



# Media & Analyst Briefing

---

4 December 2007

# Presentation Outline

---

- Overview
- Industry Prospects
- Competitive Strengths

# Framework Agreement

---

- Restructuring of Joymain (南京中脉科技发展有限公司) to include assets related to direct selling
- Approval from Ministry of Commerce (国家商务部) for the change in ownership of the direct selling license
- Transfer of 16 health food licenses
- Form new restructured joint venture entity – Best World Lifestyle China (中脉全美)
- BWL China will acquire 100% stakes in BWL Shanghai and BWL Hunan

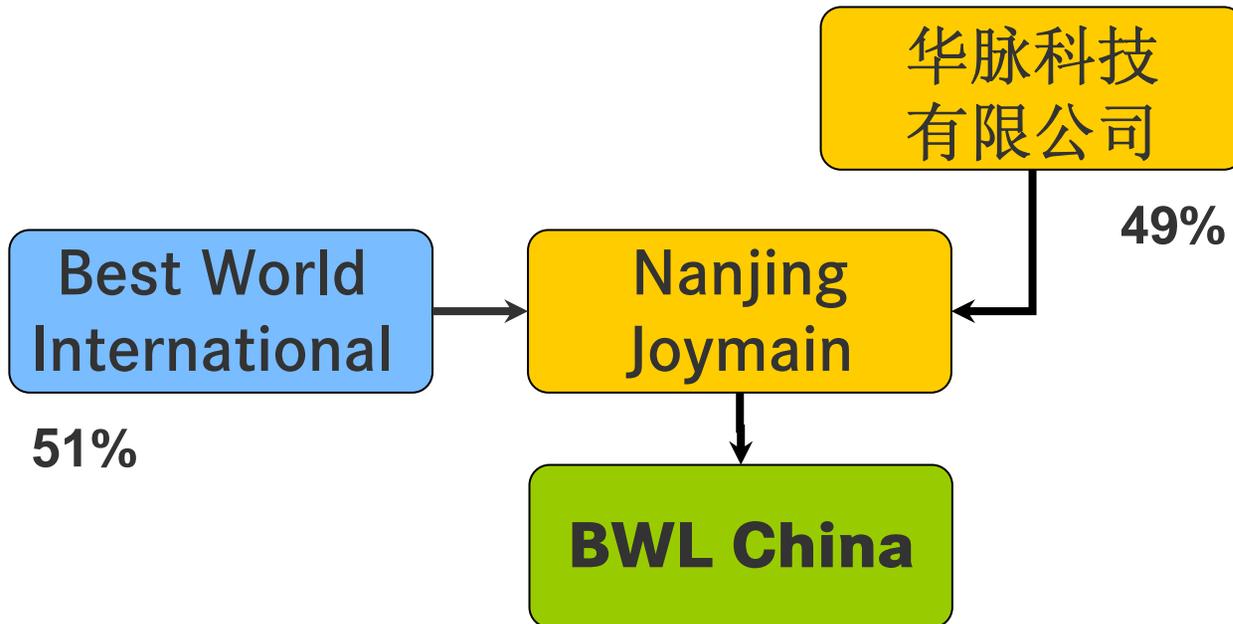
# Capital Investment

---

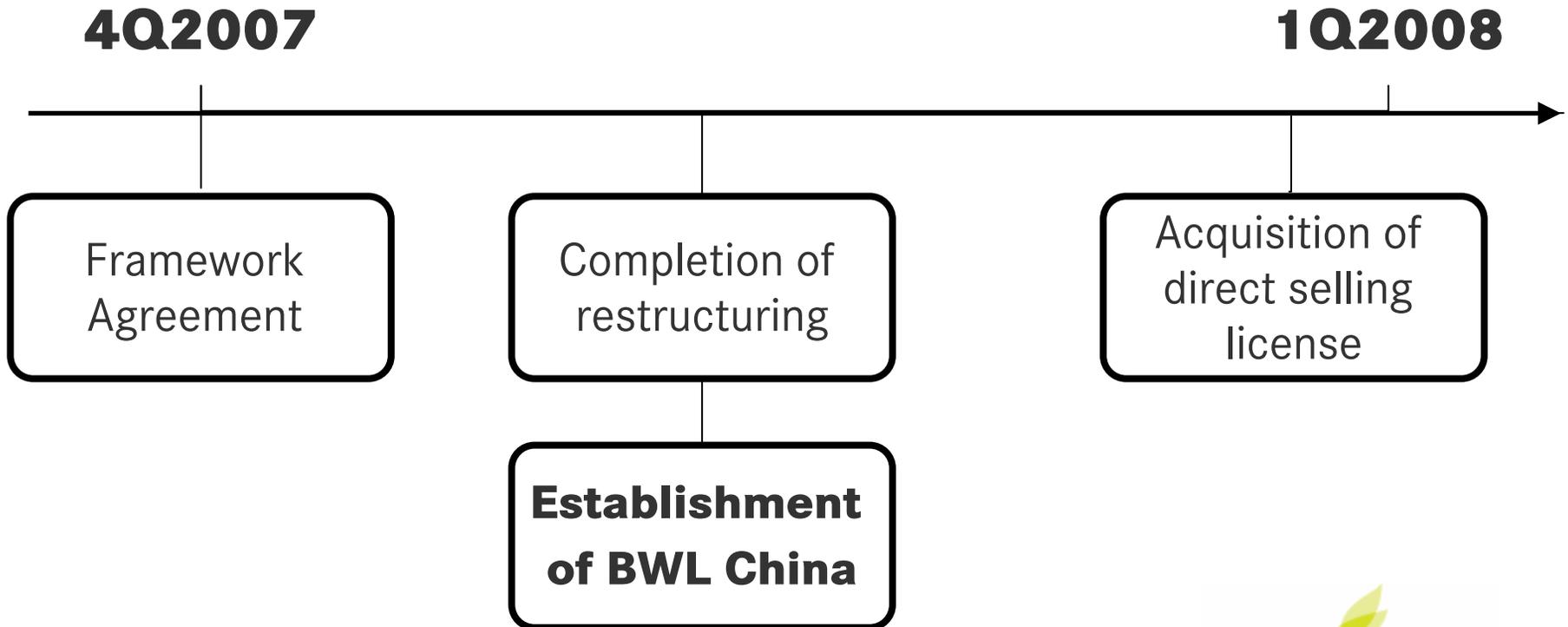
- Initial net asset value of RMB80 million
- Subsequently both parties to increase registered capital to RMB100 million
- BWL's 51% stake in Joymain represents a consideration of RMB51 million
- RMB31 million to be offset by the acquisition of BWL Shanghai and BWL Hunan
- Net investment value of RMB20 million

# Shareholding Structure

---



# Timeline





# Industry Prospects

---

# Ban on Direct Selling

---

- Direct selling prohibited in China in 1998 due to lack of regulations
- Prevalence of pyramid schemes
- Only 10 foreign funded firms allowed to continue under retail business model

# Current Regulations

---

- Capital investment of US\$10 million in China
- Security deposit of US\$2.5 – US\$3.0 million
- Manufacturing facility in China
- Evidence of experience in direct selling in other regions

# Direct Selling in China

---

- Direct selling in China is set to grow at a robust compounded annual growth rate of 13.7% to 2010\*
- With increasing affluence, the direct selling market is expected to amount to RMB39.9 billion in 2010\*



# Direct Selling in China

Vitamins & Dietary Supplements: % Breakdown of Value Retail Sales by Distribution Format 2005

% retail value	2005
Direct sales	32.5
Chemists/Pharmacies	28.0
Grocery outlets	21.0
Drugstores/Parapharmacies	13.0
Discounters/Mass merchandisers	2.5
Healthfood shops	0.5
Others	2.5
TOTAL	100.0

Source: Official statistics, Trade associations, Trade press, Company research, Store checks, Trade interviews, Euromonitor International estimates

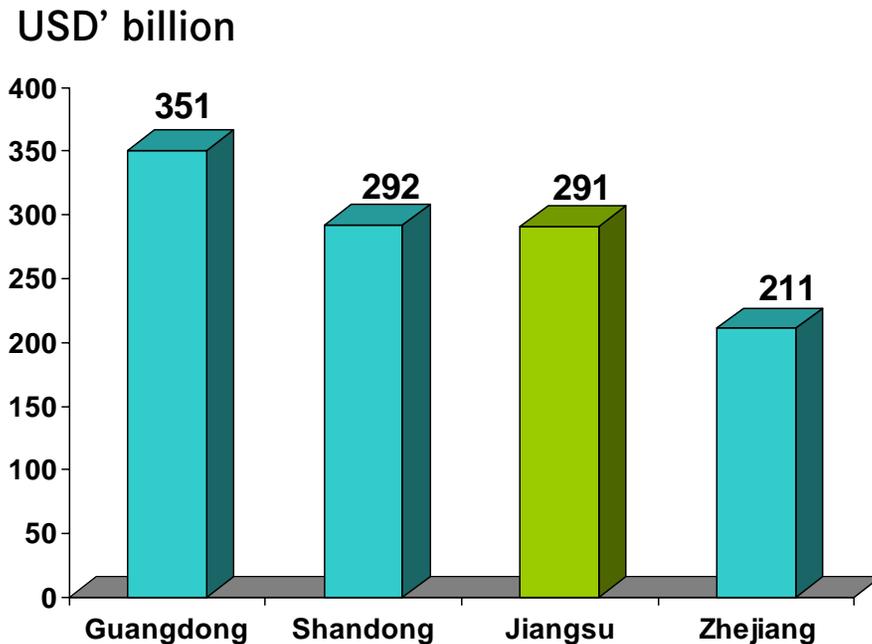
# Direct Selling in China

Cosmetics & Toiletries: % Breakdown of Value Retail Sales by Sector & by Distribution Format 2005

% retail value					
	Oral Hygiene	Fragrances	Skin Care	Depilatories	Sun Care
Supermarkets/ Hypermarkets	53.0	6.5	23.0	45.0	26.0
Department stores	2.0	77.0	45.0	35.0	53.0
Direct Sales	4.0	7.5	<b>18.5</b>	-	11.0
Convenience stores	27.0	-	1.0	-	1.0
Pharmacies/ Drugstores	5.0	-	5.5	20.0	7.0
Specialists	-	9.0	7.0	-	2.0
Independent Food Stores	2.0	-	-	-	-
Discounters	7.0	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0

Source: Official statistics, Trade associations, Trade press, Company research, Store checks, Trade interviews, Euromonitor International estimates

# Jiangsu Province



- Annual GDP of USD 291 billion (2006)\*
  - Up 14.9% from 2005
- Population of over 90 million (2006)
- By 2025, the Shanghai-Jiangsu “Mega-Province” expected to be the 9<sup>th</sup> largest economy globally\*\*



\* Source: Estimated by the International Monetary Fund, 2006

\*\* Source: Global Insight – China Regional Service, 2006



# Competitive Strengths

---

# Best World's Track Record

---

- Founded in 1990
- Listed on SGX in 2004
- Strong regional presence in markets such as Malaysia, Indonesia, Vietnam, Thailand, Taiwan, Brunei, Australia and Hong Kong



# Experienced Management Team

---



## **Dr Dora Hoan**

- Over 30 years of experience in direct selling
- Received numerous accolades for her entrepreneurship spirit

## **Dr Doreen Tan**

- Over 30 years of experience in beauty care and nutrition
- Similar established background in direct selling

# China Management Staff

---

## Mr Lau Chong Guan

- Appointed as Country Manager
- Currently oversees the strategic planning, business development and operational processes of the China market.
- Obtained his Bachelor of Law from Brunel University, United Kingdom in 1993.
- Before joining the Group, he had over 13 years of marketing and business development experience in the Direct Selling industry especially in the South East Asia and China region.





# About Joyman

---

- Established in 2000 in Nanjing City, Jiangsu Province
- Obtained direct selling license for Jiangsu in 2006
- Specialized in seminar-based marketing & strong in R&D
- Wide range of health & lifestyle related products



# Distribution Network

## Strong Presence Within China

- Subsidiaries in over 30 different provinces
- > 1,600 county-level Distribution Centres
- > 3,000 Joymain retail outlets
- > 11,000 active sales personnel



# Franchising System

---



- First batch of companies to obtain approval of Franchise permit (特许经营) after new ruling was passed
- BW can still operate in other provinces without a direct selling license
- Changsha RC will serve as an excellent supporting infrastructure

# Summary

---

- Synergistic collaboration
  - BW: Management expertise & direct selling infrastructure
  - Joymain: Distribution network & established brand within China
- BWL China will emerge with 32 health food licenses by 1Q2008
- Well supported by franchising model in other provinces
  - 20 franchise stores in about 7 provinces
- Expects to operate over 80 distribution centres in Jiangsu by FY2008



**Thank You**