



BEST WORLD INTERNATIONAL LTD

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

Unaudited Condensed Interim Financial Statements For The 9 Months Ended 30 September 2023

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

(Amounts expressed in Singapore dollars)

	Note	Group			Group		
		3 months Ended 30.09.23 \$'000	3 months Ended 30.09.22 \$'000	Change %	9 months Ended 30.09.23 \$'000	9 months Ended 30.09.22 \$'000	Change %
Revenue	4	104,479	100,312	4.2	313,215	346,380	(9.6)
Cost of sales		(21,935)	(16,648)	31.8	(66,728)	(68,896)	(3.1)
Gross profit		82,544	83,664	(1.3)	246,487	277,484	(11.2)
<u>Other items of income</u>							
Interest income		3,223	1,364	136.3	9,085	4,352	108.8
Other operating income	6	119	249	(52.2)	1,104	721	53.1
<u>Other Items of Expense</u>							
Distribution costs	8	(36,650)	(36,610)	0.1	(87,926)	(94,682)	(7.1)
Administrative expenses	8	(20,990)	(17,603)	19.2	(65,427)	(65,691)	(0.4)
Finance costs		(327)	(117)	179.5	(1,007)	(360)	179.7
Other gains (losses), net	7	435	(1,775)	NM	(179)	(6,617)	(97.3)
Share of results of a joint venture		349	211	65.4	704	480	46.7
Share of results of an associate		(41)	(131)	(68.7)	(111)	(263)	(57.8)
Profit before tax		28,662	29,252	(2.0)	102,730	115,424	(11.0)
Income tax expense	9	(6,948)	(7,145)	(2.8)	(22,302)	(27,070)	(17.6)
Profit for the period		<u>21,714</u>	<u>22,107</u>	(1.8)	<u>80,428</u>	<u>88,354</u>	(9.0)
Profit attributable to:							
- Owners of the parent company		21,733	22,058	(1.5)	80,911	88,562	(8.6)
- Non-controlling interests		(19)	49	NM	(483)	(208)	132.2
Profit for the period		<u>21,714</u>	<u>22,107</u>	(1.8)	<u>80,428</u>	<u>88,354</u>	(9.0)
<u>Additional notes:</u>							
Gross profit margin		79.0%	83.4%		78.7%	80.1%	
Net profit margin		20.8%	22.0%		25.8%	25.6%	
Earnings per share (cents)	22	5.00	5.00		18.61	18.29	

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Statement of Comprehensive Income for the nine months ended 30 September 2023:

	Group			Group		
	3 months Ended 30.09.23 \$'000	3 months Ended 30.09.22 \$'000	Change %	9 months Ended 30.09.23 \$'000	9 months Ended 30.09.22 \$'000	Change %
Profit for the period, net of tax	21,714	22,107	(1.8)	80,428	88,354	(9.0)
<u>Other comprehensive income</u>						
Exchange differences on translating foreign operations	<u>(227)</u>	<u>(3,991)</u>	(94.3)	<u>(4,125)</u>	<u>(7,376)</u>	(44.1)
Other comprehensive income for the period, net of tax	<u>(227)</u>	<u>(3,991)</u>	(94.3)	<u>(4,125)</u>	<u>(7,376)</u>	(44.1)
Total comprehensive income for the period	<u>21,487</u>	<u>18,116</u>	18.6	<u>76,303</u>	<u>80,978</u>	(5.8)
Attributable to:						
Owners of the parent company	21,442	18,184	17.9	75,864	80,825	(6.1)
Non-controlling interests	<u>45</u>	<u>(68)</u>	NM	<u>439</u>	<u>153</u>	186.9
Total comprehensive income for the period	<u>21,487</u>	<u>18,116</u>	18.6	<u>76,303</u>	<u>80,978</u>	(5.8)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(Amounts expressed in Singapore dollars)

	Note	Group		Company	
		30.09.23	31.12.22	30.09.23	31.12.22
		\$'000	\$'000	\$'000	\$'000
Assets					
Non-current assets					
Property, plant and equipment	10	77,409	73,100	5,318	2,084
Investment property	11	1,059	1,073	-	-
Other intangible asset	12	7,448	7,629	-	-
Intangible assets	13	1,013	1,054	73	55
Right-of-use assets		19,038	21,498	6,979	8,803
Investment in subsidiary corporations		-	-	127,261	127,261
Investment in a joint venture	14	26,304	25,600	-	-
Investment in an associate	15	4,580	4,691	-	-
Deferred tax assets		13,116	11,461	-	-
Other financial assets		1,492	1,985	-	-
Total non-current assets		<u>151,459</u>	<u>148,091</u>	<u>139,631</u>	<u>138,203</u>
Current assets					
Inventories	16	70,407	53,290	32,515	22,157
Trade and other receivables	17	18,127	11,270	75,200	27,366
Other assets		22,803	28,888	10,254	15,452
Other financial assets		14,691	13,716	14,691	13,716
Cash and cash equivalents	18	488,855	484,831	346,193	270,046
Total current assets		<u>614,883</u>	<u>591,995</u>	<u>478,853</u>	<u>348,737</u>
Total assets		<u>766,342</u>	<u>740,086</u>	<u>618,484</u>	<u>486,940</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	19	98,289	151,390	40,154	48,288
Contract liabilities		7,831	7,171	-	-
Lease liabilities		4,124	5,154	1,388	2,142
Other financial liabilities		15,007	43	15,007	43
Other liabilities		34,882	34,896	882	882
Income tax payable		17,407	19,974	9,626	1,881
Total current liabilities		<u>177,540</u>	<u>218,628</u>	<u>67,057</u>	<u>53,236</u>
Net current assets		<u>437,343</u>	<u>373,367</u>	<u>411,796</u>	<u>295,501</u>
Non-current liabilities					
Other liabilities		1,125	1,111	484	484
Deferred tax liabilities		6,710	9,798	179	179
Lease liabilities		14,128	15,502	5,349	6,230
Other financial liabilities		12,318	11,401	-	-
Total non-current liabilities		<u>34,281</u>	<u>37,812</u>	<u>6,012</u>	<u>6,893</u>
Total liabilities		<u>211,821</u>	<u>256,440</u>	<u>73,069</u>	<u>60,129</u>
Net assets		<u>554,521</u>	<u>483,646</u>	<u>545,415</u>	<u>426,811</u>
Equity, attributable to owner of the company					
Share capital	20	2,343	2,343	2,343	2,343
Retained earnings		527,714	452,231	542,750	424,146
Other reserves		26,545	31,592	322	322
		<u>556,602</u>	<u>486,166</u>	<u>545,415</u>	<u>426,811</u>
Non-controlling interests		(2,081)	(2,520)	-	-
Total equity		<u>554,521</u>	<u>483,646</u>	<u>545,415</u>	<u>426,811</u>
Total equity and liabilities		<u>766,342</u>	<u>740,086</u>	<u>618,484</u>	<u>486,940</u>

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

(Amounts expressed in Singapore dollars)

	Group		Group	
	3 Months Ended 30.09.23 \$'000	3 Months Ended 30.09.22 \$'000	9 Months Ended 30.09.23 \$'000	9 Months Ended 30.09.22 \$'000
Cash flows from operating activities:				
Profit before tax	28,662	29,252	102,730	115,424
Interest income	(3,223)	(1,364)	(9,085)	(4,352)
Interest expenses	327	117	1,007	360
Depreciation of property, plant and equipment	1,879	1,369	5,318	3,339
Depreciation of right-of-use assets	1,492	1,228	4,361	3,526
Depreciation of an investment property	5	5	14	14
Amortisation of other intangible asset	60	60	181	181
Amortisation of intangible assets	21	20	63	63
Gain on disposal of property, plant and equipment	(160)	(14)	(140)	(426)
Loss on disposal of other financial assets	-	-	1	26
Fair value loss on foreign exchange derivatives	-	330	-	-
Fair value loss (gain) on forward contracts	6	-	(37)	-
Fair value (gain) loss in other financial assets	(88)	258	(362)	1,020
Fair value change in call option	-	-	548	1,172
Fair value change in put option	-	-	558	(932)
Inventories written down (written back)	22	(119)	164	664
Share of results of a joint venture	(349)	(211)	(704)	(480)
Share of results of an associate	41	131	111	263
Unrealised foreign exchange adjustment, net	(1,931)	(3,302)	(6,480)	(4,327)
Operating cash flows before changes in working capital	<u>26,764</u>	<u>27,760</u>	<u>98,248</u>	<u>115,535</u>
Inventories	(14,562)	(779)	(17,281)	10,265
Trade and other receivables	(597)	(1,581)	(6,899)	(14,101)
Other assets	3,673	2,290	6,085	(6,402)
Trade and other payables	7,446	(15,926)	(52,722)	(32,929)
Other liabilities	-	395	-	597
Contract liabilities	2,224	768	660	5,214
Cash flows generated from operations	<u>24,948</u>	<u>12,927</u>	<u>28,091</u>	<u>78,179</u>
Income tax paid	(4,408)	(14,412)	(29,423)	(41,808)
Net cash flows from (used in) operating activities	<u>20,540</u>	<u>(1,485)</u>	<u>(1,332)</u>	<u>36,371</u>
Cash flows from investing activities:				
Purchase of property, plant and equipment	(2,235)	(2,587)	(9,759)	(12,353)
Proceeds from disposal of property, plant and equipment	159	37	166	827
Purchase of intangible assets	(16)	(2)	(41)	(13)
Purchase of other financial assets	(10)	(120)	(607)	(139)
Proceeds from disposal of other financial assets	-	-	265	271
Dividend received from a joint venture	-	737	-	737
Interest received	3,223	1,364	9,085	4,352
Net cash flows from (used) in investing activities	<u>1,121</u>	<u>(571)</u>	<u>(891)</u>	<u>(6,318)</u>
Cash flows from financing activities:				
Purchase of treasury shares	(2,717)	-	(5,428)	-
Proceeds from bank borrowings	5,000	-	15,000	-
Off-market equal access share buyback	-	-	-	(140,596)
Payment of lease liabilities	(1,282)	(1,352)	(5,064)	(3,795)
Interest paid	(139)	-	(268)	-
Decrease (increase) in cash restricted in use	403	165	(25,902)	(656)
Net cash flows from (used in) financing activities	<u>1,265</u>	<u>(1,187)</u>	<u>(21,662)</u>	<u>(145,047)</u>
Net increase (decrease) in cash and cash equivalents	22,926	(3,243)	(23,885)	(114,994)
Effects of exchange rate changes on cash and cash equivalents	683	720	2,007	(3,572)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>431,902</u>	<u>351,801</u>	<u>477,389</u>	<u>467,844</u>
Cash and cash equivalents, statement of cash flows, ending balance Note A	<u>455,511</u>	<u>349,278</u>	<u>455,511</u>	<u>349,278</u>
Note A :				
	Group	Group	Group	Group
	3 Months Ended 30.09.23 \$'000	3 Months Ended 30.09.22 \$'000	9 Months Ended 30.09.23 \$'000	9 Months Ended 30.09.22 \$'000
Cash and bank balances	488,855	356,918	488,855	356,918
Less: Cash pledged and cash restricted in use	(33,344)	(7,640)	(33,344)	(7,640)
Cash and cash equivalents in the consolidated cash flow statement	<u>455,511</u>	<u>349,278</u>	<u>455,511</u>	<u>349,278</u>

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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)
<u>Movements in equity</u>										
Total comprehensive income for the period	21,487	21,442	-	-	21,733	(291)	-	-	-	45
Purchase of treasury shares ^(b)	(2,717)	(2,717)	-	-	(2,717)	-	-	-	-	-
Balance at 30 September 2023	554,521	556,602	20,618	(18,275)	527,714	(6,052)	33,384	322	(1,109)	(2,081)

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

Note (b) For the three months ended 30 September 23, pursuant to on-market share purchase, \$2.7 million was paid by the Company for this purchase out of profits.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 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 ^(c)	(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 ^(d)	(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)
<u>Movements in equity</u>										
Total comprehensive income for the period	18,116	18,184	-	-	22,058	(3,874)	-	-	-	(68)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Balance at 30 September 2022	<u>446,130</u>	<u>448,630</u>	<u>20,618</u>	<u>(10,591)</u>	<u>408,818</u>	<u>314</u>	<u>30,258</u>	<u>322</u>	<u>(1,109)</u>	<u>(2,500)</u>

Note (c) 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 (d) 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 NINE MONTHS ENDED 30 SEPTEMBER 2023

(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 compen- sation reserves \$'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	499,418	20,618	(18,275)	496,753	322
<u>Movements in equity</u>					
Total comprehensive income for the period	48,714	-	-	48,714	-
Purchase of treasury shares ^(b)	(2,717)	-	-	(2,717)	-
Balance as at 30 September 2023	<u>545,415</u>	<u>20,618</u>	<u>(18,275)</u>	<u>542,750</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 ^(c)	(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 ^(d)	(66,598)	-	-	(66,598)	-
Balance as at 30 June 2022	349,282	20,618	(10,591)	338,933	322
<u>Movements in equity</u>					
Total comprehensive income for the period	47,512	-	-	47,512	-
Balance as at 30 September 2022	<u>396,794</u>	<u>20,618</u>	<u>(10,591)</u>	<u>386,445</u>	<u>322</u>

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

Note (b) For the three months ended 30 September 23, pursuant to on-market share purchase, \$2.7 million was paid by the Company for this purchase out of profits.

Note (c) 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 (d) 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 NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 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	183,349	129,396	470	-	313,215
Recurring EBITDA	47,890	63,554	(7,448)	-	103,996
Interest income	4,833	3,985	267	-	9,085
Interest expense	(383)	(376)	(248)	-	(1,007)
Depreciation	(3,769)	(2,137)	(3,787)	-	(9,693)
Amortisation	(14)	(4)	(226)	-	(244)
Share of results of a joint venture	-	-	704	-	704
Share of results of an associate	-	-	(111)	-	(111)
Profit (Loss) before tax from continuing operations	48,557	65,022	(10,849)	-	102,730
Income tax expense					(22,302)
Profit from continuing operations					80,428
<u>Other segment items</u>					
Additions to property, plant and equipment	2,648	4,214	2,897	-	9,759
Additions to intangible assets	19	22	-	-	41
<u>Assets and liabilities</u>					
Total assets for reportable segments	283,775	289,203	91,481	-	664,459
Unallocated:					
Investment in an associate	-	-	-	4,580	4,580
Investment in a joint venture	-	-	-	26,304	26,304
Deferred tax assets	-	-	-	13,116	13,116
Other intangible assets	-	-	-	7,448	7,448
Investment property	-	-	-	1,059	1,059
Other financial assets	-	-	-	16,183	16,183
Other assets	-	-	-	22,803	22,803
Other unallocated amounts	-	-	-	10,390	10,390
Total group assets	283,775	289,203	91,481	101,883	766,342
Total liabilities for reportable segments	41,297	111,153	7,929	-	160,379
Unallocated:					
Other financial liabilities	-	-	-	27,325	27,325
Deferred tax liabilities	-	-	-	6,710	6,710
Income tax payable	-	-	-	17,407	17,407
Total group liabilities	41,297	111,153	7,929	51,442	211,821

4 Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

Business Segments

For the nine months ended 30 September 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	166,572	179,341	467	-	346,380
Recurring EBITDA	46,092	76,130	(3,884)	-	118,338
Interest income	1,755	2,336	261	-	4,352
Interest expense	(119)	(33)	(208)	-	(360)
Depreciation	(2,948)	(1,127)	(2,804)	-	(6,879)
Amortisation	(12)	(3)	(229)	-	(244)
Share of results of a joint venture	-	-	480	-	480
Share of results of an associate	-	-	(263)	-	(263)
Profit (Loss) before tax from continuing operations	44,768	77,303	(6,647)	-	115,424
Income tax expense					(27,070)
Profit from continuing operations					88,354
<u>Other segment items</u>					
Additions to property, plant and equipment	1,434	151	10,768	-	12,353
Additions to intangible assets	8	5	-	-	13
<u>Assets and liabilities</u>					
Total assets for reportable segments	205,703	233,798	86,891	-	526,392
Unallocated:					
Investment in an associate	-	-	-	4,727	4,727
Investment in a joint venture	-	-	-	38,078	38,078
Deferred tax assets	-	-	-	19,706	19,706
Other intangible assets	-	-	-	7,690	7,690
Investment property	-	-	-	1,077	1,077
Other financial assets	-	-	-	18,412	18,412
Other assets	-	-	-	27,059	27,059
Other unallocated amounts	-	-	-	12,613	12,613
Total group assets	205,703	233,798	86,891	129,362	655,754
Total liabilities for reportable segments	(49,588)	(112,285)	(8,428)	-	(170,301)
Unallocated					
Other financial liabilities	-	-	-	(15,658)	(15,658)
Deferred tax liabilities	-	-	-	(8,723)	(8,723)
Income tax payable	-	-	-	(14,942)	(14,942)
Total group liabilities	(49,588)	(112,285)	(8,428)	(39,323)	(209,624)

4 Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue

	Group	
	For the nine months ended	
	30 September	
	2023	2022
	\$'000	\$'000
Primary geographical markets		
Singapore	38,671	29,010
People's Republic of China	129,688	179,644
Taiwan	82,600	78,909
Malaysia	18,835	20,929
Others	43,421	37,888
	<hr/>	<hr/>
Total revenue	313,215	346,380
	<hr/>	<hr/>

	Group	
	For the nine months ended	
	30 September	
	2023	2022
	\$'000	\$'000
Major operating segments		
Direct selling	183,349	166,572
Franchise	129,396	179,341
Others	470	467
	<hr/>	<hr/>
Total revenue	313,215	346,380
	<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-Sep-23 \$'000	31-Dec-22 \$'000	30-Sep-23 \$'000	31-Dec-22 \$'000
Financial assets:				
Non-Current:				
<i>Financial assets at fair value through profit or loss</i>				
Other financial assets	1,492	1,985	-	-
Total financial assets (non-current)	1,492	1,985	-	-
Current:				
<i>Financial assets at fair value through profit or loss</i>				
Other financial assets	14,691	13,448	14,691	13,448
<i>Financial assets at amortised cost</i>				
Cash and bank balances	488,855	484,831	346,193	270,046
Other financial assets	-	268	-	268
Trade and other receivables	13,599	11,270	73,624	27,159
Total financial assets at amortised cost (current)	502,454	496,369	419,817	297,473
Total financial assets (current)	517,145	509,817	434,508	310,921
Total financial assets	518,637	511,802	434,508	310,921
Financial liabilities:				
Non-Current:				
<i>Financial liabilities at fair value through profit or loss</i>				
Other financial liabilities	12,318	11,401	-	-
<i>Financial liabilities at amortised cost</i>				
Lease liabilities	14,128	15,502	5,349	6,230
Total financial liabilities (non-current)	26,446	26,903	5,349	6,230
Current:				
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	98,289	147,412	40,154	48,288
Other financial liabilities	15,007	43	15,007	43
Lease liabilities	4,124	5,154	1,388	2,142
Total financial liabilities (Current)	117,420	152,609	56,549	50,473
Total financial liabilities	143,866	179,512	61,898	56,703

5. Financial assets and financial liabilities (Cont'd)

Fair value of assets and liabilities

(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 Sep 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	14,691	–	13,448	–
- Call option – Pedal Pulses Ltd.	–	1,492	–	1,985
Recurring fair value measurements liabilities:				
Other financial liabilities				
- Fair value loss on forward contract	–	(7)	–	(43)
- Put option – Pedal Pulses Ltd.	–	(12,318)	–	(11,401)

5. **Financial assets and financial liabilities (Cont'd)**

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 and 1 July 2023	1,534	(12,664)	(11,130)
Foreign exchange adjustment	(42)	348	306
At 30 September 2023	1,492	(12,316)	(10,824)

5. Financial assets and financial liabilities (Cont'd)

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 September 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	1,059

	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 nine months ended	
	30 September	
	2023	2022
	\$'000	\$'000
Rental income	94	93
Government grants	239	102
Write back of accruals	501	–
Miscellaneous income	270	526
	<hr/>	<hr/>
	1,104	721
	<hr/>	<hr/>

7. Other gains (losses), net

	Group	
	For the nine months ended	
	30 September	
	2023	2022
	\$'000	\$'000
Fair value gain (loss) on other financial assets	362	(1,020)
Fair value gain on forward contract	37	–
Fair value change in call option	(548)	(1,172)
Fair value change in put option	(558)	932
Inventories written-down, net	(164)	(664)
Foreign exchange gains (losses), net	553	(5,093)
Gain on disposal of property, plant and equipment	140	426
Loss on disposal of other financial assets	(1)	(26)
	<hr/>	<hr/>
	(179)	(6,617)
	<hr/>	<hr/>

8. Profit before income tax

Group
For the nine months ended
30 September

	2023	2022
	\$'000	\$'000
<u>Included in distribution costs</u>		
Commission expenses	68,710	66,125
Franchise sales related expenses	6,018	8,747
<u>Included in administrative expenses</u>		
Employee benefit expenses	45,091	37,474
Amortisation of intangible assets	63	63
Amortisation of other intangible asset	181	181
Depreciation of right-of-use assets	4,361	3,526
Depreciation of property, plant and equipment	5,318	3,339
Depreciation of investment property	14	14

9. Income tax expense

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

Group
For the nine months ended
30 September

	2023	2022
	\$'000	\$'000
Consolidated statement of profit or loss:		
Current income tax:		
- Current income taxation	23,305	23,458
- Over-provision in respect of previous years	(281)	(108)
	23,024	23,350
Deferred tax expenses:		
- Origination and reversal of temporary differences	(1,428)	2,233
Withholding tax	706	1,487
Income tax expense recognised in profit or loss	22,302	27,070

10. Property, plant and equipment

During the nine months ended 30 September 2023, the Group acquired assets amounting to \$9,759,000 (30 September 2022: \$\$12,353,000) and disposed of assets amounting to \$1,007,000 (30 September 2022: \$2,310,000).

11. Investment property

	Group	
	As at 30 Sep 2023 \$'000	As at 31 Dec 2022 \$'000
At cost	1,400	1,400
Less: accumulated depreciation	(341)	(327)
Net book value	<u>1,059</u>	<u>1,073</u>

12. Other intangible asset

	Group	
	As at 30 Sep 2023 \$'000	As at 31 Dec 2022 \$'000
At cost	9,095	9,095
Less: accumulated amortisation	(1,647)	(1,466)
Net book value	<u>7,448</u>	<u>7,629</u>

13. Intangible assets

	Group		Company	
	As at 30 Sep 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Sep 2023 \$'000	As at 31 Dec 2022 \$'000
Goodwill	1,016	1,016	–	–
Licenses	8,348	8,456	–	–
Trademarks	964	938	709	682
Customer relationship	740	740	–	–
	<u>11,068</u>	<u>11,150</u>	<u>709</u>	<u>682</u>
Less: accumulated amortisation	(10,055)	(10,096)	(636)	(627)
Net book value	<u>1,013</u>	<u>1,054</u>	<u>73</u>	<u>55</u>

14. Investment in a joint venture

	Group	
	As at 30 Sep	As at 31 Dec
	2023	2022
	\$'000	\$'000
Beginning of financial year	25,600	38,335
Dividend received	–	(737)
Share of post-acquisition results	704	694
Less: Impairment loss charged to profit and loss	–	(12,692)
End of financial period/ year	26,304	25,600

15. Investment in an associate

	Group	
	As at 30 Sep	As at 31 Dec
	2023	2022
	\$'000	\$'000
Beginning of financial year	4,691	4,990
Share of post-acquisition results	(111)	(299)
End of financial period/ year	4,580	4,691

16. Inventories

	Group		Company	
	As at 30	As at 31	As at 30	As at 31
	Sep 2023	Dec 2022	Sep 2023	Dec 2022
	\$'000	\$'000	\$'000	\$'000
<i>Statement of financial position:</i>				
Finished goods (at lower of cost and net realisable value)	69,253	52,826	32,515	22,157
Raw materials	641	126	–	–
Work-in-progress	374	209	–	–
Packaging materials	139	129	–	–
Total inventories	70,407	53,290	32,515	22,157

17. Trade and other receivables

	Group		Company	
	As at 30 Sep 2023	As at 31 Dec 2022	As at 30 Sep 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
<i>Trade receivables</i>				
Third parties	9,990	2,772	1,577	208
Amounts due from subsidiaries	–	–	71,453	25,916
Less: Allowance for expected credit losses	(1,561)	(1,610)	(11,881)	(11,881)
	8,429	1,162	61,149	14,243
<i>Other receivables</i>				
Third parties	7,108	7,849	4,635	548
Refundable rental deposits	2,807	2,509	2,342	2,051
Amount due a related company	24	12	24	12
Amounts due from subsidiaries	–	–	16,420	19,882
Less: Allowance for expected credit losses	(241)	(262)	(9,370)	(9,370)
	9,698	10,108	14,051	13,123
Total trade and other receivables	18,127	11,270	75,200	27,366
Less: GST and VAT receivables	(4,528)	–	(1,576)	(207)
Total trade and other receivables at amortised cost	13,599	11,270	73,624	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 Sep 2023	As at 31 Dec 2022	As at 30 Sep 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Cash at banks	488,855	484,831	346,193	270,046
Cash pledged for bank facilities	(29,036)	(3,004)	(7,863)	(3,000)
Cash pledged for security deposits	(4,308)	(4,438)	–	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the financial period/year	455,511	477,389	338,330	267,046

19. Trade and other payables

	Group		Company	
	As at 30 Sep 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Sep 2023 \$'000	As at 31 Dec 2022 \$'000
Trade payables				
- Third parties	9,132	6,608	9,064	2,393
- Amount due to subsidiaries	–	–	67	–
Accrued operating expenses	32,788	50,382	25,437	39,519
	<u>41,920</u>	<u>56,990</u>	<u>34,568</u>	<u>41,912</u>
Other payables				
- Third parties	56,369	94,400	4,730	5,406
- Amount due to subsidiaries	–	–	856	970
	<u>56,369</u>	<u>94,400</u>	<u>5,586</u>	<u>6,376</u>
Total trade and other payables	98,289	151,390	40,154	48,288
Less: GST and VAT payables	–	(3,978)	–	–
Total trade and other payables at amortised cost	<u>98,289</u>	<u>147,412</u>	<u>40,154</u>	<u>48,288</u>

20. Share capital

(a) Share Capital

	Group and Company		Group and Company	
	Issued ordinary shares (excluding treasury shares) No. of shares		Issued and fully paid up capital (excluding treasury 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
Share buy back – held as treasury shares	(2,284,500)	–	–	–
At 30 September	<u>432,507,693</u>	<u>440,721,093</u>	<u>2,343</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>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	16,220,800	10,291,900	18,275	10,591
Share buy back – held as treasury shares	<u>2,284,500</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 September	<u>18,505,300</u>	<u>10,291,900</u>	<u>18,275</u>	<u>10,591</u>

For the three months ended 30 September 2023, the company purchased 2,284,500 of its ordinary shares (3 months ended 30 September 2022: Nil shares) by way of on-market purchase at share price ranging from S\$1.63 to S\$1.74 to be held as treasury shares.

The total number of issued ordinary shares excluding treasury shares as at 30 September 2023 was 432,507,693 (31 December 2022: 436,120,193).

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

The total number of treasury shares as at 30 September 2023 was 18,505,300 (30 September 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 September 2023.

22. Earnings per share

	GROUP					
	3 months ended 30.09.23	3 months ended 30.09.22	Change %	9 months ended 30.09.23	9 months ended 30.09.22	Change %
Earnings per share of Group:						
(a) Based on weighted average number of ordinary shares on issue (cts); and	5.00	5.00	0.0	18.61	18.29	1.7
(b) On a fully diluted basis (cts)	5.00	5.00	0.0	18.61	18.29	1.7

For comparative purposes, the earnings per ordinary shares for the three months ended 30 September 2023 and 30 September 2022 are calculated based on the profit for the period of approximately \$21.7 million and \$22.1 million respectively. The earnings per ordinary shares for the nine months ended 30 September 2023 and 30 September 2022 are calculated based on the profit for the period of approximately \$80.9 million and \$88.6 million respectively.

The weighted average number of ordinary shares (excluding treasury shares) for the three months ended 30 September 2023 and 30 September 2022 were 434,412,866 and 440,721,093 respectively. The weighted average number of ordinary shares (excluding treasury shares) for the nine months ended 30 September 2023 and 30 September 2022 were 434,751,922 and 484,209,242 respectively.

23. Net asset value per share

	GROUP		COMPANY	
	30.09.23	31.12.22	30.09.23	31.12.22
Net asset value per ordinary shares (cents)	128.69	111.48	126.11	97.87

Note: The number of ordinary shares of the Group and Company (excluding treasury shares) as at 30 September 2023 was 432,507,693 (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 30.09.23		As at 31.12.22	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
15,000	-	-	-

Amount repayable after one year

As at 30.09.23		As at 31.12.22	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

(ii) Details of any collateral

As at 30 September 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 nine months ended	
	30 September	
	2023	2022
	\$'000	\$'000
With persons related to directors of the Company		
Sale of goods	53	85
Commission expenses	(630)	(413)
Marketing fee	(84)	(132)
Consultancy fee expenses	(87)	(104)
With company related to directors of the Company		
Consultancy fee expenses	(140)	(22)

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 September 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 September 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 achieved \$21.7 million of profit attributable to owners of the parent company for 3Q2023 mainly due to the following factors:

- a) **Revenue** in 3Q2023 increased marginally by 4.2% to \$104.5 million in 3Q2023 when compared to \$100.3 million in the corresponding period last year. The increase was primarily due to higher revenue generated by our direct selling segment, offsetting revenue decline for our franchise segment in China, which is experiencing weak consumer sentiment and ongoing macroeconomic challenges. For the nine months ended 30 September in 2023, revenue decline was reduced to 9.6%, versus a 15.2% decline in 1H2023;
- b) **Cost of sales** increased by 31.8% to \$21.9 million in 3Q2023 from \$16.6 million in 3Q2022, primarily due to higher revenue, increase in packaging charges as well as higher overheads relating to our Tuas manufacturing facility in 3Q2023 vis-à-vis the same period last year. As a result, **Gross profit margin** declined to 79.0% in 3Q2023 compared to 83.4% for the same period last year;
- c) **Interest income** increased to \$3.2 million in 3Q2023 from \$1.4 million in 3Q2022 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 \$0.1 million in 3Q2023 from \$0.2 million in 3Q2022;
- e) **Distribution costs** held steady at \$36.7 million in 3Q2023, as a result of the slight increase in revenue when compared to the same period last year, lower sales related expenses incurred for the franchise segment and lower expenses related to events, convention and exhibitions. For the nine months ended 30 September 2023, distribution cost decreased 7.1% vis-à-vis the same period last year due to lower event, exhibitions and convention expenses;

- f) **Administrative expenses** increased to \$21.0 million in 3Q2023 mainly attributable to higher management and staff costs. Overall, for the nine months ended 30 September 2023, administrative expenses remained relatively stable at \$65.0 million vis-à-vis the same period last year;
- g) **Finance costs** was higher at \$0.3 million in 3Q2023 mainly due to the higher interest expenses and lease expenses as a result of the relocation of our HQ office and Kuala Lumpur Regional Centre (RC);
- h) **Net Other Gains** of \$0.4 million for 3Q2023 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 \$0.2 million was recorded for the nine months ended 30 September 2023 due to fair value changes in the call and put options relating to the Group's UK joint venture company, Pedal Pulses Limited (PP), offsetting net foreign exchange gains and fair value gain on other financial assets;
- i) **Share of results of our joint venture** in PP was \$349,000 in 3Q2023 when compared to \$211,000 in 3Q2022 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 \$131,000 in 3Q2022 to \$41,000 in 3Q2023 mainly due to lower operating expenses during the period;
- k) The Group reported lower **income tax expense** of \$7.0 million in 3Q2023 when compared to \$7.1 million in 3Q2022. The effective tax rate for the nine months ended 30 September 2023 was lower at 21.7% when compared to 23.5% in the same period last year mainly due to certain profitable subsidiaries operating in jurisdictions with lower corporate tax rates.

Consolidated Statement of Financial Position

Total assets (Group) increased by \$26.2 million from \$740.1 million as at 31 December 2022 to \$766.3 million as at 30 September 2023, mainly due to:

- Increase in property, plant and equipment of \$4.3 million mainly due to renovation costs related to the Group's HQ office and Changsha RC and equipment costs of our Tuas manufacturing facility;
- Increase in inventories of \$17.1 million due to stock replenishment from certain subsidiaries;
- Increase in trade and other receivables of \$6.8 million due to GST/VAT receivables and pending transaction clearances from payment service providers; and
- Increase in cash and cash equivalents of \$4.0 million (refer to Consolidated Statement of Cash Flows section below).

This was partially offset by a \$2.5 million decrease in right-of-use assets to \$19.0 million as at 30 September 2023 due to depreciation and decrease in other assets of \$6.1 million as a result of reclassification of remaining deposits in relation to HQ renovation costs to property, plant and equipment since the completion of renovation in 1Q2023.

Total liabilities (Group) decreased by \$44.6 million from \$256.4 million as at 31 December 2022 to \$211.8 million as at 30 September 2023, mainly due to:

- Decrease in income tax payables of \$2.6 million due to tax payments made during the period;
- Trade and other payables, comprising accruals for management and staff incentive, convention and marketing events expenses, service fees to third party promotional companies for our Franchise segment, and freelance commissions for our Direct Selling segment, decreased by \$53.1 million. This decline is attributed to lower accruals of sales-related expenses from the Franchise segment as at 30 September 2023 and payment of management and staff incentives in 1Q2023 as previously reported;
- Decrease in total lease liabilities of \$2.4 million mainly due to payment of lease liabilities; and
- Decrease in deferred tax liabilities of \$3.1 million due to payment of withholding tax for dividend from a profitable subsidiary.

The above decline was offset by the increase in total other financial liabilities by \$15.9 million mainly due to loan drawdown from HQ.

Consolidated Statement of Cash Flows

In 3Q2023, **net cash flows from operating activities** of \$20.5 million was mainly attributable to the Group's net profit before tax of \$28.7 million offsetting changes in working capital as a result of increase in inventories and trade and other receivables, as well as income tax paid during the period.

Net cash flow from investing activities of \$1.1 million in 3Q2023 was mainly due to interest received, offsetting additions of property, plant and equipment during the period.

Net cash flow from financing activities of \$1.3 million in 3Q2023 was mainly due to an increase in working capital loan of \$5.0 million, offsetting the purchase of treasury shares and payment of lease liabilities.

As at 30 September 2023, the Group maintained approximately \$455.5 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.

Since our last announcement, high interest rates, inflation, climate change, the Ukraine war, US-China relationship and the current China economic performance, will continue to present strong headwinds for the Group, management is of the opinion that the remaining months of FY2023 will be challenging due to the recent Israel-Hamas conflict, which could threaten not only consumer confidence in the markets we operate in but potentially increase costs.

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

Factors that may affect the Group's performance in the next reporting period and for the next 12 months are not dissimilar from what was announced previously. They include the following:

- As the Group holds the United States Dollar in its cash balances and procures in the currency, strengthening the United States Dollar against the Singapore Dollar will impact the Group's profitability;
- The Group's China subsidiary currently enjoys incentives which, if reduced or removed, as a result of the local government's decision, will negatively impact the Group's profitability given the significant contribution of China market to the Group;
- The Group will from time to time incur professional fees 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;
- The Group constantly invests in R&D of next generation skincare and wellness products, in order to be able to launch innovative products in the medium to long term;
- The Group will continue to hire talents as its operations grow in terms of scale, complexity and geographical reach, resulting in an increase in management and staff costs. 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 is also expected 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. Management will monitor the situation and implement appropriate measures so as 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 nine months ended 30 September 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	13	NA
- Freelance commission paid	240	NA
- Marketing fee paid	82	NA
Pek Jia Rong ⁽¹⁾		
- Sales	14	NA
- Freelance commission paid	307	NA
Pek Jia Xuan ⁽¹⁾		
Sales	24	NA
Freelance commission paid	81	NA
Huan Beng Choon ⁽²⁾		
- Sales	10	NA
- Freelance commission paid	138	NA
Audrey Koh Karmen ⁽³⁾		
- Sales	2	NA
- Freelance commission paid	2	NA
- Marketing fee paid	2	NA
- Consultancy fee paid	140	NA

Note (1): Daughter of Doreen Tan Nee Moi

Note (2): Brother of Dora Hoan Beng Mui

Note (3): Spouse of Huang Ban Chin

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 nine months ended 30 September 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

13 November 2023