



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 2023

BEST WORLD INTERNATIONAL LIMITED
Unaudited Condensed Interim Financial Statements
For the six months ended 30 June 2023

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 2023

(Amounts expressed in Singapore dollars)

	Note	Group			Group		
		3 months Ended 30.06.23 \$'000	3 months Ended 30.06.22 \$'000	Change %	6 months Ended 30.06.23 \$'000	6 months Ended 30.06.22 \$'000	Change %
Revenue	4	128,778	130,508	(1.3)	208,736	246,068	(15.2)
Cost of sales		<u>(26,518)</u>	<u>(24,468)</u>	8.4	<u>(44,793)</u>	<u>(52,248)</u>	(14.3)
Gross profit		102,260	106,040	(3.6)	163,943	193,820	(15.4)
<u>Other items of income</u>							
Interest income		3,106	1,616	92.2	5,862	2,988	96.2
Other operating income	6	201	282	(28.7)	985	472	108.7
<u>Other Items of Expense</u>							
Distribution costs	8	(33,017)	(30,240)	9.2	(51,276)	(58,072)	(11.7)
Administrative expenses	8	(24,803)	(24,437)	1.5	(44,437)	(48,088)	(7.6)
Finance costs		(415)	(167)	148.5	(680)	(243)	179.8
Other gains (losses), net	7	347	(4,297)	NM	(614)	(4,842)	(87.3)
Share of results of a joint venture		268	194	38.1	355	269	32.0
Share of results of an associate		<u>(33)</u>	<u>(45)</u>	(26.7)	<u>(70)</u>	<u>(132)</u>	(47.0)
Profit before tax		47,914	48,946	(2.1)	74,068	86,172	(14.0)
Income tax expense	9	<u>(9,439)</u>	<u>(10,246)</u>	(7.9)	<u>(15,354)</u>	<u>(19,925)</u>	(22.9)
Profit for the period		<u>38,475</u>	<u>38,700</u>	(0.6)	<u>58,714</u>	<u>66,247</u>	(11.4)
Profit attributable to:							
- Owners of the parent company		38,680	38,901	(0.6)	59,178	66,504	(11.0)
- Non-controlling interests		(205)	(201)	2.0	(464)	(257)	80.5
Profit for the period		<u>38,475</u>	<u>38,700</u>	(0.6)	<u>58,714</u>	<u>66,247</u>	(11.4)
<u>Additional notes:</u>							
Gross profit margin		79.4%	81.3%		78.5%	78.8%	
Net profit margin		30.0%	29.8%		28.4%	27.0%	
Earnings per share (cents)	22	8.90	8.06		13.61	13.13	

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Statement of Comprehensive Income for the six months ended 30 June 2023:

	Group			Group		
	3 months	3 months		6 months	6 months	
	Ended	Ended	Change	Ended	Ended	Change
	30.06.23	30.06.22	%	30.06.23	30.06.22	%
	\$'000	\$'000		\$'000	\$'000	
Profit for the period, net of tax	38,475	38,700	(0.6)	58,714	66,247	(11.4)
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	<u>(3,522)</u>	<u>(3,172)</u>	11.0	<u>(3,898)</u>	<u>(3,385)</u>	15.2
Other comprehensive income for the period, net of tax	<u>(3,522)</u>	<u>(3,172)</u>	11.0	<u>(3,898)</u>	<u>(3,385)</u>	15.2
Total comprehensive income for the period	<u>34,953</u>	<u>35,528</u>	(1.6)	<u>54,816</u>	<u>62,862</u>	(12.8)
Attributable to:						
Owners of the parent company	34,774	35,373	(1.7)	54,422	62,641	(13.1)
Non-controlling interests	<u>179</u>	<u>155</u>	15.5	<u>394</u>	<u>221</u>	78.3
Total comprehensive income for the period	<u>34,953</u>	<u>35,528</u>	(1.6)	<u>54,816</u>	<u>62,862</u>	(12.8)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		30.06.23 \$'000	31.12.22 \$'000	30.06.23 \$'000	31.12.22 \$'000
Assets					
Non-current assets					
Property, plant and equipment	10	77,055	73,100	5,259	2,084
Investment property	11	1,064	1,073	-	-
Other intangible asset	12	7,508	7,629	-	-
Intangible assets	13	1,020	1,054	63	55
Right-of-use assets		20,540	21,498	7,587	8,803
Investment in subsidiary corporations		-	-	127,261	127,261
Investment in a joint venture	14	25,955	25,600	-	-
Investment in an associate	15	4,621	4,691	-	-
Deferred tax assets		11,052	11,461	-	-
Other financial assets		1,534	1,985	-	-
Total non-current assets		150,349	148,091	140,170	138,203
Current assets					
Inventories	16	55,867	53,290	25,347	22,157
Trade and other receivables	17	17,118	11,270	52,532	27,366
Other assets		26,476	28,888	12,707	15,452
Other financial assets		14,464	13,716	14,464	13,716
Cash and cash equivalents	18	465,649	484,831	309,407	270,046
Total current assets		579,574	591,995	414,457	348,737
Total assets		729,923	740,086	554,627	486,940
Equity and liabilities					
Current liabilities					
Trade and other payables	19	90,824	151,390	29,921	48,288
Contract liabilities		5,607	7,171	-	-
Lease liabilities		4,651	5,154	1,642	2,142
Other financial liabilities		10,000	43	10,000	43
Other liabilities		34,882	34,896	882	882
Income tax payable		11,970	19,974	6,454	1,881
Total current liabilities		157,934	218,628	48,899	53,236
Net current assets		421,640	373,367	365,558	295,501
Non-current liabilities					
Other liabilities		1,125	1,111	484	484
Deferred tax liabilities		7,731	9,798	179	179
Lease liabilities		14,718	15,502	5,647	6,230
Other financial liabilities		12,664	11,401	-	-
Total non-current liabilities		36,238	37,812	6,310	6,893
Total liabilities		194,172	256,440	55,209	60,129
Net assets		535,751	483,646	499,418	426,811
Equity, attributable to owner of the company					
Share capital	20	2,343	2,343	2,343	2,343
Retained earnings		508,698	452,231	496,753	424,146
Other reserves		26,836	31,592	322	322
		537,877	486,166	499,418	426,811
Non-controlling interests		(2,126)	(2,520)	-	-
Total equity		535,751	483,646	499,418	426,811
Total equity and liabilities		729,923	740,086	554,627	486,940

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Amounts expressed in Singapore dollars)

	Group		Group	
	3 Months Ended 30.06.23	3 Months Ended 30.06.22	6 Months Ended 30.06.23	6 Months Ended 30.06.22
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Profit before tax	47,914	48,946	74,068	86,172
Interest income	(3,106)	(1,616)	(5,862)	(2,988)
Interest expenses	415	167	680	243
Depreciation of property, plant and equipment	1,684	1,451	3,439	1,970
Depreciation of right-of-use assets	1,444	1,385	2,869	2,298
Depreciation of an investment property	4	4	9	9
Amortisation of other intangible assets	61	60	121	121
Amortisation of intangible assets	21	21	42	43
Loss (gain) on disposal of property, plant and equipment	19	(402)	20	(412)
Loss on disposal of other financial assets	-	26	1	26
Fair value gain on foreign exchange derivatives	-	(527)	-	(330)
Fair value gain on forward contracts	(43)	-	(43)	-
Fair value gain (loss) in other financial assets	(67)	292	(274)	762
Fair value change in call option	548	1,172	548	1,172
Fair value change in put option	558	(932)	558	(932)
Inventories written down	123	735	142	783
Share of results of a joint venture	(268)	(194)	(355)	(269)
Share of results of an associate	33	45	70	132
Unrealised foreign exchange adjustment, net	(4,687)	(199)	(4,549)	(1,025)
Operating cash flows before changes in working capital	<u>44,653</u>	<u>50,434</u>	<u>71,484</u>	<u>87,775</u>
Inventories	2,840	5,414	(2,719)	11,044
Trade and other receivables	131	(3,398)	(6,302)	(12,520)
Other assets	(980)	(4,798)	2,412	(8,692)
Trade and other payables	(10,921)	(18,157)	(60,168)	(17,003)
Other liabilities	(44)	375	-	202
Contract liabilities	927	(209)	(1,564)	4,446
Cash flows generated from operations	<u>36,606</u>	<u>29,661</u>	<u>3,143</u>	<u>65,252</u>
Income tax paid	(13,182)	(17,072)	(25,015)	(27,396)
Net cash flows from (used in) operating activities	<u>23,424</u>	<u>12,589</u>	<u>(21,872)</u>	<u>37,856</u>
Cash flows from investing activities:				
Purchase of property, plant and equipment	(759)	(5,154)	(7,524)	(9,766)
Proceeds from disposal of property, plant and equipment	-	636	7	790
Purchase of intangible assets	-	(1)	(25)	(11)
Purchase of other financial assets	(9)	(9)	(597)	(19)
Proceeds from disposal of other financial assets	-	-	265	271
Interest received	3,106	1,616	5,862	2,988
Net cash flows from (used) in investing activities	<u>2,338</u>	<u>(2,912)</u>	<u>(2,012)</u>	<u>(5,747)</u>
Cash flows from financing activities:				
Purchase of treasury shares	-	-	(2,711)	-
Proceeds from bank borrowings	5,000	-	10,000	-
Off-market equal access share buyback	-	(66,598)	-	(140,596)
Payment of lease liabilities	(1,968)	(1,298)	(3,782)	(2,443)
Interest paid	(108)	-	(129)	-
(Increase) decrease in cash restricted in use	(4,566)	110	(26,305)	(821)
Net cash flows used in financing activities	<u>(1,642)</u>	<u>(67,786)</u>	<u>(22,927)</u>	<u>(143,860)</u>
Net increase (decrease) in cash and cash equivalents	24,120	(58,109)	(46,811)	(111,751)
Effects of exchange rate changes on cash and cash equivalents	2,018	(4,579)	1,324	(4,292)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>405,764</u>	<u>414,489</u>	<u>477,389</u>	<u>467,844</u>
Cash and cash equivalents, statement of cash flows, ending balance Note A	<u>431,902</u>	<u>351,801</u>	<u>431,902</u>	<u>351,801</u>
Note A :				
	Group	Group	Group	Group
	3 Months Ended 30.06.23	3 Months Ended 30.06.22	6 Months Ended 30.06.23	6 Months Ended 30.06.22
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	465,649	359,606	465,649	359,606
Less: Cash pledged and cash restricted in use	(33,747)	(7,805)	(33,747)	(7,805)
Cash and cash equivalents in the consolidated cash flow statement	<u>431,902</u>	<u>351,801</u>	<u>431,902</u>	<u>351,801</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023

(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
Balance at 1 January 2023	483,646	486,166	20,618	(18,275)	452,231	(1,005)	33,384	322	(1,109)	(2,520)
<u>Movements in equity</u>										
Total comprehensive income (expense) for the period	19,863	19,648	-	-	20,498	(850)	-	-	-	215
Purchase of treasury shares ^(a)	(2,711)	(2,711)	-	-	(2,711)	-	-	-	-	-
Balance at 31 March 2023	500,798	503,103	20,618	(18,275)	470,018	(1,855)	33,384	322	(1,109)	(2,305)
<u>Movements in equity</u>										
Total comprehensive income for the period	34,953	34,774	-	-	38,680	(3,906)	-	-	-	179
Balance at 30 June 2023	535,751	537,877	20,618	(18,275)	508,698	(5,761)	33,384	322	(1,109)	(2,126)
Group										
Balance at 1 January 2022	505,748	508,401	20,618	(10,591)	460,852	8,051	30,258	322	(1,109)	(2,653)
<u>Movements in equity</u>										
Total comprehensive income (expense) for the period	27,334	27,268	-	-	27,603	(335)	-	-	-	66
Off-market equal access share buyback ^(b)	(73,998)	(73,998)	-	-	(73,998)	-	-	-	-	-
Balance at 31 March 2022	459,084	461,671	20,618	(10,591)	414,457	7,716	30,258	322	(1,109)	(2,587)
<u>Movements in equity</u>										
Total comprehensive income for the period	35,528	35,373	-	-	38,901	(3,528)	-	-	-	155
Off-market equal access share buyback ^(c)	(66,598)	(66,598)	-	-	(66,598)	-	-	-	-	-
Balance at 30 June 2022	428,014	430,446	20,618	(10,591)	386,760	4,188	30,258	322	(1,109)	(2,432)

Note (a) On 18 January 2023, pursuant to a on-market share purchase, \$2.7 million was paid by the Company for this purchase out of profits.

Note (b) 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 (c) 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 2023

(Amounts expressed in Singapore dollars)

Company	Attributable to owners of the parent company				
	Total equity	Share capital	Treasury shares	Retained earnings	Share-based compensation reserves
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023	426,811	20,618	(18,275)	424,146	322
<u>Movements in equity</u>					
Total comprehensive income for the period	21,469	-	-	21,469	-
Purchase of treasury shares ^(a)	(2,711)	-	-	(2,711)	-
Balance as at 31 March 2023	445,569	20,618	(18,275)	442,904	322
<u>Movements in equity</u>					
Total comprehensive income for the period	53,849	-	-	53,849	-
Balance as at 30 June 2023	<u>499,418</u>	<u>20,618</u>	<u>(18,275)</u>	<u>496,753</u>	<u>322</u>
Balance at 1 January 2022	400,928	20,618	(10,591)	390,579	322
<u>Movements in equity</u>					
Total comprehensive income for the period	39,142	-	-	39,142	-
Off-market equal access share buyback ^(b)	(73,998)	-	-	(73,998)	-
Balance as at 31 March 2022	366,072	20,618	(10,591)	355,723	322
<u>Movements in equity</u>					
Total comprehensive income for the period	49,808	-	-	49,808	-
Off-market equal access share buyback ^(c)	(66,598)	-	-	(66,598)	-
Balance as at 30 June 2022	<u>349,282</u>	<u>20,618</u>	<u>(10,591)</u>	<u>338,933</u>	<u>322</u>

Note (a) On 18 January 2023, pursuant to a on-market share purchase, \$2.7 million was paid by the Company for this purchase out of profits.

Note (b) 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 (c) 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.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 20 Pasir Panjang Road #08-28 Mapletree Business City Singapore 117439.

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 2022.

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 2023.

There was no change in the accounting policies and methods of computation for the current financial year reported on.

2. Basis of preparation (Cont'd)

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.

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 2022.

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:

- a) Income taxes
- b) Expected credit losses ("ECL") on trade receivables
- c) Fair value measurement of put and call options - Pedal Pulses Ltd.
- d) Valuation of inventories

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 2022.

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 are generally more motivated 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's business is organised into three reportable operating segments as follows:

- (i) The Direct Selling segment mainly comprises sales generated directly from member customers through direct selling, both online and offline, for the markets of Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, Vietnam, Philippines, Korea, Australia, New Zealand, United States, Canada, Brunei 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 Others 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 the segments 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 2023

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	119,920	88,492	324	-	208,736
Recurring EBITDA	32,148	48,091	(5,158)	-	75,081
Interest income	3,022	2,635	205	-	5,862
Interest expense	(226)	(218)	(236)	-	(680)
Depreciation	(2,436)	(1,437)	(2,444)	-	(6,317)
Amortisation	(9)	(2)	(152)	-	(163)
Share of results of a joint venture	-	-	355	-	355
Share of results of an associate	-	-	(70)	-	(70)
Profit (Loss) before tax from continuing operations	32,499	49,069	(7,500)	-	74,068
Income tax expense					(15,354)
Profit from continuing operations					58,714
<u>Other segment items</u>					
Additions to property, plant and equipment	2,303	3,224	1,997	-	7,524
Additions to intangible assets	12	13	-	-	25
<u>Assets and liabilities</u>					
Total assets for reportable segments	272,485	265,366	89,006	-	626,857
Unallocated:					
Investment in an associate	-	-	-	4,621	4,621
Investment in a joint venture	-	-	-	25,955	25,955
Deferred tax assets	-	-	-	11,052	11,052
Other intangible assets	-	-	-	7,508	7,508
Investment property	-	-	-	1,064	1,064
Other financial assets	-	-	-	15,998	15,998
Other assets	-	-	-	26,476	26,476
Other unallocated amounts	-	-	-	10,392	10,392
Total group assets	272,485	265,366	89,006	103,066	729,923
Total liabilities for reportable segments	(36,514)	(107,572)	(7,721)	-	(151,807)
Unallocated:					
Other financial liabilities	-	-	-	(22,664)	(22,664)
Deferred tax liabilities	-	-	-	(7,731)	(7,731)
Income tax payable	-	-	-	(11,970)	(11,970)
Total group liabilities	(36,514)	(107,572)	(7,721)	(42,365)	(194,172)

4 Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

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	(2,857)	-	87,731
Interest income	1,129	1,679	180	-	2,988
Interest expense	(81)	(29)	(133)	-	(243)
Depreciation	(1,939)	(1,005)	(1,333)	-	(4,277)
Amortisation	(9)	(2)	(153)	-	(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	(4,159)	-	86,172
Income tax expense					(19,925)
Profit from continuing operations					66,247
<u>Other segment items</u>					
Additions to property, plant and equipment	1,069	92	8,605	-	9,766
Additions to intangible assets	7	4	-	-	11
<u>Assets and liabilities</u>					
Total assets for reportable segments	205,067	234,086	92,186	-	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
Total group assets	205,067	234,086	92,186	128,765	660,104
Total liabilities for reportable segments	(56,071)	(119,834)	(10,593)	-	(186,498)
Unallocated					
Other financial liabilities	-	-	-	(16,566)	(16,566)
Deferred tax liabilities	-	-	-	(10,176)	(10,176)
Income tax payable	-	-	-	(18,850)	(18,850)
Total group liabilities	(56,071)	(119,834)	(10,593)	(45,592)	(232,090)

4 Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue

	Group	
	For the six months ended	
	30 June	
	2023	2022
	\$'000	\$'000
Primary geographical markets		
Singapore	24,881	18,954
People's Republic of China	88,693	131,968
Taiwan	56,881	55,572
Malaysia	12,648	14,046
Others	25,633	25,528
	<hr/>	<hr/>
Total revenue	208,736	246,068
	<hr/>	<hr/>

	Group	
	For the six months ended	
	30 June	
	2023	2022
	\$'000	\$'000
Major operating segments		
Direct selling	119,920	113,985
Franchise	88,492	131,787
Others	324	296
	<hr/>	<hr/>
Total revenue	208,736	246,068
	<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:

	Group		Company	
	30-Jun-23 \$'000	31-Dec-22 \$'000	30-Jun-23 \$'000	31-Dec-22 \$'000
Financial assets:				
Non-Current:				
<i>Financial assets at fair value through profit or loss</i>				
Other financial assets	1,534	1,985	-	-
Total financial assets (non-current)	1,534	1,985	-	-
Current:				
<i>Financial assets at fair value through profit or loss</i>				
Other financial assets	14,464	13,448	14,464	13,448
<i>Financial assets at amortised cost</i>				
Cash and bank balances	465,649	484,831	309,407	270,046
Other financial assets	-	268	-	268
Trade and other receivables	13,434	11,270	51,789	27,159
Total financial assets at amortised cost (current)	479,083	496,369	361,196	297,473
Total financial assets (current)	493,547	509,817	375,660	310,921
Total financial assets	495,081	511,802	375,660	310,921
Financial liabilities:				
Non-Current:				
<i>Financial liabilities at fair value through profit or loss</i>				
Other financial liabilities	12,664	11,401	-	-
<i>Financial liabilities at amortised cost</i>				
Lease liabilities	14,718	15,502	5,647	6,230
Total financial liabilities (non-current)	27,382	26,903	5,647	6,230
Current:				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	90,824	147,412	29,921	48,288
Other financial liabilities	10,000	43	10,000	43
Lease liabilities	4,651	5,154	1,642	2,142
Total financial liabilities (Current)	105,475	152,609	41,563	50,473
Total financial liabilities	132,857	179,512	47,210	56,703

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 2023 \$'000		Group As at 31 Dec 2022 \$'000	
	Fair value measurements at the reporting date using		Fair value measurements at the reporting date using	
	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs (Level 3)
Recurring fair value measurements assets:				
Other financial assets				
- Financial instruments at FVPL	14,464	–	13,448	–
- Call option – Pedal Pulses Ltd.	–	1,534	–	1,985
Recurring fair value measurements liabilities:				
Other financial liabilities				
- Fair value loss on forward contract	–	–	–	(43)
- Put option – Pedal Pulses Ltd.	–	(12,664)	–	(11,401)

5. 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):

	Group \$'000		
	Fair value measurements at the reporting date using significant unobservable inputs (Level 3)		
	Call option derivatives	Put option derivatives	Total
At 31 December 2022 and 1 January 2023	1,985	(11,401)	(9,416)
Foreign exchange adjustment	32	(183)	(151)
At 31 March 2023 and 1 April 2023	2,017	(11,584)	(9,567)
Net fair value change in profit or loss	(548)	(558)	(1,106)
Foreign exchange adjustment	65	(522)	(457)
At 30 June 2023	1,534	(12,664)	(11,130)

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:

	Group As at 30 June 2023 \$'000			
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
Assets				
Investment property	–	3,700	3,700	1,064

	Group As at 31 December 2022 \$'000			
	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Fair value Total	Carrying amount
Assets				
Investment property	–	3,700	3,700	1,073
Other financial assets				
- Financial instruments at amortised cost	272	–	272	268

6. Other operating income

	Group	
	For the six months ended	
	30 June	
	2023	2022
	\$'000	\$'000
Rental income	63	62
Government grants	238	92
Write back of accruals	506	–
Miscellaneous income	178	318
	<hr/>	<hr/>
	985	472
	<hr/>	<hr/>

7. Other gains (losses), net

	Group	
	For the six months ended	
	30 June	
	2023	2022
	\$'000	\$'000
Fair value gain (loss) on other financial assets	274	(762)
Fair value gain on foreign exchange derivatives	–	330
Fair value gain on forward contract	43	–
Fair value change in call option	(548)	(1,172)
Fair value change in put option	(558)	932
Inventories written-down, net	(142)	(783)
Foreign exchange gains (losses), net	338	(3,773)
(Loss) gain on disposal of property, plant and equipment	(20)	412
Loss on disposal of other financial assets	(1)	(26)
	<hr/>	<hr/>
	(614)	(4,842)
	<hr/>	<hr/>

8. Profit before income tax

Group
For the six months ended
30 June

	2023	2022
	\$'000	\$'000

Included in distribution costs

Commission expenses	40,149	38,310
Franchise sales related expenses	4,011	6,196

Included in administrative expenses

Employee benefit expenses	31,094	37,474
Amortisation of intangible assets	42	43
Amortisation of other intangible asset	121	121
Depreciation of right-of-use assets	2,869	2,298
Depreciation of property, plant and equipment	3,439	1,970
Depreciation of investment property	9	9

9. Income tax expense

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

Group
For the six months ended
30 June

	2023	2022
	\$'000	\$'000

Consolidated statement of profit or loss:

Current income tax:

- Current income taxation	14,139	16,561
- Over-provision in respect of previous years	(281)	(108)
- Withholding tax	480	1,328

14,338 17,781

Deferred tax expenses:

- Origination and reversal of temporary differences	1,016	2,144
---	-------	-------

Income tax expense recognised in profit or loss	15,354	19,925
---	--------	--------

10. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$7,524,000 (30 June 2022: \$9,766,000) and disposed of assets amounting to \$512,000 (30 June 2022: \$1,870,000).

11. Investment property

	Group	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
At cost	1,400	1,400
Less: accumulated amortisation	(336)	(327)
Net book value	<u>1,064</u>	<u>1,073</u>

12. Other intangible assets

	Group	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
At cost	9,095	9,095
Less: accumulated amortisation	(1,587)	(1,466)
Net book value	<u>7,508</u>	<u>7,629</u>

13. Intangible assets

	Group		Company	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
Goodwill	1,016	1,016	–	–
Licenses	8,337	8,456	–	–
Trademarks	951	938	695	682
Customer relationship	740	740	–	–
	<u>11,044</u>	<u>11,150</u>	<u>695</u>	<u>682</u>
Less: accumulated amortisation	(10,024)	(10,096)	(632)	(627)
Net book value	<u>1,020</u>	<u>1,054</u>	<u>63</u>	<u>55</u>

14. Investment in a joint venture

	Group	
	As at 30 Jun	As at 31 Dec
	2023	2022
	\$'000	\$'000
Beginning of financial year	25,600	38,335
Dividend received	–	(737)
Share of post-acquisition results	355	694
Less: Impairment loss charged to profit and loss	–	(12,692)
End of financial period/ year	25,955	25,600

15. Investment in an associate

	Group	
	As at 30 Jun	As at 31 Dec
	2023	2022
	\$'000	\$'000
Beginning of financial year	4,691	4,990
Share of post-acquisition results	(70)	(299)
End of financial period/ year	4,621	4,691

16. Inventories

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<i>Statement of financial position:</i>				
Finished goods (at lower of cost and net realisable value)	55,064	52,826	25,347	22,157
Raw materials	487	126	–	–
Work-in-progress	172	209	–	–
Packaging materials	144	129	–	–
Total inventories	55,867	53,290	25,347	22,157

17. Trade and other receivables

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Trade receivables				
Third parties	8,975	2,772	743	208
Amounts due from subsidiaries	–	–	48,336	25,916
Less: Allowance for expected credit losses	(1,557)	(1,610)	(11,881)	(11,881)
	7,418	1,162	37,198	14,243
Other receivables				
Third parties	7,303	7,849	2,813	548
Refundable rental deposits	2,618	2,509	2,155	2,051
Amount due a related company	20	12	20	12
Amounts due from subsidiaries	–	–	19,716	19,882
Less: Allowance for expected credit losses	(241)	(262)	(9,370)	(9,370)
	9,700	10,108	15,334	13,123
Total trade and other receivables	17,118	11,270	52,532	27,366
Less: GST and VAT receivables	(3,684)	–	(743)	(207)
Total trade and other receivables at amortised cost	13,434	11,270	51,789	27,159

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 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Cash at banks	465,649	484,831	309,407	270,046
Cash pledged for bank facilities	(29,437)	(3,004)	(7,741)	(3,000)
Cash pledged for security deposits	(4,310)	(4,438)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial period/year	431,902	477,389	301,666	267,046

19. Trade and other payables

	Group		Company	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
Trade payables				
- Third parties	4,874	6,608	4,894	2,393
Accrued operating expenses	24,317	50,382	19,234	39,519
	29,191	56,990	24,128	41,912
Other payables				
- Third parties	61,633	94,400	4,921	5,406
- Amount due to subsidiaries	–	–	872	970
	61,633	94,400	5,793	6,376
Total trade and other payables	90,824	151,390	29,921	48,288
Less: GST and VAT payables	–	(3,978)	–	–
Total trade and other payables at amortised cost	90,824	147,412	29,921	48,288

20. Share capital

(a) Share Capital

	Group and Company		Group and Company	
	Issued ordinary shares (excluding treasury shares)		Issued and fully paid up capital (excluding treasury shares)	
	No. of shares		\$'000	
	2023	2022	2023	2022
At 1 January	436,120,193	544,100,114	2,343	10,027
Share purchased and cancelled	–	(54,410,011)	–	–
Share buy back – held as treasury shares	(1,328,000)	–	–	–
At 31 March	434,792,193	489,690,103	2,343	10,027
Share purchased and cancelled	–	(48,969,010)	–	–
At 30 June	434,792,193	440,721,093	2,343	10,027

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
At 1 January	14,892,800	10,291,900	18,275	10,591
Share buy back – held as treasury shares	<u>1,328,000</u>	<u>–</u>	<u>–</u>	<u>–</u>
31 March and 30 June	<u>16,220,800</u>	<u>10,291,900</u>	<u>18,275</u>	<u>10,591</u>

For the three months ended 30 June 2023, the company did not purchase its ordinary shares to be held as treasury shares. For the three months ended 30 June 2022, 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 2023 was 434,792,193 (31 December 2022: 436,120,193).

There were no outstanding convertibles as at 30 June 2023 and 30 June 2022.

The total number of treasury shares as at 30 June 2023 was 16,220,800 (30 June 2022: 10,291,900).

21. Dividend

In view of the Group's short and medium term commitment which include but are not limited to, working capital requirements and corporate actions capital needs, as well as taking into consideration 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 2023.

22. Earnings per share

	GROUP					
	3 months ended 30.06.23	3 months ended 30.06.22	Change %	6 months ended 30.06.23	6 months ended 30.06.22	Change %
	Earnings per share of Group:					
(a) Based on weighted average number of ordinary shares on issue (cts); and	8.90	8.06	10.4	13.61	13.13	3.7
(b) On a fully diluted basis (cts)	8.90	8.06	10.4	13.61	13.13	3.7

For comparative purposes, the earnings per ordinary shares for the three months ended 30 June 2023 and 30 June 2022 are calculated based on the profit for the period of approximately \$38.7 million and \$38.9 million respectively. The earnings per ordinary shares for the 6 months ended 30 June 2023 and 30 June 2022 are calculated based on the profit for the period of approximately \$59.2 million and \$66.5 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 30 June 2023 and 30 June 2022 were 434,792,193 and 482,694,530 respectively. The weighted average number of ordinary shares (excluding treasury shares) for the six months ended 30 June 2023 and 30 June 2022 were 434,924,259 and 506,313,714 respectively.

23. Net asset value per share

	GROUP		COMPANY	
	30.06.23	31.12.22	30.06.23	31.12.22
Net asset value per ordinary shares (cents)	123.71	111.48	114.86	97.87

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 June 2023 was 434,792,193 (31 December 2022: 436,120,193).

24. Borrowings and debt securities

(i) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.06.23		As at 31.12.22	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
10,000	-	-	-

Amount repayable after one year

As at 30.06.23		As at 31.12.22	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

(ii) Details of any collateral

As at 30 June 2023, the group's working capital loan is secured by fixed deposits pledged to bank and corporate guarantee from a certain subsidiary. The Group has no unsecured borrowings.

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:

	Group For the six months ended 30 June	
	2023 \$'000	2022 \$'000
With persons related to directors of the Company		
Sale of goods	36	36
Commission expenses	(436)	(259)
Marketing fee	(56)	(98)
Consultancy fee expenses	(45)	(45)
With company related to directors of the Company		
Consultancy fee expenses	(44)	-

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 2023 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 period ended 30 June 2023 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

The Group's profit attributable to owners of the parent company declined to \$38.7 million in 2Q2023 mainly due to the following factors:

- a) **Revenue** in 2Q2023 experienced a marginal decline of 1.3% to \$128.8 million in 2Q2023 when compared to the corresponding period in 2Q2022. This decline primarily resulted from reduced revenue contribution from our franchise segment due to a weaker than expected post-Covid economic recovery in China, coupled with the prevailing macroeconomic challenges as well as cautious consumer spending behaviour. The decline in China was offset by improvements in our direct selling segment which narrowed revenue decline for 1H2023 to 15.2%, versus a 30.8% decline in 1Q2023;
- b) **Cost of sales** increased to \$26.5 million in 2Q2023 from \$24.5 million in 2Q2022 as a result of the increased in packaging charges, and overheads relating to our Tuas manufacturing facility. As a result, **Gross profit margin** declined slightly to 79.4% in 2Q2023 vis-à-vis gross margin of 81.3% for the same period last year;
- c) **Interest income** increased to \$3.1 million in 2Q2023 from \$1.6 million in 2Q2022 mainly due to higher interest derived from the Group's cash placed in structured and fixed deposits with banks;
- d) **Other operating income** decreased marginally to \$0.2 million in 2Q2023 from \$0.3 million in 2Q2022;
- e) **Distribution costs** increased by \$2.8 million to \$33.0 million in 2Q2023 when compared to the same period last year due to higher freelance commission, event, convention and exhibition expenses, despite lower sales related expenses from franchise segment. Overall, 1H2023 distribution cost decreased 11.7% vis-à-vis compared to the same period last year due to much lower event and convention expense incurred in 1Q2023;

- f) **Administrative expenses** marginally increased to \$24.8 million in 2Q2023. Overall, 1H2023 declined 7.6% vis-à-vis 1H2022 due to lower administrative expenses as explained in the previous result announcement;
- g) **Finance costs** increased to \$0.4 million in 2Q2023 mainly due to higher lease expenses as a result of the relocation of our HQ office and Changsha Regional Centre (RC);
- h) **Net Other Gains** of \$0.3 million for 2Q2023 was primarily due to net foreign exchange gains from the revaluation of HQ cash and cash equivalents as well as other financial assets denominated in United States Dollars (USD) as a result of the strengthening of the USD during the quarter, while Net other losses of \$0.6 million was recorded in 1H2023 as fair value changes in the call and put options relating to the Group's UK joint venture company, Pedal Pulses Limited (PP) which were offset by net foreign exchange gains;
- i) **Share of results of our joint venture** in PP was \$268,000 in 2Q2023 when compared to \$194,000 in 2Q2022 mainly due to higher share of profits for the period, offsetting amortisation expenses of intangible assets identified during the purchase price allocation exercise;
- j) **Share of losses of our associated company**, Celligenics decreased from \$45,000 in 2Q2022 to \$33,000 in 2Q2023 mainly due to lower operating expenses; and
- k) The Group reported **lower income tax expense** of \$9.4 million in 2Q2023 when compared to \$10.2 million in 2Q2022. The effective tax rate in 1H2023 was lower at 20.7% when compared to 23.1% in 1H2022 mainly due to certain profitable subsidiaries operating in jurisdictions with lower corporate tax rates.

Consolidated Statement of Financial Position

Total assets (Group) decreased from \$740.1 million as at 31 December 2022 to \$729.9 million as at 30 June 2023, mainly due to:

- Decrease in right-of-use assets of \$1.0 million mainly due to depreciation;
- Decrease in other assets of \$2.4 million due to reclassification of remaining deposits in relation to HQ renovation cost to property, plant and equipment since the completion of renovation in 1Q2023; and
- Decrease in cash and cash equivalents of \$19.2 million due to reasons stated in the consolidated statement of cash flows section below.

This was partially offset by a \$4.0 million increase in property, plant and equipment from \$73.1 million to \$77.1 million as at 30 June 2023 due to renovation costs related to the Group's HQ office and Changsha RC and equipment costs for our Tuas manufacturing facility, increase in inventories of \$2.6 million due to stock replenishment mainly from Taiwan, increase in trade and other receivables of \$5.8 million as a result of net GST/VAT receivables and pending transaction clearances from payment service providers.

Total liabilities (Group) decreased from \$256.4 million as at 31 December 2022 to \$194.2 million as at 30 June 2023, mainly due to:

- Decrease in income tax payables of \$8.0 million due to tax payments made during 1H2023;
- Trade and other payables which mainly consist of accruals for management and staff incentive, convention and marketing events expenses, as well as service fees to third

party promotional companies for our Franchise segment, and freelance commissions for our Direct Selling segment, decreased \$60.6 million due to lower sales-related expenses from the Franchise segment and management and staff incentives paid in 1Q2023 as previously reported;

- Decrease in contract liabilities of \$1.6 million due to lower deposits received from customers;
- Decrease in total lease liabilities of \$1.3 million mainly due to payment of lease liabilities; and
- Decrease in deferred tax liabilities of \$2.1 million due to payment of withholding tax for dividend from our profitable subsidiary.

The above decline was offset by the increase in total other financial liabilities by \$11.2 million mainly due to loan drawdown from HQ.

Consolidated Statement of Cash Flows

Whilst 1H2023 recorded a **net cash used in operating activities** of \$ 21.9 million primarily due to higher payment of FY2022 management and staff incentives, lower trade and other payables and income tax paid in 1H2023, 2Q2023 recorded **net cash flows from operating activities** of \$23.4 million as a result of the Group's net profit before tax of \$47.9 million offsetting changes in working capital due to the same reason as above.

Net cash flow from investing activities of \$2.3 million in 2Q2023 was mainly due to interest received, offsetting additions of property, plant and equipment during the period.

Net cash flow used in financing activities of \$1.6 million in 2Q2023 was mainly due to an increase in cash restricted in use and lease liabilities paid during the period, offsetting an increase in working capital loan of \$5.0 million.

As at 30 June 2023, the Group maintained approximately \$465.6 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.

For the next 12 months, Management expects challenges like high interest rates, inflation, climate change, the war in Ukraine and contentious US-China relationship, to continue to sap consumer confidence in the markets we operate into various extent, leading to more conservative consumption behaviour.

And in line with multiple reports citing the likelihood of China's economy facing more challenges in the year ahead, Management also expects to face strong headwinds for the Group's largest market for the remaining quarters of FY2023.

As such, barring any unforeseen circumstances, management maintains a cautious outlook for the next 12 months.

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

- As the Group holds certain cash balances in the United States Dollar and procures in the currency as well, the rising interest rates and inflation rate which have a positive or negative impact to the United States Dollar, will impact the Group's profitability;
- The incentives granted to the Group's China subsidiary currently, may be reduced or removed, subject to the decisions of the local government. In such an event, it will negatively impact the Group's profitability given the significant contribution of China market to the Group;
- While rolling out the Group's inorganic growth strategy, professional fees may be incurred for services which include, but are not limited to, assessment of M&A targets, corporate actions, registrations and enforcement of the Group's intellectual properties in various markets, and professional updates of various regulations the Group is subject to, etc;
- Certain R&D investments in the area of next generation skincare and wellness products, for continued innovative products to be launched in the medium to long term;
- As the Group's operations grow in scale and complexity, we expect more hirings which will increase management and staff costs. Coupled with higher expenses and depreciation in relation to the relocation/refurbishment of certain Regional Centres, and the Group's Singapore HQ, logistics centre and packaging facility, we expect higher administrative expenses in the periods ahead; and
- Fluctuating currency exchange rates of key markets which the Group operates in against the Singapore Dollar, may impact the Group's bottom-line either positively or negatively. On the other hand, management takes active measures in monitoring the situation and will implement appropriate measures in order to mitigate such risks.

Other ongoing factors that may affect the Group's performance include, but are not limited to, timeline for product license registration/renewal in key markets, natural or man-made disasters, unanticipated regulatory changes and disruptions from competitors and negative public opinion, whether real or unfounded.

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 2023	
	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 ⁽¹⁾		
- Sales	9	NA
- Freelance commission paid	163	NA
- Marketing fee paid	55	NA
Pek Jia Rong ⁽¹⁾		
- Sales	9	NA
- Freelance commission paid	214	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 2023 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

9 August 2023