



# **BEST WORLD INTERNATIONAL LTD**

(Company Registration: 199006030Z)  
Incorporated in the Republic of Singapore

## **Unaudited Condensed Interim Financial Statements For The Half Year Ended 30 June 2022**

**BEST WORLD INTERNATIONAL LIMITED**  
**Unaudited Condensed Interim Financial Statements**  
**For The Half Year Ended 30 June 2022**

**TABLE OF CONTENTS**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME	2
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	4
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	5
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS	8
OTHER INFORMATION	27

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Amounts expressed in Singapore dollars)

	Note	Group			Group		
		3 months Ended 30.06.22 \$'000	3 months Ended 30.06.21 \$'000	Change %	6 months Ended 30.06.22 \$'000	6 months Ended 30.06.21 \$'000	Change %
Revenue	4	130,508	149,979	(13.0)	246,068	278,439	(11.6)
Cost of sales		(24,468)	(29,583)	(17.3)	(52,248)	(58,600)	(10.8)
Gross profit		106,040	120,396	(11.9)	193,820	219,839	(11.8)
<u>Other items of income</u>							
Interest income		1,616	1,091	48.1	2,988	1,615	85.0
Other operating income	6	282	386	(26.9)	472	732	(35.5)
<u>Other Items of Expense</u>							
Distribution costs	8	(30,240)	(40,799)	(25.9)	(58,072)	(71,565)	(18.9)
Administrative expenses	8	(24,437)	(24,777)	(1.4)	(48,088)	(47,797)	0.6
Finance costs		(167)	(119)	40.3	(243)	(195)	24.6
(Other losses) Other gains, net	7	(4,297)	915	NM	(4,842)	3,929	NM
Share of results of a joint venture		194	138	40.6	269	483	(44.3)
Share of results of an associate		(45)	(49)	(8.2)	(132)	(98)	34.7
<b>Profit before tax</b>		48,946	57,182	(14.4)	86,172	106,943	(19.4)
Income tax expense	9	(10,246)	(17,696)	(42.1)	(19,925)	(29,685)	(32.9)
<b>Profit for the period</b>		38,700	39,486	(2.0)	66,247	77,258	(14.3)
<b>Profit attributable to:</b>							
- Owners of the parent company		38,901	39,370	(1.2)	66,504	77,269	(13.9)
- Non-controlling interests		(201)	116	NM	(257)	(11)	2,236.4
<b>Profit for the period</b>		38,700	39,486	(2.0)	66,247	77,258	(14.3)
<u>Additional notes:</u>							
Gross profit margin		81.3%	80.3%		78.8%	79.0%	
Net profit margin		29.8%	26.3%		27.0%	27.8%	
Earnings per share (cents)	22	8.06	7.24		13.13	14.20	

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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**Statement of Comprehensive Income for the six months ended 30 June 2022:**

	Group			Group		
	3 months	3 months		6 months	6 months	
	Ended	Ended	Change	Ended	Ended	Change
	30.06.22	30.06.21	%	30.06.22	30.06.21	%
	\$'000	\$'000		\$'000	\$'000	
<b>Profit for the period, net of tax</b>	38,700	39,486	(2.0)	66,247	77,258	(14.3)
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	<u>(3,172)</u>	<u>2,481</u>	NM	<u>(3,385)</u>	<u>4,189</u>	NM
<b>Other comprehensive income for the period, net of tax</b>	<u>(3,172)</u>	<u>2,481</u>	NM	<u>(3,385)</u>	<u>4,189</u>	NM
<b>Total comprehensive income for the period</b>	<u>35,528</u>	<u>41,967</u>	(15.3)	<u>62,862</u>	<u>81,447</u>	(22.8)
Attributable to:						
<b>Owners of the parent company</b>	<b>35,373</b>	<b>41,855</b>	(15.5)	<b>62,641</b>	<b>81,381</b>	(23.0)
Non-controlling interests	<u>155</u>	<u>112</u>	38.4	<u>221</u>	<u>66</u>	234.8
<b>Total comprehensive income for the period</b>	<u>35,528</u>	<u>41,967</u>	(15.3)	<u>62,862</u>	<u>81,447</u>	(22.8)

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		30.06.22	31.12.21	30.06.22	31.12.21
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	71,139	63,714	1,824	2,347
Investment property	11	1,082	1,091	-	-
Intangible assets	12	1,109	1,149	55	51
Other intangible assets	13	7,750	7,871	-	-
Right-of-use assets		12,579	14,988	1,727	2,493
Investment in subsidiaries		-	-	115,327	104,803
Investment in a joint venture	14	38,604	38,335	-	-
Investment in an associate	15	4,858	4,990	-	-
Deferred tax assets		19,886	22,144	-	-
Other financial assets		4,175	5,931	-	269
<b>Total non-current assets</b>		<b>161,182</b>	<b>160,213</b>	<b>118,933</b>	<b>109,963</b>
<b>Current assets</b>					
Inventories	16	76,454	88,281	27,092	26,902
Trade and other receivables	17	19,024	6,308	43,930	19,724
Other assets		29,349	20,657	8,172	10,073
Other financial assets		14,489	14,469	14,489	14,469
Cash and cash equivalents	18	359,606	474,828	205,005	298,149
<b>Total current assets</b>		<b>498,922</b>	<b>604,543</b>	<b>298,688</b>	<b>369,317</b>
<b>Total assets</b>		<b>660,104</b>	<b>764,756</b>	<b>417,621</b>	<b>479,280</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Income tax payable		18,850	26,408	6,532	9,959
Trade and other payables	19	131,551	148,848	52,922	58,798
Contract liabilities		6,132	1,686	-	-
Lease liabilities		4,556	3,746	1,187	1,367
Other liabilities		37,064	36,862	1,082	1,082
<b>Total current liabilities</b>		<b>198,153</b>	<b>217,550</b>	<b>61,723</b>	<b>71,206</b>
<b>Net current assets</b>		<b>300,769</b>	<b>386,993</b>	<b>236,965</b>	<b>298,111</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		10,176	12,346	6,125	6,125
Other financial liabilities		16,566	18,796	-	-
Lease liabilities		7,195	10,316	491	1,021
<b>Total non-current liabilities</b>		<b>33,937</b>	<b>41,458</b>	<b>6,616</b>	<b>7,146</b>
<b>Total liabilities</b>		<b>232,090</b>	<b>259,008</b>	<b>68,339</b>	<b>78,352</b>
<b>Net assets</b>		<b>428,014</b>	<b>505,748</b>	<b>349,282</b>	<b>400,928</b>
<b>Equity, attributable to owner of the company</b>					
Share capital	20	10,027	10,027	10,027	10,027
Retained earnings		386,760	460,852	338,933	390,579
Other reserves		33,659	37,522	322	322
		430,446	508,401	349,282	400,928
Non-controlling interests		(2,432)	(2,653)	-	-
<b>Total equity</b>		<b>428,014</b>	<b>505,748</b>	<b>349,282</b>	<b>400,928</b>
<b>Total equity and liabilities</b>		<b>660,104</b>	<b>764,756</b>	<b>417,621</b>	<b>479,280</b>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Amounts expressed in Singapore dollars)

	Group		Group	
	3 Months Ended 30.06.22	3 Months Ended 30.06.21	6 Months Ended 30.06.22	6 Months Ended 30.06.21
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities:</b>				
Profit before tax	48,946	57,182	86,172	106,943
Interest income	(1,616)	(1,091)	(2,988)	(1,615)
Interest expenses	167	119	243	195
Depreciation of property, plant and equipment	1,451	611	1,970	1,213
Depreciation of right-of-use assets	1,385	1,405	2,298	2,178
Depreciation of an investment property	4	4	9	9
Amortisation of intangible assets	81	49	164	133
Gain (loss) on disposal of property, plant and equipment	(402)	5	(412)	(21)
Loss on disposal of other financial assets	26	-	26	-
Reversal of expected credit loss on other receivables	-	(3)	-	(3)
Fair value change on foreign exchange derivatives	(527)	(139)	(330)	(800)
Fair value change on other financial assets	292	(31)	762	-
Fair value change in call option	1,172	(500)	1,172	(500)
Fair value change in put option	(932)	863	(932)	863
Inventories written down	735	490	783	597
Share of results of a joint venture	(194)	(138)	(269)	(483)
Share of results of an associate	45	49	132	98
Unrealised exchange losses	(199)	1,590	(1,025)	2,280
<b>Operating cash flows before changes in working capital</b>	<b>50,434</b>	<b>60,465</b>	<b>87,775</b>	<b>111,087</b>
Inventories	5,414	412	11,044	4,081
Trade and other receivables	(3,398)	2,875	(12,520)	(3,344)
Other assets	(4,798)	(4,339)	(8,692)	(10,476)
Trade and other payables and other liabilities	(17,782)	(2,177)	(16,801)	(4,812)
Contract liabilities	(209)	10,104	4,446	11,126
<b>Cash flows from operations</b>	<b>29,661</b>	<b>67,340</b>	<b>65,252</b>	<b>107,662</b>
Income tax paid	(17,072)	(19,002)	(27,396)	(32,668)
<b>Net cash flows from operating activities</b>	<b>12,589</b>	<b>48,338</b>	<b>37,856</b>	<b>74,994</b>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(5,154)	(12,166)	(9,766)	(15,364)
Proceeds from disposal of property, plant and equipment	636	26	790	26
Purchase of intangible assets	(1)	(13)	(11)	(26)
Purchase of other financial assets	(9)	(10)	(19)	(1,351)
Proceeds from disposal of other financial assets	-	(26)	271	-
Dividend received from a joint venture	-	920	-	920
Interest received	1,616	1,091	2,988	1,615
<b>Net cash flows used in investing activities</b>	<b>(2,912)</b>	<b>(10,178)</b>	<b>(5,747)</b>	<b>(14,180)</b>
<b>Cash flows from financing activities:</b>				
Off-market equal access share buyback	(66,598)	-	(140,596)	-
Payment of lease liabilities	(1,298)	(1,281)	(2,443)	(2,201)
Decrease (increase) in cash restricted in use	110	(62)	(821)	(128)
<b>Net cash flows used in financing activities</b>	<b>(67,786)</b>	<b>(1,343)</b>	<b>(143,860)</b>	<b>(2,329)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(58,109)</b>	<b>36,817</b>	<b>(111,751)</b>	<b>58,485</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(4,579)</b>	<b>446</b>	<b>(4,292)</b>	<b>876</b>
<b>Cash and cash equivalents, statement of cash flows, beginning balance</b>	<b>414,489</b>	<b>350,459</b>	<b>467,844</b>	<b>328,361</b>
<b>Cash and cash equivalents, statement of cash flows, ending balance</b> <span style="float: right;">Note A</span>	<b>351,801</b>	<b>387,722</b>	<b>351,801</b>	<b>387,722</b>
<b>Note A :</b>				
	Group	Group	Group	Group
	3 Months Ended 30.06.22	3 Months Ended 30.06.21	6 Months Ended 30.06.22	6 Months Ended 30.06.21
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	359,606	393,521	359,606	393,521
Less: Cash pledged and cash restricted in use	(7,805)	(5,799)	(7,805)	(5,799)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<b>351,801</b>	<b>387,722</b>	<b>351,801</b>	<b>387,722</b>

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Amounts expressed in Singapore dollars)

Group	Attributable to owners of the parent company									
	Total equity	Total	Share capital	Treasury shares	Retained earnings	Foreign currency translation reserve	Statutory reserves	Share-based compensation reserves	Other reserves	Non-controlling interests
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Balance at 1 January 2022</b>	505,748	508,401	20,618	(10,591)	460,852	8,051	30,258	322	(1,109)	(2,653)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	27,334	27,268	-	-	27,603	(335)	-	-	-	66
Off-market equal access share buyback <sup>(a)</sup>	(73,998)	(73,998)	-	-	(73,998)	-	-	-	-	-
<b>Balance at 31 March 2022</b>	459,084	461,671	20,618	(10,591)	414,457	7,716	30,258	322	(1,109)	(2,587)
<b><u>Movements in equity</u></b>										
Total comprehensive income for the period	35,528	35,373	-	-	38,901	(3,528)	-	-	-	155
Off-market equal access share buyback <sup>(b)</sup>	(66,598)	(66,598)	-	-	(66,598)	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<u>428,014</u>	<u>430,446</u>	<u>20,618</u>	<u>(10,591)</u>	<u>386,760</u>	<u>4,188</u>	<u>30,258</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,432)</u>
<b>Balance at 1 January 2021</b>	344,187	346,760	20,618	(10,591)	314,810	104	22,606	322	(1,109)	(2,573)
<b><u>Movements in equity</u></b>										
Total comprehensive income (expense) for the period	39,480	39,526	-	-	37,899	1,627	-	-	-	(46)
<b>Balance at 31 March 2021</b>	383,667	386,286	20,618	(10,591)	352,709	1,731	22,606	322	(1,109)	(2,619)
<b><u>Movements in equity</u></b>										
Total comprehensive income for the period	41,967	41,855	-	-	39,370	2,485	-	-	-	112
<b>Balance at 30 June 2021</b>	<u>425,634</u>	<u>428,141</u>	<u>20,618</u>	<u>(10,591)</u>	<u>392,079</u>	<u>4,216</u>	<u>22,606</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,507)</u>

Note (a) On 8 March 2022, pursuant to a Off-Market Equal Access Offer, the Company purchased and cancelled 54,410,011 of its own shares from shareholders at the offer price of \$1.36 for each share.

Note (b) On 17 June 2022, pursuant to a Off-Market Equal Access Offer, the Company purchased and cancelled 48,969,010 of its own shares from shareholders at the offer price of \$1.36 for each share.

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022**

(Amounts expressed in Singapore dollars)

Company	Attributable to owners of the parent company				
	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share-based compensation reserves \$'000
<b>Balance at 1 January 2022</b>	400,928	20,618	(10,591)	390,579	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	39,142	-	-	39,142	-
Off-market equal access share buyback <sup>(a)</sup>	(73,998)	-	-	(73,998)	-
<b>Balance as at 31 March 2022</b>	366,072	20,618	(10,591)	355,723	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	49,808	-	-	49,808	-
Off-market equal access share buyback <sup>(b)</sup>	(66,598)	-	-	(66,598)	-
<b>Balance as at 30 June 2022</b>	<u>349,282</u>	<u>20,618</u>	<u>(10,591)</u>	<u>338,933</u>	<u>322</u>
<b>Balance at 1 January 2021</b>	330,964	20,618	(10,591)	320,615	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	14,390	-	-	14,390	-
<b>Balance as at 31 March 2021</b>	345,354	20,618	(10,591)	335,005	322
<b><u>Movements in equity</u></b>					
Total comprehensive income for the period	15,133	-	-	15,133	-
<b>Balance as at 30 June 2021</b>	<u>360,487</u>	<u>20,618</u>	<u>(10,591)</u>	<u>350,138</u>	<u>322</u>



## **NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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### **1. Corporate 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, Eigthrium, #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.

### **2. Basis of preparation**

The interim consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last audited annual financial statements for the year ended 31 December 2021.

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

The figures have not been audited, or reviewed by auditors.

#### **2.1 Adoption of new standards**

The accounting policies adopted are consistent with those of the used in the most recent audited financial statements except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2022.

There was no change in the accounting policies and methods of computation for the current financial period reported on, except the amendments to SFRS(I) 16 on COVID-19 related rent concessions where rental rebates were recognized directly in P&L as other income.

#### **2.2 Use of judgements and estimates**

The preparation of the Group's consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

## **2. Basis of preparation (Cont'd)**

### **2.2 Use of judgements and estimates (Cont'd)**

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2021.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

There were no significant changes in critical judgements, estimates and assumptions as compared to the audited consolidated financial statements as at and for the year ended 31 December 2021.

### **2.3 Updates on the efforts taken to resolve each outstanding audit issue**

The auditors have issued a qualified opinion on the Group's financial statements for the financial year ended 31 December 2021 due to the following reasons and updates on the efforts to resolve each audit issue as follows:

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

Management considers this a historical issue after the transition period into the Franchisee model in 2019 and will not affect the FY2020, FY2021 and 1H2022 accounts.

(ii) Classification of payments to promotional companies

Under our franchise business in China, the franchisees have entrusted BW Changsha and BWL China to oversee the payment of commissions to their sales representatives through the third party promotion companies since 1 July 2019. In consideration of the third party promotion 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, the service fees payable to the third party promotion 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. Management considers that the classification of the service fees as marketing fees will not impact the net profit and loss of the Group.

The Board confirms that the impact of the qualified opinion on the recent FY2021 financial statements has been adequately disclosed in the FY2021 annual report.

### **3. Seasonal operations**

Historically, we record lower revenue in the first quarter of the year due to the long Chinese New Year holidays celebrated in our key markets. Also, distributors and franchisees would work harder in the fourth quarter of the year in order to achieve their sales target and hence take a longer than usual break in the following month and during the Chinese New Year holiday season.

### **4. Segment and revenue information**

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) The direct selling segment mainly comprises sales generated directly from member customers through direct selling and online channels for the markets of Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, Vietnam, Philippines, Korea, Australia, New Zealand, United States, Canada and United Arab Emirates etc.;
- (ii) 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; and
- (iii) 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.

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.

## 4 Segment and revenue information (Cont'd)

### 4.1 Reportable segments

#### Business Segments

For the six months ended 30 June 2022

#### Group

	<u>Direct selling</u> \$ '000	<u>Franchise</u> \$ '000	<u>Others</u> \$ '000	<u>Un- allocated</u> \$ '000	<u>Total</u> \$ '000
External sales and services	113,985	131,787	296	-	246,068
Recurring EBITDA	31,772	58,816	(914)	(1,943)	87,731
Interest income	1,129	1,679	180	-	2,988
Interest expense	(81)	(29)	(106)	(27)	(243)
Depreciation	(1,939)	(1,005)	(536)	(797)	(4,277)
Amortisation	(9)	(2)	(32)	(121)	(164)
Share of results of a joint venture	-	-	-	269	269
Share of results of an associate	-	-	-	(132)	(132)
Profit (Loss) before tax from continuing operations	30,872	59,459	(1,408)	(2,751)	86,172
Income tax expense					(19,925)
<b>Profit from continuing operations</b>					<b>66,247</b>
<u>Other segment items</u>					
Additions to property, plant and equipment	1,069	92	3	8,602	9,766
Additions to intangible assets	7	4	-	-	11
<u>Assets and liabilities</u>					
Total assets for reportable segments	205,067	234,086	15,644	76,542	531,339
Unallocated:					
Investment in an associate	-	-	-	4,858	4,858
Investment in a joint venture	-	-	-	38,604	38,604
Deferred tax assets	-	-	-	19,886	19,886
Other intangible assets	-	-	-	7,750	7,750
Investment property	-	-	-	1,082	1,082
Other financial assets	-	-	-	18,664	18,664
Other assets	-	-	-	29,349	29,349
Other unallocated amounts	-	-	-	8,572	8,572
<b>Total group assets</b>	<b>205,067</b>	<b>234,086</b>	<b>15,644</b>	<b>205,307</b>	<b>660,104</b>
Total liabilities for reportable segments	(56,071)	(119,834)	(5,308)	(5,285)	(186,498)
Unallocated					
Other financial liabilities	-	-	-	(16,566)	(16,566)
Deferred tax liabilities	-	-	-	(10,176)	(10,176)
Income tax payable	-	-	-	(18,850)	(18,850)
<b>Total group liabilities</b>	<b>(56,071)</b>	<b>(119,834)</b>	<b>(5,308)</b>	<b>(50,877)</b>	<b>(232,090)</b>

## 4 Segment and revenue information (Cont'd)

### 4.1 Reportable segments (Cont'd)

#### Business Segments

For the six months ended 30 June 2021

#### Group

	<u>Direct selling</u> \$ '000	<u>Franchise</u> \$ '000	<u>Others</u> \$ '000	<u>Un- allocated</u> \$ '000	<u>Total</u> \$ '000
External sales and services	133,987	143,929	523	-	278,439
Recurring EBITDA	45,213	65,803	(1,117)	(1,228)	108,671
Interest income	426	1,143	46	-	1,615
Interest expense	(96)	(72)	-	(27)	(195)
Depreciation	(1,552)	(1,722)	(37)	(89)	(3,400)
Amortisation	(7)	-	(10)	(116)	(133)
Share of results of a joint venture	-	-	-	(98)	(98)
Share of results of an associate	-	-	-	483	483
Profit (Loss) before tax from continuing operations	43,984	65,152	(1,118)	(1,075)	106,943
Income tax expense					(29,685)
<b>Profit from continuing operations</b>					<b>77,258</b>
<u>Other segment items</u>					
Additions to property, plant and equipment	491	121	7	14,745	15,364
Additions to intangible assets	20	6	-	-	26
<u>Assets and liabilities</u>					
Total assets for reportable segments	219,601	275,345	8,044	49,495	552,485
Unallocated:					
Investment in an associate	-	-	-	5,075	5,075
Investment in a joint venture	-	-	-	48,521	48,521
Deferred tax assets	-	-	-	25,981	25,981
Other intangible assets	-	-	-	7,629	7,629
Investment property	-	-	-	1,100	1,100
Other financial assets	-	-	-	20,108	20,108
Other assets	-	-	-	25,758	25,758
Other unallocated amounts	-	-	-	4,677	4,677
<b>Total group assets</b>	<b>219,601</b>	<b>275,345</b>	<b>8,044</b>	<b>188,344</b>	<b>691,334</b>
Total liabilities for reportable segments	(79,026)	(102,510)	(374)	(6,086)	(187,996)
Unallocated					
Other financial liabilities	-	-	-	(33,661)	(33,661)
Deferred tax liabilities	-	-	-	(12,660)	(12,660)
Income tax payable	-	-	-	(31,383)	(31,383)
<b>Total group liabilities</b>	<b>(79,026)</b>	<b>(102,510)</b>	<b>(374)</b>	<b>(83,790)</b>	<b>(265,700)</b>

#### 4 Segment and revenue information (Cont'd)

##### 4.2 Disaggregation of revenue

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Primary geographical markets</b>		
Singapore	18,954	18,114
People's Republic of China	131,968	144,397
Taiwan	55,572	79,007
Malaysia	14,046	16,281
Others	25,528	20,640
	<hr/>	<hr/>
Total revenue	246,068	278,439
	<hr/>	<hr/>

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Major operating segments</b>		
Direct selling	113,985	133,987
Franchise	131,787	143,929
Others	296	523
	<hr/>	<hr/>
Total revenue	246,068	278,439
	<hr/>	<hr/>

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

## 5. Financial assets and financial liabilities

The following table categories the carrying amounts of financial assets and liabilities recorded at the end of the reporting period:

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-22</b>	<b>31-Dec-21</b>	<b>30-Jun-22</b>	<b>31-Dec-21</b>
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>				
<b>Non-Current:</b>				
<i>Financial assets at fair value through profit or loss</i>				
Other financial assets	4,175	5,662	-	-
<i>Financial assets at amortised cost</i>				
Other financial assets	-	269	-	269
<b>Total financial assets (non-current)</b>	<b>4,175</b>	<b>5,931</b>	<b>-</b>	<b>269</b>
<b>Current:</b>				
<i>Financial assets at fair value through profit or loss</i>				
Other financial assets	14,211	14,199	14,211	14,199
<i>Financial assets at amortised cost</i>				
Cash and bank balances	359,606	474,828	205,005	298,149
Other financial assets	278	270	278	270
Trade and other receivables	10,825	6,308	43,313	19,082
Total financial assets at amortised cost (current)	370,709	481,406	248,596	317,501
<b>Total financial assets (current)</b>	<b>384,920</b>	<b>495,605</b>	<b>262,807</b>	<b>331,700</b>
<b>Total financial assets</b>	<b>389,095</b>	<b>501,536</b>	<b>262,807</b>	<b>331,969</b>
<b>Financial liabilities:</b>				
<b>Non-Current:</b>				
<i>Financial liabilities at fair value through profit or loss</i>				
Other financial liabilities	16,566	18,796	-	-
<i>Financial liabilities at amortised cost</i>				
Lease liabilities	7,195	10,316	491	1,021
Total financial liabilities (non-current)	23,761	29,112	491	1,021
<b>Current:</b>				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	131,551	148,848	52,922	58,798
Lease liabilities	4,556	3,746	1,187	1,367
Total financial liabilities (Current)	136,107	152,594	54,109	60,165
<b>Total financial liabilities</b>	<b>159,868</b>	<b>181,706</b>	<b>54,600</b>	<b>61,186</b>

## 5. Fair value of assets and liabilities (Cont'd)

### (a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between the levels of fair value measurements during the financial year.

### (b) Assets and liabilities measured at fair value

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:

	Group As at 30 Jun 2022 \$'000		Group As at 31 Dec 2021 \$'000	
	Fair value measurements at the reporting date using Quoted prices in active markets for identical instruments (Level 1)		Fair value measurements at the reporting date using Quoted prices in active markets for identical instruments (Level 1)	
		Significant unobservable inputs (Level 3)		Significant unobservable inputs (Level 3)
<b>Recurring fair value measurements assets:</b>				
Other financial assets				
- Financial instruments at FVPL	14,211	–	14,199	–
- Call option – Pedal Pulses Ltd.	–	4,175	–	5,662
<b>Recurring fair value measurements liabilities:</b>				
Other financial liabilities				
- Put option – Pedal Pulses Ltd.	–	(16,566)	–	(18,796)



## Fair value of assets and liabilities (Cont'd)

### (b) *Assets and liabilities measured at fair value (Cont'd)*

#### 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):

	<b>Group \$'000</b>		
	<b>Fair value measurements at the reporting date using significant unobservable inputs (Level 3)</b>		
	<b>Call option derivatives</b>	<b>Put option derivatives</b>	<b>Total</b>
At 31 December 2021 and 1 January 2022	5,662	(18,796)	(13,134)
Net fair value change in profit or loss	(1,172)	932	(240)
Foreign exchange adjustment	(315)	1,298	983
At 30 June 2022	4,175	(16,566)	(12,391)

5. Fair value of assets and liabilities (cont'd)

(c) **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:

	<b>Group As at 30 Jun 2022 \$'000</b>			
	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Fair value Total</b>	<b>Carrying amount</b>
<b>Assets</b>				
Investment property	–	3,100	3,100	1,082
Other financial assets				
- Financial instruments at amortised cost	284	–	284	278

	<b>Group As at 31 Dec 2021 \$'000</b>			
	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Fair value Total</b>	<b>Carrying amount</b>
<b>Assets</b>				
Investment property	–	3,100	3,100	1,091
Other financial assets				
- Financial instruments at amortised cost	529	–	529	539

**6. Other operating income**

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental income	62	58
Government grants	92	566
Miscellaneous income	318	108
	<hr/>	<hr/>
	472	732
	<hr/>	<hr/>

**7. (Other losses) other gains, net**

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Fair value loss on other financial assets	(762)	–
Fair value gains on foreign exchange derivatives	330	800
Fair value change in call option	(1,172)	500
Fair value change in put option	932	(863)
Inventories written-down, net	(783)	(597)
Reversal of expected credit loss on other receivables	–	3
Foreign exchange (losses) gains, net	(3,773)	4,065
Gain on disposal of property, plant and equipment	412	21
Loss on disposal of other financial assets	(26)	–
	<hr/>	<hr/>
	(4,842)	3,929
	<hr/>	<hr/>

**8. Profit before income tax**

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
<u>Included in distribution costs</u>		
Convention expenses	5,028	5,241
Commission expenses	38,310	51,413
Franchise sales related expenses	6,196	6,121
<u>Included in administrative expenses</u>		
Employee benefit expenses	37,474	37,549
Professional fees	532	1,862
Amortisation of intangible assets	43	18
Amortisation of other intangible asset	121	115
Depreciation of right-of-use assets	2,298	2,178
Depreciation of property, plant and equipment	1,970	1,213
Depreciation of investment property	9	9

**9. Income tax expense**

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

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
<b>Consolidated statement of profit or loss:</b>		
Current income tax:		
- Current income taxation	16,561	24,868
- Under provision in respect of previous years	(108)	(751)
- Withholding tax	1,328	4,361
	17,781	28,478
Deferred tax expenses:		
- Origination and reversal of temporary differences	2,144	1,207
Income tax expense recognised in profit or loss	19,925	29,685

## 10. Property, plant and equipment

During the six months ended 30 Jun 2022, the Group acquired assets amounting to \$9,766,000 (30 June 2021: \$15,364,000) and disposed of assets amounting to \$1,870,000 (30 June 2021: \$5,000).

## 11. Investment property

	Group	
	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
At cost	1,400	1,400
Less: accumulated amortisation	(318)	(309)
Net book value	<u>1,082</u>	<u>1,091</u>

## 12. Intangible assets

	Group		Company	
	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
Goodwill	1,016	1,016	–	–
Licenses	8,778	8,871	–	–
Trademarks	933	927	678	671
Customer relationship	740	740	–	–
	<u>11,467</u>	<u>11,554</u>	<u>678</u>	<u>671</u>
Less: accumulated amortisation	(10,358)	(10,405)	(623)	(620)
Net book value	<u>1,109</u>	<u>1,149</u>	<u>55</u>	<u>51</u>

## 13. Other intangible assets

	Group	
	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
At cost	9,095	9,095
Less: accumulated amortisation	(1,345)	(1,224)
Net book value	<u>7,750</u>	<u>7,871</u>

**14. Investment in a joint venture**

	<b>Group</b>	
	<b>As at 30 Jun</b>	<b>As at 31 Dec</b>
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Beginning of financial year	38,335	48,958
Dividend received	–	(920)
Share of post-acquisition results	269	646
Less: Impairment loss charged to profit and loss	–	(10,349)
	<hr/>	<hr/>
End of financial period/ year	<b>38,604</b>	<b>38,335</b>
	<hr/> <hr/>	<hr/> <hr/>

**15. Investment in an associate**

	<b>Group</b>	
	<b>As at 30 Jun</b>	<b>As at 31 Dec</b>
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
Beginning of financial year	4,990	5,173
Share of post-acquisition results	(132)	(183)
	<hr/>	<hr/>
End of financial period/ year	<b>4,858</b>	<b>4,990</b>
	<hr/> <hr/>	<hr/> <hr/>

**16. Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Jun 2022</b>	<b>As at 31 Dec 2021</b>	<b>As at 30 Jun 2022</b>	<b>As at 31 Dec 2021</b>
	\$'000	\$'000	\$'000	\$'000
<b><i>Statement of financial position:</i></b>				
Finished goods (at lower of cost and net realisable value)	76,191	88,003	27,092	26,902
Raw materials	108	124	–	–
Work-in-progress	12	–	–	–
Packaging materials	143	154	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total inventories	<b>76,454</b>	<b>88,281</b>	<b>27,092</b>	<b>26,902</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 17. Trade and other receivables

	Group		Company	
	As at 30 Jun 2022	As at 31 Dec 2021	As at 30 Jun 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
<b>Trade receivables</b>				
Third parties	12,885	2,163	620	651
Amounts due from subsidiaries	–	–	51,687	28,776
Less: Allowance for expected credit losses	(1,741)	(1,556)	(16,872)	(16,872)
	11,144	607	35,435	12,555
<b>Other receivables</b>				
Third parties	5,629	3,932	2,462	1,233
Refundable rental deposits	2,502	2,033	2,180	1,271
Amounts due from subsidiaries	–	–	13,535	14,347
Less: Allowance for expected credit losses	(251)	(264)	(9,682)	(9,682)
	7,880	5,701	8,495	7,169
Total trade and other receivables	19,024	6,308	43,930	19,724
Less: GST and VAT receivables	(8,199)	–	(617)	(642)
Total trade and other receivables at amortised cost	10,825	6,308	43,313	19,082

## 18. Cash and bank equivalents

A reconciliation of cash and bank balances to cash and cash equivalents in the consolidated statement of cash flows is as follows:

	Group		Company	
	As at 30 Jun 2022	As at 31 Dec 2021	As at 30 Jun 2022	As at 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
Cash at banks	359,606	474,828	205,005	298,149
Cash pledged for bank facilities	(3,051)	(1,551)	(3,000)	–
Cash pledged for security deposits	(4,754)	(5,433)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial year	351,801	467,844	202,005	298,149

**19. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Jun 2022</b>	<b>As at 31 Dec 2021</b>	<b>As at 30 Jun 2022</b>	<b>As at 31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables				
- Third parties	2,732	9,072	2,561	7,155
Accrued operating expenses	53,198	54,476	44,616	41,030
	<u>55,930</u>	<u>63,548</u>	<u>47,177</u>	<u>48,185</u>
Other payables				
- Third parties	75,621	85,300	5,745	10,613
	<u>75,621</u>	<u>85,300</u>	<u>5,745</u>	<u>10,613</u>
Total trade and other payables	131,551	148,848	52,922	58,798
Less: GST and VAT payables	–	(1,723)	–	–
Total trade and other payables at amortised cost	<u>131,551</u>	<u>147,125</u>	<u>52,922</u>	<u>58,798</u>

**20. Share capital**

**(a) Share Capital**

	<b>Group and Company</b>		<b>Group and Company</b>	
	<b>Issued ordinary shares (excluding treasury shares)</b>		<b>Issued and fully paid up capital (excluding treasury shares)</b>	
	<b>No. of shares</b>		<b>\$'000</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
At 1 January	544,100,114	544,100,114	10,027	10,027
Share purchased and cancelled	<u>(54,410,011)</u>	–	–	–
At 31 March	489,690,103	544,100,114	10,027	10,027
Share purchased and cancelled	<u>(48,969,010)</u>	–	–	–
At 30 June	<u>440,721,093</u>	<u>544,100,114</u>	<u>10,027</u>	<u>10,027</u>



## 20. Share capital (Cont'd)

### (b) Treasury Shares

	<u>Group and Company</u>		<u>Group and Company</u>	
	<u>No. of shares</u>		<u>\$'000</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
At 1 January, 31 March and 30 June	10,291,900	10,291,900	10,591	10,591

For the three months ended 30 June 2022 (three months ended 30 June 2021: Nil), the company purchased and cancelled 48,969,010 of its own shares from shareholders at the offer price of \$1.36 for each share by way of a Off-Market Equal Access Offer.

The total number of issued ordinary shares excluding treasury shares as at 30 June 2022 was 440,721,093 (31 December 2021 was 544,100,114).

There were no outstanding convertibles as at 30 June 2022 and 30 June 2021.

The total number of treasury shares as at 30 June 2022 and 30 June 2021 was 10,291,900.

## 21. Dividend

In view of the Group's short and medium commitments, and considering the uncertain business climate explained further in Section 4 of Other Information, no dividends have been declared/recommended by the Board for the financial period ended 30 June 2022.

## 22. Earnings per share

	GROUP					
	3 months ended 30.06.22	3 months ended 30.06.21	Change %	6 months ended 30.06.22	6 months ended 30.06.21	Change %
	Earnings per share of Group:					
(a) Based on weighted average number of ordinary shares on issue (cts); and	8.06	7.24	11.3	13.13	14.20	(7.5)
(b) On a fully diluted basis (cts)	8.06	7.24	11.3	13.13	14.20	(7.5)

For comparative purposes, the earnings per ordinary shares for the three months ended 30 June 2022 and 30 June 2021 are calculated based on the profit for the period of approximately \$38.9 million and \$39.4 million respectively. The earnings per ordinary shares for the 6 months ended 30 June 2022 and 30 June 2021 are calculated based on the profit for the period of approximately \$66.5 million and \$77.3 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 30 June 2022 and 30 June 2021 were 482,694,530 and 544,100,114 respectively. The weighted average number of ordinary shares (excluding treasury shares) for the six months ended 30 June 2022 and 30 June 2021 were 506,313,714 and 544,100,114 respectively.

## 23. Net asset value per share

	GROUP		COMPANY	
	30.06.22	31.12.21	30.06.22	31.12.21
Net asset value per ordinary shares (cents)	97.67	93.44	79.25	73.69

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 June 2022 was 440,721,093 (31 December 2021: 544,100,114).

**24. Borrowings and debt securities**

The Group did not have bank borrowings and debt securities as at 30 June 2022 and 31 December 2021.

**25. Related party transactions**

The following were significant transactions between the Group and its related parties on rates and terms agreed between the parties during the financial year:

	<b>Group</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>With persons related to directors of the Company</b>		
Sale of goods	36	34
Commission expenses	259	201
Marketing fee	98	132
Consultancy fee expenses	45	38

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**26. Subsequent event**

There is no known subsequent event which has led to adjustment on this set of interim financial statement.

## OTHER INFORMATION

A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following: -

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

### 1. Review

The statements of financial position as at 30 June 2022 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the half year period then ended and the selected explanatory notes (the "Condensed Consolidated Interim Financial Statements") have not been audited or reviewed by the Company's auditors.

### 2. Review of the performance of the Group

#### Consolidated Statement of Comprehensive Income

Profitable attributable to owners of the parent company decreased to \$38.9 million in 2Q2022 from \$39.4 million in 2Q2021, mainly due to the following factors:

The Group achieved a net revenue of \$130.5 million in 2Q2022, a 13.0% decrease vis-à-vis the same period last year. In line with the previous quarter announcement, this is mainly due to declined performance of our major markets of China and Taiwan as a result of weaker consumer sentiments due to recurring Covid-19 cases as well as the postponement and cancellation of events and activities due to Covid-19 control measures, offsetting improved revenue contributions from other markets such as Hong Kong and Indonesia;

In line with decline in revenue, Cost of sales declined to \$24.5 million in 2Q2022 from \$29.6 million in 2Q2021. As a result, the Group's gross profit margin remained relatively stable at 81.3% in 2Q2022 when compared to the same period last year;

Interest income increased to \$1.6 million in 2Q2022 from \$1.1 million in 2Q2021, mainly due to interest derived from the placement of the Group's cash in dual currency deposits with banks in 2Q2022;

Distribution costs decreased by \$10.6 million to \$30.2 million in 2Q2022 when compared to \$40.8 million in 2Q2021 mainly due to lower sales related expenses from the Franchise segment and freelance commissions from the Direct Selling segment in line with decline in revenue from China and Taiwan. In addition, lower convention expenses were recorded for 2Q2022;

Administrative expenses maintained at \$24.4 million in 2Q2022;

Finance costs increased from \$119,000 in 2Q2021 to \$167,000 in 2Q2022 mainly due to leases;

Net other losses of \$4.3 million in 2Q2022 and \$4.8M in 1H2022 was mainly attributable to net foreign exchange losses from the revaluation of the Group's cash and cash equivalents denominated in Chinese Yuan, fair value losses on financial assets as well as provision on slow moving stock. Net other gains of \$0.9 million in 2Q2021 and \$3.9M in 1H2021 was mainly due to net foreign exchange gains from the cash and cash equivalents denominated in United States Dollars and Chinese Yuan as well as Taiwan subsidiary's payables denominated in Singapore dollars and fair value gains on the Group's financial assets;

Share of results of our joint venture in the Group's United Kingdom ("UK") joint venture Pedal Pulses Limited was \$194,000 in 2Q2022 mainly due to share of profits for the period, offsetting amortisation expenses of intangible assets identified during the purchase price allocation ("PPA") exercise;

Share of losses for our associated company, Celligenics maintained at \$45,000 in 2Q2022 vis-à-vis 2Q2021; and

The Group recorded a lower income tax expense of \$10.2 million in 2Q2022 when compared to \$17.7 million in 2Q2021. The effective tax rate was lower at 23.1% in 1H2022 when compared to 27.7% in 1H2021 mainly due to profitable subsidiaries which are subject to jurisdictions with lower corporate tax rates.

### **Consolidated Statement of Financial Position**

**Total assets (Group)** decreased by \$104.7 million from \$764.8 million as at 31 December 2021 to \$660.1 million as at 30 June 2022 was mainly due to:

- Decrease in inventories by \$11.8 million mainly due to sufficient inventory buffer as at 30 June 2022;
- Decrease in cash and cash equivalents of \$115.2 million due to reasons stated in the consolidated statement of cash flows section below.

This was partially offset by the increase in property, plant and equipment of \$7.4 million from \$63.7 million as at 31 December 2021 to \$71.1 million as at 30 June 2022, due to construction in progress in relation to our recently completed Tuas manufacturing facility, increase in trade and other receivables of \$12.7 million as a result of GST/VAT receivables and trade receivables from certain subsidiaries with higher transactions pending clearance from payment service providers, as well as increase in other assets of \$8.7 million due to advance payment made to suppliers from the Franchise segment.

**Total liabilities (Group)** decreased by \$26.9 million from \$259.0 million as at 31 December 2021 to \$232.1 million as at 30 June 2022 was mainly due to:

- Decrease in trade and other payables of \$17.3 million due to payment made to suppliers as well as lower sales related expenses from Franchise segment and freelance commissions from the Direct Selling segment;
- Decrease in other financial liabilities of \$2.2 million due to fair value changes to the put options in relation to the acquisition of Pedal Pulses Limited;
- Decrease in income tax payable of \$7.6 million due to tax payment made during the period;
- Decrease in lease liabilities of \$2.3 million due to payment of lease liabilities.

The above decline was offset by the increase in contract liabilities by \$4.4 million due to higher deposits received from customers.

## Consolidated Statement of Cash Flows

In 2Q2022, **net cash flows from operating activities** of \$12.6 million was mainly attributable to the Group's net profit before tax of \$48.9 million offsetting changes in working capital as a result of lower trade and other payables, higher trade and other receivables, higher deposits and prepayments as well as income tax paid during the period.

**Net cash flow used in investing activities** of \$2.9 million in 2Q2022 was mainly related capital expenditure incurred for the purchase of property, plant and equipment in relation to our Tuas manufacturing facility, offsetting interest received and proceeds from asset disposal during the period.

**Net cash flow used in financing activities** of \$67.8 million in 2Q2022 was mainly attributable to the Off-Market Share buyback exercises completed on 17 June 2022.

As at 30 June 2022, the Group maintained approximately \$359.6 million in cash and cash equivalents.

**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The results are in line with Section 4 of Other Information of the last quarter's results announcement.

**4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

In line with our announcements for 1Q2022, the Group's performance continues to be affected by the zero-Covid policy adopted in our key market of China. For the Group's other key market of Taiwan, record numbers of Covid cases reported by local authorities after multiple outbreaks across several cities by mid-2Q2022, raised public concern to the extent that many sales events and trainings had to be scaled down or cancelled, indirectly affecting sales. Although the other markets which the Group operates in are gradually transiting to the eventuality of living with Covid-19, it is still too preliminary to assume that market situations have returned to pre-Covid times.

With China still maintaining a zero-Covid policy, coupled with uncertain global economic outlook due to worsening US-China relations, Russia's invasion of Ukraine, global food shortage and a looming threat of stagflation, the Group faces strong headwind in our effort to maintain business growth in the next reporting period and beyond. Hence, barring any unforeseen circumstances, management opines that Group will be posting negative growth for both top and bottom line for the next reporting period and for the rest of FY2022.

Other factors that may affect the Group's performance in the next reporting period and for the next 12 months are as follows:

- Being the Group's largest market, any unanticipated changes in policies and/or regulations in China may have wide-ranging implications and cast long lasting impact for the Group's business performance;
- Disruptions to global supply chain caused by port congestion, reduced flights and container shortage etc, may result in shipment delays which may further lead to a loss of revenue due to inventory shortages;

- The Group, from time to time, incurs professional fees for services which include but are not limited to, identification and assessment of M&A and corporate development opportunities and evaluation of the Group's adherence to all relevant local regulations in the jurisdictions it operates in, etc.;
- Moving forward, certain business entities of the Group will actively hire more talents in anticipation of our talent needs in order to meet our strategic objectives. Higher administrative expenses, hence, may be expected. Management also anticipates higher expenses in relation to the relocation/refurbishment of the Group's HQ and certain Regional Centres; and
- Fluctuating currency exchange rates of key markets which the Group operates in against the Singapore Dollar, may affect the Group's performance either positively or negatively. Management actively undertakes measures to mitigate such potential risks.

Other ongoing factors that may affect the Group's performance include timeline for product license registration and renewal in key markets, natural disasters, unanticipated regulatory changes in key markets we operate in and disruptions from competitors and disgruntled customers.

5. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

**Interested Person Transactions**

Name of Interested Person	For the six months ended 30 June 2022	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920
	\$'000	\$'000
Pek Lu Pin <sup>(1)</sup>		
- Sales	13	NA
- Freelance commission paid	120	NA
- Marketing fee paid	94	NA
Pek Jia Rong <sup>(1)</sup>		
- Sales	8	NA
- Freelance commission paid	94	NA

Note (1): Daughter of Doreen Tan Nee Moi

6. **Board Negative Assurance Confirmation for Interim Financial Results**

We, Dora Hoan Beng Mui and Doreen Tan Nee Moi, being two directors of Best World International Limited (the "Company"), do hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the six months ended 30 June 2022 to be false or misleading.

7. **Confirmation Pursuant to Rule 720(1) of the Listing Manual**

Best World International Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**On behalf of the Board of Directors**

Dora Hoan Beng Mui  
Co-Chairman, Group CEO/ Managing Director

Doreen Tan Nee Moi  
Co-Chairman, President

11 August 2022