of an Electronic Application, a person applying for the Placement Shares by way of a Placement Shares Application Form, or a person applying for the Reserved Shares by way of a Reserved Shares Application Form.

ANNEX F

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under this section on “TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATIONS” on pages F-1 to F-14 of this Prospectus, as well as our Memorandum and Articles of Association.

1. Your application must be made using the **WHITE** Application Form and official envelopes “A” and “B” for Offer Shares and the **BLUE** Application Form for Placement Shares (other than Reserved Shares) accompanying and forming part of this Prospectus. Applications for Reserved Shares must be made using the **PINK** Application Forms for Reserved Shares forming part of this Prospectus. Attention is drawn to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **We reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn or improper forms of remittances.**
2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms except those under the heading “FOR OFFICIAL USE ONLY” must be completed and the words “NOT APPLICABLE” or “N.A.” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual and you are completing the Application Form under the hand of an official, you must state the name and capacity in which that official signs. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutional documents must be lodged with our Share Registrar and Share Transfer Office. We reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete page 1 and Sections A and B of the Application Forms.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Forms. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Forms with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Forms, your application is liable to be rejected.
6. You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or a permanent resident of Singapore or corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation (whether incorporated or unincorporated and wherever incorporated or constituted) in which citizens or permanent residents of Singapore or any body corporate (whether incorporated or

ANNEX F

unincorporated and wherever incorporated or constituted under any statute of Singapore) have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**BEST WORLD SHARE ISSUE ACCOUNT**" crossed "A/C PAYEE ONLY", with your name and address written clearly on the reverse side. WE WILL NOT ACCEPT APPLICATIONS NOT ACCOMPANIED BY ANY PAYMENT OR ACCOMPANIED BY ANY OTHER FORM OF PAYMENT. We will REJECT REMITTANCES BEARING "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement of receipt will be issued by our Company or the Manager for applications and application monies received.
8. Unsuccessful applications are expected to be returned to you by ordinary post (without interest or any share of revenue or other benefit arising therefrom) within 24 hours after the balloting or, if no balloting is necessary, after the close of the Application List at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List. If the completion of the Invitation does not occur because permission from the SGX-ST is not granted or for any other reasons, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 5 Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a stop order by the Authority or any competent authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the stop order.
9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.
10. In consideration of us having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 6 July 2004 or such other time or date as we may, in consultation with the Manager, decide and by completing and delivering the Application Form, you agree that:
 - (a) your application is irrevocable;
 - (b) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (d) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of us and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of us;
 - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

ANNEX F

- (f) in making your application, reliance is placed solely on the information contained in this Prospectus and neither we, the Vendors, the Manager, the Underwriter, the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Form and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:
 - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** envelope “A” provided;
 - (b) in the appropriate spaces on **WHITE** envelope “A”:
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for; and
 - (iii) affix adequate Singapore postage;
 - (c) SEAL **WHITE** envelope “A”;
 - (d) write, in the special box provided on the larger **WHITE** envelope “B” addressed to **OCBC BANK, 63 CHULIA STREET, OCBC CENTRE EAST #03-03, SINGAPORE 049514**, the number of Offer Shares for which the application is made; and
 - (e) insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B”, affix adequate Singapore postage on **WHITE** envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to OCBC BANK, 63 CHULIA STREET, OCBC CENTRE EAST #03-03, SINGAPORE 049514, so as to arrive by 12.00 noon on 6 July 2004 or such other time and date as we may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used.**
3. No acknowledgement of receipt will be issued for any application or remittance received.
4. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances are liable to be rejected.

Applications for Placement Shares (excluding the Reserved Shares)

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed **BLUE** Placement Shares Application Form and your remittance in accordance with the terms and conditions of this Prospectus for the full amount payable in respect of the number of Placement Shares applied for, with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage (if despatching by ordinary post) and thereafter, the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to OCBC BANK, 63 CHULIA STREET, OCBC CENTRE EAST #03-03, SINGAPORE 049514, so as to arrive by 12.00 noon on 6 July 2004 or such other time and date as we may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used.**
3. No acknowledgement of receipt will be issued for any application or remittance received.

ANNEX F

Applications for Reserved Shares

1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed **PINK** Reserved Shares Application Form and your remittance with your name and address written clearly on the reverse side, in accordance with the terms of this Prospectus, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to BEST WORLD INTERNATIONAL LIMITED at 10 Eunos Road 8 #08-03, Singapore Post Centre, Singapore 408600**, so as to arrive by **12.00 noon on 6 July 2004 or such other time and date as we may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used.**
3. No acknowledgement of receipt will be issued for any application or remittance received.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks (the “Steps”). For illustration purposes, the procedures for Electronic Applications at ATMs of OCBC Bank are set out in the “Steps for Electronic Applications” appearing on pages F-13 and F-14 of this Prospectus. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in the terms and conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM of a Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs of that Participating Bank. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to another Participating Bank. The Steps set out the actions that you must take at ATMs of OCBC Bank to complete an Electronic Application. The actions that you must take at ATMs of other Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of your Electronic Application transaction, you will receive an ATM transaction slip (“Transaction Record”), confirming the details of your Electronic Application. The Transaction Record is for retention by you and should not be submitted with any printed Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

An Electronic Application shall be made on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under this section on “TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATIONS” on pages F-1 to F-14 of this Prospectus as well as our Memorandum and Articles of Association.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
 - (a) **that you have received a copy of this Prospectus and have read, understood and agreed to all the terms and conditions of application for Offer Shares in this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;**

ANNEX F

- (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF investment account number (if applicable) and share application amount (the “Relevant Particulars”) from your account with that Participating Bank to the Share Registrar, CDP, CPF, SCCS, SGX-ST, our Company, the Vendors and the Manager (the “Relevant Parties”); and
- (c) that the Electronic Application made is your only application for Offer Shares and it is made in your own name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM. By doing so, you shall be treated as signifying your confirmation of each of the 3 statements. In respect of statement 1(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act, Chapter 19 of Singapore to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

- 2. **By making an Electronic Application, you confirm that you are not applying for Offer Shares as nominee of any other person and that any Electronic Application that you make is the only application made by you as beneficial owner. You shall make only one Electronic Application for Offer Shares and shall not make any other application for the Offer Shares, whether at the ATMs of any Participating Bank or on the Application Forms. Where you have made an application for Offer Shares or Placement Shares (other than Reserved Shares) on an Application Form, you shall not make an Electronic Application for Offer Shares and *vice versa*.**
- 3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed. **Any Electronic Application which does not conform strictly to the instructions set out on the screens of the ATM through which the Electronic Application is being made shall be rejected.**
- 4. You irrevocably agree and undertake to subscribe for and/or purchase and to accept the number of Offer Shares applied for as stated on the Transaction Record or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that we decide to allot and/or allocate any lesser number of such Offer Shares or not to allot and/or allocate any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted and/or allocated to you and your agreement to be bound by our Memorandum and Articles of Association.
- 5. **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours after the balloting or, if no balloting is necessary, after the close of the Application List. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List.

ANNEX F

Responsibility for timely refund of application monies from unsuccessful or partially unsuccessful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted and/or allocated to you before trading the Offer Shares on SGX-SESDAQ. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, we, the Vendors nor the Manager assume any responsibility for any loss that may be incurred as a result of your having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is made through an ATM of one of the Participating Banks and is unsuccessful, no notification will be sent by the Participating Banks.

If your Electronic Application is made through an ATM of one of the following Participating Banks, you may check the provisional results of your Electronic Application as follows:

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service expected from
OCBC Bank	1800 363 3333	ATM	Phone Banking/ATM — 24 hours a day	Evening of the balloting day
DBS	1800 339 6666 (POSB Account holders) 1800 111 1111 (DBS Account holders)	Internet Banking www.dbs.com	24 hours a day	7.00 p.m. on the balloting day
UOB Group	1800 222 2121	ATM (“Other Transactions — “IPO Enquiry”) http://www.uobgroup.com *	ATM/Phone Banking — 24 hours a day Internet Banking — 24 hours a day	Evening of the balloting day Evening of the balloting day

* If you have made your Electronic Applications through the ATMs of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group’s ATMs or UOB PhoneBanking Services.

7. Electronic Applications shall close at 12.00 noon on 6 July 2004 or such other time and date as we may, in consultation with the Manager, decide.
8. You are deemed to have requested and authorised us to:
- register the Offer Shares allotted and/or allocated to you in the name of CDP for deposit into your Securities Account;
 - send the relevant Share certificate(s) to CDP;
 - return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies in Singapore currency, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours after balloting; and
 - return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

ANNEX F

9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Vendors and the Manager and if, in any such event, we, the Vendors, the Manager and/or the relevant Participating Bank do not record or receive your Electronic Application, or data relating to your Electronic Application or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against us, the Vendors, the Manager and/or the relevant Participating Bank for the Offer Shares applied for or for any compensation, loss or damage.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name(s) and without qualification. We will reject any Electronic Application by any person acting as nominee.
11. All particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.
13. In consideration of our Company making available the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Application List at 12.00 noon on 6 July 2004 or such other time or date as our Directors may, in consultation with the Manager, decide, and by making and completing an Electronic Application, you agree that:
 - (a) your Electronic Application is irrevocable;
 - (b) your Electronic Application, the acceptance by us, and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (c) neither we, the Vendors, the Manager nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;
 - (d) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of us and not otherwise, notwithstanding any payment received by or on behalf of us;
 - (e) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and
 - (f) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Vendors, the Manager, the Underwriter, the Placement Agents or any other persons involved in the Invitation shall have any liability for any information not so contained.

ANNEX F

Steps for Electronic Applications

Instructions for Electronic Applications will appear on the ATM screens of the Participating Banks. For illustration purposes, the steps for making an Electronic Application through an OCBC Bank ATM are shown below. Certain words appearing on the screen are in abbreviated form (“a/c”, “appln”, “ESA”, “no.” and “&” refer to “account”, “application”, “electronic share application”, “number” and “and” respectively). Instructions for Electronic Applications appearing on the ATM screens of the other Participating Banks may differ from those represented below.

- Step 1 : Insert your personal OCBC ATM card
- 2 : Enter your Personal Identification Number
- 3 : Select “Other Services”
- 4 : Select “Electronic Share Appln”
- 5 : Select “Bestwld”
- 6 : For an applicant making an Electronic Application at the ATM for the first time
- (a) For non-Singaporean
Press the “Yes” key if you are a permanent resident of Singapore, otherwise, press the “No” key.
 - (b) Enter your own Securities Account number (12 digits) eg. 168101234567 and press “Yes” key to confirm that the Securities Account number you have entered is correct.
- 7 : Check your particulars appearing on the screen and press the “Correct” key to confirm that your particulars are correct.
- 8 : Press the “Confirm” key to confirm that you have read the following messages:
- **You have read, understood and agreed to all terms of appln & Prospectus/ Document**
 - **You consent to disclose your NRIC/Passport No., address, nationality, securities a/c no., no. of shares applied for and CPF investment a/c no. to share registrar, CDP, CPF, SCCS, Issuer and the Manager**
 - **This appln is made in your own name & at your own risk**
- 9 : Press the “Confirm” key again to confirm that you have read the following messages:
- **Where applicable, a copy of the Prospectus/Document has been lodged with and registered by the Monetary Authority of Singapore in Singapore who takes no responsibility for its contents**
 - **The Prospectus/Document are available at various Participating Banks**
- 10 : Press the “Confirm” key again to confirm that you have read the following messages:
- **The Offer of securities will be made in, or accompanied by, a copy of the Prospectus**
 - **Anyone wishing to acquire these securities will need to make an application in the manner set out in the Prospectus**

ANNEX F

- Step 11 : Select the number of Shares you wish to apply for
- **For fixed price ESA, this is the only application submitted**
 - **Fixed Price: \$0.30**
- 12 : Select the type of bank account to debit your application monies
- 13 : Check the details of your application appearing on the screen and press the “Confirm” key to confirm your application
- 14 : For customers with multiple bank accounts, select the bank account from which to debit your application monies

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