

2021

Annual
Report

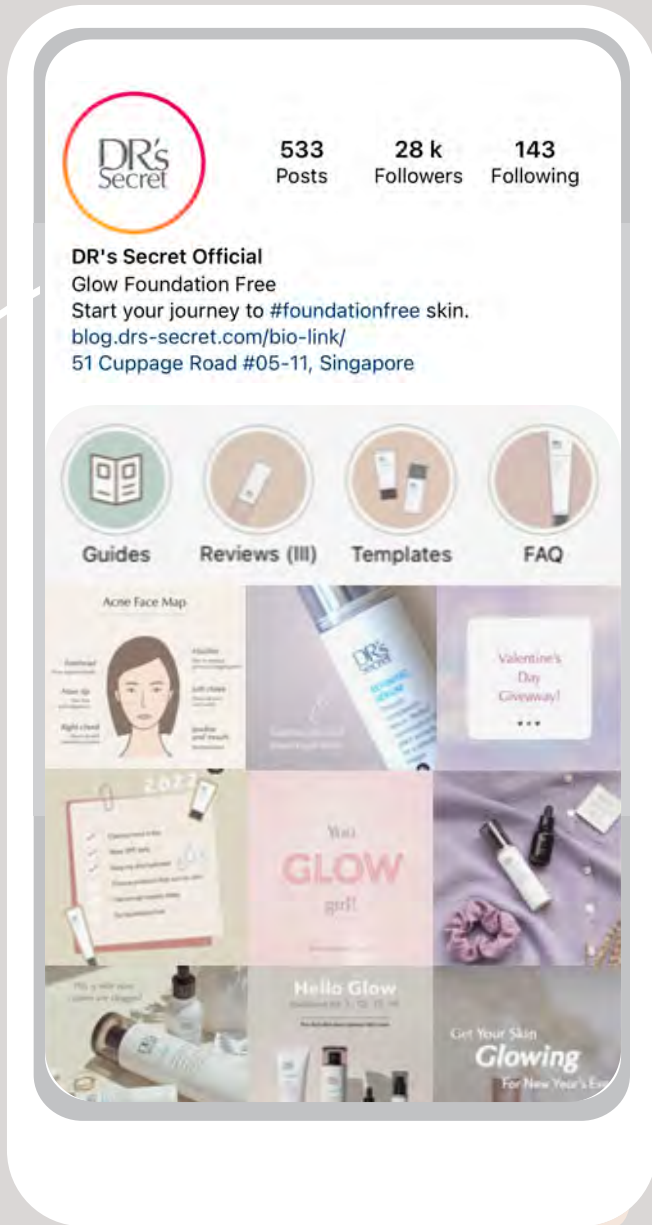
NAVIGATING
CHANGE



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“
 My favourite DR's Secret Lip Glacier contains Vitamin C that can help to fight skin ageing of the lips. Its gentle formula helps my lips appear plump and voluminous!
 ”
 @yiwenhello

“
 I've used DR's Secret for 3 years now and my skin has gotten alot better . Though i tend to have late nights, I don't feel my skin becoming saggy, but it continues to look firm, supple and youthful!
 ”
 @Shunxue



OUR TESTIMONIALS



OUR PRESENCE

- Corporate HQ
- Franchise HQ
- Regional Centre/
Subsidiaries
- Export
- Online Markets
- Margaret Dabbs
London
(Retail & Services)
- Health Supplement
Manufacturing
Facility



STRENGTH IN NUMBERS



40 markets*

15 regional centres

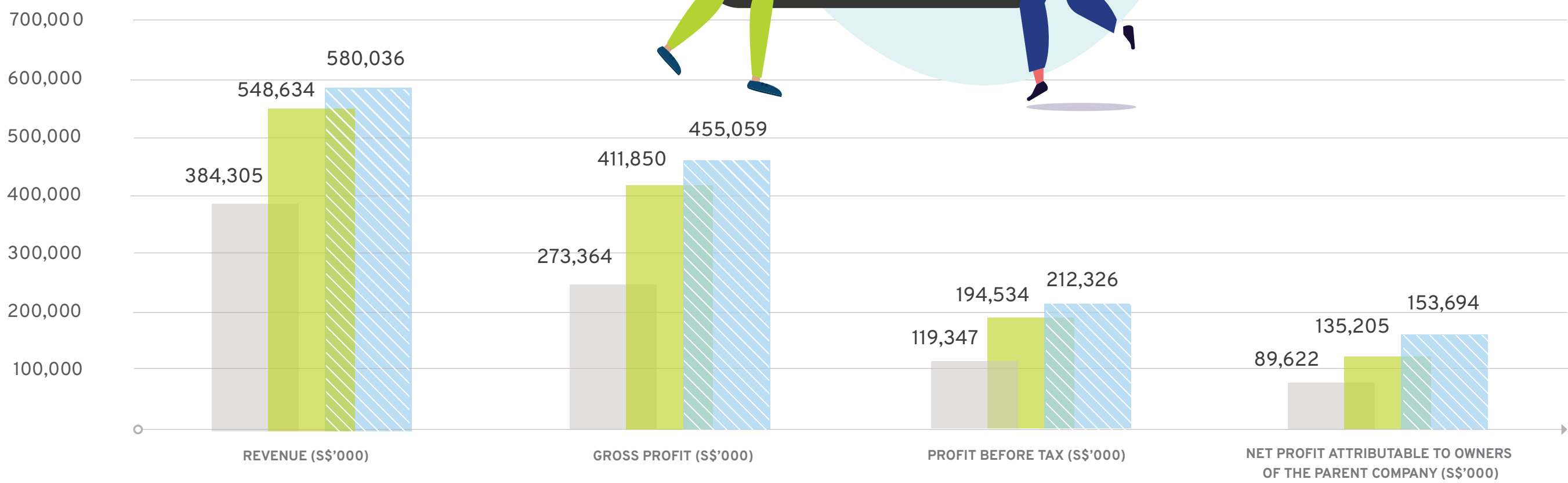
11 lifestyle centres

36 franchisees

As at 30 June 2022

* Customers from 40 markets in Asia, Oceania, Middle East, North America and Europe including subsidiaries, joint venture and associate companies.

FY2019 FY2020 FY2021





CHAIRMEN'S MESSAGE

Dear Shareholders,

On behalf of the Board, we are pleased to present Best World International's ("BWI") annual report for the year ended 31 December 2021 ("FY2021").

The world has significantly changed since the onset of the pandemic, exacerbated by geopolitical uncertainties and trade disputes. Amidst this challenging operating environment, we adopted a positive mindset and continued to grow our business in Asia, Middle East and other parts of the world, while maintaining a focus on the well-being and safety of our stakeholders.

As a socially-minded enterprise, we cancelled scheduled events which required face-to-face engagements in FY2021 and continued to serve our loyal customers and conduct our business through a comprehensive suite of online platforms and apps. Our digital transformation is not a hasty solution to the impact of Covid-19 but one that has been years in the making. We embarked on our strategic digital transformation since FY2012 and now have a strong online presence that transcends geographical boundaries and



Dora Hoan (left)
 Founder,
 Co-Chairman
 Group CEO/
 Managing Director

Doreen Tan (right)
 Founder,
 Co-Chairman/
 President

extends our customer base in a relevant and cost-effective manner.

Our foresight and digital approach have empowered us with the agility to react quickly to changes in the industry. Today, we are able to deliver a seamless service

experience to customers, underpinned by a reliable logistics system that ensures our members' orders arrive on time. As our online revenue continues to grow on the back



of increased demand from customers, we continue to prepare our business to tackle the uncertainties of the future.

Testament to this, our state-of-the-art manufacturing facility in Tuas received its Temporary Occupation Permit (“TOP”) in March 2022 and our various manufacturing, filling and packaging machines are being commissioned step by step. When fully operational, it will fulfill our various markets’ growing demand for the core products of our skincare brand offerings. More importantly, the facility will reduce our reliance on contract manufacturers and ensure uninterrupted supply of products to our subsidiaries.

亲爱的股东们，

在此，我们很高兴代表董事会，呈现全美世界有限公司（全美世界）截至2021年12月31日止（即2021财年）的财政年度报告。

自新冠疫情爆发以来，世界发生了巨大变化，而地缘政治不确定性和贸易争端更加剧了此变化。即使这个经营环境充满挑战，我们仍然保持积极向上的心态，继续在亚洲、中东和世界其它地区拓展业务，同时也持续关注利益相关者的福祉和安全。

作为一家体现社会责任意识的企业，我们取消了2021财年中需要与客户面对面参与的活动安排，转而通过完整的线上平台和应用程序，为我们的忠实客户提供服务并开展业务。我们的数字化转型并不是针对疫情影响而作出的仓促决定，而是已经酝酿多年的长远方案。我们自2012财年即启动了战略性数字化转型，至今，我

们的线上业务已十分成熟，不但在运营方面超越了地域界限，还能够以更具成本效益的方式扩大我们的客户群。

由于我们的远见和数字化行动，使我们能够对行业变化敏捷地做出迅速反应。如今，我们拥有可靠的后勤系统作为运营基础，在确保会员们的订单都能准时送达的同时，也实现为客户提供无缝服务体验的效果。随着客户的需求量与日俱增，我们的线上营业额也不断地攀升。我们将持续为业务运营做好充分准备，以应对未来的各种不确定性。

关于这一点，我们位于大士（Tuas）的先进制造工厂已于2022年3月获领临时入伙证（TOP），各种制造、灌装和包装机器也都正在逐步完成调试中。待至设备全面投入运营后，这将足以应付各个市场对我们护肤品牌核心产品日渐增长的需求。更甚者，该工厂将降低我们对委托加工厂商的依赖，同时确保我们向子公司的产品供应永不间断。





Positive Performance Across Markets

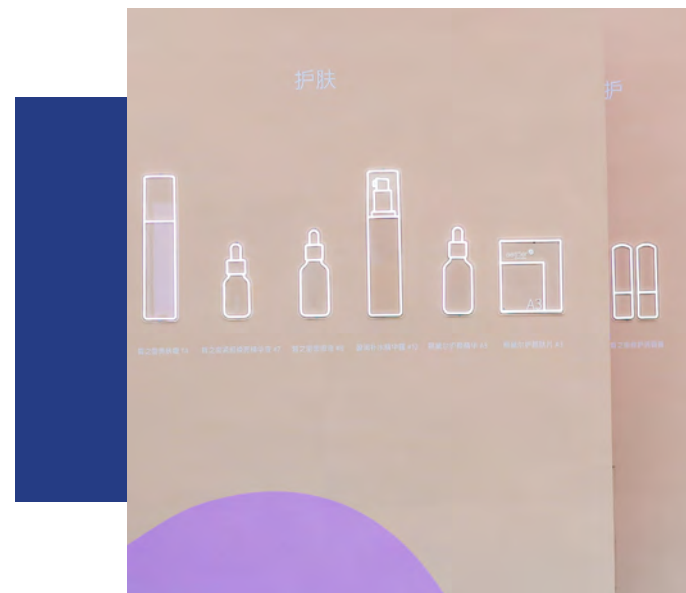
With unwavering commitment and tenacity, the Best World team across the regions closed FY2021 with a Group revenue of S\$580.0 million, reflecting a modest increase of 5.7% from S\$548.6 million in FY2020. Our ability to deliver a strong revenue base in challenging circumstances underpinned our [35th placing in the 2022 Global 100 List by Direct Selling News](#), a leading news platform for the Direct Selling business. The ranking was based on our FY2021 revenue, excluding contributions from our China franchise business.

For those new to the Group, our revenue is largely generated through two business

segments: Direct Selling and Franchise. Our Direct Selling segment comprises sales generated from member customers through Direct Selling (both online and offline) for our global markets in Asia ex-China, Oceania, North America and the United Arab Emirates. The franchise segment comprises sales to franchisees who entered into agreement with the Company to operate BWL Lifestyle Centres in the market of mainland China.

Our China business is largely dependent on our 39 franchisees driving sales through the Lifestyle Centres in FY2021, supported by events and activities of various scales for customer engagement. However, due to the zero-covid policies which led to various levels of lockdowns, our sales activities in FY2021 were significantly impacted by the cancellation of two major events and most training events. With these disruptions weighing on consumer demand in the second half, the pace of growth was lower than expected. As a result, China accounted for S\$287.0 million in sales for the Group, up 3.1% from S\$278.3 million in FY2020.

For the Taiwan market, we relocated our Kaohsiung Regional Centre in December 2021, to better serve our members in the southern region of the Taiwan island. For the year, sales in our second largest market were S\$162.9 million, which



marks a marginal decline of 2.3% from S\$166.8 million in FY2020. The decline was primarily due to the impact of Covid-19 restrictions in Taiwan during the year, causing disruption to events and also the cancellation of our annual highlight, the Anniversary Celebrations in 4Q2021. Despite these





challenges still posing a threat to our growth in FY2022, local management believes that our well-differentiated competitive advantage will be able to see us through these challenges.

Following a strong year in FY2020 which saw revenue increased ten-fold to S\$45.2 million, our Malaysia business was challenged in FY2021 by a series of Covid-19 related movement control orders and a nationwide lockdown from 1 June 2021 to 28 June 2021. The impact was significant as we had to cancel most of the planned major events and had to move training events to online, which disrupted the recruitment of distributors. As a result, sales from Malaysia declined 15.7% to S\$38.2 million when compared to the previous year. We will continue to

work with our distributors to enhance their knowledge and skills, especially in the areas of online customer engagement.

Singapore continued to deliver a positive performance for a second consecutive year. Revenue in FY2021 increased by 61.7% to S\$44.4 million when compared to S\$27.5 million in FY2020. Our proprietary digital platform rolled out in 2020 continues to support the performance of our distributors, providing them with valuable information for data analytics, allowing us to optimise our sales generation and enhance customer relationships.



各个市场业绩表现可圈可点

凭借着坚定不移的意志和不屈不挠的精神, 全美世界各地成功为2021财年录得5.8亿新元的集团营业额, 这较2020财年的5.486亿新元, 还小幅增长了5.7%。根据2021年的营业额(不包括中国的业绩), 我们在2022年度《全球直销100榜》上位居35, 证实了我们在充满挑战的环境中, 依然能展现强大的基本营收能力。该项排名是以我们2021财



DR's
Secret
Concept Store

年的收益额为基准,其中不包括我们来自中国特许经营业务的业绩贡献。

我们的营业额主要来自于两个业务板块:直销和特许经营。我们的直销业务,以会员面向全球市场的线上及线下直销活动所产生的业绩为主,该市场涵盖中国除外的亚洲、大洋洲、北美和阿联酋;而特许经营业务,对象则是与本公司签订协议的特许经营者,通过他们的生活馆面向中国市场创造的业绩。

2021财年,我们在中国的业务,很大程度上依赖于我们39家特许经营者通过经营生活馆以推动销售,并辅以各大规模的活动来吸引客户。然而,由于当地“清零”政策而实行不同程度的封锁,我们于2021财年的销售活动也受到了重大影响,其中两项大型活动和大多数培训活动都被迫取消。活动中断并不利于下半年的消费者需求的提升,业绩增长速度自然也就不及预期。因此,中国市场占集团销售额2.87亿新元,较2020财年的2.783亿新元,仅增长3.1%。

至于台湾市场,我们于2021年12月搬迁了高雄区域中心,以便更好地服务台湾南部地区的会员。是年,我们第二大市场的销售额为1.629亿新元,与2020财年的1.668亿新元相比,略有下降2.3%。这主要是因为该年台湾受到新



降了15.7%,至3,820万新元。有鉴于此,我们必定督促经销商们持续学习,尤其是提高线上客户参与管理方面的相关知识和技能。

新加坡市场连续两年的业绩保持正增长,其2021财年的营业额,较2020财年的2,750万新元,提升61.7%,至4,440万新元。我们于2020财年推出的专有数码平台,有效为经销商的业绩持续提供支持,让他们能够从中获取有价值的数据分析信息,借此提高销售额及加强客户关系。

冠疫情防疫管控措施的影响,不但导致许多活动叫停,甚至连我们的年度重头戏,即安排于2021年第四季度举行的周年庆典也无奈取消。尽管这些挑战仍然对我们2022财年的业绩增长构成威胁,但当地管理层坚信,凭着我们的竞争优势,我们定能度过这些挑战。

我们的马来西亚市场于2020财年表现强劲,营业额增长高达10倍,至4,520万新元,然而此后于2021财年,该市场却面对一系列与新冠疫情相关管控措施,诸如“行动管制令”及全国封城(2021年6月1日至2021年6月28日)等挑战。这种情况造成的影响极为显著,我们不得不暂停大部分大型活动的计划,也不得不将培训活动转移到线上,以致扰乱了经销商的招募。因此,与去年相比,马来西亚的销售额下





Prudence in the Face of Uncertainty

With the positive performance in most of our primary markets, profit attributable to owners of the parent company in FY2021 increased 10.8% to S\$153.7 million from S\$135.2 million in FY2020. This translates to earnings per share of 28.25 cents per share in FY2021 compared to 24.85 cents per share in FY2020.

In view of the Covid control measures of our key markets, prevailing geopolitical unrests and a looming recession, the Board foresees that business outlook remains volatile and uncertain. Taking into account of Group's near and mid-term commitments, the Board has, on grounds of prudence, recommended that we will not be declaring a final dividend for FY2021.

In the interim where the Company's shares remain suspended and whilst we continue to explore options for a delisting, some internal resources will be reserved to provide Shareholders with certain liquidity/cash value for their shares in the Company, including by way of an off-market share buyback on an equal access scheme.

谨慎面对不确定性

由于我们大部分主要市场业绩均呈正增长，母公司所有者应占溢利从2020年的1.352亿新元，上升10.8%，至1.537亿新元。这意味着2021财年的每股收益为新币28.25分，而2020财年每股收益新币24.85分。

有鉴于我们主要市场实行新冠疫情防控措施、日益严峻的地缘政治动荡和迫近的经济衰退，董事会预计业务前景仍然不稳定，并且充满不确定性。虑及集团的近期和中期目标，董事会认为目前当以谨慎为主，因而建议不予派发2021财年年度末期股息。

在公司股票仍然处于停牌的期间，以及在我们探索退市选项的同时，我们将保留一些内部资源，为股东持有的公司股份，包括经由盘后交易系统买回的股票，提供一定的现金价值。

Delivering the BWL Promise: Product Quality & Performance



With more than three decades of success in the premium skin care and wellness industry, we understand that our name is only as good as our product offerings. On this front, we continue to invest in product development to optimise the quality of our products and ensure that each delivers an outcome that meets the expectations of our sophisticated consumers.

DR's Secret

Our DR's Secret brand continues to gain users' acceptance in the different markets that we sell to, it is also noteworthy that DR's Secret sales is also partly led by recently launched products, which include Vitalising Eye Mask and Aqua Boost Serum 10 launched in December 2020. The Vitalising Eye Mask is a bio-cellulose mask that revitalises, brightens and firms the eye area for a fresher appearance, and is widely available across most of our core markets. The Aqua Boost Serum 10 is a hydrating formula that comprises 12 types of Hyaluronic Acid and skin barrier restoring ingredients, focused on hydrating and restoring dehydrated skin for most skin types.

We will continue to launch more new products with a keen interest in fulfilling users' needs and create optimum users experience, so as to expand the range of products in our core product range.



Modernising Hangzhou factory

In October 2021, we revamped our health supplements factory in Hangzhou, China, to meet stringent regulations to qualify for the Food Product license and to be in line with global health food and supplements manufacturing standards. The license



which is equivalent to the Chinese government's Good Manufacturing Practice (GMP) certificate, is necessary for all health food manufacturers to operate in China.

With the revamp works completed in March 2022, we believe the factory is in a good position to be able to manufacture products for distribution by our franchisees in the domestic China market and also be able to develop more supplements and food products which could be exported to the Group's Southeast Asian markets which have a demand for more price competitive products.

Completion of our Tuas Facility

We received the TOP for our Tuas manufacturing facility in March 2022, following multiple delays as a result of COVID-19 restrictions implemented by the authorities on both sides of the Singapore and Malaysian border in FY2020. In the lead-up to the completion, we took the necessary measures to ensure that the construction complied with the requirements of the Building and Construction Authority ("BCA").

Our team ensured that on the ground, precaution measures were being implemented. They include but are not limited to, the following:

1. All site workers don face masks and observe safe distancing measures;
2. Temperature checks and the mandatory use of the Safe Entry App for all site visits;
3. Construction company to practice staggered rest and meal breaks for the workers;
4. Mobile toilets are allocated to specific groups to prevent cross-infection;
5. A temporary workers' quarter was set up within the facility during construction period to limit workers interacting with those from other construction sites in a shared dormitory setting;
6. Toolbox meetings were held to educate workers on COVID-19 prevention and free hand sanitizers and face masks were provided; and
7. Routine checks and ART swab tests were conducted with frequent updates made to BCA, etc.



With our extensive efforts to ensure a safe and covid-free workplace, construction was able to progress well and uninterrupted in FY2021, allowing us to complete our Tuas facility without further delays. For the remaining months of FY2022, we will complete the commissioning of all machines and aim to commence production and receive our GMP certification before the close of FY2022.





innovation &
manufacturing
a bestworld subsidiary

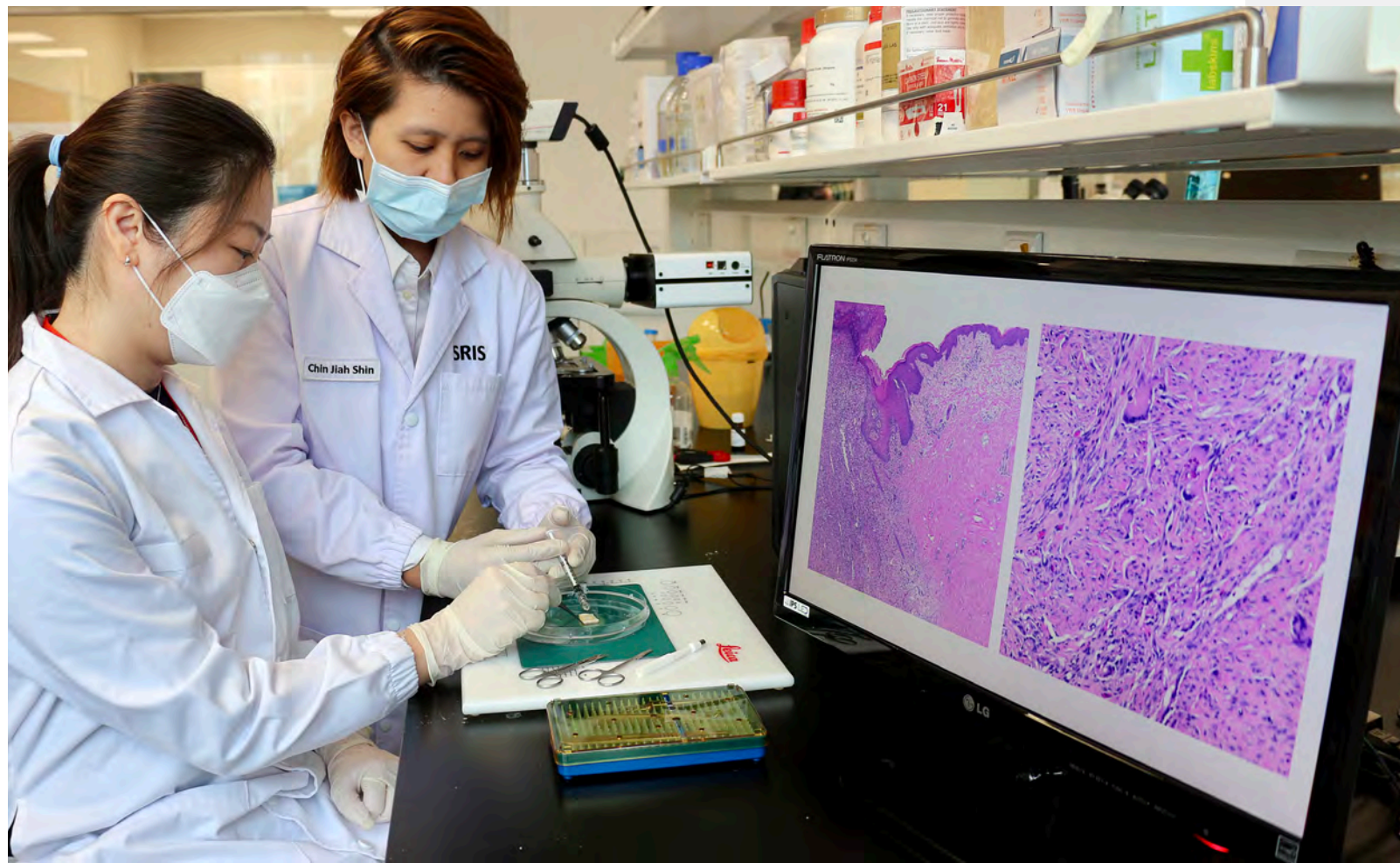
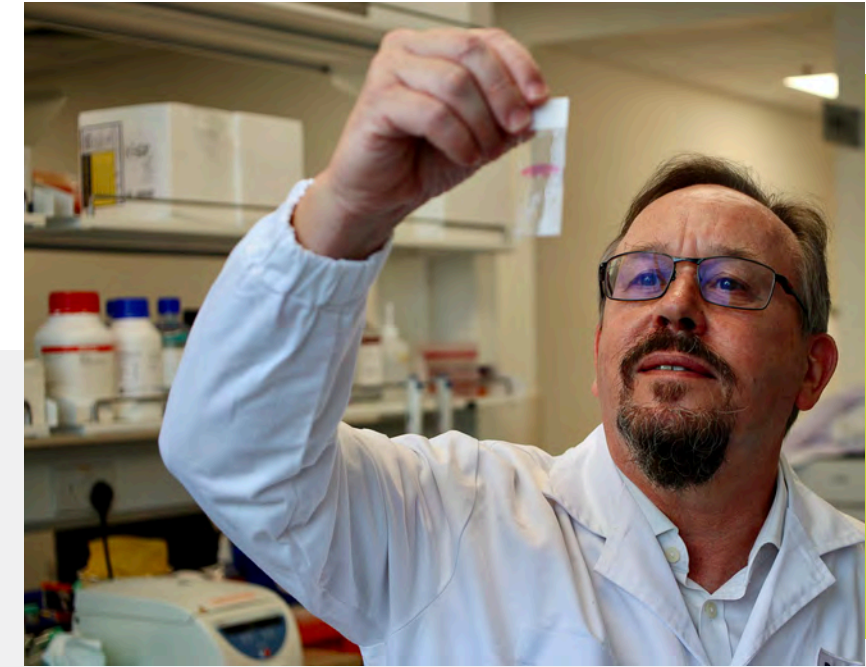
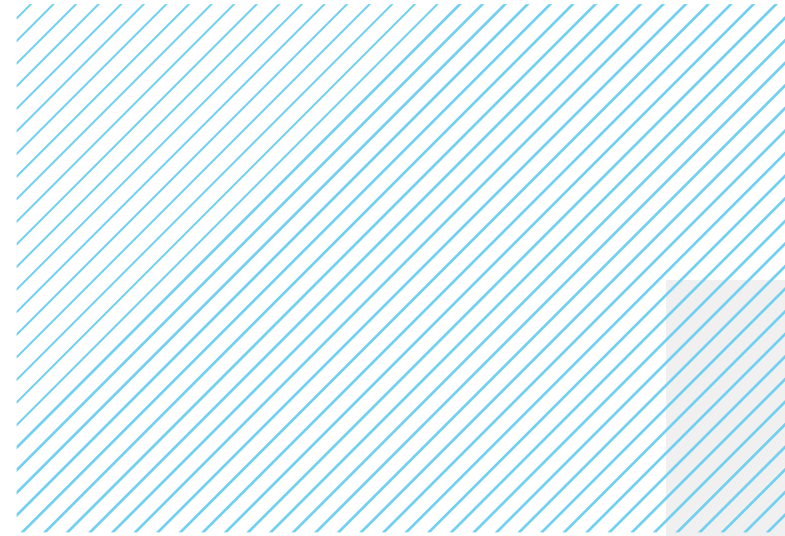
bestworld

one | tuas basin link



Celligenics

Celligenics, an associate company of the Group, is a regenerative stem cell biotech company that develops breakthrough stem cell solutions to address some of today's pressing lifestyle and clinical needs. Celligenics holds several patents and also possess the technical knowledge and means to extract Celligenics stem cells from a specific sub-tissue of the human umbilical cord to a high conditioned medium blend which is a cosmeceutical active ingredient of immense potential and has direct applications in the development of skincare products like cleansers, toners, serums and masks.



In FY2021, besides signing a memorandum of understanding (“MOU”) with Best World to develop stem-cell-derived active ingredients for cosmeceutical applications, Celligenics entered into a research collaboration with Nanyang Technological University of Singapore and the Skin Research Institute of Singapore (SRIS) to develop affordable and accessible wound healing therapy using their regenerative extract. Celligenics also entered into a MOU with Changi General Hospital and West China Hospital of Sichuan University to conduct joint R&D as well as clinical trials for wound healing therapy. Lastly, the biotech firm established a cord donor programme with Thomson Medical Group, through which it successfully completed its first cord delivery in December 2021.

In recognition of the company's continued progress, success and enterprising mindset, Celligenics was a finalist in 2021's Emerging Enterprise Award, jointly organised by OCBC Bank and The Business Times.

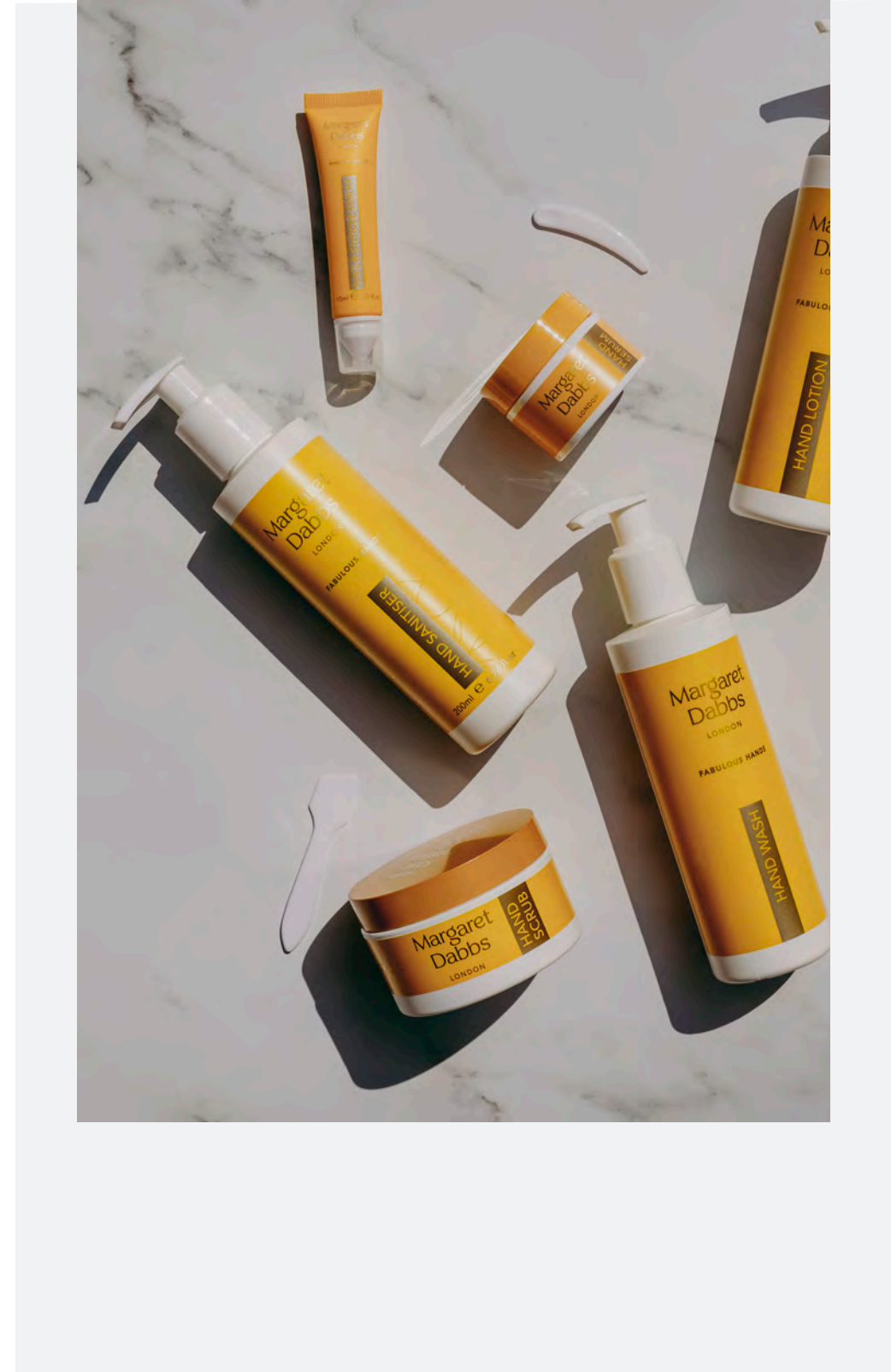
We believe that FY2022 will be an important year for Celligenics, as the company continues to scale its operations and prepare for the next phase of its growth and development. This includes the construction of

GMP (Good Manufacturing Practice) facilities in Singapore and Chengdu, China, as well as the commencement of the clinical development and trials with Changi General Hospital and West China Hospital of Sichuan University. We expect to make further progress for our cosmeceutical project and will provide updates at the appropriate time.

Margaret Dabbs London

We added Margaret Dabbs London, an established premium beauty brand that offers medical and beauty services for hands, feet and legs in the UK into our portfolio of brands, through acquiring 49.9% interest in Pedal Pulses in FY2020. Our in-house product development team is currently collaborating with the development team of Pedal Pulses to develop products for the hands, feet and legs to be distributed in our existing markets. Whilst this development phase is expected to take some time to reach fruition, the results are expected to raise the awareness of the Margaret Dabbs London brand in all the markets that we are in.

FY2021, however, was a challenging one for Pedal Pulses due to multiple lockdowns and the introduction of the Delta Covid variant which moved the nation into high alert in July 2021. Recruitment issues due to Brexit also added to the challenges faced by Pedal Pulses. While clinics were shut during those periods, sales through online platforms continued to gain traction. With the nation's vaccination programme continuing to accelerate during the year, a new shop was launched in May 2021, positioning the brand well to cater to the needs of customers residing in West



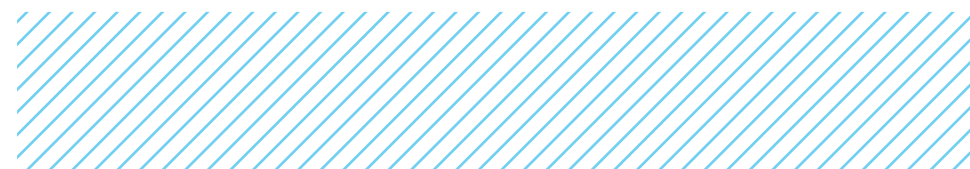
London. We continue to have longer-term aspirations for Pedal Pulses as a fulfillment hub for the distribution of Best World's brand offerings for the UK, EU and other global markets.

兑现 BWL 承诺:产品质量和性能

凭借着在高端护肤及保健产业内积攒超过30年的辉煌经验,我们深知品牌的好坏,取决于我们产品的质量。在这方面,我们将持续投资产品开发,优化我们产品的质量,以确保每个产品都能满足我们成熟消费者的期望。

哲之密

哲之密品牌不断获得来自不同的市场的用户认可。值得注意的是,最近全新推出的产品,多少也带动了哲之密的销售,其中包括2020年12月推出的焕活晶透眼膜(Vitalising Eye Mask)和盈润补水精华露10(Aqua Boost Serum 10)。焕活晶透眼膜选用亲肤生物纤维材质,有助于赋活眼周、焕亮饱满眼部肌肤,使眼部感觉焕然一新,这款产品在我们的大部分主要市场均有待售;而盈润补水精华露10则是一款丰盈水感配方,蕴含12种透明质酸与皮肤屏障修复成分,为大多数肌肤类型深层补水和修复脱水组织。



我们将继续推出更多新产品,满足用户需求之余,打造最佳用户体验,从而扩大我们核心产品的范围。

杭州工厂现代化改造

2021年10月,为符合“食品经营许可证”的严格规定,以及全球营养保健品制造标准,我们对位于中国杭州的保健品工厂进行了翻新改造。此许可证相当于中国政府的良好生产规范(GMP)认证,即是所有在中国经营的保健食品制造商的必备公文。

随着改造工程于2022年3月完成,我们相信这工厂,无论是生产及供应特许经营商在中国国内市场经销的产品,还是面向集团的东南亚市场,开发及出口更多更具价格竞争力的保健品及食品方面,都处于有利的位置。

大士 (Tuas) 工厂竣工

尽管在2020财年,新加坡和马来西亚边境当局实施新冠疫情管控措施造成工期多次延误,我们终于还是于2022年3月,获领了大士 (Tuas) 制造工厂的临时入伙证(TOP)。在工厂竣工前,为确保该项施工符合建设局 (BCA) 的要求,我们都已采取了必要的疫情防护措施。

在现场,我们的团队严格落实防护措施,它们包括但不限于以下内容:

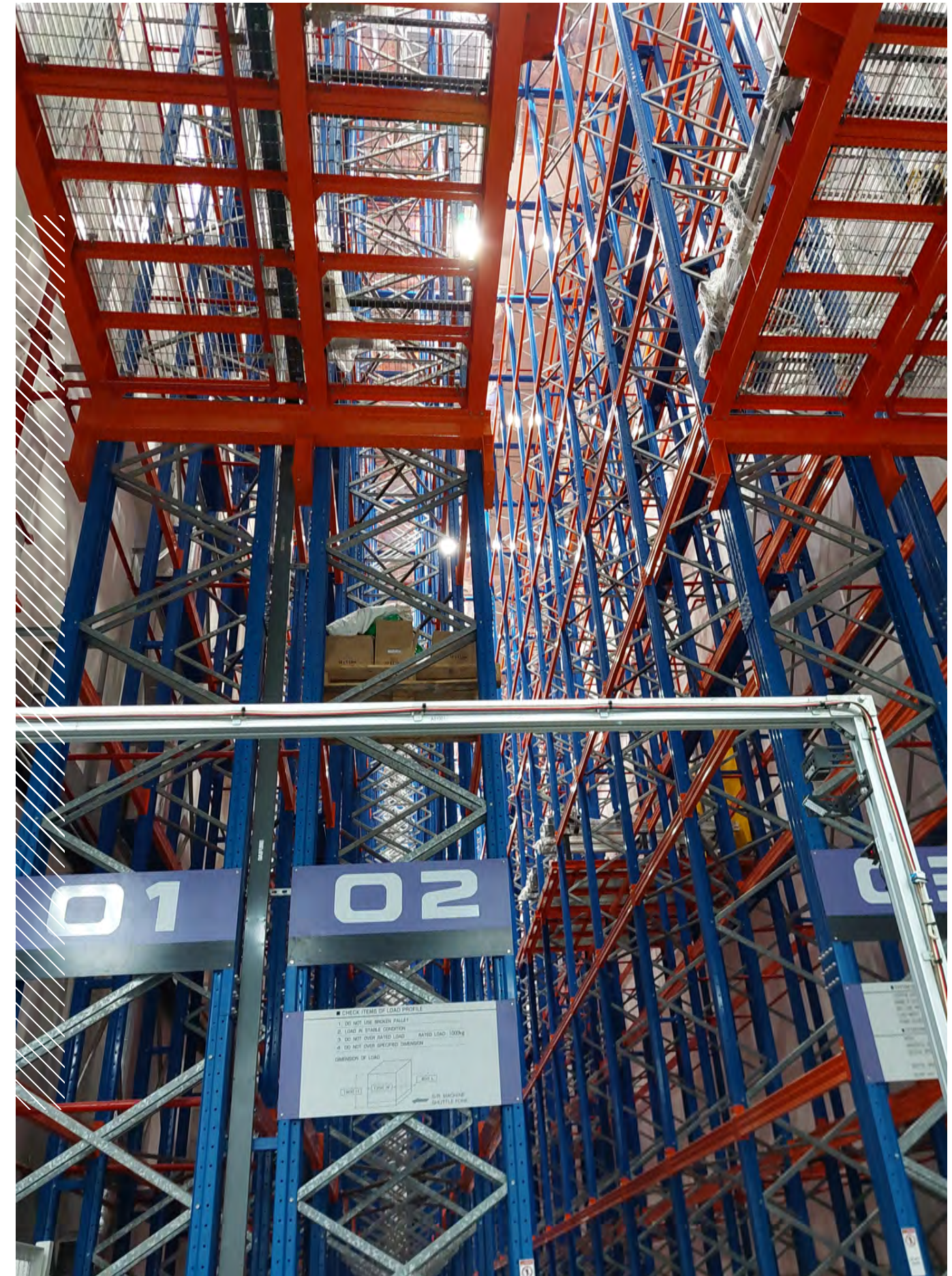
1. 所有工地工作人员佩戴口罩并遵守安全距离措施;
2. 体温测量,强制工人到访任何地方都必须使用 SafeEntryApp;
3. 施工单位分散安排工人的休息和用餐时间;
4. 给特定人群分配移动厕所,以防止交叉感染;
5. 在施工期间,厂房内设立了临时工人宿舍,以限制工人在共用宿舍环境中与其它建筑工地的工人互动;
6. 工具箱会议中,对工人进行新冠疫情防护教育,并免费提供洗手液和口罩;及
7. 给工人实行例行检查和抗原快速检测 (ART),并经常向 BCA 通报最新情况等。

通过实现工地安全无虞和无新冠病毒所做的一切努力,2021 财年中的建设工程在得以顺利进行,并且不受干扰,使我们能够在没有进一步延误的情况下,顺利建成大士工厂。在 2022 财年余下的数个月里,我们将完成所有机器的调试,力争在 2022 财年结束前,启动生产线并获得 GMP 认证。

汐漵 (Celligenics)

本集团的联营公司-汐漵,是一家再生干细胞生物技术公司,致力于利用突破性的干细胞新发明,开发相关的解决方案,以满足当今社会一些紧迫的生活形态和临床需求。汐漵拥有多项专利和许可证,并拥有从人类脐带特定亚组织中提取汐漵干细胞,制成条件培养基的专有技术及知识。这种条件培养基具有巨大潜力的药妆活性成分,并能直接应用于洁肤霜、调肤霜、精华露和面膜的产品研发中。

2021财年,除了与全美世界签署谅解备忘录 (MOU),开发用于药妆应用的干细胞衍生活性成分外,Celligenics还与新加坡南洋理工大学(NTUS)和新加坡皮肤研究所(SRIS)开展了一项研究合作,以他们的再生提取物,开发一款亲民的伤口愈合疗



法。Celligenics 还与樟宜综合医院 (CGH) 和四川大学华西医院签订了谅解备忘录,就伤口愈合治疗进行联合研发和临床试验。最后,这家生物技术公司与康生医院 (Thomson Medical Group) 建立了脐带捐赠计划,并通过该计划,于2021年12月成功完成了首次脐带捐赠。

为表彰公司的持续进步、成功和进取精神,Celligenics 入围了由华侨银行 (OCBC Bank) 和商业时报 (The Business Times) 联合举办的“2021 年度新兴企业奖”。

我们坚信,2022财年对Celligenics来说将是关键的一年,因为该公司将持续扩大业务规模,并为下一阶段的增长和发展铺路做准备。这包括在新加坡和中国成



都建设GMP合规工厂,以及与樟宜综合医院和四川大学华西医院启动临床开发和试验项目。希望我们的药妆项目能够取得更多进展,届时将于适当的时候向大家提供进一步更新。

Margaret Dabbs London

我们通过于2020财年收购 Pedal Pulses 49.9%的股份,将主营手足腿医疗和美容服务的英国知名高端美容品牌-Margaret Dabbs London,纳入我们的品牌组合中。我们的内部产品开发团队目前正与 Pedal Pulses 合作开发手足腿产品,计划在我们现有的市场上销售。虽然这一发展阶段仍需要些时间才能取得成果,但预计此举将提高Margaret Dabbs London 品牌在我们所有市场中的知名度。

然而,多次封锁和新冠病毒变体Delta的侵扰,致使该国于2021年7月进入高度戒备状态,所以2021财



年对 Pedal Pulses 来说,是一个具有挑战性的财年。英国脱欧所导致的会员招募问题,也加剧了 Pedal Pulses 面临的挑战。在此期间,虽然诊所都关闭了,但公司通过线上平台进行的销售越来越受欢迎。随着该国的疫苗接种计划在近年不断加速完成,我们的一家新店终于成功于2021年5月开业,而且品牌定位良好,有效满足伦敦西部居民客户的需求。我们将继续把 Pedal Pulses 作为一个经销中心,为英国、欧盟和其它全球市场供应全美世界品牌产品。

BWL Online Academy

Whilst digital transformation across industries was in the making over the past decade, the pandemic accelerated digital adoption over the past two years. In response to the needs of our distributors in a changed environment, we developed BWL Online Academy, a proprietary digital platform designed to support our distributors in starting up a BWL business quickly and efficiently and providing users with an in-depth understanding of BWL, its products and services.

Our strategic intent for BWL Online Academy is to develop a robust, up-to-date resource for distributors to ensure that each individual is able to maximise their performance through sharing of strategies and case studies by peers, trainers and management. The shared knowledge and experiences of BWL stakeholders are categorised for various levels of distributor development – from experienced managers to pioneer distributors, to product specialists – ensuring that every distributor gains from the shared depository.

Easily accessible on the user-friendly platform from anywhere and at any time,

BWL Online Academy has been rolled out across most of our subsidiaries. We started with Taiwan in June 2021 and Singapore and Malaysia in August 2021. We are encouraged with the warm feedbacks from users at this early stage and will continue to develop BWL Online Academy as the central training and knowledge platform for the Group.

BWL线上学院

各行业在过去十年中都不断地酝酿着数字化转型,但在过去两年所爆发的新冠疫情,尤其加速了数字化的采用。为应付经销商在不断变化的环境中的需求,我们创办了BWL线上学院。这是我们一个专有的电子平台,旨在支持我们的经销商快速高效地开展BWL业务,同时也让用户更详细地了解全美世界、产品和服务。

BWL线上学院的战略意图,是为经销商开发一个强大的、最新的资源库,以实现每个全美人都能通过同伴、讲师和管理层战略分享和个案研究,最大限度地提高他们的绩效。全美世界利益相关者共享的知识和经验,均根据经销商事业发展的不同层次进行分类 - 从经验丰富的企业经理到先驱经销商,再到



产品专家,借此确保每个经销商都能从共享资源库中获益。

作为一个可随时随地轻松访问的用户友好平台,BWL线上学院已成功在我们的大多数子公司中顺利推广 - 于2021年6月在台湾市场启动,并于2021年8月在新加坡和马来西亚市场推出。BWL线上学院的早期用户反响热烈,令我们倍感鼓舞,我们将继续发展BWL线上学院,使它成为集团的中央培训和知识平台。

Corporate Social Responsibility (CSR) is an Integral Part of Our Business

From the onset of our Corporate Social Responsibility (“CSR”) journey in FY2008, we have incorporated sustainability into every part of our business. Through our efforts, we have instilled into every employee the BWL ethos which is about running our business in an ethical and socially responsible way, ensuring that our people value and support the communities in which we serve.

Since FY2017, we have invested more than S\$ 0.9 million in building four Best World Hope Primary Schools in China. This total represents nearly an average of one school constructed and operational in the country every year.

Our Best World Hope Primary Schools in Hunan, Guizhou, Yunnan and Sichuan provinces offer a variety of programmes including art classes in Chinese painting, calligraphy, martial arts, and music. Demonstrating our resolve to support the education and development of our next generation, all courses at our schools are taught by teachers with professional experience. Furthermore, our schools offer scholarships for deserving students from underprivileged families with stipends for living expenses.

With the success of our Best World Hope Primary Schools, we have allocated RMB 0.5 million for the construction of our fifth Best World Hope Primary School in FY2022. We identified Henan province for location of our new school as the area was significantly affected by floods in July 2021 with many educational facilities badly damaged.



Furthermore, to support the post-disaster reconstruction efforts in Henan province, we donated RMB 0.5 million to the Henan Youth Development Foundation and funded the construction of a library at a local primary school which was affected by the flood.

As part of our ongoing CSR programme in China, we visited students from extremely low-income families to understand their difficulties and extend monetary support on a case-by-case basis. In addition, each deserving household was provided an average of RMB 300-500 a month to help with household expenses.

We aspire to positively impact the lives of those in the communities that we serve, allowing us to play an active role in building a sustainable, better tomorrow for all.



我们业务不可或缺的部分： 企业社会责任 (CSR)

自2008财年迈开企业社会责任(CSR)旅程以来,我们已将可持续发展理念融入业务的各个部分。通过努力,我们向每位员工灌输了全美精神,提倡以合乎道德、对社会负责的方式经营业务,携手员工们重视和支持我们所服务的社区。

自2017财年以来,我们已在中国投资超过90万新元,用于在当地建设四所全美世界希望小学。这一总额,几乎相当于该国每年建造和运营一所学校的平均开销。

我们在湖南、贵州、云南和四川省的全美世界希望小学,为莘莘学子提供多项课程,包括:国画、书法、武术和音乐等艺术课程。为了表示我们支持下一代教育和发展的决心,该学校的所有课程都由具有专业经验的师资教授。此外,学校也为来自贫困家庭的优秀学生提供奖学金,以及生活费津贴。

随着前四所全美世界希望小学的成功,我们已拨款50万元人民币,用于在2022财年建设第五所世界希望小学。我们新学校的所在地,目前已选定在河南省,因为该地区在2021年7月受到洪水的重击,许多教育设施都严重受损。

此外,为支持河南省灾后重建工作,我们向河南省青少年发展基金会捐款50万元人民币,资助当地一所受洪水破坏的小学建设图书馆。

作为我们在中国持续开展的企业社会责任项目的一部分,我们走入清寒学生家庭,深入了解他们的困境,并根据个别具体情况提供资金支持。每个符合条件的家庭,平均每月还将另外获得300至500元人民币,帮补家庭开销。



对于我们服务所在社区的人群,但愿我们的努力像一缕春风,为他们的生活带来春天般积极正面的影响,共同打造可持续的、更美好的明天。

The Way Ahead

The Greek philosopher Heraclitus is quoted as saying "change is the only constant in life". It is omnipresent and we have no control over it. Every market cycle presents us with unique changes and we have come to learn that what matters most is how we respond to these changes as it will determine if we thrive, survive or succumb to the impact of change.

Among the many uncertainties that loom over the horizon this year, they include, the threat of the

emergence of a new Covid new variant, strict Covid restriction measures in our key market of China, costs increase in all areas of our business operations due to the Russia-Ukraine conflict and the possibilities of a recession, etc.

Surging oil prices had led to the elevation in freight charges and packaging costs, which will pose huge challenges to the Group's performance. Coupled with inflation and interest rate hikes resulting in dampened consumer sentiment and a curb in spending.

We believe that our foresight and growth over the past few years have enhanced our resilience to weather these challenges as well as those of tomorrow. Today, we are stronger both in terms of depth and breadth, allowing us to pivot our business swiftly by leveraging technologies and innovations to meet the needs of our customers and business objectives.

路漫漫其修远兮

古希腊哲学家赫拉克利特有句名言道：变化是人生中唯一不变的存在。在我们的生活中，变化无所不在，而我们却无力掌控或抵制它。每个市场周期都各自展示着独特的变化，而我们也逐渐明白，个中关键是我们应对变化的方式，这将决定我们在变化中茁壮成长、成功生存，抑或宣告失败。

今年，我们隐约可预见的不确定性也不少，其中包括：新冠病毒新变种出现的威胁、中国主要市场的严格疫情管控措施、俄乌冲突造成所有业务运营区域的成本增加，以及经济衰退的可能性等。

油价飙升导致运费和包装成本上升，亦对本集团的业绩构成巨大挑战。再加上，通货膨胀和利率攀升也造成消费者情绪低迷，以及业务支出受到抑制。

尽管以上种种，我们仍然相信，基于过去几年所展现的高瞻远瞩和努力取得的增长，我们肯定有足够的应对今天及未来挑战。如今，我们在深度和宽度方面都变得更加强大，这使我们能够利用先进技术和创新思维快速调整业务，以满足客户需求和达成业务目标。



A Word of Thanks

In closing, we would like to thank our fellow Directors for their stewardship and invaluable advice, which have allowed us to successfully navigate numerous challenges over the past year.

On behalf of the Board, we would also like to thank all Best Worlders for your invaluable contributions over the past year. We would not be where we are today without your commitment and tenacity.

To our shareholders, customers, distributors, franchisees and partners, we would like to express our heartfelt appreciation for your support and patience, and for your trust in the Board and management.

We look forward to your continued support! Thank you!

无限感恩

最后，我们衷心感谢我们的董事们，因为你们的认真监督和宝贵建议，才让我们在过去一年中成功应对诸多挑战。

在此，我们谨代表董事会，对所有全美人过去一年中所做出的宝贵贡献表示谢忱。要是没有你们的辛勤付出和坚韧意志，也就没有我们今天所拥有的成就。

对于我们的股东、客户、经销商、特许经营商和合作伙伴，我们以赤诚之心，感谢你们的支持和耐心，以及对董事会和管理层的信任。

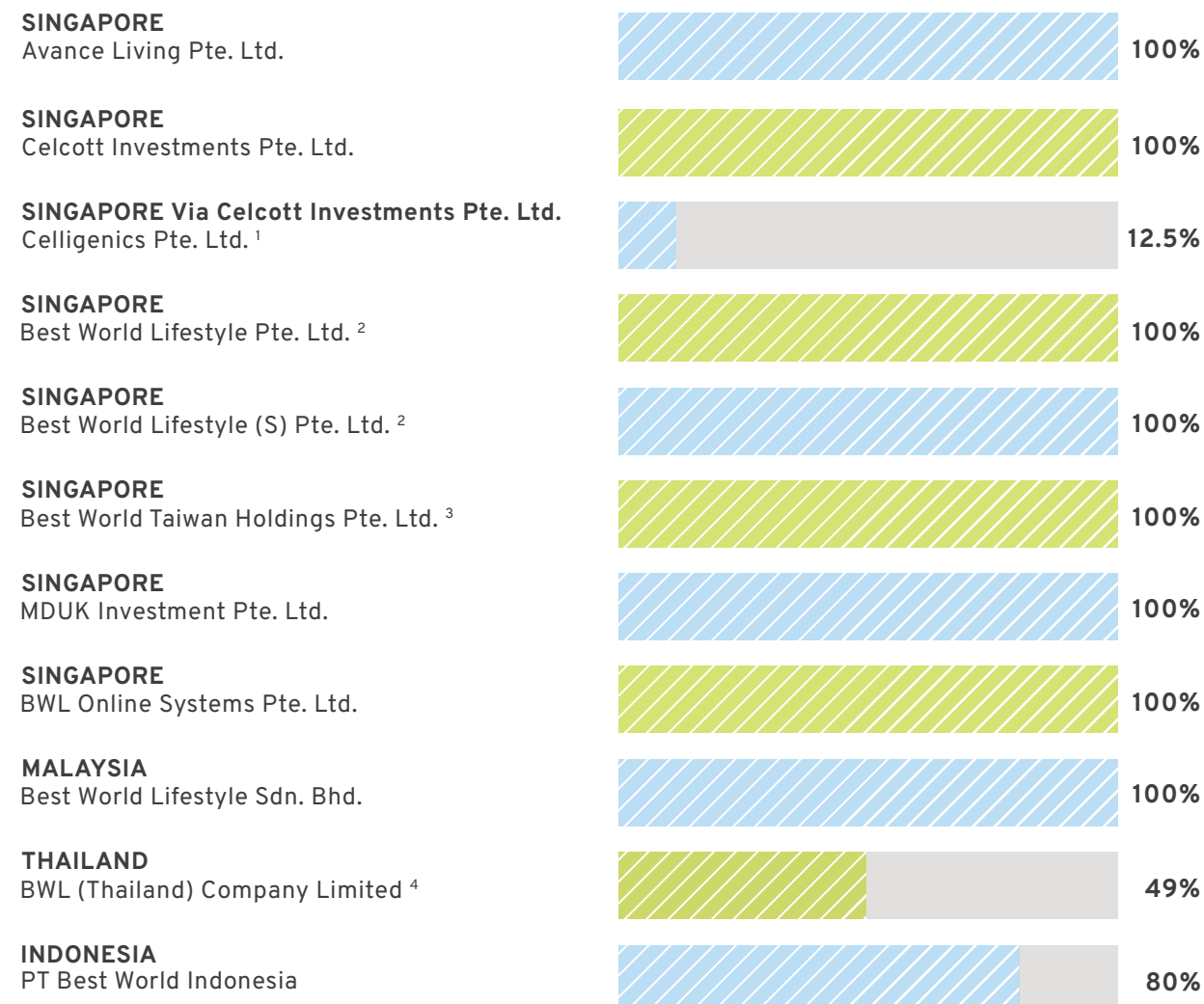
我们期待你们持续的支持，感恩！

GROUP STRUCTURE

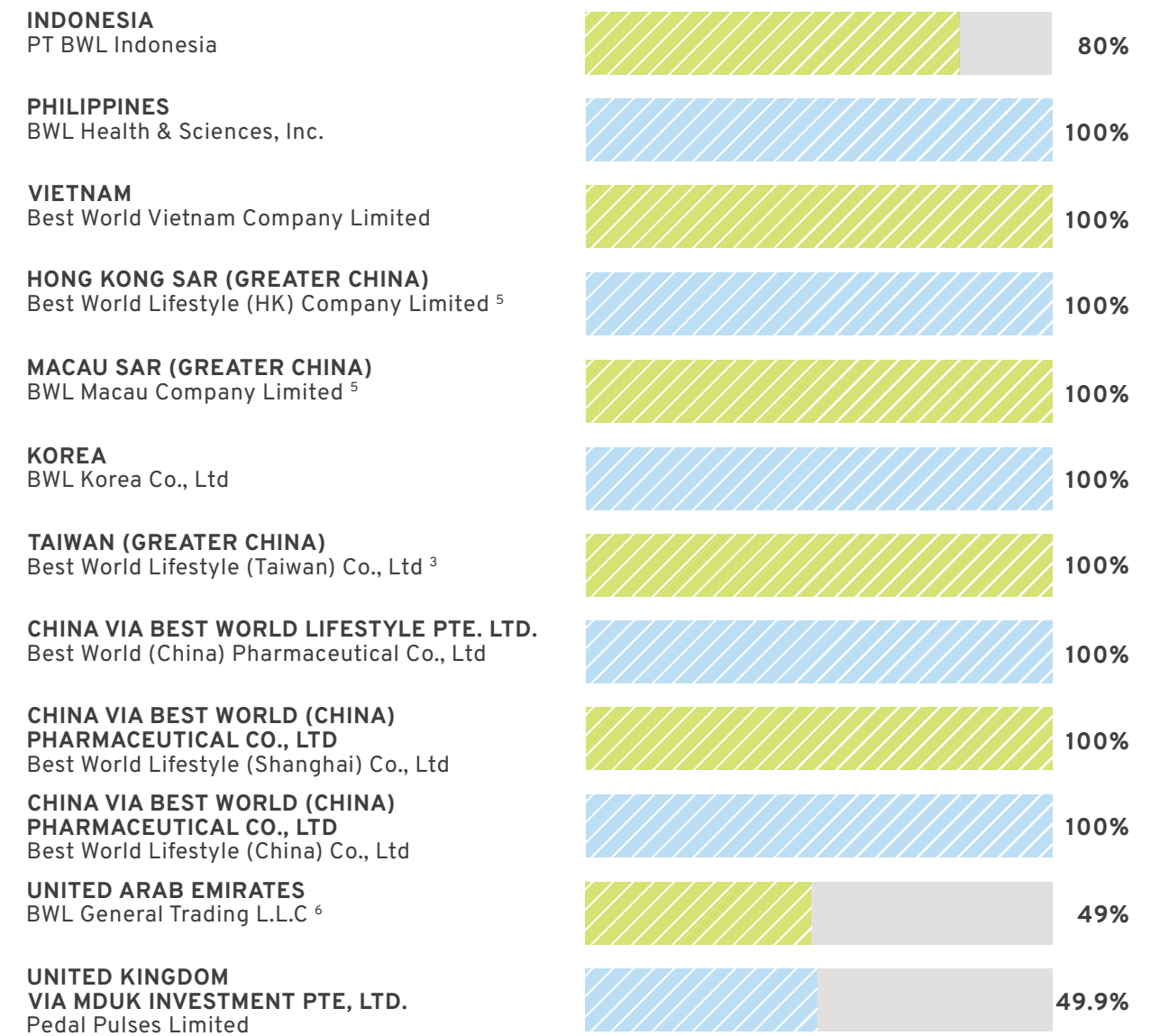
Subsidiaries, joint venture and associate held by Best World International Ltd



EFFECTIVE SHAREHOLDING



EFFECTIVE SHAREHOLDING



1. The Group considers Celligenics Pte. Ltd. as an investment in associate because the Group has significant influence over the entity through representation on the board of directors. (refer to Note 18 of the Financial Statements).
2. In July 2021, the Company incorporated Best World Lifestyle (S) Pte. Ltd., a wholly-owned subsidiary of the Company. With effect from 1 January 2022, all manufacturing and related activities are conducted under Best World Lifestyle Pte Ltd ("BWL"), an existing wholly owned subsidiary of the Group in Singapore. Due to the above arrangements, BWL will hive off its current direct selling business for Singapore to the new subsidiary, Best World Lifestyle (S) Pte. Ltd.
3. With effect from 1 January 2022, all direct selling activities conducted under Best World Lifestyle (Taiwan) Co., Ltd, an existing wholly owned subsidiary of the Group in Taiwan are hived off to another wholly owned subsidiary, Best World Taiwan Holdings Pte. Ltd. (Taiwan Branch).
4. The Group has accounted for BWL Thailand Co., Ltd as a subsidiary as the Group controls the relevant activities (including financial and operating policies) of the entity through a shareholders' agreement.
5. The Company and its wholly-owned subsidiary in Hong Kong, Best World Lifestyle (HK) Company Limited (BWLHK) incorporated a wholly-owned subsidiary in Macau Special Administrative Region in the People's Republic of China, known as BWL Macau Company Limited. The respective shareholdings held by the Company and BWLHK is 90% and 10% respectively.
6. The Group considers BWL General Trading L.L.C as a subsidiary of the Group, as the Group has management control over the entity through a shareholders' agreement.

BOARD OF DIRECTORS



Dora Hoan Beng Mui PBM
CO-CHAIRMAN
GROUP CEO / MANAGING DIRECTOR

Date of first appointment as a director:

11 December 1990

Date of last re-election as a director:

26 February 2021

**Length of service as a director
(as at 31 December 2021):**

31 years

Board committee(s) served on:

Nominating Committee

Academic & Professional Qualification(s):

- Bachelor's Degree in History, Nanyang University, Singapore
- MBA, National University of Singapore

**Present Directorships in listed companies
(as at 31 December 2021)**

- Best World International Limited

Other principal commitments

- Secretary, World Federation of Direct Selling Associations
- Chairman, Direct Selling Association of Singapore
- Chairman, World Learner Exchange Program Committee
- Co-Chairman, SPBA Lianhe Zaobao China Prestige Brand Award
- Past President & Council Member, ASME
- Chairman, ASME Mandarin Chapter
- Vice Chairman, Radin Mas CCC

Past Directorships held over the preceding three years in other listed companies (from 1 January 2019 to 31 December 2021)

Nil



Doreen Tan Nee Moi PBM
CO-CHAIRMAN
PRESIDENT

Date of first appointment as a director:

11 December 1990

Date of last re-election as a director:

22 June 2020

Date of next re-election as a director:

25 July 2022

**Length of service as a director
(as at 31 December 2021):**

31 years

Board committee(s) served on:

Nil

Academic & Professional Qualification(s):

- Applied Nutrition, American Academy of Nutrition

**Present Directorships in listed companies
(as at 31 December 2021)**

- Best World International Limited

Other principal commitments

- President, Health Supplements Industry Association (Singapore)
- Vice Chairman, ASEAN Alliance of Health Supplement Associations
- Patron, Pasir Ris West CCC
- Chairman of School Advisory Committee, Meridian Secondary School
- Member of Advisory Panel for Centre of Innovation for Complementary Health Products

Past Directorships held over the preceding three years in other listed companies (from 1 January 2019 to 31 December 2021)

Nil

BOARD OF DIRECTORS



Huang Ban Chin
EXECUTIVE DIRECTOR
AND CHIEF OPERATING OFFICER

Date of first appointment as a director:
13 September 1994

Date of last re-election as a director:
30 September 2021

**Length of service as a director
(as at 31 December 2021):**
27 years 3 months

Board committee(s) served on:
Nil

Academic & Professional Qualification(s):

- Bachelor of Science,
National University of Singapore

**Present Directorships in listed companies
(as at 31 December 2021)**

- Best World International Limited

Other principal commitments

- Director, Celligenics Pte. Ltd.
- Director, Pedal Pulses Limited

**Past Directorships held over the preceding
three years in other listed companies
(from 1 January 2019 to 31 December 2021):**
Nil



LEE SEN CHOON
CHAIRMAN OF AUDIT COMMITTEE
AND LEAD INDEPENDENT DIRECTOR

Date of first appointment as a director:
24 May 2004

Date of last re-election as a director:
30 September 2021

**Length of service as a director
(as at 31 December 2021):**
17 years 7 months

Board committee(s) served on:

- Audit Committee
- Remuneration Committee
- Nominating Committee

Academic & Professional Qualification(s):

- Bachelor of Science (Hons) degree,
Nanyang University, Singapore
- Post-Graduate Diploma in Management
Studies, University of Salford, United Kingdom
- Fellow of Institute of Chartered Accountants
in England and Wales
- Practising Member of Institute of Singapore
Chartered Accountants

**Present Directorships in listed companies
(as at 31 December 2021)**

- Best World International Limited
- Hor Kew Corporation Limited

Other principal commitments

- Senior Partner at UHY Lee Seng Chan & Co,
Chartered Accountants
- Director, Singapore Chinese High School
- Director, Hwa Chong International School
- Chairman of School Advisory Committee,
Xingnan Primary School

**Past Directorships held over the preceding
three years in other listed companies
(from 1 January 2019 to 31 December 2021)**

- Soon Lian Holdings Limited

BOARD OF DIRECTORS



Adrian Chan Pengee
CHAIRMAN OF
REMUNERATION COMMITTEE

Date of first appointment as a director:
3 January 2018

Date of last re-election as a director:
26 February 2021

**Length of service as a director
(as at 31 December 2021):**
4 years

Board committee(s) served on:

- Remuneration Committee
- Nominating Committee
- Audit Committee

Academic & Professional Qualification(s):

- LLB (Hons), National University of Singapore

**Present Directorships in listed companies
(as at 31 December 2021)**

- Best World International Limited
- Food Empire Holdings Limited
- Ascendas Funds Management (S) Limited
- Hong Fok Corporation Limited
- First REIT Management Limited

Other principal commitments

- Head of Corporate and Senior Partner, Lee & Lee
- Director, Shared Services for Charities Limited
- Director, Azalea Asset Management Pte Ltd
- Vice-Chairman, Singapore Institute of Directors
- Honorary Secretary, Association of Small and Medium Enterprises
- Member, Legal Service Commission
- Council Member, Law Society of Singapore
- Member, Singapore Management University's Enterprise Board
- Member, SGX Catalist Advisory Panel

Past Directorships held over the preceding three years in other listed companies (from 1 January 2019 to 31 December 2021)

- Global Investments Limited
- Yoma Strategic Holdings Ltd.
- AEM Holdings Ltd



Chester Fong Po Wai
CHAIRMAN OF
NOMINATING COMMITTEE

Date of first appointment as a director:
15 February 2019

Date of last re-election as a director:
22 June 2020

Date of next re-election as a director:
25 July 2022

**Length of service as a director
(as at 31 December 2021):**
2 years 10 months

Board committee(s) served on:

- Remuneration Committee
- Nominating Committee
- Audit Committee

Academic & Professional Qualification(s):

- Bachelor of Social Sciences, University of Hong Kong
- Master of Business Administration, University of Derby, United Kingdom
- Member of Hong Kong Institute of Certified Public Accountants
- Member of CPA Ontario

**Present Directorships in listed companies
(as at 31 December 2021)**

- Best World International Limited

Other principal commitments

- Senior Advisor to McKinsey & Company

Past Directorships held over the preceding three years in other listed companies (from 1 January 2019 to 31 December 2021)
Nil

Past principal commitments

- CFO, Greater Asia Division, Colgate-Palmolive
- Chairman and CEO, Greater China, Colgate-Palmolive

BOARD OF DIRECTORS



Li Lihui

ALTERNATE DIRECTOR TO
DORA HOAN BENG MUI

Date of first appointment as a director:
16 Jan 2019

**Length of service as a director
(as at 31 December 2021):**
2 year 11 months

Board committee(s) served on:
Nil

Academic & Professional Qualification(s):

- LLB (Hons), National University of Singapore
- Master of Science in Applied Finance, Singapore Management University
- Certified Health Coach, Institute of Integrative Nutrition, United States

**Present Directorships
(as at 31 December 2021)**

- Best World International Limited

Other principal commitments

- Director, The Dark Gallery Pte Ltd
- Director, Thirtythree Private Limited
- Director, Pedal Pulses Limited

Past Directorships held over the preceding three years in other listed companies (from 1 January 2019 to 31 December 2021)
Nil



Pek Wei Liang

ALTERNATE DIRECTOR TO
DOREEN TAN NEE MOI

Date of first appointment as a director:
16 Jan 2019

**Length of service as a director
(as at 31 December 2021):**
2 year 11 months

Board committee(s) served on:
Nil

Academic & Professional Qualification(s):

- Diploma in Electronics, Computer & Communications Engineering, Nanyang Polytechnic
- Certified Master Practitioner of Neuro-Linguistic Programming, Mind Transformations

**Present Directorships
(as at 31 December 2021)**

- Best World International Limited

Other principal commitments

- Director, So App Pte Ltd
- Director, Lure Haven LLP

Past Directorships held over the preceding three years in other listed companies (from 1 January 2019 to 31 December 2021)
NIL

KEY MANAGEMENT



Koh Hui

SENIOR GROUP
FINANCIAL CONTROLLER

Ms Koh joined Best World in 2003 and has served in a number of finance and managerial positions. In 2004, Ms Koh was appointed Group Finance Manager where she headed the finance team and was instrumental in the successful listing of the company. She was subsequently assigned as Deputy General Manager, Best World (Hunan) Health Sciences Company Ltd, China from 2008 to 2009. Her consistent work performance led to her promotion to Senior Group Financial Controller in 2013, where her current responsibilities include overseeing accounting, finance, treasury, risk management and tax functions of the group. She also assists the executive director on all investor relations matters.

Prior to joining Best World, Ms Koh served as a senior auditor with Ernst and Young. She holds a Bachelor of Accountancy from Nanyang Technological University of Singapore and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.



Sugiharto Husin

SENIOR GROUP MANAGER
INFORMATION SYSTEM

Sugiharto joined Best World in 2006 and is responsible for all aspects of information technology at the foundation, where he provides technological direction and partners with senior executives to design and plan complex global technology initiatives, project implementation strategies, organizational change management, communications, training programs and IT disaster recovery planning.

Sugiharto has been endeavouring in the IT field since 1993, working within the realms of software development, retail, healthcare and commerce industries. Prior to joining Best World, he was General Manager of IT Services in a local direct selling company. His experience in this industry enables him to effectively implement best practices and make IT one of Best World's competitive tools. Sugiharto holds a Bachelor's Degree with Honours in Computing & Information Systems from University of Central England. He is also a certified Architect for Enterprise Java Applications.



Dr Gan Kok Wee

SENIOR GROUP MANAGER
HUMAN RESOURCE DEVELOPMENT &
CULTURE COMMUNICATION

Dr Gan oversees the Group's education and training system. One of his key responsibilities is to design, develop and implement leadership training programmes for distributors and staff that meet the Group's vision and mission. He also works closely with the Group CEO in the strategic planning and development of the Group's human resources where his day-to-day operations include organising training workshops, one-to-one consultations, group facilitations and individual performance coaching of distributors.

Prior to joining Best World, Dr Gan has been in the education and training industry for more than 25 years, holding leadership positions in mainstream elementary to tertiary educational institutions as well as special education. He has over 20 years of coaching and mentoring experience with mature students in life skills acquisition and leadership development. Dr Gan holds double doctorate degrees in Computer Science from the National University of Singapore and Chinese Philosophy from East China Normal University.



Jerry Lu

SENIOR GROUP REGIONAL MANAGER
S.E.A. MARKET DEVELOPMENT

Mr Lu first joined the company as Marketing Manager in July 1995 and has been extensively involved in the strategic expansion and development of the Group's direct selling business within the region.

During this period, his consistent performance has led to his promotion as Senior Area Manager in 2007 and Regional General Manager in 2009. In 2011, he was subsequently appointed as Group Manager, Southeast Asia Market Development where his current role has been focused on the growth and development of the Group's interests in regions comprising Singapore, Thailand, Malaysia and Philippines.

These responsibilities include overseeing the strategic planning, business development, operational business processes of these individual markets and mapping out strategies to strengthen market networks. Mr Lu holds a Bachelor's Degree in Commerce (Information Systems) from Curtin University, Australia.

KEY MANAGEMENT



Jansen Tang

SENIOR COUNTRY MANAGER
BEST WORLD (CHINA) PHARMACEUTICAL
CO., LTD (HUNAN BRANCH) &
BEST WORLD LIFESTYLE (CHINA) CO., LTD &
BWL (HONG KONG) COMPANY LIMITED

SENIOR GROUP MANAGER
REGIONAL MEMBERSHIP & COMMISSION

Mr Tang joined the company in 2005 as a Management Trainee and was promoted as a Manager in 2006, where his responsibilities include supervising the calculation and distribution of bonus commission for distributors. His consistent performance saw him posted to China in 2007 to oversee the customer service and logistical operations for the Group's business in China. He was later promoted as Division Manager and subsequently as Group Manager, Regional Membership & Commission in 2010 and 2015 respectively. He assumed further responsibility as Deputy Country Manager, Hong Kong in 2012 and was subsequently promoted to Country Manager in 2015, where his role was expanded to include the strategic planning and business development in the region. In 2018, he was promoted to Senior Country Manager, China and Hong Kong. He is responsible for the overall supervision of our operational and business processes in China and Hong Kong.

Mr Tang holds a Bachelor's Degree in Psychology and Economics from National University of Singapore.



Simon Yeh Kuo Tang

SENIOR COUNTRY MANAGER
BWL (TAIWAN) CO., LTD

Appointed as the Senior Country Manager of Taiwan from February 1, 2016, Mr Yeh is a direct selling veteran with over 20 years of management experience within the Industry. His proven track record, coupled with his wealth of industry know-how, will be instrumental in propelling BWL Taiwan into the next level of development. With his management experience and deep-seated sensitivity of the Asian markets, Mr Yeh brings even greater diversity and capability to our regional management team.

Prior to joining Best World, Mr Yeh was the General Manager of 2 separate Direct Selling companies in Taiwan, over a span of 18 years. Mr Yeh holds a Bachelor's Degree in Economics from Tamkang University in Taiwan.



Ho Kok Tong

GENERAL MANGER
(MANUFACTURING/ WHOLESALE)
BEST WORLD (CHINA) PHARMACEUTICAL
Co., Ltd

Mr Ho has served in the past as General Manager of Operations and Corporate. In 2008, he was appointed as Country Manager for Taiwan and was subsequently promoted as Senior Country Manager in recognition of his consistent work performance and positive contributions. At the end of 2013, Mr Ho was appointed as Senior Group Manager, Business Development, as he returned to Singapore. His responsibilities included overseeing the strategic planning, business development and day-to-day operations of the Group.

Mr Ho was subsequently appointed as Acting Deputy General Manager, China in which he oversees the management and operations of our dietary supplement manufacturing subsidiary in Hangzhou City of China. A key function of his role is maintaining distributor relationships with the objective of further expanding the existing market share in China. With effect from 2016, he is designated as General Manager, Best World (China) Pharmaceutical Ltd for the Hangzhou operations.

Prior to joining the Group in 2007, Mr Ho has had more than 20 years of finance and managerial experience working in both MNCs and SMEs. He also has over 10 years of experience in marketing health-related products in Southeast Asia. He graduated with a Bachelor of Commerce (Hons) from Nanyang University and is a Fellow Certified Public Accountants of Singapore (FCPA Singapore).



Ang Ping

GROUP MANAGER
BRANDING

Mr Ang was appointed Group Manager, Branding since 2009 where he leads a brand management team that specialises in brand creation, extension and proliferation. He is responsible for overseeing the brand packaging, marketing collaterals and keynote presentation across the portfolio of skincare and health supplement brands. His team of designers and motion graphic specialists is also responsible for the development of video content for products and training, strengthening our digital presence and online training platform. His team also instrumental in the creation of the company's annual report and financial keynote presentation. In addition, Mr Ang also heads the company's corporate social responsibility initiative, the World Learner Student Exchange Scholarship which rewards underprivileged students with outstanding performance in schools, an opportunity to experience growth through travel and student immersion in Singapore.

Prior to Best World, Mr Ang spent over 10 years in brand consulting. His rich experience and expertise help maintain our brand experience refreshing and engaging at every brand touch point. Mr Ang holds an MBA from the University of Chicago Graduate School of Business.

KEY MANAGEMENT



Tan Hui Keng, Phyllis

GROUP MANAGER
SUPPLY CHAIN

Ms Tan joined Best World in 1997 as an Accounts Executive. She was promoted to Supply Chain Manager in 2005 and subsequently as a Division Manager, Supply Chain in 2008. In 2015, she was promoted to Group Manager, Logistic. In 2019, she assumed further responsibility with Warehouse Operations & Production grouped under Supply Chain function. Her responsibility includes managing the Group's inventory planning and supply chain management.

Ms Tan holds a Bachelor's Degree in Commerce from Murdoch University, Australia.



Lim Sze Huey

GROUP MANAGER
PRODUCT QUALITY

Ms Lim joined Best World in October 2008 as an executive in the product development team. She was promoted to Assistant Manager in 2010 and to Manager in 2012. Her consistent work performance led to her promotion to Product Development Senior Manager in 2013 and subsequently to Product Development Division Manager in 2015.

Ms Lim was appointed as our Group Manager, Product Development and Quality Control in March 2018. Her responsibility includes overseeing the product development, product management, quality assurance, regulatory affairs, digital and content marketing functions of the group.

Ms. Lim was awarded the Nanyang Scholarship and graduated from Nanyang Technological University with a Degree of Bachelor of Engineering (Chemical and Biomolecular Engineering) with a minor in Business in June 2008. During her tenure at Best World, she has also been continuously upgrading her professional knowledge and skills through attending courses in the different areas of product regulations, quality and standards, digital and content marketing, and management skills.



Angie Tiu

GROUP MANAGER
HUMAN RESOURCES AND ADMINISTRATION

Ms Tiu joined Best World International Ltd in 2015 as the Human Resources & Administration Manager for the Singapore Operations. She was promoted to Division Manager in 2017 and Group Manager in 2021 overseeing the Group's HR & Admin function.

Prior to joining Best World, Ms Tiu has worked in multiple companies including MNCs, SME and VVO.

Ms Tiu graduated from Ngee Ann Polytechnic with a Diploma in Business Studies. She also holds a Graduate Diploma in Personnel Management from the Singapore Institute of Management.



Cynthia Liu Qing

GROUP GENERAL COUNSEL

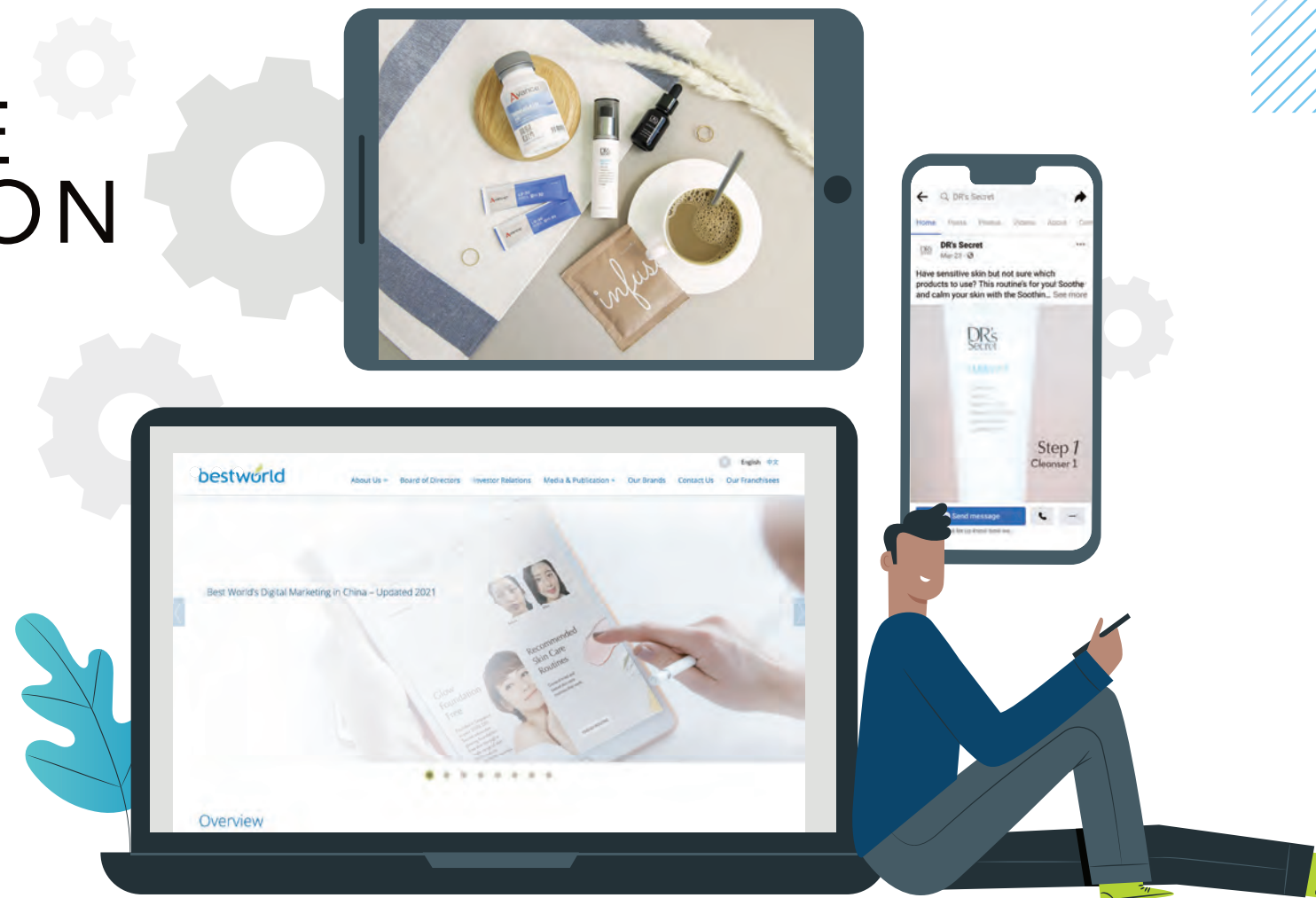
Ms Liu joined Best World in October 2019. She was promoted to Group General Counsel in 2022.

Ms Liu's current responsibilities include overseeing the Company's legal functions around the world, examining and drafting internal and external contracts, managing copyrights and trademarks and other intellectual properties of the Company. She is ensuring legal compliance regarding mergers and acquisitions (M&A) activity, employee safety and consumer protection. She is also overseeing compliance with corporate governance and establish the prudence of defending lawsuits and prosecuting.

Ms Liu worked in law firms in China, Germany and Singapore, specializing in corporate law and intellectual property law before moving in-house. She has more than ten years in-house experience in listed companies both in Hong Kong and Singapore.

Ms. Liu graduated from Ludwig Maximilian University of Munich (Munich University) with a Master's Degree of Law. During her tenure at Best World, she has also been continuously upgrading her professional knowledge and skills through Harvard Business School Online. She is also a certified and qualified Chartered Company Secretary.

CORPORATE INFORMATION



DIRECTORS

Dora Hoan Beng Mui
Co-Chairman,
Chief Executive Officer,
Managing Director

Doreen Tan Nee Moi
Co-Chairman,
Executive Director, President

Huang Ban Chin
Executive Director,
Chief Operating Officer

Lee Sen Choon
Lead Independent
Non-Executive Director

Adrian Chan Pengee
Independent
Non-Executive Director

Chester Fong Po Wai
Independent
Non-Executive Director

Li Lihui
Alternate Director to
Dora Hoan Beng Mui

Pek Wei Liang (Bai Weiliang)
Alternate Director to
Doreen Tan Nee Moi

AUDIT COMMITTEE

Lee Sen Choon
Chairman

Adrian Chan Pengee

Chester Fong Po Wai

REMUNERATION COMMITTEE

Adrian Chan Pengee
Chairman

Lee Sen Choon

Chester Fong Po Wai

NOMINATING COMMITTEE

Chester Fong Po Wai
Chairman

Dora Hoan Beng Mui

Lee Sen Choon

Adrian Chan Pengee

REGISTERED OFFICE

26 Tai Seng Street #05-01
Singapore 534057
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Facsimile: +65 6636 1531
Email Address: info@bestworld.com.sg
Website Address: www.bestworld.com.sg

PRINCIPAL BANKERS

Citibank N.A.
United Overseas Bank Ltd
Credit Suisse AG, Singapore Branch

SHARE REGISTRAR

Tricor Barbinder Share Registration
Services
80 Robinson Road #02-00
Singapore 068898

AUDITOR

Nexia TS Public Accounting Corporation
Singapore
Partner In-Charge: Ms. Lee Look Ling
(since financial year ended 31 December
2021)

[As at 30 June 2022]

FINANCIAL CALENDAR

25 July 2022

Annual General Meeting 2021

11 August 2022

Proposed announcement of first half year results ending 30 June 2022

10 November 2022

Proposed announcement of third quarter results ending 30 September 2022

24 February 2023

Proposed announcement of full year results ending 31 December 2022



CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of Best World International Limited (the “Company” or “Best World”) and its subsidiaries (the “Group”) firmly believes that good corporate governance is essential for the long-term sustainability of the Group’s business and performance. The Company is fully committed to maintain its high standard of corporate governance to ensure greater transparency, accountability and protection of shareholders’ interest.

This report, set out in a tabular form, describes the Company’s corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “2018 Code”) issued on 6 August 2018.

The Board confirms that for the financial year ended 31 December 2021 (“FY2021”), the Company has complied with the core principles of corporate governance laid down by the Code. The Company has also largely complied with the provisions that reinforce the principles of the 2018 Code, where applicable, and has provided appropriate explanations for variations from the provisions of the Code (namely, variations from Provisions 2.2, 2.3, 3.1, 3.2, 8.1, 11.4 and 11.6 as further described below), including the reason for variation and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code, in this report.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
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1.1	Directors are fiduciaries who act objectively in the best interests of the Company
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The Company is headed by an effective Board, comprising competent individuals with diversified background and collectively brings with them a wide range of experience to lead the Company.

The Board oversees the activities of the Group and assumes responsibility for the Group’s overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices and holds the management of the Company (the “**Management**”) accountable for performance. The Board has also put in place a code of conduct and ethics, sets an appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group, through the Group’s Code of Ethical Conduct, Anti-Corruption Policy, Gift & Entertainment Policy and Conflict of Interest Policy.

The Board’s principal functions are:

- Setting strategic and financial objectives of the Company and monitoring the performance of Management;

- b) Considering sustainability issues including environmental and social factors in the formulation of the Group's strategies;
- c) Approving annual budgets, funding requirements, expansion plans, capital investment, major acquisitions and divestment proposals;
- d) Approving nominations of board directors, committee members and key personnel;
- e) Overseeing the framework of internal controls to ensure its adequacy, make sure risks are assessed and managed, including safeguarding of shareholders' interests and the company's assets, accurate financial reporting and compliance with relevant laws, regulations and policies;
- f) Determining the Group's values and standards including ethical standards; and
- g) Approving transactions involving interested parties.

All directors exercise due diligence and independent judgment and are obliged to act in good faith and in the best interests of the Company. Where there are conflicts of interest, directors recuse themselves from discussions and decisions involving the issues of conflict.

1.2 Directors' induction, training and development

A formal letter is sent to newly appointed directors upon their appointment explaining their duties and obligations as a director. New directors, upon appointment, will be briefed during the orientation program on the overview of the business operations, the latest results announced, the company's corporate governance practices, regulatory regime, their duties as directors and the relevant committee's terms of reference. The director is also introduced to key management personnel and given the opportunity to visit the Group's operational facilities.

Board members are encouraged to attend seminars at least annually and receive training to keep abreast of current developments to properly discharge their duties as directors. The Company works closely with professionals to provide its directors with updates on changes to relevant laws, regulations and accounting standards. Our independent directors are also primarily engaged in their respective profession, keeping themselves updated in their fields of knowledge.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

New releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority which are relevant to the directors are circulated to the Board.

The Company Secretary and Management inform the directors of upcoming conferences and seminars relevant to their roles as directors of the Company.

Annually, the external auditors update the Audit Committee and the Board on new or revised financial reporting standards, in particular standards that could have a material impact on the Group's consolidated financial statements.

Training Attended By Directors	
2021	
Dora Hoan Beng Mui	Cybersecurity Awareness Training
Doreen Tan Nee Moi	Cybersecurity Awareness Training
	Storytelling for Regulatory Affairs – HSIAS
Huang Ban Chin	Cybersecurity Awareness Training
	LED2: Board Dynamics
	LED3: Board Performance
	LED5: Audit Committee Essentials
Chester Fong Po Wai	*RISE* Virtual: Discover WeChat Official Account Strategy
	LED1: Listed Entity Director Essentials
	LED2: Board Dynamics
	LED5: Audit Committee Essentials
Li Lihui	LED1: Listed Entity Director Essentials
	LED2: Board Dynamics
	LED3: Board Performance
	LED4: Stakeholder Engagement
	LED5: Audit Committee Essentials
	LED6: Board Risk Committee Essentials
	LED7: Nominating Committee Essentials
	LED8: Remuneration Committee Essentials
Pek Wei Liang	LED1: Listed Entity Director Essentials
	LED2: Board Dynamics
	LED3: Board Performance
	LED4: Stakeholder Engagement
	LED5: Audit Committee Essentials
	LED6: Board Risk Committee Essentials
	LED7: Nominating Committee Essentials
	LED8: Remuneration Committee Essentials
2022	
Chester Fong Po Wai	LED3: Board Performance
	LED4: Stakeholder Engagement
	LED7: Nominating Committee Essentials

Our Independent director, Chester Fong Po Wai has completed all except one course (LED8: Remuneration Committee Essentials) in the Listed Entity Directors Programme and targets to complete the course within 2022.

1.3 Matters requiring Board's approval

The Company has formulated guidelines setting forth matters reserved for the Board's decision. The Management was also given clear directions on matters including financial authorization and approval limits for operational matters and capital expenditure. The Board approves transactions exceeding certain threshold limits while delegating authority for transactions below these limits to Management to facilitate operational efficiency.

Certain material corporate actions that require the Board's approval are as follows: -

- quarterly results announcements;
- annual results and financial statements;
- recommendation of dividends;
- convening of shareholders' meetings;
- authorization of material acquisition and disposal of non-routine assets, investments and treasury products exceeding \$500,000;
- authorization of joint ventures, mergers and major transactions;
- internal audit reports;
- appointment of directors and key management personnel; and
- all corporate actions for which shareholders' approval is required.

1.4 Board Committees

To facilitate effective management, certain functions have been delegated to various board committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), each of whose members are drawn from members of the Board (together "Board Committees" and each a "Board Committee"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. For a summary of the activities of the AC, the NC and the RC during FY2021, please refer to Provisions 10.1, 4.1 and 6.4 respectively below.

1.5 Board Meetings and Attendance

The schedule of all the Board and the Board Committee meetings for the calendar year is usually given to all the directors well in advance. Besides the scheduled meetings, the Board has also held several informal discussions as and when required by specific circumstances, and as deemed appropriate by the Board members. The Company's Constitution allows a Board meeting to be conducted by means of telephone or similar communications equipment (which may include video conference). A record of the directors' attendance at general meetings and meetings of Board and Board Committees for FY2021, as well as the frequency of such meetings, is set out in **Table 1** below. Please also refer to Provision 4.5 below for further information regarding directors with multiple board representations.

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS, AGM AND EGM FOR FY2021

NAME	BOARD	AUDIT	REMUNERATION	NOMINATING	AGM	EGM	ATTENDANCE	
	No. Attended / No. of Meetings						Total	%
Dora Hoan Beng Mui	7/7	5/5	–	1/1	2/2	1/1	16/16	100%
Doreen Tan Nee Moi	7/7	5/5	–	1/1	2/2	1/1	16/16	100%
Huang Ban Chin	7/7	5/5	–	1/1	2/2	1/1	16/16	100%
Lee Sen Choon	7/7	5/5	1/1	1/1	2/2	1/1	17/17	100%
Adrian Chan Pengee	7/7	5/5	1/1	1/1	2/2	1/1	17/17	100%
Chester Fong Po Wai	7/7	5/5	1/1	1/1	2/2	1/1	17/17	100%
Li Lihui	7/7	5/5	–	1/1	2/2	1/1	16/16	100%
Pek Wei Liang (Bai Weiliang)	7/7	5/5	–	1/1	2/2	1/1	16/16	100%

1.6 Access to information

The members of the Board are provided with complete, adequate and timely information prior to Board meetings, and on an on-going basis. Requests for information by the Board are dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. These include relevant information and explanatory notes on matters that are presented to the Board, such as budgets, forecasts and business models.

In relation to budgets, any material variance between projections and actual results are disclosed and explained. Timely updates on developments in accounting matters, legislation, government policies and regulations affecting the Group's business operations are provided to all directors.

1.7 Access to Management and Company Secretary

The Board has separate and independent access to the Group's senior management and the Company Secretary at all times. During FY2021, the Non-Executive Independent Directors ("NEIDs") met quarterly and on an ad hoc basis with the Chairman and other key management personnel of the Group as and when required to discuss key issues and the challenges facing the Group. The Company benefited from the NEIDs having ready access to the Management for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings. The Board seeks independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The directors, whether as a group or individually, may seek and obtain legal and other independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their roles and responsibilities as directors.

The Company Secretary provides corporate secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary assists the Co-Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of Board proceedings. Under the direction of the Co-Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board

and the Board Committees and between senior management and non-executive directors. The appointment and replacement of the Company Secretary is a matter for the Board.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provisions Corporate Governance Practices of the Company

2.1 **Director Independence**

The Board comprises the following eight members, of whom three are executive directors (“EDs”), two are non-executive non-independent alternate directors (“NENIs”) and the remaining three are non-executive independent directors (“NEIDs”). Excluding the alternate directors, independent directors make up half the Board. A summary of the current composition of the Board and its committees is set out in Table 2:

Dora Hoan Beng Mui	Co-Chairman, Group CEO / Managing Director
Doreen Tan Nee Moi	Co-Chairman, President
Huang Ban Chin	Executive Director and Chief Operating Officer
Lee Sen Choon	Lead Independent Director
Adrian Chan Pengee	Independent Director
Chester Fong Po Wai	Independent Director
Li Lihui	Alternate director to Dora Hoan Beng Mui
Pek Wei Liang	Alternate director to Doreen Tan Nee Moi

Li Lihui and Pek Wei Liang were appointed as alternate directors to Dora Hoan Beng Mui and Doreen Tan Nee Moi respectively. The reason for the appointment of alternate directors is to support the principal directors in their duties in their absence. Li Lihui’s and Pek Wei Liang’s role as alternate directors are non-executive in nature and they receive no remuneration from the Company.

The NC, which reviews the independence of each director on an annual basis, adopts the 2018 Code’s definition of what constitutes an independent director. Each independent director is required to complete a declaration of independence which is drawn up in accordance with the guidelines set out in the Code and submits the same to the NC for assessment and consideration. None of the independent non-executive directors has a relationship with the Company, its related corporations, its substantial shareholders (holding 5% or more of the shares) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the company.

Concerning the independence of directors who have served on the Board beyond nine years, Mr Lee Sen Choon who was appointed on 24 May 2004, have served on the Board beyond nine years. The NC performs an annual review of his interests in which all potential or perceived conflicts (including time commitments, length of service and other issues relevant to their independence) are considered.

Where a director has served on the Board for more than nine years, the Board has further reviewed whether such a director should be considered independent. The following were some of the factors considered in reviewing the independence of the director who has served beyond nine years:

- (a) whether the director is free from any dealings, relationships or circumstances that could affect or appear to affect his independent judgement, particularly with regards to whether the Director has indicated or demonstrated an alignment or ongoing support for any specific group of stakeholders, instead of representing the interests of all stakeholders;
- (b) whether the length of service had any adverse impact on the director’s objectivity and judgement and whether during the tenure there had been any impairment to his ability to discharge his duties and responsibilities in the overall interest of the Group, taking into consideration the interests of all stakeholders; and
- (c) whether the director continues to exhibit a firm commitment to his role and continues to actively contribute his knowledge and experience to the Group;

After due consideration and with the concurrence of the NC, the Board is of the view that Mr Lee Sen Choon has demonstrated strong independence of character and judgment over the years in discharging his duties and responsibilities as an independent director and he does not have any existing business and/or professional relationship whatsoever with Best World group of companies and its officers who could possibly influence his objectivity in discharging his duty as an independent director of the Company. Taking into account the above, the Board has determined that Mr Lee Sen Choon continues to be considered independent, notwithstanding he has served on the Board for more than nine years from the date of his first appointment. Mr Lee Sen Choon had duly recused himself from the discussion and taking a decision in respect of his own independence.

Rule 210(5)(d) of the Listing Manual of the SGX-ST, requires a director who has been a director for an aggregate period of more than nine years (whether before or after listing) and whose continued appointment as an independent director (“ID”) to seek approval in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer. Accordingly, from 1 January 2022, a director will no longer be independent if he has been a director for an aggregate period of more than 9 years, unless his continued appointment as an ID has been sought and approved in separate resolutions by shareholders (“Two-Tier Vote”), as required under the 9-Year Rule.

In the Annual General Meeting held on 30 September 2021, Mr Lee Sen Choon stood for the two-tier vote by the shareholders and gained approval for his continued appointment as an independent director beyond 1 January 2022, until the earlier of: (i) the retirement or resignation of Mr Lee Sen Choon as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of the Resolution.

The Board also reviewed the performance of each independent director and considers each of these directors brings invaluable expertise, experience and knowledge to the Board and they continue to contribute positively to the Board and Board Committees. Each independent director continues to be committed to carry out his roles and responsibilities, ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, taking into account the long term interests of the Company’s stakeholders which include shareholders, employees,

customers and suppliers. The Board is satisfied as to the performance and continued independence of judgment of each of these directors.

2.2 **Independent directors make up a majority of the Board if Chairman is not independent**

The Co-Chairman of the Board and the Group Chief Executive Officer (“**Group CEO**”) of the Company is the same person, namely Dora Hoan Beng Mui. The Co-Chairman is part of the management team and is not an Independent Director. Where the Chairman is not independent, independent directors should make up a majority of the Board. In this regard, excluding the alternate directors, half the Board is made up of independent directors.

Whilst independent directors do not make up a majority of the Board, the culture practiced by the Board is to always to have a group consensus on major decisions before moving forward. Even without majority representation, any issue highlighted by any director is always looked into and properly addressed in a satisfactory manner.

Being leaders in their own field, our independent directors all exercise independent thought and have no difficulty speaking out and articulating their opinion on proposals or asking for more in-depth assessment to be performed before a decision is made as a whole, in their role to assist in the development of proposals on strategy by constructively challenging management and reviewing the performance of management.

The Board is of the view that the practices it had adopted are consistent with the intent of Principle 2 which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company is met and the independent directors have demonstrated high commitment in their role as directors and have always worked towards a good balance of power and authority and good corporate governance.

In addition, the Board has a lead independent director, Mr Lee Sen Choon to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Director is also available to address shareholders’ concerns when contact through the normal channels of the Chairman, the CEO, or Management (including the Group Chief Financial Officer, or equivalent) has failed to provide a satisfactory resolution or when such contact is inappropriate or inadequate.

2.3 **Non-executive directors make up a majority of the Board**

Excluding alternate directors, the Board is composed of executive directors and non-executive directors in equal proportion. Although this constitutes a variation from Provision 2.3 of the 2018 Code which provides that non-executive directors make up majority of the Board, the Board is of the view that the intent of Principle 2 is met as all Board Committees are chaired by non-executive independent Directors and no individual or small group of individuals dominate the decisions of the Board.

2.4 **Board Size and Board Diversity**

The Board believes that diversity promotes the inclusion of different perspectives and ideas from both genders, mitigates against groupthink and ensures that decisions made are well thought out, promoting better corporate governance. From time to time, members with different skillsets and experiences are brought in to bolster the Board with diverse skillsets, expertise and industry experience from both genders to spur new

ideas and to meet current and future business needs. At the same time, the Board is mindful of the complexity of decision making and costs that come with a large Board, hence the Board avoids appointing directors with overlapping specialized skillsets to enhance Board effectiveness, efficiency and avoid diminishing returns.

The Board is of the opinion that Best World has a diverse Board with an appropriate balance and diversity of skills, experience, age, gender, knowledge and professional qualifications and considers that the present Board size is appropriate, taking into account the nature and scope of the Group’s operations. The current Board comprises directors who as a group provide core competencies, such as business management experience, industry knowledge, financial and strategic planning experience and knowledge that are necessary and critical to meet the Group’s objectives. The biographies of all Board members are set out in the section entitled “Board of Directors”.

2.5 **Meeting of Independent Directors without Management**

As and when needed, the non-executive directors meet without the presence of management to review any matters that should be raised privately and provide feedback to the Board and/or Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions Corporate Governance Practices of the Company

3.1 Separation of roles of the Chairman and Chief Executive Officer (“CEO”)

Dora Hoan Beng Mui currently fulfils the role of Co-Chairman and Group CEO of the Group. As one of the founders and a substantial shareholder of the Company since its inception, she plays an instrumental role of developing the business of the Group and provides the Group with strong leadership and strategic vision. All major decisions are put up for Board discussion and endorsed by the Board as described in Provision 2.2 & 2.3.

3.2 Division of responsibilities between the Chairman and CEO

The Chairman provides leadership to the Board. Besides being responsible for board proceedings, the Chairman is also responsible for presenting the Board’s views and decisions to the public. The Group CEO is responsible for the day-to-day running of the Group and ensures that the Board’s decisions and strategies are translated to the working level.

As the Co-Chairman and Group CEO, Dora Hoan Beng Mui is responsible for Board processes and ensures the integrity and effectiveness of the governance process of the Board. With the assistance of the Company Secretary and Management, she schedules and prepares the Board meetings agenda. In addition, she sets guidelines on and ensures quality, quantity, accuracy and timeliness of information flow between the Board, Management and shareholders of the Company. She encourages constructive exchanges between the Board and Management and between the executive directors and the independent directors. By virtue of the dual roles, the Co-Chairman and Group CEO had been able to consistently ensure that Board decisions and strategies are implemented seamlessly. The sustained growth of the Group under her leadership as both

Co-Chairman and Group CEO is an indication of her ability to execute the responsibilities of both these roles effectively.

3.3 **Lead Independent Director**

As mentioned in Provision 2.2, the Board has appointed Mr Lee Sen Choon, a NEID, as the Lead Independent Director. Mr Lee Sen Choon will be available to shareholders where they have concerns, and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. In view of the above, the Company believes that the existing practices are consistent with the intent of Principle 3 of the 2018 Code and believe there are adequate safeguards to prevent an individual from having unfettered powers of decision making.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions Corporate Governance Practices of the Company

4.1 **Role of Nominating Committee**

The Board, in conjunction with the NC, reviews the composition of the Board and Board Committees annually, taking into account the performance and contribution of each individual director and identifying areas that have potential for improvement. Board composition is also evaluated to ensure diversity of skills, experience, gender and age diversity are maintained within the Board and Board committees.

The duties of the NC stipulated in its terms of reference are summarized as follows:

- a) To make recommendations to the Board on all board appointments;
- b) To re-nominate directors with regards to their contribution and performance;
- c) To determine annually whether a director is independent;
- d) To review the composition of the Board and make recommendations on the performance criteria and appraisal process to be used for the evaluation of the individual directors; and
- e) To assess the effectiveness of the Board as a whole and decide if each director has been adequately carrying out his or her duties.

Summary of NC's activities in 2021

- Reviewed the Board's composition and size, Director's tenure, competencies and outside commitments, Board and Committee education, nomination of directors for re-election;
- Reviewed the major themes arising from the annual Board Committees and Board performance review process and considered whether any aspects of the Board's oversight framework could be strengthened;
- Reviewed and recommended training and professional development programmes for the Board and its directors;

- Reviewed the Director's independence criteria and assessment process, including a rigorous peer review on the independence of Mr Lee Sen Choon, who served on the Board for more than nine years; and
- Reviewed the Board Diversity policy, set targets and timeline for targets where applicable to achieve the stipulated diversity to serve the needs and plans of the Company.

4.2 **Composition of NC**

The NC, regulated by a set of written terms of reference, comprises four members, one of whom is an executive director and three of whom, including the Chairman, are NEIDs. The lead independent director is a member of the NC.

Chairman : Chester Fong Po Wai (Independent Non-Executive Director)

Member : Dora Hoan Beng Mui (Co-Chairman, Group CEO / Managing Director)

Member : Lee Sen Choon (Lead Independent Non-Executive Director)

Member : Adrian Chan Pengee (Independent Non-Executive Director)

4.3 **Board Renewal and succession planning**

The NC is responsible for identifying and recommending new board members to the Board. In the selection process for the appointment of new directors, the NC reviews the diversity in skills, experience, gender, age and industry knowledge as well as the desired competencies of the potential candidate. The objective is to boost the Board's competency and add to the diversity of skills to enhance the Board's overall effectiveness. Relevant competencies such as (i) academic and professional qualifications; (ii) number of other directorships; (iii) relevant experience as a director; and (iv) ability and adequacy in carrying out required tasks are also considered by the NC.

The NC leads the process for Board appointments/re-appointments and makes recommendations to the Board. The process of appointment/re-appointment is as follows:

- (i) developing a framework on desired competencies and diversity of the Board;
- (ii) assessing current competencies and diversity of the Board;
- (iii) developing desired profiles of new directors;
- (iv) initiating search for new directors from various sources, including third party search firms and institutions,
- (v) shortlisting and interviewing potential director candidates;
- (vi) recommending appointments and retirements to the Board; and
- (vii) re-election at general meeting.

In accordance with the Constitution, at each AGM, 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), selected in accordance with Regulation 93, shall retire from office by rotation (in addition to any Director retiring pursuant to Regulation 92). In addition, all directors, including executive directors, must submit themselves for re-nomination and re-appointment at least once every three years in accordance with Rule 720(5) of the SGX-ST Listing Rules (Mainboard).

All newly appointed directors will have to retire at the next AGM following their appointments. The retiring directors are eligible to offer themselves for re-election. The following directors will retire by rotation at the forthcoming AGM and have been re-nominated for re-election:

Doreen Tan Nee Moi (Regulation 93)

Chester Fong Po Wai (Regulation 93)

The NC has recommended the nomination of the directors retiring by rotation for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors, being eligible, will be offering themselves for re-election at the forthcoming AGM.

The profile of all Board members is set out in the section entitled 'Board of Directors'. The date of the directors' initial appointment and last re-election and their directorships/principal commitments are also disclosed. Except as disclosed, there were no other directorships or chairmanships held by the directors over the preceding three years in other listed companies.

4.4 **Continuous Review of Director's Independence**

The NC determines the independence of each director annually, and as and when circumstances require, based on the definitions and guidelines of independence as set forth in Provision 2.1 above. The Board, after taking into consideration the views of the NC, is of the view that Messrs Lee Sen Choon, Adrian Chan Pengee and Chester Fong Po Wai are independent. Please also refer to Provision 2.1 above for further information on the declaration of independence submitted by the independent directors to the NC for assessment and consideration.

4.5 **Multiple listed company directorships and other principal commitments**

The NC adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The Board has determined that directors should not concurrently hold more than six listed company board representations. Where a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.

Li Lihui and Pek Wei Liang were appointed as alternate directors to Dora Hoan Beng Mui and Doreen Tan Nee Moi respectively.

The NC also ensures that new directors are aware of their duties and obligations. Please also refer to Provision 1.2 above on the induction, training and development provided to new and existing directors.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

<u>Provisions</u>	<u>Corporate Governance Practices of the Company</u>
5.1	<p>Assessment of effectiveness of the Board and Board Committees and assessing the contribution by individual directors</p> <p>The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board, the Board Committees and the contributions by each individual director. The NC is also responsible for deciding how the Board's performance may be evaluated and considers practical methods to assess the effectiveness of the Board, Board Committees and the individual director.</p>
5.2	<p>The NC has adopted a formal system of evaluating the Board, annually. A Board performance evaluation was carried out and the assessment parameters include evaluation of the Board's composition, size and diversity, Board processes and procedures, Board accountability, evaluation and succession planning. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.</p> <p>The evaluation of Board's performance deals with matters on Board composition, information to the Board, Board procedures, Board accountability, the Board's preparedness to deal with problems and crisis, the functioning of the Board Committees, CEO / Top Management and standards of conduct. The Board Committees' evaluation deals with the efficiency and effectiveness of each committee in assisting the Board. The criteria for the evaluation of individual director include amongst others, attendance at meetings, directors' duties, their contribution to the testing and development of strategy and to risk management, know-how and interaction with fellow directors, senior management, shareholders and auditors.</p> <p>The completed forms are returned to the Company for compilation of the average scores. The compiled results are then tabulated and presented at the NC Meeting for the NC's review. The Chairman of the NC will then present the deliberations of the NC to the Board.</p> <p>No external facilitators were used in the assessment of the Board as a whole, its Board Committees and the individual directors.</p>

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions Corporate Governance Practices of the Company

6.1 **RC to recommend remuneration framework and packages**

The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework and specific remuneration packages for the directors and key management personnel of the Group.

The duties of the RC under its terms of reference are as follows:

- a) reviewing and recommending to the Board, a remuneration policy framework and guidelines for remuneration of the Board and the CEO and key management personnel;
- b) determining specific remuneration packages for each of the directors and key management personnel covering all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
- c) seeking expert advice inside and / or outside the Company on remuneration of all directors, if necessary, and ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- d) periodically considering and reviewing remuneration packages in order to maintain their attractiveness, so as to retain and motivate the directors and key management personnel; and
- e) considering the implementation of schemes to encourage non-executive directors to hold shares in the Company so as to better align the interests of such non-executive directors with the interests of shareholders.

The RC's considerations and recommendation for the fee framework of NEIDs had been made in consultation with the Co-Chairman of the Board and had been endorsed by the entire Board, following which the recommendation is tabled for shareholders' approval at the Company's AGM. No member of the RC or the Board participated in the deliberation of his/her own remuneration.

6.2 **Composition of RC**

The RC, regulated by a set of written terms of reference, comprises the following three independent non-executive directors as at the date of this report:

Chairman: Adrian Chan Pengee
Member: Lee Sen Choon
Member: Chester Fong Po Wai

6.3 **RC to consider and ensure all aspects of remuneration is fair**

The RC considers all aspects of remuneration, namely, director's fees, salaries, allowances, bonuses, share-based incentives and awards, other benefits-in-kind and termination terms, to ensure that they are fair. The remuneration packages of the executive Directors are based on their respective service agreements. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive directors.

6.4 **Expert advice on remuneration**

No independent consultant is engaged for advising on the remuneration of all directors and key management personnel. In its deliberations on remuneration matters, the RC takes into consideration industry practices and norms in compensation in addition to the Group's relative performance to the industries it operates in as well as the employment conditions within those industries and the performance of the individuals.

Summary of RC's activities in FY2021

- Reviewed the remuneration level of executive directors;
- Reviewed the remuneration package of employees who are substantial shareholders, or are immediate family members of a director or CEO or substantial shareholder;
- Agreed with the remuneration packages for key management personnel;
- Reviewed and discussed the optimal scope of key management executive remuneration packages that should come under the purview of the RC;
- Reviewed the next renewal of the service agreements of executive directors and remuneration benchmarking; and
- Reviewed the remuneration level of NEIDs.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions Corporate Governance Practices of the Company

7.1 and 7.3 **Remuneration of executive directors and other key management personnel are appropriately structured to link rewards to performance**

The remuneration of the Company's directors and key management personnel has been formulated to attract, retain and motivate individuals the Group relies on to provide good stewardship to the Company, achieve its business strategy and create long-term value for its shareholders. The RC believes that fair performance-related pay should motivate good corporate and individual performance and that rewards should be closely linked to and commensurate with it.

Executive directors do not receive directors' fees. They have service agreements with the company that are renewed every three years. In addition to the basic salary component and benefits-in-kind, the executive directors' remuneration is linked to performance via a tiered incentive bonus based on profit before tax. The RC reviews the audited group

financial results against the targets achieved before approving the distribution of the annual incentive bonus.

The Co-Chairman is consulted by the RC on matters relating to the other executive directors and key management personnel who report to her on matters relating to the performance of the Company. She duly abstained from participation in discussions and decisions on her own remuneration.

From time to time where appropriate and at the renewal of the service agreements, the RC reviews the service contracts of the Company's executive directors. The compensation commitments in service contracts are reviewed periodically and notice periods for termination are also reviewed to ensure that they are not excessively long. The Company has entered into separate service agreements with the executive directors.

Key management remuneration comprises basic salary and a variable bonus which is based on individual and Group performance as a whole for that year. Key performance indicators that determine performance are different for each key management personnel.

The Company has contractual provisions for key management positions whereby the Company shall have the right to reclaim all or any portion of bonus payment within the last three fiscal years in the event of significant restatement of the Company's financial statements due to fraud or misconduct committed by the bonus recipient.

Long Term Incentive Scheme

The Company has an employee share award scheme known as the BWI Performance Share Scheme (the "Scheme"), administered by the RC. The Scheme provides an opportunity for employees who met performance targets to receive their bonus through an equity stake in the Company instead of receiving cash, based on the market closing price on the day that the share award vests. The Circular to Shareholders dated 8 April 2009 containing the details of the Scheme is available to shareholders upon their request.

In 2018, 231,600 shares were granted through the use of our treasury shares on 18 April 2018 to employees who opted into the Scheme. No new shares have been issued during the financial year by virtue of the grant of share awards under the Scheme.

The Scheme was at the end of its 10-year duration and was discontinued on 30 April 2019.

7.2 **Remuneration of non-executive director dependent on contribution, effort, time spent and responsibilities**

The independent non-executive directors are paid director's fees, consisting of a base fee for their appointments in the Board and its committees, fees for chairing each board committee and taking up additional appointment of Lead Independent Director, based on their effort and time spent to fulfil their responsibilities.

The fee structure is as follows:

	S\$
Base fee for appointments in the Board and its committees	67,000
Additional fee for chairing each Board Committee	13,000
Additional fee for appointment as Lead Independent Director	2,000

The RC had recommended to the Board an amount of S\$242,000 as Directors' fees to be paid for FY2021, which will be tabled for shareholders' approval at the forthcoming AGM. Fees for independent non-executive directors are subject to the approval of shareholders at the AGM.

DISCLOSURE OF REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions Corporate Governance Practices of the Company

8.1 **Remuneration disclosures of directors and key management personnel; Details of employee share schemes**

For competitive reasons and difference in salary benchmarks across the countries the Group operates in, the Company discloses the remuneration of individual executive directors and the top five key management personnel on a named basis in bands of S\$250,000. The Board's view is that it is not in the Company's interest to disclose the exact remuneration of each individual director and the CEO, taking into consideration the highly competitive human resource environment for such personnel, and that such disclosure of specific remuneration information may give rise to recruitment and retention issues. The Company believes that shareholders' interest will not be prejudiced by the non-disclosure of each individual director's and the CEO's individual remuneration.

Please also refer to Provisions 7.1 and 7.2 above for further details on the Company's policy and criteria for setting remuneration. The Company is of the view that through the disclosures made in the Annual Report, there is sufficient transparency in its practices which are consistent with the intent of Principle 8 of the Code.

	Remuneration Bands / Remuneration	Salary ¹ (%)	Bonus (%)	Benefits-in-kind (%)	Fees (%)	Total (%)
Executive Directors						
Dora Hoan Beng Mui	\$12,750,000 to \$13,000,000	7	92	1	–	100
Doreen Tan Nee Moi	\$12,750,000 to \$13,000,000	7	92	1	–	100
Huang Ban Chin	\$7,750,000 to \$8,000,000	8	91	1	–	100
Independent Directors						
Lee Sen Choon	\$82,000	–	–	–	100	100
Adrian Chan Pengee	\$80,000	–	–	–	100	100
Chester Fong Po Wai	\$80,000	–	–	–	100	100
Top Five Key Management Personnel						
Jansen Tang	\$1,750,000 to \$2,000,000	12	88	–	–	100
Simon Yeh	\$1,500,000 to \$1,750,000	14	86	–	–	100
Jerry Lu	\$500,000 to \$750,000	29	71	–	–	100
Koh Hui	\$500,000 to \$750,000	40	59	1	–	100
Sugiharto Husin	\$500,000 to \$750,000	39	60	1	–	100

¹ Comprises salary and all CPF contributions

There are no extraordinary termination, retirement and post-employment benefits granted to the directors and the top five key management personnel. Compensation for immediate termination is the notice period remuneration unless termination is due to misconduct, where no compensation will be granted.

The aggregate of the total remuneration paid to the top five key management personnel for FY2021 was S\$5,128,906.

8.2 Remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company

Details of the remuneration of employees who are immediate family member (defined in the Listing Manual as the spouse, child, adopted child, stepchild, brother, sister and parent) of a director, the CEO or a substantial shareholder, in the employment of the Company whose annual remuneration exceeded S\$100,000 during FY2021 are disclosed as follows:

Immediate Family Member of Director	Relationship with Director	Designation	Remuneration Bands
Hoan Beng Hua	Brother of Dora Hoan Beng Mui	Senior Production Supervisor	\$100,000 – \$200,000

8.3 Details of Employee share schemes

There was no employee share scheme offered by the Company during the year. Disclosure on all forms of remuneration are sufficiently disclosed in this report under Principles 6, 7 and 8 and in the financial statements of the Company and the Group.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provisions Corporate Governance Practices of the Company

9.1 Board determines the nature and extent of risks

The Board has instituted risk tolerance levels to guide Management in the course of operations and achieving its strategic objectives. These tolerance levels were drafted based on the top risks identified by the Enterprise Risk Management (“ERM”) committee. Board approval is required for initiatives involving greater risk exposures that exceed the predetermined levels. The Group’s Investment Guideline Policy sets out the policies and guidelines for investments of more than S\$500,000. Pursuant to the Investment Guideline Policy, all investments must be initiated by the Directors and assisted by the Treasury Division of the Finance department and Corporate Legal Manager of the Company. Once

a potential investment is identified, the target will be brought to the attention of the Board in writing or during a board meeting. A working group which includes but is not limited to the management, legal counsel, certified public accountants, as well as relevant employees which the directors assign to be in the working group, will be formed. A financial adviser may also be involved for material transactions where appropriate. Upon completion of the due diligence and valuation exercises, the working group will present the final investment proposal to the Board for approval. In accordance with Chapter 10 of the Listing Manual of the SGX-ST, the investment may also be conditional upon the approval of the Company’s shareholders and the SGX-ST. Completed investments will be analysed during the board meetings on a half-yearly basis as part of the enterprise risk management updates.

The ERM Committee comprises the Executive Director and Chief Operating Officer – Mr Huang Ban Chin, department heads and chaired by the Lead Independent Director – Mr Lee Sen Choon who assists the Board on risk management. The key components of the Company’s risk management framework include:

- Risks assessment – Risks that the Company is exposed to are identified, assessed and updated in the risk register. The risks are rated and ranked according to the likelihood and its impact. Top risks are highlighted for extra emphasis.
- Risks monitoring – Risks are monitored through internal audits, internal reviews, questionnaires circulated to subsidiary management and the control self-assessment (“CSA”) programme.
- Risks response & risks reporting – The ERM committee holds regular meetings to discuss risk issues, new initiatives and reports material findings uncovered from risk monitoring. These meetings are thoroughly minuted and form part of the Board papers presented to the Board. Key risks exposures and statuses are also compiled in a risk reporting summary and submitted for Board review.

The top 5 risks faced by the Group are identified below:

- 1) Epidemic outbreaks in the countries we operate in, requiring focus on protection of our sales channels and staff safety.

Most recently, the Covid-19 pandemic has been disrupting business landscapes globally. Unprecedented and highly contagious, it has caused lockdowns of cities and country borders all over the world. Due to its scale, it is managed at a government level, with national policies being rolled out for compliance. Businesses are forced to adopt social distancing measures and explore online sales channels to avoid physical contact and virus spread. We continue to invest in our IT infrastructure to bring our business online and monitor government policies closely to do our part to prevent virus spread and protect our staff from the pandemic.

- 2) Sudden discontinuation of key products

Although BWI has a wide range of products, a few products within the range form the major part of revenue. For example, our DR’s Secret range of skincare products form the major part of our revenue. Discontinuation of products can arise because of restrictions of certain product ingredients imposed by the authorities. These changes in regulations are not controllable by BWI and unfavourable changes can occur despite having met initial requirements. The product development team keeps track of regulatory requirements of the countries that the company operates

in. BWI also engages agents in those countries to advise on local requirements and updates. The product development team consistently seeks to enlarge the product range to reduce reliance on any single product. Moreover, we have alternative suppliers for our key products who are ready to cover the shortfall should any supplier fail.

3) Disruption in supply

Our head office supplies the regional centers with inventory. A forecast is prepared by the regional centre to enable head office to determine how much should be ordered from the supplier. As these forecasts are based on estimates, the regional centers risk facing stock shortage when sales exceed their forecast. On the other hand, ordering too much results in higher storage costs and stock obsolescence. We regularly review sales forecasts, monitor custom regulations, maintain buffer stocks and work with our suppliers to minimize disruptions.

4) Non-compliance with regulatory requirements

As regulations catch up with the business landscape, regulatory requirements have not only increased both in scope and depth but are accompanied by tight deadlines. As BWI operates in more countries, these deadlines if not met by any subsidiary, may lead to non-compliance of regulatory requirements, hence presenting a more significant risk to the Group. The Group monitors the compliance of such requirements and where necessary, seek the advice of local consulting firms on matters that require significant expertise. Internal and external audits are conducted periodically to monitor the entities' operations.

5) Unfavourable foreign exchange movement

As the Group operates internationally, revenue is generated in various currencies. Although subsidiaries are required to remit excess cash, the company still has foreign currency exposure should local currency fluctuate significantly against the Singapore dollar. BWI monitors monetary policy changes, major currency exposures and attempt to fix rates where feasible to minimize unfavourable exchange rate fluctuations.

The CSA programme established provides a framework to obtain feedback on the state of internal controls. The programme requires subsidiaries to review and report annually on the effectiveness of controls and the control environment to HQ and significant findings are reported to the Board. Periodically, internal audit and independent reviews would be conducted to validate the self-assessments.

Based on the system of internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at 31 December 2021.

The internal controls maintained by the Management provide reasonable but not absolute assurance against material misstatements or loss, and the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with relevant legislation, regulation and best practice and containment of business risk.

9.2

Assurance from the Co-Chairman, Group CEO / Managing Director, Senior Group Financial Controller and other key management personnel

The Board has received assurance from (a) the Co-Chairman, Group CEO / Managing Director and the Senior Group Financial Controller that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Co-Chairman, Group CEO / Managing Director and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provisions

Corporate Governance Practices of the Company

10.1

Duties of AC

The AC assists the Board in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal control. The duties of the AC are as follows:

External Audit

- a) review with the external auditors and Management on the following:-
 - i) the audit plan;
 - ii) significant financial reporting issues and judgments so as to ensure integrity of the financial statements of the company and any announcements relating to the company's financial performance;
 - iii) their audit report; and
 - iv) their management letter and Management's response;
- b) ensure co-ordination where more than one audit firm is involved;
- c) review the quarterly, half-year and annual financial statements and earnings releases before submission to the Board for approval;
- d) meet with the external auditors and internal auditors at least once a year in the absence of Management to discuss issues arising from the audit, including the assistance given by the Management to the auditors;
- e) report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- f) undertake such other reviews and projects as may be requested by the Board;
- g) undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;

- h) consider and recommend to the Board, the appointment / re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- i) review the independence of the external auditors annually and the aggregate amount of fees paid to the external auditors for that financial year and a breakdown of the fees paid in total for audit and non-audit services; and
- j) ensure that the External Auditor has direct and unrestricted access to the Chairman of the Board and the AC.

Internal Audit

- a) review and report to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance and information technology controls;
- b) review internal audit programme and the scope and results of the internal audit and its effectiveness;
- c) review the appointment, removal, evaluation and compensation of the internal audit function;
- d) review and monitor Management's responsiveness to the internal audit findings and recommendation; and
- e) ensure that the Head of Internal Audit has direct and unrestricted access to the Chairman of the Board and the AC.

Interested Person Transactions ("IPT")

- a) approve the internal control procedures and arrangements for all future related party transactions to ensure that they are carried out on arm's length basis and on normal commercial terms;
- b) review transactions falling within the scope of Chapter 9 (Interested Person Transactions);
- c) consider the need for a general mandate for IPT and obtain independent advisory support, if required;
- d) where a general mandate is being renewed, consider if the basis of determining the transaction process is adequate to ensure fair transaction terms;
- e) direct Management to present the rationale, cost-benefit analysis and other details relating to IPT subject to specific mandate; and
- f) receive report from Management and internal audit on IPT.

Internal Control

- a) assess the effectiveness of the internal control and risk management systems established by the Management to identify, assess, manage and disclose financial and non-financial risks at least once a year;

- b) review the statements included in the annual report on the Group's internal controls and risk management framework;
- c) review reports from Management and internal auditors on the effectiveness of the systems for internal control, financial reporting and risk management; and
- d) review the Group's procedures for detecting fraud and whistleblowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Risk Management

- a) advise the Board on the Group's overall risk tolerance and strategy;
- b) oversee and advise the Board on the current risk exposures and future risk strategy of the Group;
- c) in relation to risk assessment, (i) keep under review the Group's overall risk assessment processes that inform the Board's decision making; (ii) review regularly and approve the parameters used in these measures and the methodology adopted; and (iii) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- d) review the Group's capability to identify and manage new risk types;
- e) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focusing particularly on risk aspects and implications for the risk tolerance of the Group, and taking independent external advice where appropriate and available;
- f) provide advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;
- g) review promptly all relevant risk reports on the Group; and
- h) review and monitor the Management's responsiveness to the findings.

Apart from the above duties, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law or regulation or rules of the SGX-ST or any other regulatory authority in Singapore which has or is likely to have a material impact on the operating results and/or financial position.

In performing its duties, the AC:

- (i) has met with the internal and external auditors, without the presence of management, at least once a year;
- (ii) has explicit authority to investigate any matter within its terms of reference;
- (iii) has had full access to and cooperation from Management and has full discretion to invite any director and executive officer to attend its meetings; and
- (iv) has been given reasonable resources to enable it to discharge its functions properly.

The AC noted that there were no non-audit services provided by the external auditors to the Company in FY2021 that may impair the independence or objectivity of the external auditors of the Company. As at 31 December 2021, total fees paid/payable amounted to S\$485,948, fully comprising of audit fees.

The AC had recommended to the Board that the auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment as auditor at the forthcoming AGM of the Company.

The auditor, Nexia TS Public Accounting Corporation, have indicated their willingness to accept reappointment.

In recommending the re-appointment of the auditor, the Audit Committee considered and reviewed various factors including the adequacy of resources, the experience of the auditing firm and the audit engagement partner, the firm's other audit engagements, the number and experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations. Accordingly, the AC has recommended the re-appointment of Nexia TS Public Accounting Corporation as external auditors at the AGM of the Company.

Rule 1207(18A) and Rule 1207(18B) of the SGX-ST Listing Manual

The Group has a whistle blowing policy where employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The policy establishes a confidential line of communication for the reporting of issues/ concerns to any one of the Audit Committee members or the HQ Compliance Team and provides for the protection of those who raise a concern in good faith against harassment or victimization. The complainant's identity shall also be kept confidential to the extent reasonably practical within the limits of the law.

The Audit Committee is the custodian of the policy and responsible for the overall oversight and monitoring of the policy and its implementation. The policy sets out the procedures and processes by which the HQ Compliance Team assesses and reviews (in consultation with the Audit Committee and/or ERM committee where appropriate or necessary) the nature of the complaint, the appropriate independent investigation to be conducted, the outcome of such investigation and the follow up action to be taken. There was no reported incident pertaining to the whistle blowing policy in FY2021.

Summary of AC's activities in FY2021

- (i) reviewed the financial statements of the Company before the announcement of the Company's quarterly and full-year results;
- (ii) together with the COO and Senior Group Financial Controller and where applicable, the external auditors, reviewed the key areas of Management's judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;
- (iii) reviewed and approved both the Group internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Company;
- (iv) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;
- (v) reviewed non-audit fees;
- (vi) reviewed the appointment of different auditors for its subsidiaries;

- (vii) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;
- (viii) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues;
- (ix) reviewed interested party transactions;
- (x) reviewed with the COO, Senior Group Financial Controller and external auditors on the changes to accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements;
- (xi) reviewed the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 as well as the Independent Auditor's Report thereon before submitting them to the Board for its approval; and
- (xii) reviewed the change of auditors of the Group.

Financial Reporting Matters

In the review of the financial statements for FY2021, the following significant matters impacting the financial statements and its disclosures were reviewed by the Audit Committee and discussed with Management and the external auditors.

Significant Matter	Comments by the Audit Committee
Business model in China	<p>The Audit Committee notes that the Franchisee business model had been reviewed by two legal firms, Merits and Tree (Beijing) Law Office and Dentons Beijing Office. Both arrived at similar conclusions that the risk of the Group's operations' non-compliance with the direct selling and Chuan Xiao laws in China is remote and legal searches did not return any indications that the subsidiaries were subject to administrative penalties relating to Chuan Xiao.</p> <p>The Audit Committee was satisfied with the work done by the external auditor to understand the business model, review the legal opinions issued by the two legal firms, perform independent searches to identify any legal and compliance issues relating to the subsidiaries, review the service agreements and fees paid to the third party promotional companies, perform independent searches on the business profile of the promotional companies, consider relevant accounting standards and ensure the adequacy of disclosures in the financial statements.</p>
Revenue recognition	<p>The Audit Committee discussed the key audit matter with the external auditors and is satisfied with the audit methodology performed by the external auditors over revenue, which includes testing controls in place over revenue cycles, evaluating management's assessment of SFRS(I) 15 - <i>Revenue from Contracts with Customers</i>, performing test of details and cut-off procedures at year end, reviewing credit notes subsequent to year end, attending year-end stock take, verifying delivery of goods as well as tracing receipt of funds to bank statements.</p>

Significant Matter	Comments by the Audit Committee
Valuation of put and call option	<p>The Audit Committee was apprised of the work done by the external auditor in assessing the independence and competency of the valuer, the appropriateness of the valuation methodologies, the reasonableness of inputs and assumptions and also consider the adequacy of the disclosures in the financial statements.</p> <p>The Audit Committee considers the valuation approach, estimates and assumptions adopted and disclosures in the financial statements to be appropriate.</p>

Rule 1207(6) and Rules 712 and 715 and/or Rule 716 of the SGX-ST Listing Manual The Board and AC have reviewed the appointment of different auditors for some of its subsidiaries and significant associated companies and were satisfied that such appointment would not compromise the standard and effectiveness of the audit of the Group and that Rule 716 of the Listing Manual has been complied with. Refer to Note 16 Investment in subsidiary corporations of the Notes to the Consolidated Financial Statements for the subsidiaries audited by different auditors.

In appointing the audit firms for the Company, its subsidiaries and significant associated companies, the Audit Committee and the Board are satisfied that the Group has complied with Listing Rules 712, 715 and 716.

10.2 Composition of AC

The AC, regulated by a set of written terms of reference, comprises three NEIDs, all of whom are non-executive, and the majority of whom, including the AC Chairman, are independent.

Chairman: Lee Sen Choon
Member: Adrian Chan Pengee
Member: Chester Fong Po Wai

The AC Chairman, Lee Sen Choon, has more than 30 years of experience in accounting, auditing, taxation and corporate secretarial work. The other members of the AC possess experience in finance, legal, business management and are exposed to regular updates from the relevant regulators. They are considered to be well qualified by the Board to discharge their duties in the AC.

The AC members take measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through periodic meetings with the external auditors, briefings provided by professionals or external consultants as necessary.

10.3 AC does not comprise former partners or directors of the Company's auditing firm

None of the AC members were previous partners or directors of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation and none of the AC members hold any financial interest in the auditing firm or auditing corporation.

10.4 Primary reporting line of the internal audit function is AC; internal audit function has unfettered access to Company's documents, records, properties and personnel

The internal audit function of the Company is outsourced to an external consulting firm – BDO LLP, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The Internal Audit methodology adopted by the internal auditors is consistent with the requirements of The Institute of Internal Auditors.

The AC has reviewed the adequacy and effectiveness of the internal audit function and is satisfied that the internal audit function is independent, effective and adequately resourced, has unfettered access to all the Group's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company. The AC is satisfied that the internal audit function is adequately resourced and is independent of the activities it audits.

The AC approves the hiring, removal, evaluation and compensation of the internal audit function. Based on risk assessments performed, greater emphasis and appropriate internal reviews are planned for high risk areas and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The internal audit plans are reviewed and approved by the AC annually.

10.5 AC meets with the auditors without the presence of Management annually

Annually, the AC meets (physically or via teleconference) separately with the internal and external auditors without the presence of Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions Corporate Governance Practices of the Company

11.1 Company provides shareholders with the opportunity to participate effectively and vote at general meetings

Management supports the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the general meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meeting.

In general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Management regarding the Company. The Chairpersons of Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions.

Shareholders are also given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing such meetings are clearly communicated to attendees.

In accordance with Rule 730A(2) of the Listing Manual and to have greater transparency in the voting process, the Company has conducted the voting of all its resolutions by poll at all of its general meetings. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNet.

In view of the current COVID-19 situation, the Annual Report, Notice of AGM and Proxy form will be made available to shareholders solely by electronic means via publication on SGXNet and our corporate website (www.bestworld.com.sg). Our coming AGM will be held by way of electronic means. Shareholders may submit questions in advance of the AGM and appoint the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM.

11.2 **Separate resolution on each substantially separate issue**

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

11.3 **All Directors attend general meetings**

All directors will be in attendance at the Company's AGM to address shareholders' questions relating to the work of the Board and Board Committees.

The Company's external auditor, Nexia TS Public Accounting Corporation, have also been invited to attend the AGM and will be available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditor's report. All directors attended the Company's last AGM in FY2020 via electronic means on 30 September 2021.

11.4 **No provision in Company's Constitution for absentia voting of shareholders**

Under the Company's Constitution and pursuant to the Companies Act, Chapter 50 of Singapore (the "CA"), a relevant intermediary (as defined in the CA) may appoint more than two proxies to attend AGMs and any other general meeting. A registered shareholder who is not a relevant intermediary may appoint up to two proxies.

The Company has not amended the Constitution to provide for other methods of voting in absentia due to security and integrity concerns. The Company noted that provision for such other methods of voting in absentia would also require a costly system of authentication to ensure the integrity of information and the identity of shareholders in telephonic and electronic media.

11.5 **Minutes of general meeting are published on the Company's corporate website**

Questions, comments received from shareholders and responses from the Board and Management were recorded in the minutes of general meetings.

In view of the requirements of COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies') Order, the Company had published the minutes of its 2020 Annual General Meeting on SGXNet and the Company's website within one month after the date of the meeting.

11.6 **Dividend policy**

In view of the Covid-19 pandemic, the Board has decided to temporarily suspend the implementation of any new dividend policy moving forward, as a prudent move to conserve the resources of the Company during this period of heightened economic volatility and business uncertainty. The Board and the Management will periodically assess the economic situation and the health of the Company and make further decisions or adjustments to the dividend policy as appropriate.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions Corporate Governance Practices of the Company

12.1 **Company provides avenues for communication between the Board and shareholders**

The Company is committed to regular and timely communication with shareholders as part of the organization's development to build systems and procedures that will enable the Group to compete internationally. The Company communicates information to its shareholders on a timely basis through:

- a) Disclosures via SGXNet and press releases on major developments of the Group;
- b) The Group's website at www.bestworld.com.sg from which shareholders can access. The website provides all publicly disclosed financial information, corporate announcements, press releases and the annual report;
- c) Annual reports which are prepared and issued to all shareholders;
- d) Share investor online portal which provides the Company's share updates and all publicly disclosed information;
- e) Share investor forum that publishes updated investors relations information; and
- f) Analyst briefs organized for analysts and investors.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the directors or the Management questions regarding the Company and its operations.

12.2 **Company has in place an investor relations policy and the policy set out mechanism of communication between the shareholders and the Company**

The Company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Pursuant to the Best World Investor Relations Policy, the Group strives to disseminate all price-sensitive and pertinent information to its Shareholders and the investment community in an accurate, fair and timely manner on a non-selective basis.

12.3 The Best World Investor Relations Policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions. In particular, shareholders and the investment community can contact the Company's Investor Relations team by telephone at (65) 6899 0088 during office hours or via email at IR@bestworld.com.sg. This is communicated to shareholders and the investment community on the Company's corporate website.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions Corporate Governance Practices of the Company

13.1 **Engagement with material stakeholder groups**

The Company has appropriate channels in place to identify and engage with its key stakeholder groups. The Company recognizes the importance of understanding the Group's businesses and regular interactions with key stakeholders to determine material issues for the Group's businesses as part of sustainability reporting.

13.2 **Strategy and key area of focus**

The strategy and key areas of focus in relation to the management of stakeholder relationships are disclosed under "Stakeholder Engagement" of the FY2021 Sustainability Report.

13.3 **Corporate website to engage stakeholders**

The Company provides timely and informative updates relating to company announcements, quarterly financial results announcements, news releases and corporate presentations on its corporate website. Moving forward, the Company will include more details on its management of stakeholder relationships during the reporting period, including best practices for compliance.

DEALING IN SECURITIES

Rule 1207(19) of the SGX-ST Listing Manual The Company has adopted the requirements in SGX-ST's Rule 1207(19) applicable to dealings in the Company's securities by its directors, Management and officers. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Directors, Management and officers of the Group are also advised to observe insider trading provisions under the Securities and Futures Act, Chapter 289 of Singapore at all times even when dealing in the Company's securities within the permitted trading periods. In addition, the directors, Management and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

Rule 1207(8) of the SGX-ST Listing Manual Save for the Service Agreements entered into with Dora Hoan Beng Mui, Doreen Tan Nee Moi and Huang Ban Chin, which are still subsisting as at the end of FY2021, there are no material contracts involving the interests of the CEO, the directors or controlling shareholders entered into by the Group which are still subsisting as at the end of the financial year or entered into during the financial year.

SUSTAINABILITY REPORTING

Rule 711A-711B of the SGX-ST Listing Rules The Group is committed and passionate about contributing back to society in meaningful ways. In addition, we believe that the effective management of environmental, social and governance (ESG) risks and opportunities can help us to deliver long-term value to our stakeholders.

The Company published its FY2021 Sustainability Report (the "Report"), which is aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide, in May 2022. This Report is publicly accessible via Best World's website as well as on SGXNet.

INTERESTED PERSON TRANSACTIONS

Rule 1207(17) of the SGX-ST Listing Manual The Company has adopted an internal policy that governs procedures for the identification, approval and monitoring of transactions with interested persons. All interested person transactions ("IPT") are subject to review by the AC every quarter to ensure that they are carried out at arm's length and the relevant rules in Chapter 9 of the Listing Manual of SGX-ST are complied with.

In the event that the Company or any of its subsidiaries proposes to enter into a contract or other transaction with one or more directors or with a corporation, firm, association or other entity in which one or more of the directors have a substantial financial interest or are officers or directors, the directors interested in the transaction shall:

- a) disclose his or her interest to the Board, prior to any vote on the transaction;
- b) in addition to compliance with a) above, recuse himself or herself from discussions, deliberations, or votes concerning the transaction; and
- c) not to be counted in determining the existence of a quorum.

In considering any transaction, the Board shall satisfy itself that the transaction is fair and reasonable to the Company and/or subsidiaries and does not constitute an excess benefit to the director interested in the transaction. Wherever feasible, the Board shall approve an IPT only after obtaining at least 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, the service provider, quality, delivery time and track record will all be taken into consideration.

When reviewing the IPTs, 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.

The Group did not obtain a general mandate from shareholders for Interested Person Transactions. The aggregate value of the interested person transactions entered into during FY2021 is as follows:-

Name of the interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		\$'000	\$'000
Pek Lu Pin - Sales - Freelance commission paid - Marketing fee paid	Daughter of Doreen Tan Nee Moi	21	NA
		239	NA
		242	NA
Pek Jia Rong - Sales - Freelance commission paid	Daughter of Doreen Tan Nee Moi	14	NA
		174	NA
Tan Geok Fong Felicia - Sales - Freelance commission paid - Marketing fee paid	Sister of Doreen Tan Nee Moi	20	NA
		54	NA
		140	NA
Huan Beng Choon - Sales - Freelance commission paid	Brother of Dora Hoan Beng Mui	8	NA
		214	NA
Pek Jia Xuan - Sales - Freelance commission paid	Daughter of Doreen Tan Nee Moi	20	NA
		98	NA
Dora Hoan Beng Mui - Purchase of books - Royalty fee paid for printing books	Director	15	NA
		100	NA
Seng Beng Huat - Consultancy fee paid	Live-in partner of Dora Hoan Beng Mui	127	NA

TABLE 2 - COMPOSITION OF BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Dora Hoan Beng Mui	Executive Chairman/ Non-independent	-	Member	-
Doreen Tan Nee Moi	Executive/Non-independent	-	-	-
Huang Ban Chin	Executive/Non-independent	-	-	-
Lee Sen Choon	Non-Executive/Independent	Chairman	Member	Member
Adrian Chan Pengee	Non-Executive/Independent	Member	Member	Chairman
Chester Fong Po Wai	Non-Executive/Independent	Member	Chairman	Member
Li Lihui ⁽¹⁾	Non-Executive/ Non-Independent	-	-	-
Pek Wei Liang (Bai Weiliang) ⁽²⁾	Non-Executive/ Non-Independent	-	-	-

Note: ⁽¹⁾ Alternate Director to Dora Hoan Beng Mui

⁽²⁾ Alternate director to Doreen Tan Nee Moi

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Best World International Limited (the "Company") and its subsidiary corporations (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors,

- the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Dora Hoan Beng Mui
 Doreen Tan Nee Moi
 Huang Ban Chin
 Lee Sen Choon
 Adrian Chan Pengee
 Chester Fong Po Wai
 Li Lihui Alternate Director to Dora Hoan Beng Mui
 Pek Wei Liang (Bai Weiliang) Alternate Director to Doreen Tan Nee Moi

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiary corporations) as stated below:

Directors' interests in shares or debentures (cont'd)

	Holdings registered in name of Director		Holdings in which Director is deemed to have an interest	
	31.12.2021	1.1.2021	31.12.2021	1.1.2021
The Company				
(No. of ordinary shares)				
Dora Hoan Beng Mui	32,330,000	32,330,000	193,037,500	193,037,500
Doreen Tan Nee Moi	31,380,000	31,380,000	193,037,500	193,037,500
Huang Ban Chin	23,300,000	23,300,000	–	–
Lee Sen Choon	207,500	207,500	–	–
Li Lihui	250,000	250,000	–	–

There are no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under options as at the end of the financial year.

Audit committee

The members of the Audit Committee ("AC") at the date of this statement are:

Lee Sen Choon (Chairman of Audit Committee and Lead Independent Director)
 Adrian Chan Pengee
 Chester Fong Po Wai

The AC carried out its functions in accordance with Section 201B(5) of the Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and independent auditors of the Group and the Company;
- Reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the independent and internal auditors;

Audit committee (cont'd)

- Reviewed the effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Met with the independent auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed the legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and independence and objectivity of the independent auditor;
- Reviewed the nature and extent of non-audit services provided by the independent auditor if any;
- Recommended to the board of directors the independent auditor to be nominated, approved the compensation of the independent auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC convened five meetings during the financial year. The AC has also met with internal and independent auditors, without the presence of the Company's management, at least once a year.

The AC noted there was no non-audit services provided by independent auditor.

The AC has also conducted a review of interest party transactions.

The AC has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

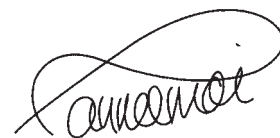
Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors



Dora Hoan Beng Mui
Director



Doreen Tan Nee Moi
Director

16 June 2022

INDEPENDENT AUDITOR'S REPORT

to the Members of Best World International Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Best World International Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Qualified Opinion

The financial statements of Best World International Limited for the financial year ended 31 December 2020 were audited by an independent auditor (the "predecessor auditor") other than Nexia TS Public Accounting Corporation. The independent auditor's opinion on the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2020 were disclaimed by the predecessor auditor in respect of the areas relating to the following:

- (i) Relationship with the Group's import agents and marketing agent

The predecessor auditor was not able to obtain sufficient audit evidence to establish the business rationale for the arrangements between the Group, its import agents and marketing agent, or the exact nature of the relationship between the Group and these entities. Due to a lack of evidence available to the predecessor auditor, they were unable to consider all the relevant facts and circumstances to assess if the entities are related to the Group or whether the financial results of these entities should be included in the consolidated financial statements of the Group for the prior financial years. The predecessor auditor was also unable to determine whether these arrangements are in compliance with the applicable laws and regulations or if there will be any consequential impact to the financial statements.

Report on the Audit of the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

(i) Relationship with the Group's import agents and marketing agent (cont'd)

Notwithstanding that the Group has terminated the arrangements with its import agents and marketing agent during the financial years 2019 and 2020 respectively, as disclosed in Note 2.1(b) to the financial statements, we were unable to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidence to determine whether adjustments or disclosures, if any, are required to be made to the opening balances, and whether there will be possible effects on the comparability of current financial year's figures with corresponding financial year's figures.

(ii) Classification of payments to promotional companies

Due to lack of documentary evidence available to the predecessor auditor, they were unable to ascertain the breakdown between other payments to sales representatives and the service fee retained by the third-party promotional companies for services rendered by the sales representatives. Other payments to sales representatives could fall as consideration payable to customers under SFRS(I) 15 *Revenue from Contracts with Customers* and is to be recorded against revenue instead of operating expenses. Accordingly, the predecessor auditor was unable to determine if revenue and the related expenses were appropriately classified, presented and disclosed in the profit or loss for the prior financial year.

As disclosed in Note 2.1(c) to the financial statements, the sales representatives of the franchisees do not have any employment relationships with the Group, therefore, the Group is not obliged to make any payments to the sales representatives. The predecessor auditor's disclaimer opinion on classification of the payments to third-party promotional companies did not impact the Group's net profit for the prior financial year. Consequently, the current financial year's figures may not be entirely comparable to prior financial year's figures. We were unable to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidence to determine whether there will be possible effects on the comparability of current year's figures with corresponding figures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Business model in China [Refer to Note 2.1(a)]

The legal opinion from Merits and Tree (Beijing) Law Office ("M&T") dated 22 July 2020 indicated potential risk areas relating to the Group's franchise business model in China, which was based on the facts between 1 June 2018 to 31 December 2019. To mitigate the risks of violation, the Group has made changes to their business process under the franchise model and engaged M&T to review the revised business process. Based on the supplemental legal opinion dated 30 May 2021, the risk of the Group's China operation violating the relevant Direct Selling and ChuanXiao Laws is remote or relatively low.

The management had also engaged another legal firm, Dentons Beijing Office, part of the global law firm Dentons ("Dentons"), to review their franchise model for the period up to 19 May 2021. Based on the legal opinion dated 19 May 2021, Dentons is of the opinion that the Group's current franchise model is not similar to the ChuanXiao model as features of the franchise model distinguish it from the ChuanXiao model.

Both legal opinions have also opined that the Group has not been administratively penalised by any China authorities for engaging in Direct Selling or ChuanXiao activities based on the searches of the Enterprise Credit Website of the State Administration for Market Regulation as of the date of audited financial statements. Further, the risks of violation will become remote with the passage of time as Article 36 of Law of the People Republic of China on Administrative Penalties ("Article 36") provides that the competent authorities will not launch an investigation of an unlawful act that does not involve a citizen's life and health security or financial security after two years of its commission. M&T have further clarified that if the potential non-compliance risk exists during the period from 1 June 2018 to 31 December 2019, and ended on 31 December 2019, 31 December 2019 will be the commencement date of the two years period. If any non-compliance risk ended on 31 December 2019 and is not discovered within the two years of its commission, an administrative penalty will not be imposed unless it involves citizens' life and health security or financial security and causes harmful consequences.

Under the franchise business model, the Group has engaged third-party promotional companies to handle commission payments to sales representatives of the franchisees and related services disclosed in Note 2.1(c) to the financial statements. M&T and Dentons had reviewed the service agreements of SDIC Human Resources Service Co., Ltd. ("SDIC") and opined that the contracts were legal and valid and such services provided by SDIC do not violate the provisions of law and the franchise model of the Group.

With reference to the legal opinions as mentioned above, the Company believes that the non-compliance risk of the Group's business model in China with regards to the direct selling and ChuanXiao laws continues to be remote and that the possibility of the China authority commissioning any penalty on the Group would be remote.

We focused on this area due to complexities and judgements involved in determining the risks of violation of the Group's franchise business model with the Direct Selling and ChuanXiao Laws, potential tax implications and penalties, in any, which would be administered by competent authorities.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

- (a) Business model in China (cont'd)
[Refer to Note 2.1(a)]

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Discussed and obtained an understanding on the business model in China and performed walkthrough of the business process by verifying to relevant supporting documents;
 - Reviewed the independent legal opinions obtained by the managements ;
 - Obtained and reviewed the updated legal opinions as of the date of audited financial statements with respect to the potential risks of violation of Direct Selling and ChuanXiao Laws and the likelihood for the competent authorities to commission a penalty due to historical potential violation of Direct Selling and ChuanXiao Laws;
 - Reviewed and identified tax penalty paid historically and during the current financial year, if any;
 - Performed independent search on legal and compliance issues relating to the Group operation in China via the TianYanCha platform. TianYanCha is a credit investigation institution established in accordance with laws and regulations and approved by government in China. It provides company background, shareholder information and relationship, industrial and commercial information, litigation related information, and etc;
 - Obtained the representation letter from the Group to confirm the directors and substantial shareholders of the promotional companies have no connections nor any business relationship with the Group;
 - Performed independent search on business profile of the promotional companies via the TianYan Cha platform;
 - Assessed provisions to be recognised in accordance with SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets, if any; and
 - Considered the adequacy of the disclosures in the financial statements.
- (b) Revenue recognition
[Refer to Notes 2.3 and 4]

Revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expected to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, and when the Group satisfies a performance obligation by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services at a point in time.

The Group derives revenue primarily from the direct selling and franchise segment and its revenue mainly from the operations in Singapore, China and Taiwan. During the financial year ended 31 December 2021, the Group's total revenue amounted to \$580,036,000, of which, \$287,013,000 was contributed from the operations in China.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

- (b) Revenue recognition (cont'd)
[Refer to Notes 2.3 and 4]

We focused on this area as a key audit matter as there is a presumed fraud risk with regards to the revenue recognition and there was history of goods sold recorded during the financial year but the goods was not delivered before the financial year end in China's operation.

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Discussed with management on the key internal controls and processes involved in the revenue cycles and performed walkthrough tests;
- Tested the key internal controls to ascertain the effectiveness of these controls in place over the revenue cycles;
- Evaluated management's assessment on the application of SFRS(I) 15 *Revenue from Contracts with Customers*, in particular, the five-step model for each revenue stream;
- Performed tests of detail, including cut-off procedures, as at the financial year end to ascertain whether revenue is recorded in the appropriate accounting period;
- Reviewed credit notes issued subsequent to the financial year end to ascertain that revenue are appropriately recognised for the current financial year; and
- Considered the adequacy of the disclosures in the financial statements.

Specifically, in obtaining sufficient audit evidence on the occurrence of sales from China operations, we have performed the following procedures:

- Traced the orders placed by franchisees to the warehouse packing list and third-party delivery tracking list to ascertain the delivery of goods;
- Attended and observed the year-end stocktake observation and performed roll-forward/roll-back procedures to 31 December 2021;
- Obtained confirmation on the list of inventories stored at the third-party warehouse, as well as the list of goods being segregated for delivery at their respective cut-off periods;
- Obtained confirmations from the franchisees on the sales transactions during the financial year; and
- Verified to supporting documents to ascertain
 - Customers' acknowledgement to the receipt of goods;
 - Validated the timing of goods delivered by the third-party logistic provider on the customers;
 - Timing of recognition of revenue; and
 - Traced to bank statements for the receipts of payments made by customers

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

- (c) Valuation of put and call option
[Refer to Notes 19 and 26]

On 3 April 2020, the Group has through its wholly-owned subsidiary corporation, MDUK Investments Pte. Ltd (“MDUK”), entered into a sales and purchase agreement, to acquire 579 ordinary shares, representing 49.9% equity interests, in Pedal Pulses Ltd. As part of the acquisition, MDUK entered into a put and call option agreement with the owners of Pedal Pulses Ltd.

As at 31 December 2021, fair value of the put and call option of the Group amounted to S\$18,796,000 and S\$5,662,000 respectively. Fair value adjustments of S\$16,217,000 have been recognised in the profit or loss for the financial year ended 31 December 2021.

The Group has appointed an independent professional valuer (the “Valuer”) to assist in assessing the fair value of the put and call option. We focused on this area as the valuation process is inherently subjective and involves significant judgements in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Assessed the independence and competency of the Valuer, including the Valuer’s professional qualifications and experience;
- Together with our internal valuation specialists, reviewed and assessed the appropriateness of the valuation methodologies and reasonableness of the assumptions used by the management and Valuer; and
- Considered the adequacy of the disclosures in the financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Report on the Audit of the Financial Statements (cont'd)

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Singapore Standards on Auditing (SSAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lee Look Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
16 June 2022

CONSOLIDATED STATEMENT OF Comprehensive Income

For the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Revenue	4	580,036	548,634
Cost of sales		(124,977)	(136,784)
Gross profit		455,059	411,850
Interest income		4,559	1,455
Other income	5	28,133	6,603
Distribution costs		(173,701)	(138,390)
Administrative expenses		(90,190)	(81,489)
Other expenses	6	(11,588)	(5,572)
(Write-back)/allowance for expected credit losses:			
- trade receivables	21	11	(1)
- other receivables	21	-	(3)
Finance costs	8	(420)	(464)
Share of results of a joint venture	17	646	787
Share of results of an associate	18	(183)	(242)
Profit before income tax	9	212,326	194,534
Income tax expense	10	(58,373)	(59,730)
Net profit for the financial year		153,953	134,804
Net profit for the financial year attributable to:			
Owners of the Company		153,694	135,205
Non-controlling interests		259	(401)
		153,953	134,804
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation, representing other comprehensive income/(loss) for the financial year, net of tax		7,608	(70)
Total comprehensive profit for the financial year		161,561	134,734
Total comprehensive income for the financial year attributable to:			
Owners of the Company		161,641	135,384
Non-controlling interests		(80)	(650)
		161,561	134,734
Earnings per share:			
Basic (cents)	11	28.25	24.85
Diluted (cents)	11	28.25	24.85

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Assets					
Non-current assets					
Property, plant and equipment	12	63,714	31,518	2,347	3,306
Investment property	13	1,091	1,109	–	–
Other intangible asset	14	7,871	7,744	–	–
Intangible assets	15	1,149	1,176	51	39
Right-of-use assets	25	14,988	10,749	2,493	4,033
Investments in subsidiary corporations	16	–	–	104,803	73,478
Investment in a joint venture	17	38,335	48,958	–	–
Investment in an associate	18	4,990	5,173	–	–
Deferred tax assets	10	22,144	27,138	–	–
Other financial assets	19	5,931	5,376	269	791
		160,213	138,941	109,963	81,647
Current assets					
Inventories	20	88,281	102,787	26,902	27,952
Trade and other receivables	21	6,308	6,712	19,724	126,555
Other assets	22	20,657	15,282	10,073	8,790
Other financial assets	19	14,469	12,634	14,469	12,634
Cash and cash equivalents	23	474,828	334,032	298,149	175,104
		604,543	471,447	369,317	351,035
Total assets		764,756	610,388	479,280	432,682

The accompanying notes form an integral part of these financial statements.

As at 31 December 2021

	Note	Group		Company	
		2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Equity and liabilities					
Current liabilities					
Trade and other payables	24	148,848	142,519	58,798	69,019
Contract liabilities	4	1,686	7,506	–	–
Lease liabilities	25	3,746	3,731	1,367	1,389
Other financial liabilities	26	–	800	–	800
Other liabilities	27	36,862	1,586	1,082	1,239
Income tax payable	10	26,408	39,475	9,959	21,984
		217,550	195,617	71,206	94,431
Net current assets		386,993	275,830	298,111	256,604
Non-current liabilities					
Other liabilities	27	–	23,126	–	–
Deferred tax liabilities	10	12,346	8,298	6,125	4,899
Lease liabilities	25	10,316	6,362	1,021	2,388
Other financial liabilities	26	18,796	32,798	–	–
		41,458	70,584	7,146	7,287
Total liabilities		259,008	266,201	78,352	101,718
Net assets		505,748	344,187	400,928	330,964
Equity attributable to owners of the Company					
Share capital	28	20,618	20,618	20,618	20,618
Treasury shares	28	(10,591)	(10,591)	(10,591)	(10,591)
Retained earnings		460,852	314,810	390,579	320,615
Other reserves	29	37,522	21,923	322	322
		508,401	346,760	400,928	330,964
Non-controlling interests		(2,653)	(2,573)	–	–
Total equity		505,748	344,187	400,928	330,964
Total equity and liabilities		764,756	610,388	479,280	432,682

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Note	Attributable to equity holders of the Company						Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Retained Earnings* S\$'000			
Group										
At 1 January 2021		20,618	(10,591)	104	22,606	(787)	314,810	346,760	(2,573)	344,187
Profit for the financial year		-	-	-	-	-	153,694	153,694	259	153,953
Other comprehensive income/(loss) for the financial year		-	-	7,947	-	-	-	7,947	(339)	7,608
Total comprehensive income/(loss) for the financial year		-	-	7,947	-	-	153,694	161,641	(80)	161,561
Transfer to statutory reserve	29	-	-	-	7,652	-	(7,652)	-	-	-
At 31 December 2021		20,618	(10,591)	8,051	30,258	(787)	460,852	508,401	(2,653)	505,748
At 1 January 2020		20,618	(10,591)	(75)	6,139	(787)	223,277	238,581	(1,923)	236,658
Profit for the financial year		-	-	-	-	-	135,205	135,205	(401)	134,804
Other comprehensive income for the financial year		-	-	179	-	-	-	179	(249)	(70)
Total comprehensive income/(loss) for the financial year		-	-	179	-	-	135,205	135,384	(650)	134,734
Dividends paid	34	-	-	-	-	-	(27,205)	(27,205)	-	(27,205)
Transfer to statutory reserve	29	-	-	-	16,467	-	(16,467)	-	-	-
At 31 December 2020		20,618	(10,591)	104	22,606	(787)	314,810	346,760	(2,573)	344,187

	Note	Attributable to equity holders of the Company				Total equity S\$'000
		Share capital S\$'000	Treasury shares S\$'000	Retained Earnings* S\$'000	Other reserve S\$'000	
Company						
At 1 January 2021		20,618	(10,591)	320,615	322	330,964
Total comprehensive income for the financial year		-	-	69,964	-	69,964
At 31 December 2021		20,618	(10,591)	390,579	322	400,928
At 1 January 2020		20,618	(10,591)	191,522	322	201,871
Total comprehensive income for the financial year		-	-	156,298	-	156,298
Dividends paid,	34	-	-	(27,205)	-	(27,205)
At 31 December 2020		20,618	(10,591)	320,615	322	330,964

* Retained earnings of the Company are fully distributable.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF Cash Flows

For the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Cash flows from operating activities			
Profit before income tax		212,326	194,534
<i>Adjustments for:</i>			
Interest income		(4,559)	(1,455)
Interest expenses	8	420	464
Depreciation of property, plant and equipment	9	2,061	2,275
Depreciation of right-of-use assets	9	4,543	4,184
Depreciation of investment property	9	18	18
Amortisation of other intangible asset	9	231	231
Amortisation of intangible assets	9	88	79
Loss on disposal of property, plant and equipment	6	40	7
Overprovision of restoration costs	5	(224)	-
(Write-back)/allowance for expected credit losses on trade receivables	21	(11)	1
Expected credit loss on other receivables	21	-	3
Fair value gain in foreign exchange derivative	5	(800)	(17)
Loss on disposal of other financial assets	6	162	-
Fair value loss/(gain) in other financial assets	5,6	90	(521)
Fair value (gain)/loss in call option - Pedal Pulses Ltd.	5,6	(934)	1,600
Fair value (gain)/loss in put option - Pedal Pulses Ltd.	5,6	(15,283)	3,204
Rental concessions	25	-	(18)
Gain on termination of lease	25	(12)	(4)
Gain on lease modification	25	-	(439)
Inventories written-down, net	6	947	758
Impairment loss in investment in a joint venture	17	10,349	-
Share of results of a joint venture	17	(646)	(787)
Share of results of an associate	18	183	242
Unrealised foreign exchange losses, net		9,516	459
Operating cash flows before changes in working capital		218,505	204,818
<u>Changes in working capital</u>			
Decrease in inventories		13,559	151
(Increase)/decrease in trade and other receivables		(194)	8,766
(Increase)/decrease in other assets		(5,375)	4,906
Increase in trade and other payables		5,197	4,536
Increase in other liabilities		12,374	23,410
Decrease in contract liabilities		(5,820)	(37,103)
Cash flows generated from operations		238,246	209,484
Income tax paid		(62,397)	(49,687)
Net cash provided by operating activities		175,849	159,797

For the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Cash flows from investing activities			
Acquisition of a joint venture	17	-	(24,762)
Purchase of property, plant and equipment	12	(34,421)	(12,012)
Proceeds from disposal of property, plant and equipment		172	-
Purchase of intangible assets	15	(40)	(32)
Purchase of other intangible assets	14	(358)	-
Purchase of other financial assets	19	(1,370)	(318)
Proceeds from disposal of other financial assets	19	108	560
Dividend received	17	920	-
Interest received		4,559	1,455
Net cash used in investing activities		(30,430)	(35,109)
Cash flows from financing activities			
Dividends paid on ordinary shares	34	-	(27,205)
Payment of lease liabilities	25	(4,800)	(4,549)
Interest paid		-	(1)
Increase in cash restricted in use		(1,313)	(16)
Net cash used in financing activities		(6,113)	(31,771)
Net increase in cash and cash equivalents		139,306	92,917
Effects of foreign exchange rate changes on cash and cash equivalents		177	28
Beginning of the financial year		328,361	235,416
End of financial year	23	467,844	328,361

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Best World International Limited ("the Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 26 Tai Seng Street, #05-01, Singapore 534057 and 15A Changi Business Park Central 1, EIGHTRIUM, #07-02, Singapore 486035 respectively.

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 corporations are disclosed in Note 16 to the financial statements.

2. Significant accounting policies

2.1 Independent review of the Group

On 13 May 2019, SGX RegCo issued a Notice of Compliance ("Notice of Compliance") to the Group in connection with the Business Times article "Sales of DR's Secret in China: Best World's best-kept secret?" published on 18 February 2019 and Bonitas Research report dated 24 April 2019, requiring the Group to:

- a. direct PwC ("Independent Accountant") to report solely to SGX RegCo on the scope and all findings pursuant to its independent review;
- b. expand the scope of the Independent Accountant's review to determine the veracity of the Group's sales in China under the Export Model from FY2015 to FY2018 and whether these sales were conducted on normal commercial terms;
- c. obtain an independent legal opinion on the legality of the Group's sales and distribution business under the franchise model;
- d. procure the primary import agent and other import agents to provide access to financial, accounting and other corporate records and render all reasonable acts of assistance to SGX RegCo, the Independent Accountant or any person(s) as directed by the exchange; and
- e. render full cooperation to SGX RegCo, the Independent Accountant or any person(s) as directed by SGX RegCo on their requests pursuant to the independent review.

On 23 July 2020, the Independent Accountant completed its independent review and set out its findings in a final report ("Final Report") that was issued to the audit committee of the Company. The Company announced the key findings of the Independent Accountant and management's responses, together with an executive summary of the Final Report, on 23 July 2020.

On 8 September 2020, the Company engaged BDO Advisory Pte Ltd ("BDO") to perform certain agreed upon procedures to address some of the areas of concern highlighted in the Final Report.

2. Significant accounting policies (cont'd)

2.1 Independent review of the Group (cont'd)

BDO issued its final report on 5 February 2021. The procedures performed by BDO included reviewing processes related to sales and revenue recognition, inventory and delivery operations, conflict of interest management, and payments to third-party promotional companies for the period from July 2020 to September 2020. The outcome of BDO's review was disclosed in Note 2.1 to the audited financial statements of the Group for FY2019.

Notwithstanding the findings of the Independent Accountant and BDO, the predecessor auditor issued a disclaimer audit opinion on the following matters, amongst others:

(a) Business Model in China

As disclosed in Note 2.1(d) to the financial statements of the Group for the FY2020, in accordance with the Notice of Compliance issued by SGX RegCo, the Company engaged Merits and Tree (Beijing) Law Office ("M&T") to provide an independent legal opinion (which was dated 22 July 2020) on the legality of the Group's sales and distribution model under the franchise model ("2020 M&T Legal Opinion"), which was based on the facts between 1 June 2018 to 31 December 2019. Based on the information on the franchise model (including the sales and distribution process) provided by the Company and M&T's review of the description of the business model in the Final Report, M&T advised that Best World (China) Pharmaceutical Co., Ltd. (Hunan Branch) (全美世界(中国)药业有限公司湖南分公司) ("BW Changsha") is qualified to engage in the franchise business in China and that the business model complies with franchise related laws and regulations in China. However, M&T also highlighted potential risks under direct selling and ChuanXiao laws in China which were disclosed in Note 2.1 to the audited financial statements for FY2020.

Further to the 2020 M&T Legal Opinion, M&T issued a supplemental legal opinion on 30 August 2021 ("2021 M&T Legal Opinion"). The 2021 M&T Legal Opinion stated that, based on the documents provided to M&T, the risk of BW Changsha violating the relevant direct selling and ChuanXiao laws is remote or relatively low, for the reasons disclosed in Note 2.1 to the audited financial statements in FY2020. In particular, M&T advised that such risks will become more remote with the passage of time as Article 36 of Law of the People's Republic of China on Administrative Penalties ("Article 36") provides that the competent authorities will not launch an investigation of an unlawful act that does not involve a citizen's life and health security or financial security after two years of its commission.

The Company has also obtained a legal opinion dated 19 May 2021 from Dentons Beijing Office (part of the global law firm Dentons) ("Dentons"), one of the largest law firms in China ("Dentons Legal Opinion"). The Dentons Legal Opinion concluded that the Group's franchise model is not similar to a ChuanXiao model, as features of the franchise model distinguish it from a ChuanXiao model. Under the franchise model, the franchisees are rewarded for actual product sales to consumers, and these sales are supported by a transparent return and refund policy, which safeguards consumers' interests. This is markedly different from a ChuanXiao model, which rewards participants for recruiting new participants instead of sales of products, and typically require participants to make a sizeable upfront payment for inventory at a price much higher than the fair market price. In addition, the Dentons Legal Opinion advised that, pursuant to Article 36, no administrative penalty will be imposed for an illegal act which is not found within two years. Based on searches of the enterprise credit website of the State Administration for Market Regulation, Dentons have not found any record of ChuanXiao sale or penalty with respect to BW Changsha or Best World Lifestyle (China) Co., Ltd. (全美世界日用品有限公司) ("BWL China") in the period commencing two years prior to 19 May 2021.

2. Significant accounting policies (cont'd)

2.1 Independent review of the Group (cont'd)

(a) Business Model in China

The Company has sought confirmations from M&T and Dentons that there are no changes to their respective findings in the 2021 M&T Legal Opinion and the Dentons Legal Opinion as of the date of the audited financial statements for FY2021. In addition, the Company has sought further clarification from M&T on the possibility of the authority in China pursuing any potential non-compliance mentioned in the paragraph above. M&T has clarified that, pursuant to Article 36, if the non-compliance risk existed during the period from 1 June 2018 to 31 December 2019, and ended on 31 December 2019, 31 December 2019 will be the commencement date of the two-year period. If any non-compliance risk ended on 31 December 2019 and is not discovered within two years of its commission, an administrative penalty will not be imposed unless it involves a citizen's life and health security or financial security and causes harmful consequences.

With reference to the legal opinions mentioned above, the Company believes that the non-compliance risk of the Group's business model in China with regards to the direct selling and ChuanXiao laws continues to be remote and that the possibility of the China authority commissioning any penalty on the Group is remote. Accordingly, the Company does not consider it necessary to disclose any contingent liability pertaining to any penalty relating to potential non-compliance with the direct selling and ChuanXiao laws in China.

The Company will continue to assess the risk of any penalty imposed by the China authority relating to potential non-compliance with the direct selling and ChuanXiao laws in China. If the risks of potential non-compliance cease to be remote, the Company will make the necessary disclosures at the end of the relevant reporting period.

(b) Relationship with the Group's former import agents and marketing agent

In the Final Report, the Independent Accountant noted that the Group's employees were substantially involved in the financial and operational affairs of the Group's former import agents, 青岛贝汇贸易有限公司 ("Qingdao Beihui") and 长沙百世特威日用品贸易有限公司 ("Changsha Best"), and former marketing agent, Vicstar Lifestyle Pte Ltd ("Vicstar"). The Independent Accountant recommended, amongst others, that the Group's auditors consider the implications of the Group's involvement on its financial statements (if any). According to the Independent Accountant, it was not able to corroborate management's representations that Qingdao Beihui, Changsha Best and Vicstar are not related to the Group.

Management's position is that Qingdao Beihui, Changsha Best and Vicstar are independent entities. The Group and its controlling shareholders did not have any legal or beneficial interests in Qingdao Beihui, Changsha Best or Vicstar, nor did the Group have any control of the voting power or any legal right to appoint or remove any directors of any of these entities.

The working relationships between the Group and Qingdao Beihui, Changsha Best and Vicstar were governed by formal agreements entered into between the relevant parties. As disclosed in Note 2.1 to the audited financial statements of the Group for FY2019, there was no evidence to suggest that the Company, any of its subsidiary corporations or management received or were entitled to any of the profits of Qingdao Beihui, Changsha Best or Vicstar, and none of the management, including the Group Chief Executive Officer, were involved in any profit-sharing arrangements in relation to Qingdao Beihui, Changsha Best or Vicstar. Accordingly, management does not consider Qingdao Beihui, Changsha Best or Vicstar to be related parties of the Group.

2. Significant accounting policies (cont'd)

2.1 Independent review of the Group (cont'd)

(b) Relationship with the Group's former import agents and marketing agent (cont'd)

Management considers this to be a historical issue which does not affect the FY2021 financial statements as the Group ceased to sell products to Qingdao Beihui in September 2015 and Changsha Best in June 2018 and ceased all billings and transactions with Vicstar since 31 December 2019. All service agreements between the Group and Vicstar were formally terminated in November 2020. There were no transactions between the Group and Vicstar in FY2020 or FY2021. Qingdao Beihui was deregistered in February 2019 and Changsha Best was deregistered in January 2020. Management understands that Vicstar is currently dormant and is in the process of being struck off.

(c) Classification of payments to promotional companies

As disclosed in Note 2.1(b) to the audited financial statements of the Group for FY2020, with effect from 1 July 2019, franchisees paid 100% of the recommended retail price of products based on tax invoices issued by the Company's wholly-owned subsidiary corporation, BW Changsha and, with effect from 1 April 2020, tax invoices issued by the Company's wholly-owned subsidiary corporation, BWL China. BW Changsha and BWL China then paid marketing fees amounting to approximately 20% of the recommended retail price (which represent the previous trade rebates) to the sales representatives of the franchisees through the third-party promotional companies, which are recorded as net against revenue.

For FY2020, in consideration of the third-party promotional companies making commission payments to the sales representatives of the franchisees in accordance with BW Changsha's and BWL China's payment structure, withholding and paying the personal income tax of the sales representatives and assisting with recruitment of sales representatives, BW Changsha and BWL China paid the third-party promotional companies service fees, which were recorded as marketing fees as part of distribution costs. The third-party promotional companies were unwilling to confirm to the Group's auditors the exact breakdown of the service fees and the actual percentage of fees retained by them respectively, due to their asserted confidentiality obligations owed to the China tax authorities. Nonetheless, the service fees were based on contractual agreements at a rate which is in line with the fees charged by other payment companies that have provided quotes to management in China.

On 29 January 2021, BWL China entered into a service agreement with China's State-owned company, SDIC Human Resources Service Co., Ltd. ("SDIC"), on 29 January 2021. Consistent with the BWL China's contractual arrangements with the franchisees, the service agreement with SDIC provides for SDIC to make commission payments to the sales representatives of the franchisees, withhold and pay the personal income tax of the sales representatives, and provide talent recommendation and recruitment, assessment and human resources agency services, and management support in the aspects of sales, after-sales service, management, promotion, and advertising. As a state-owned company, SDIC is cautious in choosing its partners and plays a role in market supervision of cooperative companies. Other promotional companies that BWL China contracts with offer similar services as SDIC. The service fees payable to the third-party promotional companies were recorded as marketing fees as part of distribution costs. These service fees were based on contractual agreements at a rate which is in line with the fees charged by other payment companies that have provided quotes to management in China. The sales representatives of the franchisees do not have any employment relationships with the Group, therefore, the Group does not owe any payment obligations to the sales representatives.

2. Significant accounting policies (cont'd)

2.2 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

The financial statements are presented in Singapore Dollar (SGD or S\$) and all values in the tables are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

Impact of Coronavirus ("COVID-19")

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore, Taiwan and People's Republic of China, all of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 December 2021:

- (i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (ii) The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability of assets as at 31 December 2021. The significant estimates and judgement applied on income tax, expected credit losses on trade receivables, fair value measurement of put and call option and valuation of inventories are disclosed in Note 3(a), (b), (c) and (d) to the financial statements respectively.

As the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by governments to combat the spread of the pandemic. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

2. Significant accounting policies (cont'd)

2.3 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Direct selling

The Group sold their products (except for products sold under the "Aurigen" brand) through an international network of independent active distributors across Taiwan, Indonesia, Singapore, and other markets such as Thailand, Malaysia, Vietnam, Hong Kong, Korea, Philippines, Australia, United States and the United Arab Emirates.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the estimated transaction price, which comprise the contractual price, net of certain commissions payable to the customer.

(b) Export sales

The Group export its products (except for products sold under the "Aurigen" brand) at export price to its import agents in Myanmar for onward distribution within such jurisdiction.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract.

(c) Franchise sales

The Group sold their products (except for products sold under the "Aurigen" brand) through franchisees who are independent third-party that operates BWL Lifestyle Centers in China. These franchisees purchase products from the Group and exclusively on-sell the Group's products to consumers and sales representatives.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the contractual transaction price, which comprise the contractual price, net of sales related expenses payable to the customer.

(d) Manufacturing/wholesale

The Group manufactures its "Aurigen" line of healthy supplements in the manufacturing facility in China and distributes these supplements through wholesalers who then on-sell such products to retail stores across China.

2. Significant accounting policies (cont'd)

2.3 Revenue recognition (cont'd)

(d) Manufacturing/wholesale (cont'd)

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract.

(e) Consideration payable to a customer

The Group pays commission and sales related expenses to the customers for their purchase of the Group's products when they achieve certain minimum purchase and maintenance requirements under the respective compensation plans, as applicable. These considerations paid to customers are recorded as a reduction in transaction price and, therefore, of revenue unless the payment to the customer is in exchange of a distinct good or service that the customer transfers to the entity. To the extent that the customer purchases the products for their own personal use, such commission and sales related expense given to them are presented as a reduction of the transaction price.

If the payment is for distinct services received from the customer, the Group accounts for any excess of such consideration payable to the customer over the fair value of the distinct services as a reduction of the transaction price. In addition, if the Group cannot reasonably estimate the fair value of the goods or services received from the customer, it accounts for all the consideration payable to the customer as a reduction of the transaction price.

The Group recognises the reduction of revenue when it recognises revenue for the transfer of the related goods or services to the customer.

2.4 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.5 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

2. Significant accounting policies (cont'd)

2.5 Group accounting (cont'd)

(a) Subsidiary corporations (cont'd)

(i) Consolidation (cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the assets transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets which are attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition - related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the date of the acquisition either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Please refer to paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

2. Significant accounting policies (cont'd)

2.5 Group accounting (cont'd)

(a) Subsidiary corporations (cont'd)

(iii) Disposal

When a change in the Group's ownership interest in a subsidiary corporation result in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specified Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within retained profits attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of the acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

2. Significant accounting policies (cont'd)

2.5 Group accounting (cont'd)

(c) Associated companies and joint ventures (cont'd)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' and joint ventures' post-acquisition profits or losses of the investees' profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company and a joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies and joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposal

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained equity interest at the date when significant influence or joint control is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures, in which significant influence or joint control is retained, are recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.6 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. Significant accounting policies (cont'd)

2.6 Property, plant and equipment (cont'd)

(a) Measurement (cont'd)

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and recognised as an expense when incurred.

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold buildings	50 to 77 years
Plant and equipment	3 to 15 years

Freehold land has unlimited useful life and therefore is not depreciated.

'Construction in progress' and 'Plant and equipment in progress' included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On the disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income or expenses".

2.7 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over

2. Significant accounting policies (cont'd)

2.7 Intangible assets (cont'd)

(a) Goodwill (cont'd)

(ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations, joint ventures and associates include the carrying amount of goodwill relating to the entity sold.

(b) Acquired trademarks and licences

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is computed on the straight-line basis over the estimated useful lives of the intangible assets as follows:

	<u>Useful lives</u>
Licenses	10 to 25 years
Trademarks	5 to 10 years
Customer relationship	5 years
Other intangible asset	38 years

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.9 Investment property

Investment property is a property that is owned by the Group that is held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment property comprises completed investment property and property that is being constructed or developed for future use as investment property. Property held under operating lease is classified as investment property when the definition of an investment property is met.

2. Significant accounting policies (cont'd)

2.9 Investment property (cont'd)

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less any accumulated depreciation and accumulated impairment losses

Depreciation is computed on a straight-line basis over the lease term of 75 years.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.10 Investments in subsidiary corporations, joint ventures and associated companies

Investments in subsidiary corporations, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.11 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as intangible assets are tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from the synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU or the asset. The recoverable amount of a CGU or the asset is the higher of the CGU's or the asset's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent year.

(b) Intangible assets

Property, plant and equipment

Right-of-use assets

Investments in subsidiary corporations, joint ventures and associated companies

Other non-financial assets

Intangible assets, property, plant and equipment, right-of-use assets, investments in subsidiary corporations, joint ventures and associated companies and other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

2. Significant accounting policies (cont'd)

2.11 Impairment of non-financial assets (cont'd)

(b) Intangible assets (cont'd)

Property, plant and equipment (cont'd)

Right-of-use assets (cont'd)

Investments in subsidiary corporations, joint ventures and associated companies (cont'd)

Other non-financial assets (cont'd)

For the purposes of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at the revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.12 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

2. Significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

(a) Classification and measurement (cont'd)

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of the financial assets not a fair value through profit or loss, transactions cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instrument

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income and expenses".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income and expenses", except for those equity securities which are not held for trading. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2. Significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

(b) Impairment (cont'd)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On the disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On the disposal of an equity investment, the difference between the carrying amount and the sale proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and the sale proceeds would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (cont'd)

2.15 Leases

(i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or

2. Significant accounting policies (cont'd)

2.15 Leases (cont'd)

(i) When the Group is the lessee: (cont'd)

- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) When the Group is the lessor:

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average cost basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (cont'd)

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, joint ventures and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment properties measured at fair value are presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operation losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

2. Significant accounting policies (cont'd)

2.19 Employee compensation (cont'd)

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

The subsidiary corporations incorporated in the People's Republic of China ("PRC") are required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by PRC legislation and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the PRC subsidiary corporations' retired employees.

The subsidiary corporation incorporated in Taiwan is required to make mandatory pension contributions for employees under existing Taiwan legislation. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.20 Currency translation

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company and all values have been rounded to the nearest thousand ("S\$'000") unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from loans in foreign currencies qualifying as net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented within "Other income or expenses".

2. Significant accounting policies (cont'd)

2.20 Currency translation (cont'd)

(b) Transactions and balances (cont'd)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are translated at the closing rates at the reporting date.

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to these segments and to assess these segments' performances. Additional disclosures on each of these segments are shown in Note 33 to the financial statements, including factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the statements of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2. Significant accounting policies (cont'd)

2.23 Share capital and treasury shares (cont'd)

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

(a) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. The PRC subsidiary corporations make tax submissions and obtain clearances from the local tax authorities in accordance with local practices. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets at the end of the reporting period was \$26,408,000 (2020: \$39,475,000), \$12,346,000 (2020: \$8,298,000) and \$22,144,000 (2020: \$27,138,000) respectively.

(b) Expected credit losses ("ECL") on trade receivables

Expected credit losses ("ECL") on trade receivables is probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group measured the loss allowance for trade receivables at an amount equal to lifetime ECL using a provision matrix. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group's historical observed default rates, customer's ability to pay and adjusted with forward-looking information. At every reporting date, the historical observed default rates will be updated and changes in the forward-looking estimates will be analysed. The information about the ECL on the Group's trade receivables is disclosed in Note 32(b) to the financial statements. The Group also evaluates the ECL on customers in financial difficulty separately. Based on management's evaluation, no loss allowance for trade receivables is recognised for the financial years ended 31 December 2021.

The carrying amounts of trade receivables is disclosed in Note 21 to the financial statements.

3. Critical accounting estimates, assumptions and judgements (cont'd)

(c) Fair value measurement of put and call option - Pedal Pulses Ltd.

The put and call option derivatives arise from the acquired joint venture as disclosed in Note 17 to the financial statements and are measured at fair value as at the end of the reporting period.

Call option

As at the end of the reporting period, the fair value of the call option has been determined by management, assisted by its external valuer, and is considered as level 3 recurring fair value measurements. The significant judgement and assumptions to the valuation include expected risk-free rate, spread and volatility rate. Significant assumptions were made by the management in estimating the probability of the option being exercised as at the end of the reporting period. The carrying value of the call option as at 31 December 2021 is S\$5,662,000 (2020: S\$4,585,000).

Put option

As at the end of the reporting period, the fair value of the put option derivative has been determined by management, assisted by its external valuer, and is considered as level 3 recurring fair value measurements. The significant judgement and assumptions to the valuation include expected volatility rate and risk-free rate. Significant assumptions were made by the management in estimating the probability of the option being exercised as at the end of the reporting period. The carrying value of the put option as at 31 December 2021 is S\$18,796,000 (2020: S\$32,798,000).

(d) Valuation of inventories

A review is made periodically on inventory for obsolete and excess inventory and declines in net realisable value below cost and an allowance is recorded against the carrying amount of inventories for any such obsolescence, excess and declines. The determination of inventories write down to net realisable value requires management to exercise judgement in identifying end-of-life or slow-moving inventories and make estimates of write down required. Such estimation is made after taking into consideration factors such as future demands and anticipated selling prices. As at 31 December 2021, there was S\$949,000 inventories written-off. The carrying amount of inventories at the reporting date is disclosed in Note 20 to the financial statements.

4. Revenue

Disaggregation of revenue

	Group	
	2021 S\$'000	2020 S\$'000
Primary geographical markets		
Taiwan	162,906	166,807
Singapore	44,404	27,456
People's Republic of China	287,013	278,295
Malaysia	38,154	45,239
Others	47,559	30,837
	580,036	548,634
Major operating segments		
Direct selling	292,849	270,192
Franchise	286,074	276,623
Others	1,113	1,819
	580,036	548,634

The timing of the Group's transfer of goods or services are recognised at a point in time.

Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Contract liabilities	1,686	7,506

Contract liabilities mainly relate to advances received from customers for which goods had not been delivered as at the respective financial year end.

Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year was S\$7,506,000 (2020: S\$44,609,000).

5. Other income

	Note	Group	
		2021 S\$'000	2020 S\$'000
Government grants		7,737	3,026
Foreign exchange gains, net		2,086	2,764
Rental income		114	65
Miscellaneous income		943	188
Overprovision of restoration costs	27	224	-
Fair value gain in other financial assets	19	-	521
Fair value gain in foreign exchange derivatives	26	800	17
Fair value gain in call option - Pedal Pulses Ltd.	19	934	-
Fair value gain in put option - Pedal Pulses Ltd.	26	15,283	-
Gain on termination of lease	25	12	4
Rental concessions		-	18
		28,133	6,603

Government grant

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The Group's government grant income mainly relates to Jobs Support Scheme given out by the Singapore government and a government grant to one of our China subsidiary corporations to help companies during the period of economic uncertainty.

6. Other expenses

	Note	Group	
		2021 S\$'000	2020 S\$'000
Fair value loss in other financial assets	19	90	-
Fair value loss in call option - Pedal Pulses Ltd.	19	-	1,600
Fair value loss in put option - Pedal Pulses Ltd.	26	-	3,204
Impairment loss on investment in a joint venture		10,349	-
Inventories written-down, net	20	947	758
Loss on disposal of property, plant and equipment		40	7
Loss on disposal of other financial assets		162	-
Others		-	3
		11,588	5,572

7. Distribution costs and administrative expenses

	Note	Group	
		2021 S\$'000	2020 S\$'000
Included in distribution costs			
- convention expenses		37,259	7,897
- commission expenses		101,744	106,356
- franchise sales related expenses		14,524	13,339
Included in administrative expenses			
- employee benefit expenses (including Directors' remuneration)		74,590	65,080
- amortisation of intangible assets	15	88	79
- amortisation of other intangible asset	14	231	231
- operating lease expense relating to short-term leases	25	110	301

Convention expenses

Convention expenses relate to event expenses, accommodations, travelling expenses and related tour expenses incurred to hold the annual convention event organised by the Group.

Commission expenses

Commission expenses are commissions paid to Direct Selling Members for their sale of the Group's products. Direct Selling Members are rewarded based on their efforts in developing the membership networks, ensuring Direct Selling Members within their networks remain active, and recognising the purchases made by those in their membership network. Commission expenses do not include amounts the Group pay to Direct Selling Members based on their personal purchase; rather, such amounts are reflected as reductions to revenue.

Franchise sales related expenses

Franchise sales related expenses relates to marketing, handling fees and other services as required by the Group.

8. Finance costs

	Note	Group	
		2021 S\$'000	2020 S\$'000
Interest expense			
- bank borrowings		-	1
- lease liabilities	25	420	463
		420	464

9. Profit before income tax

Profit before income tax is arrived at after charging/(crediting) the following:

	Note	Group	
		2021 S\$'000	2020 S\$'000
Audit fees paid/payable to:			
- Auditor of the Company		485	639
- Other auditors		207	112
Non-audit fees paid/payable to auditor of the Company		-	7
Professional fees			
- Professional fees for the financial year		2,633	4,928
- Over-provision of professional fees		(3,000)	-
Directors' fees		242	242
Employee benefits expenses (including directors):		74,994	65,657
- Salaries, bonuses and allowances (included in distribution cost)		304	577
- Salaries, bonuses and allowances (including directors' remuneration)		72,659	63,076
- Employer's contribution to defined contribution plan		2,031	2,004
Amortisation of intangible assets	15	88	79
Amortisation of other intangible asset	14	231	231
Depreciation of right-of-use assets	25	4,543	4,184
Depreciation of property, plant and equipment	12	2,061	2,275
Depreciation of investment property	13	18	18

10. Income tax expense

(a) Major components of income taxes recognised in profit or loss

The major components of income taxes for the financial years ended 31 December 2021 and 2020 are:

	Note	Group	
		2021 S\$'000	2020 S\$'000
Consolidated statement of profit or loss:			
Current income tax:			
- Current income taxation		42,996	57,120
- Under-provision in respect of previous financial years		1,573	7,128
- Withholding tax		4,762	6,101
		49,331	70,349
Deferred income tax:			
- Origination and reversal of temporary differences	10(c)	9,042	(10,619)
Income tax expense recognised in profit or loss		58,373	59,730

10. Income tax expense (cont'd)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the Singapore corporate tax rate for the financial years ended 31 December 2021 and 2020 is as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Profit before income tax	212,326	194,534
Share of results of a joint venture	(646)	(787)
Share of results of an associate	183	242
Profit before income tax and share of results of a joint venture and an associate	211,863	193,989
Tax calculated at tax rate of 17%	36,017	33,071
Adjustments:		
Effect of different tax rates in other countries	5,639	5,631
Income not subject to tax	(2,775)	(1,439)
Expenses not deductible for tax purposes	10,171	5,696
Tax concession, rebates and exemptions	(151)	(247)
Deferred tax assets not recognised	417	1,059
Under-provision in respect of previous financial years	1,573	7,128
Deferred tax relating to undistributed earnings of subsidiary corporations	2,510	2,692
Withholding tax	4,762	6,101
Others	210	38
Income tax expense recognised in profit or loss	58,373	59,730

10. Income tax expense (cont'd)

(c) *Deferred tax assets/(liabilities)*

	Group				Company	
	Consolidated statement of financial position		Consolidated statement of profit or loss		Statement of financial position	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Deferred tax liabilities						
Excess of net book value of property, plant and equipment over tax values	(193)	(248)	55	(22)	(193)	(248)
Undistributed earnings of subsidiary corporations	(10,505)*	(7,995)*	(2,510)	2,692	(6,159)*	(4,601)*
Unremitted interest income	(141)	(97)	(44)	35	(141)	(97)
Provisions	241*	246*	(5)	(55)	238*	246*
Leases	(1,721)	(47)	(1,674)	47	(18)	(43)
Others	(27)	(157)	130	160	148	(156)
	<u>(12,346)</u>	<u>(8,298)</u>			<u>(6,125)</u>	<u>(4,899)</u>
Deferred tax assets						
Provisions	1,308	1,282	26	(917)	-	-
Unrealised profits on inventories arising from intra-group sale	19,105	25,668	(6,563)	(12,537)	-	-
Others	1,731	188	1,543	(22)	-	-
	<u>22,144</u>	<u>27,138</u>	<u>9,042</u>	<u>(10,619)</u>	<u>-</u>	<u>-</u>

* The Group had offset these deferred tax assets and deferred tax liabilities as these relate to the same taxable entity and the same taxation authority.

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S\$11,913,000 (2020: S\$9,461,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate in.

These tax losses have no expiry date except for an amount of S\$9,535,000 (2020: S\$8,697,000) which will expire in the next 5 to 15 years as follows:

10. Income tax expense (cont'd)

(c) *Deferred tax assets/(liabilities) (cont'd)*

Unrecognised tax losses (cont'd)

	Group	
	2021 S\$'000	2020 S\$'000
Can be utilised up to:		
2022	326	326
2023	786	786
2024	2,388	2,388
2025	475	475
After 2025	5,559	4,722
	<u>9,535</u>	<u>8,697</u>

Tax consequences of proposed dividends

For the financial year ended 31 December 2021 and 2020, there are no income tax consequences attached to the dividends to shareholders proposed by the Company and hence no liability has been recognised in the financial statements (Note 34).

11. Earnings per share

Basic earnings per share are calculated by dividing the Group's profit net of tax for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2021 S\$'000	2020 S\$'000
Net profit for the financial year attributable to owners of the Company	153,694	135,205
Weighted average number of ordinary shares for basic earnings per share computation and diluted earnings per share computation*	544,100	544,100

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year where applicable.

There are no dilutive potential ordinary shares.

13. Investment property (cont'd)

Details of the investment property held by the Group as at 31 December 2021 and 2020 was as follows:

Description and location	Existing use	Tenure	Unexpired lease term
One unit of leasehold property at Block 726 Ang Mo Kio Avenue 6 Singapore 560726	Shop	Leasehold	58 years

Valuation of investment property

The fair value of the investment property was measured as at 31 December 2021 and 2020 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Savills Valuation and Professional Services (S) Pte. Ltd., a firm of independent professional valuers. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. Details of valuation techniques and inputs used are disclosed in Note 32(e)(iii) to the financial statements.

Property pledged as security

The banking facility was terminated during financial year ended 31 December 2020 and the pledge over the security was discharged during the financial year ended 31 December 2021.

14. Other intangible asset

	Group	
	2021 S\$'000	2020 S\$'000
Cost		
Beginning of financial year	8,737	8,737
Additions	358	–
End of financial year	9,095	8,737
Accumulated amortisation		
Beginning of financial year	993	762
Amortisation charge for the financial year	231	231
End of financial year	1,224	993
Net carrying amount	7,871	7,744

Amortisation expense is charged as administrative expenses in profit or loss.

Other intangible asset relates to the costs paid to the old tenant to buy out the old tenant's remaining lease of one of the leasehold buildings, which was demolished in the financial year end 31 December 2020, and the right to lease the land for another 30 years from the lessor during the financial year ended 31 December 2016. This intangible asset is amortised over an estimated useful life of 38 years.

The Group had applied the practical expedient of excluding this initial direct cost from the measurement of the right-of-use assets in Note 25 to the financial statements.

15. Intangible assets

	Goodwill S\$'000	Licenses S\$'000	Trademarks S\$'000	Customer relationship S\$'000	Total S\$'000
Group					
Cost					
At 1 January 2020	1,016	8,518	807	740	11,081
Additions	–	6	26	–	32
Foreign exchange difference	–	117	75	–	192
At 31 December 2020 and 1 January 2021	1,016	8,641	908	740	11,305
Additions	–	21	19	–	40
Foreign exchange difference	–	209	–	–	209
At 31 December 2021	1,016	8,871	927	740	11,554
Accumulated amortisation and impairment					
At 1 January 2020	324	8,029	790	740	9,883
Amortisation charge for the financial year	–	74	5	–	79
Foreign exchange difference	–	93	74	–	167
At 31 December 2020 and 1 January 2021	324	8,196	869	740	10,129
Amortisation charge for the financial year	–	81	7	–	88
Foreign exchange difference	–	188	–	–	188
At 31 December 2021	324	8,465	876	740	10,405
Net carrying amount					
At 31 December 2021	692	406	51	–	1,149
At 31 December 2020	692	445	39	–	1,176

	Trademarks	
	2021 S\$'000	2020 S\$'000
Company		
Cost		
Beginning of financial year	652	626
Additions	19	26
End of financial year	671	652
Accumulated amortisation		
Beginning of financial year	613	608
Amortisation charge for the financial year	7	5
End of financial year	620	613
Net carrying amount	51	39

15. Intangible assets (cont'd)

Goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating units ("CGU"):

	Group	
	2021 S\$'000	2020 S\$'000
Best World (China) Pharmaceutical Co., Ltd. ("BWC") - Manufacturing/wholesale	686	686
BWL (Thailand) Company Limited ("BWL")	6	6
Best World Lifestyle Sdn. Bhd. ("BWLSB")	324	324
Gross carrying amount	1,016	1,016
Less: Accumulated impairment loss	(324)	(324)
	692	692

Goodwill related to BWL is not significant to the Group's consolidated financial statements.

Impairment loss recognised

Included in the Group's goodwill were goodwill attributable to BWLSB, whose carrying value has been reduced to its recoverable amount through recognition of aggregate impairment loss of \$324,000 since the financial year ended 31 December 2018.

Impairment testing of goodwill

Goodwill is tested for impairment by comparing the carrying amount of goodwill with its recoverable amount.

The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections from financial budget of BWC - Manufacturing/wholesale CGU approved by management covering a five-year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgement. The growth rate applied ranges from 33% to 167% (2020: 25% to 28%) and the pre-tax discount rate applied in the cash flow projections is 16.5% (2020: 16.5%), which reflects management's estimation of the risks specific to the segment.

There was no impairment loss recognised to write-down the carrying amount of the goodwill attributable to BWC - Manufacturing/wholesale CGU during the financial year ended 31 December 2021.

Licences

Included in licences is a direct selling licence registered under BWC with net carrying amount of S\$259,000 (2020: S\$296,000). The recoverable amounts of the direct selling license is determined based on fair value less costs of disposal. The fair value less costs of disposal of the direct selling license is determined based on recent transacted prices for comparable direct selling licenses in China sharing similar characteristics.

15. Intangible assets (cont'd)

Impairment loss recognised

The Group recorded an accumulated impairment loss of S\$2,892,000 on BWC - Manufacturing/wholesale CGU's production permits and formulae. Consequently, the net carrying amount of this CGU's production permits and formulae is S\$Nil.

16. Investments in subsidiary corporations

	Company	
	2021 S\$'000	2020 S\$'000
Unquoted equity shares, at cost	14,396	12,809
Less: Impairment loss	(9,145)	(9,145)
	5,251	3,664
Loans to subsidiary corporations	108,052	69,814
Allowance for expected loss	(8,500)	-
	99,552	69,814
Total investments in subsidiary corporations	104,803	73,478
<i>Movements in impairment loss:</i>		
Beginning and end of financial year	9,145	9,145
<i>Movements in allowance for expected loss:</i>		
Beginning of financial year	-	-
Charge for the financial year	8,500	-
End of financial year	8,500	-

Loans to subsidiary corporations

These relates to loans to subsidiary corporations which are unsecured and non-interest bearing and are quasi-equity in nature. The settlement of the loans is not planned, and they are not expected to be settled in the foreseeable future. As these loans, in substance, form part of the Company's net investment in the subsidiary corporations, they are stated at cost.

16. Investments in subsidiary corporations (cont'd)

Composition of the Group

The Group has the following subsidiary corporations as at 31 December 2021 and 2020:

Name of subsidiary corporations and country of incorporation	Principal activities	Cost		Effective percentage of equity held by Group	
		2021 S\$'000	2020 S\$'000	2021 %	2020 %
Held by the Company					
Best World Lifestyle Pte. Ltd. ^(a) (Singapore)	Manufacturing and distribution of skin care products and health supplements	1,251	1,251	100	100
Avance Living Pte. Ltd. ^(a) (Singapore)	Manufacturing and project management service	4	4	100	100
Best World Lifestyle Sdn. Bhd. ^(f) (Malaysia)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	2,234	2,234	100	100
PT Best World Indonesia ^(h) (Indonesia)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	4,978	4,978	80	80
BWL (Thailand) Company Limited ^{(b)(k)} (Thailand)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	48	48	49	49
Best World Lifestyle (HK) Company Limited ⁽ⁱ⁾ (Hong Kong)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	118	118	100	100
Best World Lifestyle (Taiwan) Co., Ltd ^(d) (Taiwan)	Distribution of health food, network services, sanitary products, skin care and cosmetic products	94	94	100	100
BWL Korea Co., Ltd ^(j) (Korea)	Distribution of skin care, health food and equipment	2,438	2,438	100	100

16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

The Group has the following subsidiary corporations as at 31 December 2021 and 2020: (cont'd)

Name of subsidiary corporations and country of incorporation	Principal activities	Cost		Effective percentage of equity held by Group	
		2021 S\$'000	2020 S\$'000	2021 %	2020 %
Held by the Company (cont'd)					
PT BWL Indonesia ^{(h)(l)} (Indonesia)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	780	193	80	80
BWL Health & Sciences, Inc. ^(c) (Philippines)	Selling and distribution, on wholesale basis of skin care, nutritional supplements and personal care products and health care supplement	765	765	100	100
Best World Vietnam Company Limited ^(e) (Vietnam)	Trading and distribution of skin care and health-related products	649	649	100	100
BWL General Trading LLC ^{(j)(k)} (Dubai, The United Arab Emirates ("UAE"))	General trading including importing, trading and re-exporting of trade goods and products	37	37	49	49
BWL Online Systems Pte. Ltd ^{(a)(m)} (Singapore)	Distribution of cosmetics, skin care products and toiletries mainly from online sales	–*	–*	100	100
Best World Lifestyle (S) Pte. Ltd. ^{(a)(o)} (Singapore)	Distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment	1,000	–	100	–
Celcott Investments Pte. Ltd. ^(a) (Singapore)	Investment holding	–*	–*	100	100
Best World Taiwan Holdings Pte. Ltd. ^(a) (Singapore)	Investment holding and distribution of health food, network services, sanitary products, skin care and cosmetic products	–*	–*	100	100
MDUK Investments Pte. Ltd ^{(a)(n)} (Singapore)	Investment holding	–*	–*	100	100
		14,396	12,809		

* Less than S\$1,000

16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

The Group has the following subsidiary corporations as at 31 December 2021 and 2020: (cont'd)

Name of subsidiary corporations and country of incorporation	Principal activities	Effective percentage of equity held by Group	
		2021 %	2020 %
Held through Best World Lifestyle Pte. Ltd.			
Best World (China) Pharmaceutical Co., Ltd. ^(g) (People's Republic of China)	Development, manufacture and wholesale of its proprietary brand of dietary supplements, including wholesale, retail and import and export of personal care and skincare and healthcare equipment import and distribution of cosmetics, skincare, nutritional supplements, personal care products and healthcare equipment and engage in franchising activities	100	100
Held through Best World (China) Pharmaceutical Co., Ltd.			
Best World Lifestyle (Shanghai) Co., Ltd ^(g) (People's Republic of China)	Import and distribution of cosmetics, skin care, nutritional supplements, personal care products and healthcare equipment. Has not commenced commercial operations	100	100
Best World Lifestyle (China) Co., Ltd ^(g) (People's Republic of China)	Sales of personal necessities, cosmetics and hygiene products, nutritional supplements and health care products, pre-packaged food and other related activities	100	100

^(a) Audited by Nexia TS Public Accounting Corporation ("Nexia TS").

^(b) Audited by RSM Audit Services (Thailand) Limited, a member firm of RSM International.

^(c) Audited by Reyes Tacandong & Co.

^(d) Audited by Ernst & Young Taiwan, a member firm of Ernst & Young Global.

^(e) Audited by RSM Vietnam Auditing & Consulting Company Limited, a member firm of RSM International.

^(f) Audited by Crowe Horwath Malaysia, a member of Crowe Horwath International.

^(g) Audited by Hunan Zhongqiao Sanxiang Certified Public Accountants. Audited by Shanghai Nexia TS Certified Public Accountants, for Group reporting purpose.

^(h) Audited by Tjahjadi & Tamara, a member of Morison KSi.

16. Investments in subsidiary corporations (cont'd)

Composition of the Group (cont'd)

⁽ⁱ⁾ Audited by RSM Hong Kong, a member firm of RSM International.

^(j) Not subject to any statutory requirements under the relevant rules and regulations in their countries of incorporation.

^(k) The Group has accounted for the entity as a subsidiary corporation as the Group controls the relevant activities (including financial and operating policies) of the entity through a shareholders' agreement.

^(l) On 30 December 2021, the Company increased its investment in PT BWL Indonesia by way of cash injection of IDR6,000,000 (equivalent to \$587,000) due to increase in issued share capital of PT BWL Indonesia from IDR2,500,000,000 to IDR10,000,000,000. There are no change in effective shareholding of 80% subsequent to the capital injection.

^(m) The Group incorporated BONSA Systems Pte. Ltd. on 5 June 2020. BONSA Systems Pte. Ltd. changed its name to BWL Online Systems Pte. Ltd on 14 January 2021.

⁽ⁿ⁾ The Group incorporated Best World Investments Pte Ltd. on 1 April 2020. Best World Investments Pte. Ltd. changed its name to MDUK Investments Pte. Ltd on 5 June 2020.

^(o) The Group incorporated Best World Lifestyle (S) Pte. Ltd. on 21 July 2021.

As required by Rule 715(2) of the Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group.

The Directors have assessed that the Group did not have subsidiary corporations with non-controlling interests that are material to the Group as at 31 December 2021 and 2020.

Undertaking to support subsidiary corporations with deficit position

At the end of the reporting period, the Company has agreed to provide continuing financial support to certain subsidiary corporations and the net deficit position of these subsidiary corporations was:

	Company	
	2021 S\$'000	2020 S\$'000
Total net deficit position of subsidiary corporations	19,892	19,477

17. Investment in a joint venture

	Group	
	2021 S\$'000	2020 S\$'000
Beginning of financial year	48,958	–
Cash consideration paid	–	24,762
Fair value of call option as at date of acquisition	–	(6,185)
Fair value of put option as at date of acquisition	–	29,594
Share of post-acquisition results	646	787
Dividend received	(920)	–
Less: Impairment loss	(10,349)	–
End of financial year	38,335	48,958

Details of the joint venture are as follows:

Name of company	Principal activities	Principal place of business	Ownership interest	
			2021 %	2020 %
Pedal Pulses Ltd. ^(a)	Retail sales of products for feet, legs and hands and provision of podiatry and beauty services	United Kingdom	49.9	49.9

^(a) Audited by Aspen Waite Limited UK

On 3 April 2020, the Group has through its wholly-owned subsidiary corporation, MDUK Investments Pte. Ltd (previously known as Best World Investments Pte. Ltd), entered into a sales and purchase agreement, to acquire 579 ordinary shares of Pedal Pulses Ltd., representing 49.9% equity interest in Pedal Pulses Ltd. for a cash consideration of GBP13,900,000, equivalent to S\$24,762,000. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decision over the relevant activities.

There are no contingent liabilities relating to the Group's interest in the joint venture.

As part of the acquisition, the Group's subsidiary corporation entered into a put and call option agreement with the owners of Pedal Pulses Ltd. As at the date of acquisition, the fair value of the put and call options amounted to S\$29,594,000 and S\$6,185,000 respectively. The aggregated fair value of these options, amounting to S\$23,409,000 has been accounted for as part of the consideration transferred for the acquisition of Pedal Pulses Ltd.

17. Investment in a joint venture (cont'd)

Set out below is the summarised financial information for Pedal Pulses Ltd.

Summarised statements of financial position

	2021 S\$'000	2020 S\$'000
Current assets	9,677	10,658
Non-current assets	2,264	1,556
Current liabilities	(3,308)	(4,100)
Non-current liabilities	(303)	(300)
Net assets, representing surplus in equity	8,330	7,814
Proportion of the Group's ownership	49.9%	49.9%
Share of net assets	2,320	3,240
Fair value adjustment on net assets acquired	5,798	5,798
Cumulative share of results	1,433	787
Goodwill on acquisition	39,133	39,133
	48,684	48,958
Less: Impairment loss	(10,349)	–
Carrying amount of the investment	38,335	48,958

Summarised statement of comprehensive income

	2021 S\$'000	2020 S\$'000
Revenue	14,862	14,591
Cost of sales	(5,708)	(5,929)
Administrative expense, including depreciation and amortisation	(5,071)	(5,467)
Distribution costs	(1,260)	(499)
Profit before income tax	2,823	2,696
Income tax expense	(536)	(609)
Profit for the financial period, representing total comprehensive income for the financial year	2,287	2,087
Proportion of the Group's ownership	49.9%	49.9%
Group's share of total comprehensive income for the financial year	1,141	1,023
Adjustment for fair value differences	(495)	(236)
Group's share of results for the financial year	646	787
Group's cumulative share of results	1,433	787
Dividends received from joint venture	920	–

The joint venture had no contingent liabilities or capital commitments as at 31 December 2021.

18. Investment in an associate

	Group	
	2021 S\$'000	2020 S\$'000
Beginning of financial year	5,173	5,415
Share of post-acquisition results	(183)	(242)
End of financial year	4,990	5,173

Details of the associate are as follows:

Name of company	Principal activities	Principal place of business	Ownership interest	
			2021 %	2020 %
Celligenics Pte. Ltd. ^(a)	Research and development of Biotechnology, life and medical sciences	Singapore	12.5	12.5

^(a) Audited by Pricewaterhouse Coopers LLP

On 21 January 2019, the Company's wholly-owned subsidiary corporation, Celcott Investments Pte. Ltd., acquired 115,000 ordinary shares in Celligenics Pte. Ltd. for a cash consideration of S\$5,625,000, representing 12.5% of the total issued share capital. Investment in Celligenics Pte. Ltd. is classified as investment in associate because the Group has significant influence over the entity through representation on the board of directors. The Company, or its designated wholly-owned subsidiary corporation, was given the right (but not the obligation) to subscribe for additional shares such that the aggregate shareholding of the Group in Celligenics Pte. Ltd. after such further subscription represents up to but not more than 15.0% of the total shares in Celligenics Pte. Ltd. as at the date of exercise of such right on a fully diluted basis. The Group did not exercise the right and the right has since lapsed.

There are no contingent liabilities relating to the Group's interest in the associate.

Set out below is the summarised financial information for Celligenics Pte. Ltd.

Summarised statement of financial position

	2021 S\$'000	2020 S\$'000
Current assets	75	1,355
Non-current assets	36	82
Current liabilities	(261)	(136)
Non-current liabilities	-	(3)
Net assets, representing surplus in equity	(150)	1,298
Proportion of the Group's ownership	12.5%	12.5%
Share of net assets on acquisition	606	606
Cumulative share of results	(635)	(452)
Goodwill on acquisition	4,949	4,949
Other adjustments	70	70
Carrying amount of the investment	4,990	5,173

18. Investment in an associate (cont'd)

Summarised statement of comprehensive income

	2021 S\$'000	2020 S\$'000
Other income	544	330
Administrative expenses	(1,306)	(1,741)
Research and development	(685)	(524)
Finance cost	-	(3)
Loss before income tax	(1,447)	(1,938)
Income tax expense	-	-
Loss for the financial year, representing total comprehensive loss for the financial year	(1,447)	(1,938)
Proportion of the Group's ownership	12.5%	12.5%
Group's share of results for the financial year	(183)	(242)
Group's cumulative share of results	(635)	(452)

The associate had no contingent liabilities or capital commitments as at 31 December 2021 and 2020.

19. Other financial assets

	Group			
	Carrying Value		Fair Value	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Non-current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
5.38% maturing on 31 January 2023 (effective rate: 5.38% (2020: 5.38%)), PRC	-	264	-	70
4.38% maturing on 9 January 2023 (effective rate: 4.38% (2020: 4.38%)), Singapore	269	263	282	276
3.00% maturing on 31 March 2022 (effective rate: 3.00% (2020: 3.00%)), Luxembourg	-	264	-	265
	269	791	282	611
Financial assets at FVPL:				
Call option - Pedal Pulses Ltd.	5,662	4,585	5,662	4,585
Total other financial assets (non-current)	5,931	5,376	5,944	5,196

19. Other financial assets (cont'd)

	Group			
	Carrying Value		Fair Value	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
3.00% maturing on 31 March 2022 (effective rate: 3.00% (2020: 3.00%)), Luxembourg	270	-	247	-
Financial assets at FVPL:				
PIMCO Funds: Global Investors Series PLC - Income Fund	1,314	-	1,314	-
United High Grade Corporate Bond Fund	2,320	2,314	2,320	2,314
United SGD Fund - AACUSDH	10,565	10,320	10,565	10,320
Total other financial assets (current)	14,469	12,634	14,446	12,634
Total other financial assets (current and non-current)	20,400	18,010	20,390	17,830

	Company			
	Carrying Value		Fair Value	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Non-current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
5.38% maturing on 31 January 2023 (effective rate: 5.38% (2020: 5.38%)), PRC	-	264	-	70
4.38% maturing on 9 January 2023 (effective rate: 4.38% (2020: 4.38%)), Singapore	269	263	282	276
3.00% maturing on 31 March 2022 (effective rate: 3.00% (2020: 3.00%)), Luxembourg	-	264	-	265
Total other financial assets (non-current)	269	791	282	611

19. Other financial assets (cont'd)

	Company			
	Carrying Value		Fair Value	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Current:				
Quoted bonds, classified as financial instruments at amortised cost, in corporations with fixed interest rate at:				
3.00% maturing on 31 March 2022 (effective rate: 3.00% (2020: 3.00%)), Luxembourg	270	-	247	-
Financial instruments at FVPL:				
PIMCO Funds: Global Investors Series PLC - Income Fund	1,314	-	1,314	-
United High Grade Corporate Bond Fund	2,320	2,314	2,320	2,314
United SGD Fund - AACUSDH	10,565	10,320	10,565	10,320
Total other financial assets (current)	14,469	12,634	14,446	12,634
Total other financial assets (current and non-current)	14,738	13,425	14,728	13,245

Funds pledged for undrawn available credit facilities

Funds amounting to S\$2,260,000 (2020: S\$2,212,000) were pledged to banks to secure banking facilities granted to the Group as disclosed in Note 32(c) to the financial statements.

A reconciliation of other financial assets as at 31 December 2021 and 2020 is as follows:

				Non-cash changes				31 December 2021 S\$'000
	1 January 2021 S\$'000	Addition S\$'000	Disposal S\$'000	Loss on disposal S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	Reclass- ification S\$'000	
Group								
Non-current								
Financial instruments at amortised cost	791	-	(108)	(162)	-	12	(264)	269
Financial instruments at FVPL	4,585	-	-	-	934	143	-	5,662
Current								
Financial instruments at amortised cost	-	-	-	-	-	6	264	270
Financial instruments at FVPL	12,634	1,370	-	-	(90)	285	-	14,199
Total	18,010	1,370	(108)	(162)	844	446	-	20,400

19. Other financial assets (cont'd)

A reconciliation of other financial assets as at 31 December 2021 and 2020 is as follows: (cont'd)

				Non-cash changes			31 December 2020 S\$'000
	1 January 2020 S\$'000	Addition S\$'000	Disposal S\$'000	Non-cash addition S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	
Group							
Non-current							
Financial instruments at amortised cost	535	279	–	–	–	(23)	791
Financial instruments at FVPL	–	–	–	6,185	(1,600)	–	4,585
Current							
Financial instruments at amortised cost	538	–	(560)	–	–	22	–
Financial instruments at FVPL	12,310	39	–	–	521	(236)	12,634
Total	13,383	318	(560)	6,185	(1,079)	(237)	18,010

				Non-cash changes				31 December 2021 S\$'000
	1 January 2021 S\$'000	Addition S\$'000	Disposal S\$'000	Loss on disposal S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	Reclass- ification S\$'000	
Company								
Non-current								
Financial instruments at amortised cost	791	–	(108)	(162)	–	12	(264)	269
Current								
Financial instruments at amortised cost	–	–	–	–	–	6	264	270
Financial instruments at FVPL	12,634	1,370	–	–	(90)	285	–	14,199
Total	13,425	1,370	(108)	(162)	(90)	303	–	14,738

19. Other financial assets (cont'd)

A reconciliation of other financial assets as at 31 December 2021 and 2020 is as follows: (cont'd)

				Non-cash changes		31 December 2020 S\$'000
	1 January 2020 S\$'000	Addition S\$'000	Disposal S\$'000	Fair value adjustment S\$'000	Foreign exchange movement S\$'000	
Company						
Non-current						
Financial instruments at amortised cost	535	279	–	–	(23)	791
Current						
Financial instruments at amortised cost	538	–	(560)	–	22	–
Financial instruments at FVPL	12,310	39	–	521	(236)	12,634
Total	13,383	318	(560)	521	(237)	13,425

A summary of the carrying value and fair value of other financial assets is as follows:

	Group			
	Carrying Value		Fair Value	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Financial instruments at FVPL	19,861	17,219	19,861	17,219
Financial assets at amortised cost	539	791	529	611
	20,400	18,010	20,390	17,830

	Company			
	Carrying Value		Fair Value	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Financial instruments at FVPL	14,199	12,634	14,199	12,634
Financial assets at amortised cost	539	791	529	611
	14,738	13,425	14,728	13,245

None of the financial assets measured at amortised cost were reclassified to financial assets at fair value during the financial year.

Interest income recognised on financial instruments at amortised cost is S\$39,000 (2020: S\$28,000). This is disclosed as "Interest income" in the consolidated statement of comprehensive income.

20. Inventories

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Statement of financial position:				
Finished goods	88,003	102,335	26,902	27,952
Raw materials	124	167	-	-
Work-in-progress	-	125	-	-
Packaging materials	154	160	-	-
	88,281	102,787	26,902	27,952

	Group		
	2021 S\$'000	2020 S\$'000	
Consolidated statement of profit or loss:			
Inventories recognised as an expense in profit before tax		103,627	113,984
Inclusive of the following charge:			
- Inventories written-off charged to profit or loss included in cost of sales		2	-
- Inventories written-down, net		947	758

21. Trade and other receivables

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Financial assets				
Trade receivables				
- Third parties	2,163	4,906	651	726
- Subsidiary	-	-	28,776	133,993
Less: Allowance for expected credit losses	(1,556)	(1,512)	(16,872)	(14,414)
	607	3,394	12,555	120,305
Other receivables				
- Third parties	3,932	1,750	1,233	311
- Refundable rental deposits	2,033	1,951	1,271	1,335
- Subsidiary corporations	-	-	14,347	14,663
Less: Allowance for expected credit losses	(264)	(383)	(9,682)	(10,059)
	5,701	3,318	7,169	6,250
Total trade and other receivables	6,308	6,712	19,724	126,555
Less: GST and VAT receivables	-	(2,134)	(642)	(708)
Total trade and other receivables at amortised cost	6,308	4,578	19,082	125,847

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 (2020: 30 to 120) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

21. Trade and other receivables (cont'd)

Other receivables

Other receivables are normally with no fixed terms and therefore there is no maturity.

Amount due from subsidiary corporations

Amounts due from subsidiary corporations are unsecured, bear interests ranging from 1.44% to 6.9% (2020: 1.44% to 6.90%) per annum and are to be settled in cash.

Refundable deposits

Deposits placed with lessors are unsecured and non-interest bearing. These deposits are refundable upon termination of leases.

The movement in the Group's and Company's expected credit losses on trade receivables are as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Movement in allowance accounts:				
Beginning of financial year	1,512	1,458	14,414	9,982
Charge for the financial year	-	1	2,462	4,432
Write-back for the financial year	(11)	-	-	-
Utilised	(4)	(6)	(4)	-
Foreign exchange difference	59	59	-	-
End of financial year (Note 32(b))	1,556	1,512	16,872	14,414

The movement in allowance for expected credit losses used to record the impairment of the Group's and Company's other receivables are as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Movement in allowance accounts:				
Beginning of financial year	383	393	10,059	9,661
Charge for the financial year	-	3	593	398
Write-back for the financial year	-	-	(970)	-
Utilised	(115)	-	-	-
Foreign exchange difference	(4)	(13)	-	-
End of financial year	264	383	9,682	10,059

22. Other assets

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Advances to suppliers	12,049	9,106	9,726	8,590
Prepayments	8,608	6,176	347	200
	20,657	15,282	10,073	8,790

23. Cash and cash equivalents

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Cash at banks	467,844	328,361	296,649	175,104
Fixed deposits restricted in use	1,500	1,000	1,500	-
Cash pledged for bank facilities	51	49	-	-
Cash pledged for security deposits	5,433	4,622	-	-
	474,828	334,032	298,149	175,104

Cash at banks

These balances include bank balances and short-term deposits with a maturity of less than 90 days. The rate of interest for the cash on interest earning balances is between 0.05% to 4.90% (2020: 0.01% to 3.05%) per annum.

Cash pledged for bank facilities

This is pledged to certain banks to secure banking facilities granted to the Group. These banking facilities remain unutilised as at the end of the reporting period (Note 32(c)).

Cash pledged for security deposits

This relates to security deposits required by authorities in People's Republic of China and Vietnam for direct selling licences and are restricted in use.

For the purpose of presenting consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2021 S\$'000	2020 S\$'000
Cash and bank balances (as above)	474,828	334,032
Less: Fixed deposits restricted in use	(1,500)	(1,000)
Less: Cash pledged for bank facilities	(51)	(49)
Less: Cash pledged for security deposits	(5,433)	(4,622)
Cash and cash equivalents per consolidated statement of cash flows	467,844	328,361

24. Trade and other payables

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Trade payables				
- Third parties	9,072	4,552	7,155	3,966
- Accrued operating expenses	54,476	90,033	41,030	54,712
	63,548	94,585	48,185	58,678
Other payables				
- Third parties	85,300	47,934	10,613	8,467
- Subsidiary corporations	-	-	-	1,874
	85,300	47,934	10,613	10,341
Total trade and other payables	148,848	142,519	58,798	69,019
Less: GST and VAT payables	(1,723)	-	-	-
Total trade and other payables at amortised cost	147,125	142,519	58,798	69,019

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 30-day terms while other payables have an average term of one month.

25. Right-of-use assets and lease liabilities

As a lessee

The Group has leases for its office spaces, warehouse, a factory property and equipment. The Group's obligations under its lease is secured by the lessor's title to the leased asset. Generally, the Group is restricted from assigning and subleasing the leased asset.

The Group also has leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

25. Right-of use assets and lease liabilities (cont'd)

As a lessee (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Office spaces S\$'000	Warehouse S\$'000	Factory property S\$'000	Equipment S\$'000	Total S\$'000
Group					
At 1 January 2020	11,614	30	1,575	-	13,219
Additions	1,466	-	12	13	1,491
Lease modification	434	-	-	-	434
Termination of lease	(349)	-	-	-	(349)
Foreign exchange difference	138	-	-	-	138
Depreciation charge for the financial year	(4,114)	(24)	(45)	(1)	(4,184)
At 31 December 2020	9,189	6	1,542	12	10,749
Additions	10,004	-	1,561	11	11,576
Termination of lease	(1,469)	-	(1,496)	-	(2,965)
Foreign exchange difference	171	-	-	-	171
Depreciation charge for the financial year	(4,488)	(6)	(46)	(3)	(4,543)
At 31 December 2021	13,407	-	1,561	20	14,988

	Office spaces S\$'000	Warehouse S\$'000	Total S\$'000
Company			
At 1 January 2020	5,010	30	5,040
Lease modification	432	-	432
Depreciation charge for the financial year	(1,415)	(24)	(1,439)
At 31 December 2020	4,027	6	4,033
Depreciation charge for the financial year	(1,534)	(6)	(1,540)
At 31 December 2021	2,493	-	2,493

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Current	3,746	3,731	1,367	1,389
Non-current	10,316	6,362	1,021	2,388
Total	14,062	10,093	2,388	3,777

25. Right-of use assets and lease liabilities (cont'd)

A reconciliation of lease liabilities is as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Beginning of financial year	10,093	12,742	3,777	4,586
Additions	11,352	1,473	-	-
Lease modification	-	(16)	-	432
Accretion of interest	420	463	116	149
Termination of lease	(2,977)	(353)	-	-
Foreign exchange difference	(26)	333	-	-
Payments	(4,800)	(4,549)	(1,505)	(1,390)
End of financial year	14,062	10,093	2,388	3,777

The maturity analysis of lease liabilities are disclosed in Note 32(c) to the financial statements.

Amounts recognised in profit or loss are as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Operating lease expense relating to short-term leases	(110)	(301)
Depreciation of right-of-use assets	(4,543)	(4,184)
Interest expense on lease liabilities	(420)	(463)
Rental concessions	-	18
Gain on termination of lease	12	4
Gain on lease modification	-	439

The total cash outflows for leases are as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Repayment of lease liabilities	4,800	4,549
Operating lease expense relating to short-term leases	110	301
Total cash outflows for leases	4,910	4,850

26. Other financial liabilities

	Group			
	Carrying value		Fair value	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Non-current:				
Financial instruments at FVPL:				
Put option - Pedal Pulses Ltd.	18,796	32,798	18,796	32,798
Current:				
Financial instruments at FVPL:				
Foreign exchange derivatives	–	800	–	800
Total other financial liabilities (current and non-current)	18,796	33,598	18,796	33,598

	Company			
	Carrying value		Fair value	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Current:				
Financial instruments at FVPL:				
Foreign exchange derivatives	–	800	–	800
	–	800	–	800

A reconciliation of other financial liabilities as at 31 December 2021 and 2020 is as follows:

	1 January 2021 S\$'000	Fair value adjustment S\$'000	Foreign exchange adjustment S\$'000	31 December 2021 S\$'000
Group				
Non-current				
Put option - Pedal Pulses Ltd.	32,798	(15,283)	1,281	18,796
Current:				
Foreign exchange derivatives	800	(800)	–	–
Total	33,598	(16,083)	1,281	18,796

	1 January 2020 S\$'000	Addition S\$'000	Fair value adjustment S\$'000	31 December 2020 S\$'000
Group				
Non-current				
Put option - Pedal Pulses Ltd.	–	29,594	3,204	32,798
Current:				
Foreign exchange derivatives	817	–	(17)	800
Total	817	29,594	3,187	33,598

26. Other financial liabilities (cont'd)

	1 January 2021 S\$'000	Addition S\$'000	Fair value adjustment S\$'000	31 December 2021 S\$'000
Company				
Current:				
Foreign exchange derivatives	800	–	(800)	–

	1 January 2020 S\$'000	Addition S\$'000	Fair value adjustment S\$'000	31 December 2020 S\$'000
Company				
Current:				
Foreign exchange derivatives	817	–	(17)	800

27. Other liabilities

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Non-current:				
Provision for convention expenses	–	23,126	–	–
Current:				
Deferred grant income	–	280	–	157
Provision for reinstatement	1,306	1,306	1,082	1,082
Provision for convention expenses	35,556	–	–	–
Total other liabilities (current)	36,862	1,586	1,082	1,239

Provision for convention expenses

Provision for convention expenses are to be incurred for the Group's convention expected to be held during the financial year ending 31 December 2022.

Deferred grant income

Deferred grant income recognised under Jobs Support Scheme.

Provision for reinstatement

Provision for restoration costs are to be incurred for the Group's and Company's leased units.

27. Other liabilities (cont'd)

Provision for reinstatement (cont'd)

Movements in provision for restoration costs during the year are as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Beginning of financial year	1,306	1,302	1,082	1,082
Addition	224	4	–	–
Overprovision (Note 5)	(224)	–	–	–
End of financial year	1,306	1,306	1,082	1,082

It is expected that most of these costs will be incurred upon termination of the leases.

28. Share capital

(a) Share capital

	Group and Company			
	2021		2020	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
Issued and fully paid ordinary shares				
Beginning and end of financial year	554,392	20,618	554,392	20,618

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
Beginning and end of financial year	10,291	(10,591)	10,291	(10,591)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

No share acquisition was made for the financial year ended 31 December 2021 and 2020 respectively.

29. Other reserves

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Foreign currency translation reserve	8,051	104	–	–
Statutory reserve	30,258	22,606	–	–
Other reserve	(787)	(787)	322	322
Total other reserves	37,522	21,923	322	322

Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Statutory reserve

In accordance with the relevant regulations applicable to the subsidiary corporations in the People's Republic of China ("PRC") and Taiwan, the subsidiary corporations are required to make appropriation to Statutory Reserve Fund ("SRF") based on 10% of statutory profits after tax until the cumulative total of the SRF reaches 50% and 100% of the subsidiary corporations' registered capital for PRC and Taiwan, respectively. Subject to approval from the relevant authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary corporations. The SRF is not available for dividend distribution to shareholders.

Other reserves

Other reserves relate to the effects of:

- A change in ownership interests in a subsidiary corporation when there was no change in control during the financial year ended 31 December 2017;
- Transfer of treasury shares under fulfilment of equity settled share awards granted to employees under the performance share scheme during the financial year ended 31 December 2019; and
- A restructuring exercise in respect of its subsidiary corporations in Indonesia where there was no change in effective shareholding and control during the financial year ended 31 December 2019.

30. Related parties transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant transactions between the Group and its related parties on rates and terms agreed between the parties during the financial year:

	Group	
	2021 S\$'000	2020 S\$'000
With companies related to directors of the Company		
Sale of goods	–	7
Commission expenses	–	(43)
Consultancy fee expenses	–	(41)
Catering expenses	–	(10)
With persons related to directors of the Company		
Sale of goods	61	101
Commission expenses	(514)	(296)
Marketing fee	(253)	(225)
Consultancy fee expenses	(127)	(20)
Travel allowances	–	(16)
With directors of the Company		
Purchase of books	15	–
Royalty fee for books printing	100	–

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group and of the Company during the financial year are as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Short-term employee benefits	41,556	39,489
Central Provident Fund contributions and other pension contributions	312	254
Total compensation paid to key management personnel	41,868	39,743
Short-term employee benefits paid to the key management personnel comprised:		
- Directors of the Company	33,544	32,478
- Other key management personnel	8,324	7,265
	41,868	39,743

31. Commitments

(a) Operating lease commitments - as lessor

The Group has entered into a commercial property lease on its investment property. The non-cancellable lease has a fixed monthly rental charge and a remaining lease term of 13 months (2020: 1 month).

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Not later than one year	124	10
Later than one year and not later than five years	10	–
	134	10

(b) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Capital commitments in respect of property, plant and equipment	21,728	35,729

32. Financial risk management

Financial risk factors

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market price risk, currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been, throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. Guidelines set up the short-term and long-term objectives and actions to be taken in order to manage the financial risks. Such guidelines include:

- Minimise interest rate, currency, credit and market risk for all kinds of transactions;
- Maximise the use of "natural hedge", favouring as much as possible the natural offsetting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk;
- All financial risk management activities are carried out and monitored by senior management staff;

32. Financial risk management (cont'd)

Financial risk factors (cont'd)

- All financial risk management activities are carried out following good market practices;
- When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest of exchange rates). The Group is exposed to market price risk arising from its investments in quoted investment funds and are held as financial instruments at FVPL (Note 19). The Group does not have exposure to commodity price risk.

The Group's objective is to preserve capital and generate stable and consistent returns through investments in securities. The Group has signed an agreement with a financial institution to manage the Investment Portfolio ("Portfolio"). The following are the restrictions on the Portfolio:

1. Up to 100% of the Portfolio may be invested into the United SGD Fund;
2. Up to 30% of the Portfolio may be invested into the United High Grade Corporate Bond Fund; and
3. Up to 100% of the Portfolio may be invested or held in cash, cash equivalents and fixed deposits.

The Portfolio aims to target returns of 3.0% per annum. Any deviation from this policy is required to be approved by the CEO and Audit Committee. At the end of the reporting period, the entire Portfolio of the Group comprise quoted investment securities.

(i) Currency risk

The Group and the Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Chinese Yuan (RMB), British Pound (GBP), United States Dollar (USD) and Euro (EUR).

32. Financial risk management (cont'd)

(a) Market price risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on information provided to key management is as follows:

	RMB S\$'000	GBP S\$'000	USD S\$'000	Total S\$'000
Group				
2021				
Financial assets:				
Other financial assets	–	5,662	14,738	20,400
Cash and cash equivalents	102,705	934	32,902	136,541
Total financial assets	102,705	6,596	47,640	156,941
Financial liabilities:				
Trade and other payables	–	–	6,014	6,014
Other financial liabilities	–	18,796	–	18,796
Total financial liabilities	–	18,796	6,014	24,810
Total net financial assets/(liabilities)	102,705	(12,200)	41,626	132,131

	RMB S\$'000	GBP S\$'000	USD S\$'000	EUR S\$'000	Total S\$'000
Group					
2020					
Financial assets:					
Other financial assets	–	4,585	13,425	–	18,010
Cash and cash equivalents	28,809	–	34,448	7,545	70,802
Total financial assets	28,809	4,585	47,873	7,545	88,812
Financial liabilities:					
Trade and other payables	312	–	2,267	–	2,579
Other financial liabilities	–	32,798	800	–	33,598
Total financial liabilities	312	32,798	3,067	–	36,177
Total net financial assets/(liabilities)	28,497	(28,213)	44,806	7,545	52,635

32. Financial risk management (cont'd)

(a) Market price risk (cont'd)

(i) Currency risk (cont'd)

The Company's currency exposure based on information provided to key management is as follows:

	RMB S\$'000	GBP S\$'000	USD S\$'000	Total S\$'000
Company				
2021				
Financial assets:				
Trade and other receivables	10,276	–	4,404	14,680
Other financial assets	–	–	14,738	14,738
Cash and cash equivalents	102,705	933	32,289	135,927
Total financial assets	112,981	933	51,431	165,345
Financial liabilities:				
Trade and other payables	–	–	6,014	6,014
Total financial liabilities	–	–	6,014	6,014
Total net financial assets	112,981	933	45,417	159,331

	RMB S\$'000	USD S\$'000	EUR S\$'000	Total S\$'000
Company				
2020				
Financial assets:				
Trade and other receivables	102,699	4,243	–	106,942
Other financial assets	–	13,425	–	13,425
Cash and cash equivalents	28,809	34,438	7,545	70,792
Total financial assets	131,508	52,106	7,545	191,159
Financial liabilities:				
Trade and other payables	2,155	2,267	–	4,422
Other financial liabilities	–	800	–	800
Total financial liabilities	2,155	3,067	–	5,222
Total net financial assets	129,353	49,039	7,545	185,937

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in the foreign currencies against the respective functional currencies of the Group entities, with all other variables held constant.

32. Financial risk management (cont'd)

(a) Market price risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

	Increase/(decrease) Profit before income tax	
	2021 S\$'000	2020 S\$'000
Group		
USD		
- strengthened 10% (2020: 10%)	4,163	4,481
- weakened 10% (2020: 10%)	(4,163)	(4,481)
EUR		
- strengthened 10% (2020: 10%)	–	755
- weakened 10% (2020: 10%)	–	(755)
RMB		
- strengthened 10% (2020: 10%)	10,271	2,850
- weakened 10% (2020: 10%)	(10,271)	(2,850)
GBP		
- strengthened 10% (2020: 10%)	(1,220)	(2,821)
- weakened 10% (2020: 10%)	1,220	2,821

The following table demonstrates the sensitivity of the Company's profit before income tax to a reasonably possible change in the foreign currencies against the functional currencies of the Company, with all other variables held constant.

	Increase/(decrease) Profit before income tax	
	2021 S\$'000	2020 S\$'000
Company		
USD		
- strengthened 10% (2020: 10%)	4,542	4,904
- weakened 10% (2020: 10%)	(4,542)	(4,904)
EUR		
- strengthened 10% (2020: 10%)	–	755
- weakened 10% (2020: 10%)	–	(755)
RMB		
- strengthened 10% (2020: 10%)	11,298	12,935
- weakened 10% (2020: 10%)	(11,298)	(12,935)
GBP		
- strengthened 10% (2020: 10%)	93	–
- weakened 10% (2020: 10%)	(93)	–

32. Financial risk management (cont'd)

(a) Market price risk (cont'd)

(ii) Equity price risk

At the end of the reporting period, if the price of the funds held had been 10% (2020: 10%) higher/lower with all other variables held constant, the Group's profit before income tax would have been S\$1,420,000 (2020: S\$1,263,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that credit review, which takes into account qualitative and quantitative factors like business performance and profile of the customers, is performed and approved by management before credit is granted. Customer's payment profile and credit exposures are monitored on an ongoing basis by the Financial Controller.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 30 to 120 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

32. Financial risk management (cont'd)

(b) Credit risk (cont'd)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group and the Company provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group and the Company's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region.

Summarised below is the information about the credit risk exposure on the Group and the Company's trade receivables using provision matrix:

	Less than 30 days S\$'000	31 to 60 days S\$'000	61 to 90 days S\$'000	More than 90 days S\$'000	Total S\$'000
Group					
31 December 2021					
Gross carrying amount	101	31	43	1,988	2,163
Allowance for ECL	-	-	-	(1,556)	(1,556)
Net carrying amount	101	31	43	432	607
Group					
31 December 2020					
Gross carrying amount	2,912	-	33	1,961	4,906
Allowance for ECL	-	-	-	(1,512)	(1,512)
Net carrying amount	2,912	-	33	449	3,394
Company					
31 December 2021					
Gross carrying amount	11,945	3,016	874	13,592	29,427
Allowance for ECL	(1,133)	(1,273)	(874)	(13,592)	(16,872)
Net carrying amount	10,812	1,743	-	-	12,555
Company					
31 December 2020					
Gross carrying amount	25,491	17,163	23,135	68,930	134,719
Allowance for ECL	(836)	(624)	(654)	(12,300)	(14,414)
Net carrying amount	24,655	16,539	22,481	56,630	120,305

Information regarding loss allowance movement of trade and other receivables are disclosed in Note 21 to the financial statements.

32. Financial risk management (cont'd)

(b) Credit risk (cont'd)

Excessive risk concentration

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profiles

The credit risk concentration profile of the Group's and Company's trade receivables due from third parties at the end of the reporting period is as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Top customer	228	153	9	14

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risks arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions. In addition, the Group and Company also maintain surplus cash for future investment opportunities. As at 31 December 2021 and 2020, the Group has no outstanding loans and borrowings.

32. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	Less than one year S\$'000	One to five years S\$'000	More than five years S\$'000	Total S\$'000
Group				
31 December 2021				
Financial assets:				
Trade and other receivables	6,308	–	–	6,308
Other financial assets	14,469	5,931	–	20,400
Cash and cash equivalents	474,828	–	–	474,828
Total undiscounted financial assets	495,605	5,931	–	501,536
Financial liabilities:				
Trade and other payables	147,125	–	–	147,125
Other financial liabilities	–	18,796	–	18,796
Lease liabilities	5,016	8,880	2,240	16,136
Total undiscounted financial liabilities	152,141	27,676	2,240	182,057
Total net undiscounted financial assets/(liabilities)	343,464	(21,745)	(2,240)	319,479

	Less than one year S\$'000	One to five years S\$'000	More than five years S\$'000	Total S\$'000
Group				
31 December 2020				
Financial assets:				
Trade and other receivables	4,578	–	–	4,578
Other financial assets	12,634	5,376	–	18,010
Cash and cash equivalents	334,032	–	–	334,032
Total undiscounted financial assets	351,244	5,376	–	356,620
Financial liabilities:				
Trade and other payables	142,519	–	–	142,519
Other financial liabilities	800	32,798	–	33,598
Lease liabilities	3,710	5,346	2,318	11,374
Total undiscounted financial liabilities	147,029	38,144	2,318	187,491
Total net undiscounted financial assets/(liabilities)	204,215	(32,768)	(2,318)	169,129

32. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations: Cont'd)

	Less than one year S\$'000	One to five years S\$'000	Total S\$'000
Company			
31 December 2021			
Financial assets:			
Trade and other receivables	19,082	–	19,082
Other financial assets	14,469	269	14,738
Cash and cash equivalents	298,149	–	298,149
Total undiscounted financial assets	331,700	269	331,969
Financial liabilities:			
Trade and other payables	58,798	–	58,798
Lease liabilities	1,431	1,041	2,472
Total undiscounted financial liabilities	60,229	1,041	61,270
Total net undiscounted financial assets/(liabilities)	271,471	(772)	270,699

	Less than one year S\$'000	One to five years S\$'000	Total S\$'000
Company			
31 December 2020			
Financial assets:			
Trade and other receivables	125,847	–	125,847
Other financial assets	12,634	791	13,425
Cash and cash equivalents	175,104	–	175,104
Total undiscounted financial assets	313,585	791	314,376
Financial liabilities:			
Trade and other payables	69,019	–	69,019
Other financial liabilities	800	–	800
Lease liabilities	1,389	2,472	3,861
Total undiscounted financial liabilities	71,208	2,472	73,680
Total net undiscounted financial assets/(liabilities)	242,377	(1,681)	240,696

Undrawn available credit facilities

At the end of the reporting period, the Group has undrawn available credit facilities with certain banks of S\$28,399,000 (2020: S\$3,424,000). The undrawn credit facilities are available for operating activities and to settle other commitments. Credit facilities are maintained to ensure funds are available for the operations.

32. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Undrawn available credit facilities (cont'd)

The following assets are mortgaged to banks to secure bank facilities granted by the bank as at 31 December 2021:

- Other financial assets of the Company at carrying value of S\$2,260,000; and
- Certain fixed deposits of the Group of S\$1,500,000.

The following assets were mortgaged to banks to secure bank facilities granted by the bank as at 31 December 2020:

- Other financial assets of the Company at carrying value of S\$2,212,000;
- Certain fixed deposits of the Group of S\$49,000; and
- Certain leasehold properties of a subsidiary corporation at carrying value of S\$397,000.

(d) Capital risk

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2021 and 2020 respectively.

In order to maintain its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company has to have share capital with at least a free float of 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the financial year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the financial year.

As disclosed in Note 29 to the financial statements, certain subsidiary corporations of the Group are required by the respective regulations in the People's Republic of China (PRC) and Taiwan to contribute to and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary corporations for the financial years ended 31 December 2021 and 2020 respectively.

Management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The Group does not have bank borrowings as at 31 December 2021 and 2020 respectively. As such, the debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

32. Financial risk management (cont'd)

(e) Fair value measurement

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of other financial assets that are recognised or measured at fair value, can be found, Note 19 to the financial statements.

There were no transfers between the levels of fair value measurements during the financial year ended 31 December 2021 and 2020 respectively.

The following table shows an analysis of each class of assets and liabilities measured at fair value by level at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) S\$'000	Significant unobservable inputs (Level 3) S\$'000
Group		
2021		
Recurring fair value measurements assets:		
Other financial assets (Note 19)		
- Financial instruments at FVPL	14,199	-
- Call option - Pedal Pulses Ltd.	-	5,662
Recurring fair value measurements liabilities:		
Other financial liabilities (Note 26)		
- Put option - Pedal Pulses Ltd.	-	(18,796)
2020		
Recurring fair value measurements assets:		
Other financial assets (Note 19)		
- Financial instruments at FVPL	12,634	-
- Call option - Pedal Pulses Ltd.	-	4,585
Recurring fair value measurements liabilities:		
Other financial liabilities (Note 26)		
- Foreign exchange derivatives	(800)	-
- Put option - Pedal Pulses Ltd.	-	(32,798)

32. Financial risk management (cont'd)

(e) Fair value measurement (cont'd)

(i) Information about significant unobservable inputs used in level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Financial instrument	Valuation techniques	Unobservable inputs	Average rate	
			2021 %	2020 %
Call option - Pedal Pulses Ltd.	Black-Scholes-Merton model	Risk-free rate	0.73	-0.09
		Spread	2.00	2.00
		Volatility rate	37.80	33.46
Put option - Pedal Pulses Ltd.	Black-Scholes-Merton model	Risk-free rate	0.73	-0.09
		Spread	2.00	2.00
		Volatility rate	37.80	33.46

Relationship of unobservable inputs to fair value

Call option - Pedal Pulses Ltd.

An increase/decrease in risk-free rate would result in an increase/decrease in fair value of the asset.

An increase/decrease in spread would result in an increase/decrease in fair value of the asset.

An increase/decrease in volatility rate would result in an increase/decrease in fair value of the asset.

Put option - Pedal Pulses Ltd.

An increase/decrease in risk-free rate would result in a decrease/increase in fair value of the liability.

An increase/decrease in spread would result in an increase/decrease in fair value of the liability.

An increase/decrease in volatility rate would result in an increase/decrease in fair value of the liability.

32. Financial risk management (cont'd)

(e) Fair value measurement (cont'd)

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Fair value measurements at the reporting date using significant unobservable inputs (Level 3)		
	Call option – Pedal Pulses Ltd.	Put option – Pedal Pulses Ltd.	Total
	S\$'000	S\$'000	S\$'000
Group			
2021			
Beginning of financial year	4,585	(32,798)	(28,213)
Fair value change recognised in profit or loss	934	15,283	16,217
Foreign exchange adjustment	143	(1,281)	(1,138)
End of financial year	5,662	(18,796)	(13,134)
2020			
Beginning of financial year	–	–	–
Additions	6,185	(29,594)	(23,409)
Fair value change recognised in profit or loss	(1,600)	(3,204)	(4,804)
End of financial year	4,585	(32,798)	(28,213)

(iii) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value, for which fair value is disclosed:

	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Fair value total S\$'000	Carrying amount S\$'000
Group				
2021				
Assets				
Investment property (Note 13)	–	3,100	3,100	1,091
Other financial assets (Note 19)				
- Financial instruments at amortised cost	529	–	529	539

32. Financial risk management (cont'd)

(e) Fair value measurement (cont'd)

(iii) Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

The following table shows an analysis of the Group's assets and liabilities not measured at fair value, for which fair value is disclosed: (cont'd)

	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Fair value total S\$'000	Carrying amount S\$'000
Group				
2020				
Assets				
Investment property (Note 13)	–	3,100	3,100	1,109
Other financial assets (Note 19)				
- Financial instruments at amortised cost	611	–	611	791

Determination of fair value

Description	Valuation techniques	Unobservable inputs	Range
2021			
Investment property	Direct comparison method	Price per square foot	S\$1,895 to S\$2,084
2020			
Investment property	Direct comparison method	Price per square foot	S\$1,895 to S\$2,084

As at the end of the reporting period, a 10% variation from the estimated price per square foot with all other variables held constant would increase/decrease the fair value of the investment property by S\$310,000 (2020: S\$310,000).

Management has determined that the carrying amounts of cash and cash equivalents, other financial assets, other assets, trade and other receivables, lease liabilities (current), trade and other payables, contract liabilities and other financial liabilities, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature. The carrying amount of the non-current portion of these financial instruments are either not material or are reasonable approximation of fair values as their interest rate approximates the market lending rate.

32. Financial risk management (cont'd)

(f) Financial instruments by category

The following table categorises the carrying amounts of financial assets and liabilities recorded at the end of the reporting period:

	Note	Group		Company	
		2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Financial assets:					
<i>Financial assets at fair value through profit or loss</i>					
Other financial assets	19	19,861	17,219	14,199	12,634
<i>Financial assets at amortised cost</i>					
Cash and cash equivalents	23	474,828	334,032	298,149	175,104
Other financial assets	19	539	791	539	791
Trade and other receivables	21	6,308	4,578	19,082	125,847
Total financial assets at amortised cost		481,675	339,401	317,770	301,742
Total financial assets		501,536	356,620	331,969	314,376
Financial liabilities:					
<i>Financial liabilities at fair value through profit or loss</i>					
Other financial liabilities	26	18,796	33,598	–	800
<i>Financial liabilities at amortised cost</i>					
Trade and other payables	24	147,125	142,519	58,798	69,019
Lease liabilities	25	14,062	10,093	2,388	3,777
Total financial liabilities at amortised cost		161,187	152,612	61,186	72,796
Total financial liabilities		179,983	186,210	61,186	73,596

33. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- The direct selling segment mainly comprises sales to customers through retail and online channels in Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, Vietnam, Philippines, Korea, Australia, New Zealand, United States and United Arab Emirates;
- The franchise segment comprises sales to independent third parties who are permitted to establish and operate BWL Lifestyle Centres in People's Republic of China and exclusively distribute the products under franchise agreements entered into with the Group. Under the franchise model, the Group sells the products directly to franchisees at wholesale price.
- The other segment comprises sales to customers at export retail price through retailers in the Myanmar and the manufacturing/wholesale segment comprises sales of health supplements manufactured by the Group's Hangzhou factory to wholesalers all over the People's Republic of China.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

33. Segment information (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Direct selling S\$'000	Franchise S\$'000	Others S\$'000	Group S\$'000
31 December 2021				
Revenue:				
Sales to external customers (Note A)	292,849	286,074	1,113	580,036
Results:				
Recurring EBITDA (Note B)	94,444	118,528	1,693	214,665
Interest income	2,136	2,316	107	4,559
Interest expense	(204)	(77)	(139)	(420)
Depreciation	(3,825)	(1,973)	(824)	(6,622)
Amortisation	(16)	(3)	(300)	(319)
Share of results of an associate	–	–	(183)	(183)
Share of results of a joint venture	–	–	646	646
Segment profit	92,535	118,791	1,000	212,326
Income tax expense				(58,373)
Net profit for the financial year				153,953
Assets:				
Segment assets (Note C)	311,337	302,090	29,447	642,875
Unallocated assets (Note D)				121,881
Total assets				764,756
Liabilities:				
Segment liabilities (Note E)	(57,870)	(128,053)	(15,535)	(201,458)
Unallocated liabilities (Note F)				(57,550)
Total liabilities				(259,008)
Other information:				
Investment in an associate	–	–	4,990	4,990
Investment in a joint venture	–	–	38,335	38,335
Additions to property, plant and equipment	564	235	33,622	34,421
Additions to intangible assets	30	10	–	40

33. Segment information (cont'd)

	Direct selling S\$'000	Franchise S\$'000	Others S\$'000	Group S\$'000
31 December 2020				
Revenue:				
Sales to external customers (Note A)	270,192	276,623	1,819	548,634
Results:				
Recurring EBITDA (Note B)	81,881	125,380	(7,476)	199,785
Interest income	251	1,003	201	1,455
Interest expense	(238)	(171)	(55)	(464)
Depreciation	(3,075)	(3,214)	(188)	(6,477)
Amortisation	(13)	(3)	(294)	(310)
Share of results of an associate	–	–	(242)	(242)
Share of results of a joint venture	–	–	787	787
Segment profit/(loss)	78,806	122,995	(7,267)	194,534
Income tax expense				(59,730)
Net profit for the financial year				134,804
Assets:				
Segment assets (Note C)	173,913	268,814	40,237	482,964
Unallocated assets (Note D)				127,424
Total assets				610,388
Liabilities:				
Segment liabilities (Note E)	(77,815)	(102,739)	(3,996)	(184,550)
Unallocated liabilities (Note F)				(81,651)
Total liabilities				(266,201)
Other information:				
Investment in an associate	–	–	5,173	5,173
Investment in a joint venture	–	–	48,958	48,958
Additions to property, plant and equipment	925	649	10,438	12,012
Additions to intangible assets	15	17	–	32

33. Segment information (cont'd)

Notes:

- Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.
- Management reporting system evaluates performances mainly based on a measure of earnings before depreciation, amortisation, interests and income taxes (called "Recurring EBITDA"). This measurement basis excludes the effect of expenditure from the operating segments such as impairment losses that are not expected to recur regularly in every reporting year.
- Segment assets consist principally property, plant and equipment, intangible assets, right-of-use assets, inventories, trade receivables and cash and cash equivalents.
- The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2021 S\$'000	2020 S\$'000
Deferred tax assets	22,144	27,138
Investment property	1,091	1,109
Other intangible asset	7,871	7,744
Investment in a joint venture	38,335	48,958
Investment in an associate	4,990	5,173
Other financial assets	20,400	18,010
Other assets	20,657	15,282
Other unallocated amounts	6,393	4,010
Total	121,881	127,424

- Segment liabilities consist principally trade and other payables (excluding deferred grant income), contract liabilities, lease liabilities, other financial liabilities and other liabilities.
- The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2021 S\$'000	2020 S\$'000
Other financial liabilities	(18,796)	(33,598)
Deferred grant income	–	(280)
Deferred tax liabilities	(12,346)	(8,298)
Income tax payable	(26,408)	(39,475)
Total	(57,550)	(81,651)

33. Segment information (cont'd)

Geographical information

The Group's operations are located in Singapore, Taiwan, People's Republic of China, Indonesia, Philippines, Thailand, Malaysia, Hong Kong, Vietnam, Myanmar, Korea and United Arabs Emirates.

The Group's revenue by geographical location of customers, irrespective of the origin of the goods and services and disclosed in Note 4 to the financial statements.

The following table provides an analysis of the Group's non-current assets by geographical location in which the assets are located:

	Group	
	Non-current assets	
	2021 S\$'000	2020 S\$'000
Singapore	76,057	45,311
People's Republic of China	8,512	3,025
Malaysia	1,217	1,220
Taiwan	1,557	1,270
Other countries	1,470	1,470
Unallocated amounts	43,325	54,131
Total	132,138	106,427

Non-current assets information presented above consist of property, plant and equipment, investment property, right-of-use assets, intangible assets, other intangible asset, investment in a joint venture and investment in an associate as presented in the consolidated statement of financial position.

The following items are included within unallocated amounts:

	Group	
	Non-current assets	
	2021 S\$'000	2020 S\$'000
Investment in an associate	4,990	5,173
Investment in a joint venture	38,335	48,958
Total	43,325	54,131

Information about a major customer

Revenue from one major customer under the franchise (2020: franchise) segment amounted to S\$142,086,000 (2020: S\$96,324,000), which is more than 10% of the entity's revenues.

34. Dividends

On 22 June 2020, the Company had declared a final one-tier tax-exempt dividend of S\$0.042 per ordinary share amounting to S\$22,850,000 and a special final one-tier tax-exempt dividend of S\$0.008 per ordinary share amounting to S\$4,353,000 for the financial year ended 31 December 2018 which the total of S\$27,205,000 were paid during the financial year ended 31 December 2020.

35. Events after the reporting period

Off market share buyback

On 17 January 2022, the Company proposed to undertake an off-market purchase of shares in accordance with the share buyback mandate adopted at the annual general meeting of the Company held on 30 September 2021 (the "Equal Access Offer"). Under this Equal Access Offer, the Company will buy back up to approximately 10% of the Company's issued share capital or 54,410,011 of its own shares from shareholders at the offer price of \$1.36 for each share. The shares bought back were cancelled.

On 26 April 2022, the Company proposed to undertake an off-market purchase of shares in accordance with the share buyback mandate renewed at the extraordinary general meeting of the Company held on 7 April 2022 (the "Equal Access Offer"). Under this Equal Access Offer, the Company will buy back up to approximately 10% of the Company's issued share capital or 48,969,010 of its own shares from shareholders at the offer price of \$1.36 for each share. The shares bought back were cancelled.

Incorporation of a wholly-owned subsidiary corporation

On 24 February 2022, the Company and its wholly-owned subsidiary corporation in Hong Kong, Best World Lifestyle (Hong Kong) Company Limited ("BWLHK") has incorporated a wholly-owned subsidiary corporation in Macau Special Administrative Region in the People's Republic of China, known as BWL Macau Company Limited 全美世界(澳门)有限公司, BWL (Macau), Limitada. ("BWL Macau"). The principal activities of BWL Macau are the importation and distribution of cosmetics, skincare, nutritional supplements, personal care products and healthcare equipment.

36. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

36. New or revised accounting standards and interpretations (cont'd)

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

37. Authorisation of financial statements

These financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of Board of Directors of Best World International Limited on 16 June 2022.

MAJOR PROPERTIES OF THE GROUP

Location:

Blk 726 Ang Mo Kio Avenue 6
#01-4150, Singapore 560726

Description: 2-storey building

Existing Use: Investment property

Tenure of Land: Leasehold land

Expiring: 1 October 2079

Location:

No. 11 Jalan Radin Anum Bandar Baru
Seri Petaling 57000, Kuala Lumpur, Malaysia

Description: 4-storey building

Existing Use: Office and Business Centre

Tenure of Land: Leasehold land

Expiring: 5 April 2078

Location:

11 Tuas Basin Link
Singapore 638755

Description: 5-storey production building

Existing Use: Manufacturing and Warehousing

Tenure of Land: Leasehold land

Expiring: 15 July 2054



STATISTICS OF SHAREHOLDINGS

BEST WORLD INTERNATIONAL LIMITED
(Registration No: 199006030Z)

Statistics of Shareholdings
As at 17 June 2022

SHARE CAPITAL

Issued and fully paid-up Share Capital	:	S\$20,773,279.883
Class of Shares	:	Ordinary Shares
Voting Right	:	One vote for every ordinary share (excluding treasury share)
Number of issued shares excluding treasury shares	:	440,721,093
Number of treasury shares	:	10,291,900
Percentage of treasury shares	:	2.34%

The Company has no *subsidiary holdings.

* subsidiary holdings – as defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Cap 50.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 JUNE 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	63	2.05	3,273	0.00
100 - 1,000	525	17.12	304,369	0.07
1,001 - 10,000	1,633	53.27	7,152,300	1.62
10,001 - 1,000,000	817	26.65	57,666,687	13.09
1,000,001 and above	28	0.91	375,594,464	85.22
Total	3,066	100.00	440,721,093	100.00

20 LARGEST SHAREHOLDERS AS AT 17 JUNE 2022

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	D2 INVESTMENT PTE LTD	192,787,500	43.74
2	DORA HOAN BENG MUI	32,330,000	7.34
3	DOREEN TAN NEE MOI	31,380,000	7.12
4	MAYBANK SECURITIES PTE. LTD.	25,476,126	5.78
5	HUANG BAN CHIN	22,281,300	5.06
6	CITIBANK NOMINEES SINGAPORE PTE LTD	9,822,705	2.23
7	DBS NOMINEES PTE LTD	9,309,708	2.11
8	RAFFLES NOMINEES (PTE) LIMITED	9,237,416	2.10
9	NG SEOW YUEN (HUANG XIAOYAN)	5,158,200	1.17
10	HSBC (SINGAPORE) NOMINEES PTE LTD	4,968,393	1.13
11	PHILLIP SECURITIES PTE LTD	3,046,910	0.69
12	CHANG GRACE SHAIN-JOU	3,000,000	0.68
13	WEE KWEE HUAY HELENE	2,873,124	0.65
14	DBSN SERVICES PTE LTD	2,285,219	0.52
15	KGI SECURITIES (SINGAPORE) PTE. LTD	2,046,800	0.46
16	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,928,475	0.44
17	LEONG CHAN TEIK	1,916,000	0.43
18	SU AH TEE	1,718,200	0.39
19	LEE SIN PIN OR NG SUAY LAN	1,670,000	0.38
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,557,000	0.35
	Total	364,793,076	82.77

SUBSTANTIAL SHAREHOLDERS as at 17 JUNE 2022

as shown in the Company's Register of Substantial Shareholders

Name of Substantial Shareholders	Shareholding registered in name of substantial shareholders		Other shareholdings in which substantial shareholders are deemed to have an interest	
	No of Shares	% of Issued Shares	No of Shares	% of Issued Shares
D2 Investment Pte Ltd	192,787,500	43.74	-	-
Dora Hoan Beng Mui	32,330,000	7.34	193,037,500 ⁽¹⁾	43.80
Doreen Tan Nee Moi	31,380,000	7.12	193,037,500 ⁽²⁾	43.80

Notes:-

(1) This represents Hoan Beng Mui, Dora's deemed interest of 193,037,500 shares held in the name of the following:-

- 192,787,500 shares held by D2 Investment Pte Ltd (a 50% owned private limited company); and
- 250,000 shares held by Li Lihui (an immediate family member)

(2) This represents Tan Nee Moi, Doreen's deemed interest of 193,037,500 shares held in the name of the following:-

- 192,787,500 shares held by D2 Investment Pte Ltd (a 50% owned private limited company); and
- 250,000 shares held by Pek Jia Rong (an immediate family member).

Public Shareholdings

Based on the information provided to the Company as at 17 June 2022, approximately **36.36%** of the total number of issued shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

BEST WORLD INTERNATIONAL LIMITED

(Company Registration No. 199006030Z)

(Incorporated in the Republic of Singapore)

This Notice has been made available on SGXNet and the Company's website at <https://bestworld.listedcompany.com/ar.html>. Physical copies of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Best World International Limited (the "**Company**") will be held via electronic means on Monday, 25 July 2022 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

- To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021, the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**
- To approve payment of Directors' fees of S\$242,000 for the financial year ended 31 December 2021 (31 December 2020: S\$242,000) **(Resolution 2)**
- (a) To re-elect Doreen Tan Nee Moi who retires pursuant to Regulation 93 of the Company's Constitution. **(Resolution 3)**
[See Explanatory Note (A) below]
- (b) To re-elect Chester Fong Po Wai who retires pursuant to Regulation 93 of the Company's Constitution. **(Resolution 4)**

Chester Fong Po Wai will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and he will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

[See Explanatory Note (A) below]

- To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
- To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to Issue Shares pursuant to the Share Issue Mandate

“That pursuant to Section 161 of the Companies Act 1967 (the “**Companies Act**”), and the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, “**Instruments**”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company’s total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be the Company’s total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:

- a) new shares arising from the conversion or exercise of convertible securities which were issued and are outstanding or subsisting at the time this Resolution is passed;
- b) new shares arising from exercising share options or vesting of share awards which were issued and are outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

- c) any subsequent bonus issue, consolidation or subdivision of the Company’s shares, and such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.” **(Resolution 6)**

7. The Proposed Renewal of the Share Buyback Mandate

“That: -

- (a) for the purposes of the Companies Act 1967 (Singapore) (the “**Companies Act**”), the exercise by the directors of the Company (“**Directors**”) of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Prescribed Limit (as herein defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as herein defined) whether by way of:
 - (i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or
 - (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all laws, regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (b) the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next annual general meeting of the Company (“**AGM**”) is held or is required by law to be held;
 - (ii) the date on which the Share buybacks pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(c) in this Resolution:

- (i) “**Prescribed Limit**” means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered,

excluding any subsidiary holdings and treasury shares, that may be held by the Company from time to time;

- (ii) **“Relevant Period”** means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier;
- (iii) **“Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:
 - (1) in the case of a Market Purchase: 105% of the Average Closing Price; and
 - (2) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, in the case of a Market Purchase, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the date of the Market Purchase, or in the case of an Off-Market Purchase, preceding the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.” **(Resolution 7)**

By Order of the Board

Huang Ban Chin

Director and Chief Operating Officer

Dated: 8 July 2022

Explanatory Note:

(A) Resolutions 3 and 4

In relation to Ordinary Resolutions 3 and 4 proposed in items 3(a) and 3(b) above, the detailed information on Doreen Tan Nee Moi and Chester Fong Po Wai is set out in the section entitled “Board of Directors”, Table 2 in the Corporate Governance Report and “Additional Information on Directors Seeking Re-election” of the Company’s 2021 Annual Report.

Doreen Tan Nee Moi is the Executive Director and controlling shareholder of the Company.

There are no relationships (including immediate family relationships) between Chester Fong Po Wai and the Company, its related corporations, its substantial shareholders or its officers.

STATEMENT PURSUANT TO REGULATION 52 OF THE COMPANY’S CONSTITUTION

The effect of the resolutions under the heading “Special Business” in this Notice of the Annual General Meeting is:-

Ordinary Resolution 6 proposed in item 6 above, if passed, will authorise and empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting to issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

For the purpose of Ordinary Resolution 6, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company’s total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards which were issued and are outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Ordinary Resolution 7 proposed in item 7 above, will empower the Directors from the date of the above Annual General Meeting to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Buyback Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to this proposed Ordinary Resolution is set out in the Appendix enclosed together with the Company’s 2021 Annual Report.

Notes:

- 1) A Shareholder will not be able to attend the AGM in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- 2) A proxy need not be a Shareholder of the Company.
- 3) The instrument appointing a proxy must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
- 4) The instrument appointing a proxy must be deposited at the Headquarters office of the Company, Best World International Limited, 15A Changi Business Park Central 1, EIGHTRIUM #07-02, Singapore 486035; or electronically via email to the Company at IR@bestworld.com.sg not later than 72 hours before the time appointed for the holding of the AGM.

Personal data privacy:

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION

ON DIRECTORS SEEKING RE-ELECTION

Doreen Tan Nee Moi and Chester Fong Po Wai are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on Monday, 25 July 2022 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Appendix 7.4.1 Disclosure	Doreen Tan Nee Moi	Chester Fong Po Wai
Date of Initial Appointment	11 December 1990	15 February 2019
Date of last re-appointment	22 June 2020	22 June 2020
Age	67	66
Country of principal residence	Singapore	Canada
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Doreen Tan Nee Moi as the Executive Director was recommended by the Nominating Committee (“ NC ”) and the Board has accepted the recommendation after taking into consideration her qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Chester Fong Po Wai as the Non-Executive Independent Director was recommended by the Nominating Committee (“ NC ”) and the Board has accepted the recommendation after taking into consideration his qualifications, expertise and past experiences.
Whether appointment is executive, and if so, the area of responsibility	Executive As Co-Chairman and President, she is responsible for the overall strategic planning, corporate development, management oversight, human resources and training.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	<ul style="list-style-type: none"> • Non-Executive, Independent Director • Chairman of the Nominating Committee • Member of Audit Committee • Member of Remuneration Committee.

Appendix 7.4.1 Disclosure	Doreen Tan Nee Moi	Chester Fong Po Wai
Professional qualifications	Applied Nutrition Degree, American Academy of Nutrition	Bachelor of Social Sciences, University of Hong Kong Master of Business Administration, University of Derby, United Kingdom Member of Hong Kong Institute of Certified Public Accountants Member of CPA Ontario
Working experience and occupation(s) during the past 10 years	As Co-founder of the Group, Doreen Tan Nee Moi steers the strategic direction and vision of the Group.	Currently, Senior advisor to McKinsey & Company
Shareholding interest in the listed issuer and its subsidiaries	<ul style="list-style-type: none"> 31,380,000 shares (direct interest) 193,037,500 shares (deemed interest) 	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Doreen Tan Nee Moi is a controlling shareholder of the Company. Together with Dora Hoan Beng Mui and D2 Investment Pte Ltd, they are concert parties pursuant to a shareholders' agreement dated 23 September 2005. Doreen Tan Nee Moi is the mother of Pek Wei Liang (BaiWeiliang) who is alternate director to her.	There are no relationships (including immediate family relationships) between Chester Fong Po Wai and the Company, its related corporations, its substantial shareholders or its officers.
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Appendix 7.4.1 Disclosure	Doreen Tan Nee Moi	Chester Fong Po Wai
Other Principal Commitments* Including Directorships#		
Past (for the last 5 years)	Nil	Nil
Present	<ol style="list-style-type: none"> 1 Director, Best World International Limited 2 President, Health Supplements Industry Association (Singapore) 3 Vice Chairman, ASEAN Alliance of Health Supplement Associations 4 Patron, Pasir Ris West CCC 5 Chairman of School Advisory Committee, Meridian Secondary School 6 Member of Advisory Panel for Centre of Innovation for Complementary Health Products 	Director, Best World International Limited
<i>* "Principal Commitments" has the same meaning as defined in the Code.</i>		
<i># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)</i>		
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
Appendix 7.4.1 Disclosure	Doreen Tan Nee Moi	Chester Fong Po Wai
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

Appendix 7.4.1 Disclosure	Doreen Tan Nee Moi	Chester Fong Po Wai
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he 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 has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been 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 he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

Appendix 7.4.1 Disclosure	Doreen Tan Nee Moi	Chester Fong Po Wai
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he 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 entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust 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 that period when he was so concerned with the entity or business trust?	No	No

Appendix 7.4.1 Disclosure	Doreen Tan Nee Moi	Chester Fong Po Wai
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Yes</p> <p>Currently an executive director of the following listed company:-</p> <ul style="list-style-type: none"> • Best World International Limited 	<p>Yes</p> <p>Currently an independent non-executive director of the following listed company:-</p> <ul style="list-style-type: none"> • Best World International Limited



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